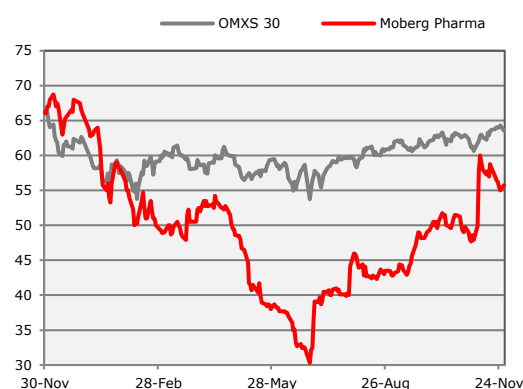


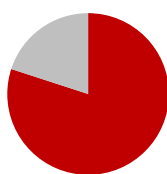
**Summary**
**Moberg Pharma (MOB.ST)**
**Base business strong in 3Q16**

- Moberg Pharma delivered a top- and bottom-line beat in 3Q16, driven by strong sales performance by its OTC nail fungus brands. 3Q16 revenues came in at SEK 104.1 million vs. SEK an estimated 101.9 million, and EBITDA at SEK 29.0 million vs. an estimated SEK 16.5 million.
- Following the solid 3Q16 report we have raised our profit expectations for the full year 2016 and onwards. The divestment of PediaCare, however, is the reason why we have lowered our revenue forecasts from 2017 and onwards.
- All in all, our estimate changes have a positive impact on our base case fair value estimate, which we raise to SEK 78 (74). The main value driver of the share price in the coming months will be the delivery of new brand acquisitions. One example of a possible acquisition would be to exercise its option from Prestige Brands to acquire the Dermoplast brand.

List: Small cap  
 Market Cap: 797 MSEK  
 Industry: Healthcare  
 CEO: Peter Wolpert  
 Chairman: Thomas Eklund

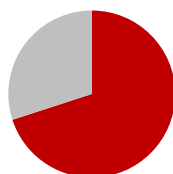

**Redeye Rating (0 – 10 points)**

Management



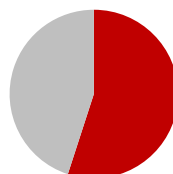
8.0 points

Ownership



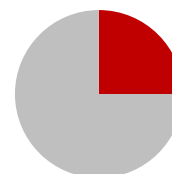
7.0 points

Profit outlook



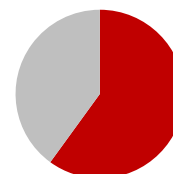
5.5 points

Profitability



2.5 points

Financial strength



6.0 points

**Key Financials**

	2014	2015	2016E	2017E	2018E
Revenue, MSEK	200	286	341	397	423
Growth	27%	43%	20%	16%	7%
EBITDA	25	46	85	79	89
EBITDA margin	13%	16%	25%	20%	21%
EBIT	17	35	69	58	67
EBIT margin	9%	12%	20%	15%	16%
Pre-tax earnings	17	35	53	39	46
Net earnings	12	26	41	30	35
Net margin	6%	9%	12%	8%	8%
Dividend/Share	0.00	0.00	0.00	0.00	0.00
EPS adj.	0.88	1.66	2.64	1.94	2.28
P/E adj.	43.3	39.8	21.1	28.7	24.4
EV/S	2.4	3.1	3.0	2.5	2.3
EV/EBITDA	19.1	19.3	12.0	12.6	11.2

**Share information**

Share price (SEK)	55.8
Number of shares (m)	14.3
Market Cap (MSEK)	797
Net debt (MSEK)	226
Free float (%)	63 %
Daily turnover ('000)	40

Analysts:  
 Klas Palin  
 klas.palin@redeye.se

**Redeye Rating: Background and definitions**

The aim of a Redeye Rating is to help investors identify high-quality companies with attractive valuation.

**Company Qualities**

The aim of Company Qualities is to provide a well-structured and clear profile of a company's qualities (or operating risk) – its chances of surviving and its potential for achieving long-term stable profit growth.

We categorize a company's qualities on a ten-point scale based on five valuation keys; 1 – Management, 2 – Ownership, 3 – Profit Outlook, 4 – Profitability and 5 – Financial Strength.

Each valuation key is assessed based a number of quantitative and qualitative key factors that are weighted differently according to how important they are deemed to be. Each key factor is allocated a number of points based on its rating. The assessment of each valuation key is based on the total number of points for these individual factors. The rating scale ranges from 0 to +10 points.

The overall rating for each valuation key is indicated by the size of the bar shown in the chart. The relative size of the bars therefore reflects the rating distribution between the different valuation keys.

