



BOT: All Bark No Bite

BOT.ASX | BOTANIX PHARMACEUTICALS LIMITED | HEALTHCARE | BIOTECHNOLOGY

PRICE
A\$0.41/sh

TARGET PRICE
A\$0.80/sh
(UNCHANGED)

RECOMMENDATION
BUY
(UNCHANGED)

Event

US President Donald Trump overnight signed an executive order aimed at lowering drug prices in the United States (see executive order [here](#)).

The order seeks to pressure pharmaceutical companies into aligning US drug prices with the lowest prices paid internationally for the same drugs – a policy known as the “most favoured nation” (MFN) approach. The order speaks to an initial negotiation period followed by the implementation of MFN if unsuccessful. This follows recent, unsuccessful efforts by the administration to persuade Republicans to include the MFN clause in domestic legislation (see link [here](#)).

Although broad in scope, the order lacks detail on how it would be implemented. Under current law, the federal government can only influence drug prices to a certain extent for government-funded programs like Medicare and Medicaid. Executive orders cannot override federal law, so enforcing this policy would likely require congressional approval and is likely to face swift legal challenges. A similar, more limited executive order signed during Trump's first term was blocked by a Maryland judge in January 2021.

Shares of major drug makers – including Eli Lilly (+2.9%), Pfizer (+3.6%), Bristol Myers Squibb (+3.7%), and Merck (+5.9%) – along with the XBI biotech index (+4.0%), rose in US trading following the update, suggesting investors see little risk from the move.

Impact

We currently anticipate little to no impact to BOT from the executive order across all proposed avenues:

- Sofdra is only approved and sold in the United States, so there is no lower international price to reference. While Ecclock Gel in Japan contains the same active ingredient (Sofpironium bromide), it differs in concentration, formulation, and clinical trials, making it a distinct drug.
- Since Sofdra isn't available internationally, importing from lower-priced regions doesn't apply. Likewise, Ecclock is not approved in the United States, nor is there an avenue for that to occur.
- More broadly, provisions in the order related to antitrust enforcement, pharmaceutical exports, or unsafe drug approvals are not relevant to BOT or Sofdra.
- Finally, the executive order proposal to let patients buy directly from manufacturers aligns with BOT's existing limited distribution model, which already bypasses wholesalers.

Given the order is anticipated to have no impact, we maintain our Sofdra forecasts.

Action

We maintain our Buy Recommendation and \$0.80 Price Target.

Our valuation is predicated on Sofdra capturing ~2.5% of U.S. hyperhidrosis patients over the next decade, with a conservative 50% refill rate and 75% reimbursement. **If refill rates persist at the current ~100%, our valuation increases to \$1.64.**

Catalysts

- Quarterly Update / Full Year Results

Analyst

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Share Price	0.41	A\$/sh	
Price Target	0.80	A\$/sh	
Valuation	0.80	A\$/sh	
Discount Rate	10%	%	
Terminal Growth Rate	0%	%	
Shares on issue*	2,166	m, dil	
Market Capitalisation	877.2	A\$m	
Enterprise Value	789.1	A\$m	
Debt	0.0	A\$m	
Cash (Pro forma)	65.0	A\$m	
Unpaid capital	23.2	A\$m	
<i>*Fully Diluted</i>			
Key Metrics	26F	27F	28F
Revenue (A\$m)	116.6	192.0	300.0
EBITDA (A\$m)	14.0	51.3	111.5
Reported NPAT (A\$m)	12.8	47.8	76.8
Norm NPAT (A\$m)	12.8	47.8	76.8
Gross CF (A\$m)	14.0	49.0	78.6
Capex (A\$m)	0.0	0.0	0.0
Op. FCF (A\$m)	-9.3	26.9	55.3
EBITDA Gwth (%)	-1.3	2.7	1.2
NPAT Gwth (%)	-123%	272%	61%
Norm EPS (Ac)	0.6	2.2	3.5
Norm. EPS gwth (%)	-1.2	2.7	0.6
PER (x)	61.6	16.5	10.3
EV/EBITDA (x)	56.5	15.4	7.1
EV/Revenue (x)	6.8	4.1	2.6
Net Cash (A\$m)	38.1	65.0	120.3