**Management**

Our Management rating represents an assessment of the ability of the board of directors and management to manage the company in the best interests of the shareholders. A good board and management can make a mediocre business concept profitable, while a poor board and management can even lead a strong company into crisis. The factors used to assess a company's management are: 1 – Execution, 2 – Capital allocation, 3 – Communication, 4 – Experience, 5 – Leadership and 6 – Integrity.

**Ownership**

Our Ownership rating represents an assessment of the ownership exercised for longer-term value creation. Owner commitment and expertise are key to a company's stability and the board's ability to take action. Companies with a dispersed ownership structure without a clear controlling shareholder have historically performed worse than the market index over time. The factors used to assess Ownership are: 1 – Ownership structure, 2 – Owner commitment, 3 – Institutional ownership, 4 – Abuse of power, 5 – Reputation, and 6 – Financial sustainability.

**Profit Outlook**

Our Profit Outlook rating represents an assessment of a company's potential to achieve long-term stable profit growth. Over the long-term, the share price roughly mirrors the company's earnings trend. A company that does not grow may be a good short-term investment, but is usually unwise in the long term. The factors used to assess Profit Outlook are: 1 – Business model, 2 – Sale potential, 3 – Market growth, 4 – Market position, and 5 – Competitiveness.

**Profitability**

Our Profitability rating represents an assessment of how effective a company has historically utilised its capital to generate profit. Companies cannot survive if they are not profitable. The assessment of how profitable a company has been is based on a number of key ratios and criteria over a period of up to the past five years: 1 – Return on total assets (ROA), 2 – Return on equity (ROE), 3 – Net profit margin, 4 – Free cash flow, and 5 – Operating profit margin or EBIT.

**Financial Strength**

Our Financial Strength rating represents an assessment of a company's ability to pay in the short and long term. The core of a company's financial strength is its balance sheet and cash flow. Even the greatest potential is of no benefit unless the balance sheet can cope with funding growth. The assessment of a company's financial strength is based on a number of key ratios and criteria: 1 – Times-interest-coverage ratio, 2 – Debt-to-equity ratio, 3 – Quick ratio, 4 – Current ratio, 5 – Sales turnover, 6 – Capital needs, 7 – Cyclicity, and 8 – Forthcoming binary events.

## Cleaning up the portfolio

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**Moberg Pharma has entered into an agreement** with Strides Pharma Inc. to divest its recently acquired brand PediaCare. Strides are to pay a total of USD 5 million plus the inventory value at closing, and the deal is expected to close before Christmas. The divestment is not expected to generate any capital gain or loss.

**The sale of PediaCare does not come as a big surprise**, as it from the beginning was considered a non-strategic brand. The selling of PediaCare rather confirms Moberg Pharma's commitment to build the business on a couple of strategic brands and to divest non-core assets. We estimate that PediaCare would have contributed with about USD 8 million to revenues in 2017, but with a limited profit contribution, below USD 0.5 million. All in all, the divestment of PediaCare have almost no impact on our valuation of Moberg Pharma.

### Strong Kerasal Nail sales in 3Q16

**Moberg Pharma delivered solid performance in 3Q16** beating both our top-line and profit expectations. Revenues increased y/y by 56% to SEK 104.1 (66.6) million, fueled by recent brand acquisitions and a very strong quarter for the OTC nail fungus brands (Emtrix, Kerasal Nail and Nalox). Thanks to successful cost control profit was considerably stronger than we had anticipated and EBITDA reached SEK 29.0 (13.8) million, the highest level ever reached during a single quarter, excluding non-recurring items.