Performance



Source: IRESS

Income Statement (A\$m)					Performance Ratios				
	25F	26F	27F	28F		25F	26F	27F	28F
Net Sales	14.8	114.5	189.4	296.8	Growth & Margins				
Royalties	0.7	0.9	1.2	1.6	Revenue Growth	669%	607%	65%	56%
Other (inc R&D)	1.0	1.2	1.4	1.6	EBITDA Growth	285%	-126%	268%	117%
Total Revenue	16.5	116.6	192.0	300.0	EBIT Growth	296%	-123%	291%	119%
(-) COGS (inc. roy)	-3.7	-28.0	-45.4	-69.8	Net Profit Growth	297%	-123%	272%	61%
Gross Profit	12.8	88.6	146.6	230.3	Margins				
(-) R&D	0.0	0.0	0.0	0.0	EBITDA margin	-323%	12%	27%	37%
(-) SG&A	-66.1	-74.6	-95.2	-118.7	EBIT margin	-334%	11%	26%	37%
EBITDA	-53.3	14.0	51.3	111.5	Net profit margin	-334%	11%	25%	26%
(-) D&A	-1.8	-1.1	-1.1	-1.7	Effective tax rate	0%	0%	5%	30%
EBIT	-55.1	12.8	50.2	109.8	Liquidity				
(-) Net finance	0.0	0.0	0.0	0.0	Capex/depreciation	0.0	0.0	0.0	0.0
(+/-) Other	0.0	0.0	0.0	0.0	Current ratio	14.6	15.3	18.3	22.8
PBT	-55.1	12.8	50.2	109.8	Quick ratio	10.3	9.9	13.1	18.0
(-) Tax	0.0	0.0	-2.4	-32.9	Receivable days	213.2	73.8	73.5	70.7
NPAT	-55.1	12.8	47.8	76.8	Payable days	30.4	30.4	30.4	30.4
(+/-) Adj.	0.0	0.0	0.0	0.0	Risk Measures				
Norm NPAT	-55.1	12.8	47.8	76.8	Dividend Cover	na	na	na	na
Cashflow Statement (A\$m)	25F	26F	27F	28F	Payout ratio	0%	0%	0%	0%
NPAT	-55.1	12.8	47.8	76.8	Net interest cover	na	na	na	na
(+) D&A	1.8	1.1	1.1	1.7	Net debt/equity	-0.5	-0.3	-0.4	-0.5
(+) Non-cash expenses	10.5	0.0	0.0	0.0	Returns				
(-) Leases	0.0	0.0	0.0	0.0	ROIC	-37%	8%	21%	32%
(+/-) Other	0.0	0.0	0.0	0.0	ROA	-50%	10%	28%	31%
Gross Cash Flow	-42.8	14.0	49.0	78.6	ROE	-53%	11%	29%	32%
(-) Capital expenditure	0.0	0.0	0.0	0.0	Share Data/Valuation	25F	26F	27F	28F
(+/-) Working capital	-29.2	-23.2	-22.0	-23.2	Issued shares	1,954	1,954	1,954	1,954
Operating Free Cash Flow	-72.0	-9.3	26.9	55.3	Weighted ave shares	1,882	1,954	1,954	1,954
(-) Acquisition	0.0	0.0	0.0	0.0	Fully diluted shares	2,166	2,166	2,166	2,166
(-) Milestone payment	0.0	0.0	0.0	0.0	Basic EPS	-2.8	0.7	2.4	3.9
(+) Placement	40.0	0.0	0.0	0.0	YoY change	268%	-123%	272%	61%
(+) Disposal	0.0	0.0	0.0	0.0	Fully diluted EPS	-2.5	0.6	2.2	3.5
(+/-) Other	0.0	0.0	0.0	0.0	YoY change	251%	-123%	272%	61%
Net Cash Flow	-32.0	-9.3	26.9	55.3	Fully diluted norm EPS	-2.5	0.6	2.2	3.5
BoP Net Cash / (Debt)	79.3	47.3	38.1	65.0	YoY change	251%	-123%	272%	61%
(+/-) Net Cash Flow	-32.0	-9.3	26.9	55.3	Dividend/share	0.0	0.0	0.0	0.0
(+/-) Other	0.0	0.0	0.0	0.0	Franking	na	na	na	na
EoP Net Cash / (Debt)	47.3	38.1	65.0	120.3	Gross cash flow/share	-2.2	0.7	2.5	4.0
Balance Sheet (A\$m)	25F	26F	27F	28F	NBV/share	5.3	6.0	8.4	12.4
Cash	47.3	38.1	65.0	120.3	NTA/Share	3.9	4.6	7.1	11.1
Inventory	20.0	25.0	31.1	34.4	Valuation				
Receivables	9.6	23.6	38.7	58.1	PER (Basic) (x)	-14.4	61.6	16.5	10.3
Prepayments	5.0	10.0	12.5	15.0	PER (Fully diluted) (x)	-15.9	68.3	18.3	11.4
Current Assets	81.9	96.6	147.3	227.8	PER (Fully diluted, norm) (x)	-15.9	68.3	18.3	11.4
PP&E	0.1	0.1	0.0	0.0	P/CFPS (x)	-18.5	56.7	16.2	10.1
Intangible	27.7	26.6	25.5	23.8	Price/NBV (x)	7.6	6.8	4.8	3.3
ROUA	0.0	0.0	0.0	0.0	Price/NTA (x)	10.4	8.8	5.7	3.6
Other	0.0	0.0	0.0	0.0	Dividend Yield (%)	0.0	0.0	0.0	0.0
Non-current Assets	27.8	26.7	25.6	23.8	EV/EBITDA (x)	-14.8	56.5	15.4	7.1
Total Assets	109.7	123.3	172.8	251.6	EV/EBIT (x)	-14.3	61.4	15.7	7.2
Payables	5.5	6.2	7.9	9.9	EV/Revenue (x)	47.8	6.8	4.1	2.6
Lease liabilities	0.0	0.0	0.0	0.0					
Provisions	0.1	0.1	0.1	0.1					
Current Liabilities	5.6	6.3	8.0	10.0					
Lease liabilities	0.0	0.0	0.0	0.0					
Non-current liabilities	0.0	0.0	0.0	0.0					
Total liabilities	5.6	6.3	8.0	10.0					
Net Assets	104.1	117.0	164.8	241.6					
Issued Capital	228.3	228.3	228.3	228.3					
Reserves	21.7	21.7	21.7	21.7					
Retained earnings	-145.9	-133.1	-85.2	-8.4					
Total equity	104.1	116.9	164.8	241.6					

Figure 1: US Sofdra Forecasts

US Sofdra Forecasts	Units	1Q	2Q	3Q	4Q	FY2025	1Q	2Q	3Q	4Q	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
Patient Arrivals	'000s	0.0	0.0	3.0	7.1	10.1	8.0	9.0	10.1	11.4	38.5	61.7	92.4	123.3	151.3	175.0	197.2	218.6	227.7
Prescriptions Sold	'000s	0.0	0.0	4.1	22.9	27.0	42.0	49.1	55.2	62.1	208.5	336.4	514.5	702.8	873.8	1,023.3	1,154.5	1,286.8	1,363.5
...Avg Rolling MoM Refill Rate	%	na	na	100%	100%	87%	60%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Reimbursed Prescriptions	'000s	0.0	0.0	3.0	17.2	20.3	31.5	36.8	41.4	46.6	156.4	252.3	385.9	527.1	655.3	767.5	865.9	965.1	1,022.7
... Growth	%										672%	61%	53%	37%	24%	17%	13%	11%	6%
Net pricing (net)	US\$/script	450	450	450	450	450	461	461	461	461	461	473	485	497	509	522	535	548	562
...Price Escalation	%										3%	3%	3%	3%	3%	3%	3%	3%	3%
Net Sales*	US\$m	0.0	0.0	1.6	7.7	9.3	14.5	17.0	19.1	21.5	72.1	119.3	187.0	261.8	333.7	400.5	463.2	529.2	574.7
Net Sales*	A\$m	0.0	0.0	2.5	12.3	14.8	23.1	27.0	30.3	34.1	114.5	189.4	296.8	415.6	529.6	635.7	735.2	839.9	912.3
(-) COGS	US\$m					-1.9					-14.1	-22.7	-34.6	-47.1	-58.4	-68.1	-76.4	-84.7	-89.1
Gross Profit	US\$m					7.4					58.1	96.6	152.4	214.7	275.3	332.4	386.8	444.5	485.6
...Gross Margin	%					80%					81%	81%	82%	82%	83%	83%	84%	84%	85%
(-) SG&A**	US\$m					-35.0					-47.0	-60.0	-74.8	-91.6	-110.1	-124.2	-139.0	-158.7	-172.4
...as % of Net sales	%					376%					65.2%	50.3%	40.0%	35.0%	33.0%	31.0%	30.0%	30.0%	30.0%
(-) Royalty	US\$m					-0.5					-3.6	-6.0	-9.4	-13.1	-16.7	-20.0	-23.2	-26.5	-28.7
...as % of Net sales	%					5%					5%	5%	5%	5%	5%	5%	5%	5%	5%
Operating Income	US\$m					-28.0					7.5	30.7	68.3	110.0	148.5	188.2	224.6	259.3	284.5

Source: EH analysis; Assumes 6 average prescriptions per patient, 75% of prescriptions reimbursed, 0.63 A\$/US\$ fx; *includes pre-feb launch period, **Excludes ~A\$10.6m non-cash share based payments

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Botanix Pharmaceuticals Limited (BOT.ASX) | Price A\$0.41 | Target price A\$0.80 | Recommendation Buy;

Price, target price and rating as at 13 May 2025 (not covered)*

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