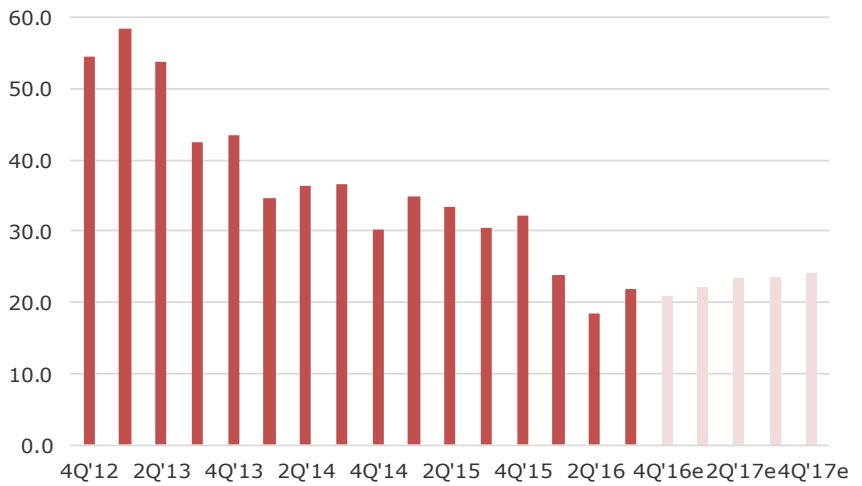
#### Estimates vs outcome 3Q 2016

(SEK million)	3Q'16e	Actual	Diff	3Q'15
<i>Emtrix/Kerasal Nail/Nalox</i>	37.1	47.8	29%	30.1
<i>Other products</i>	64.8	56.3	-13%	36.2
<i>Milestone payments</i>	0.0	0.0		0.2
<b>Revenues</b>	<b>101.9</b>	<b>104.1</b>	<b>2%</b>	<b>66.6</b>
<i>Cost of goods sold</i>	-33.6	-32.1	4%	-17.9
<b>Gross profit</b>	<b>68.3</b>	<b>72.0</b>	<b>5%</b>	<b>48.7</b>
<i>Selling expenses</i>	-45.3	-41.3	-9%	-30.7
<i>Administrative costs</i>	-8.2	-6.4	-22%	-5.0
<i>Research and development</i>	-3.3	-3.2	-2%	-3.1
<i>Other operating income/expenses</i>	0.0	2.3		1.0
<b>EBITDA</b>	<b>16.5</b>	<b>29.0</b>	<b>76%</b>	<b>13.8</b>
<b>EBIT</b>	<b>11.5</b>	<b>23.4</b>	<b>103%</b>	<b>10.9</b>
Sales growth (y/y)	53%	56%		32%
Sales growth (y/y) excl milestones	54%	57%		32%
Gross margin excl. milestones	67.0%	69.2%		73.0%
EBITDA margin	16%	28%		21%
EBIT margin	11%	22%		16%

**The biggest surprise on the upside** came from the OTC nail fungus brands where sales y/y rose by an impressive 59%, reaching SEK 47.8 (30.1) million. Sales in this category outpaced our expectations in all regions in 3Q16. However, the largest contributor to growth came from North America and, we believe, the U.S. in particular (about SEK 10-12 million). We believe the highly favorable growth we saw in 3Q16 in the US was primarily due to successful investments implemented, earlier in the year, to build on the Kerasal Nail brand. The company reports a record-high market share in the US for the brand at 29% (in the past 26 weeks) up to the October 2 this year according to SymphonyIRI. This represents a market share increase of about 5 percentage points compared with last year. Due to the seasonal patterns in this product category, we expect that sales for the current quarter will decrease considerably.

**As mentioned above**, we observed a positive trend in Europe in 3Q16 with sales increasing to SEK 6.2 (2.9) million. On a trailing twelve-month basis, sales were lower at SEK 21.8 (30.4) million. We do not expect a quick recovery in European sales in our forecast. However, the establishment of direct sales in the UK has the potential to become a major driving force in strengthening growth in the region. All sales in the region are related to the OTC nail fungus brands.

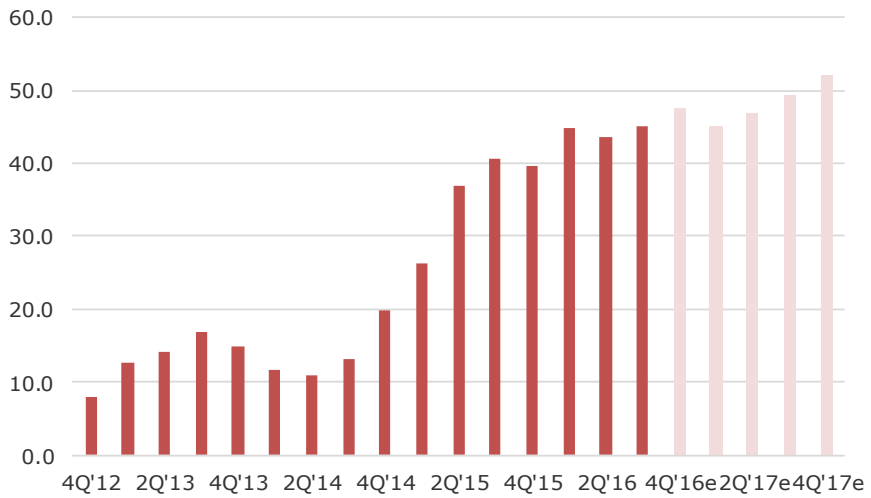
**European sales trailing 12 month (SEK million), 2012-2017**



Source: Moberg Pharma, Redeye

**Rest of the world (ROW) sales continue to trend higher**, even though sales of the divested brand JointFlex are no longer included (accounted for an estimated additional SEK 10-15 million a year up to 1Q16). On a trailing twelve-month basis sales in ROW reached SEK 45.0 (40.5) million. From 2Q16, all sales in the region are related to the OTC nail fungus brands.

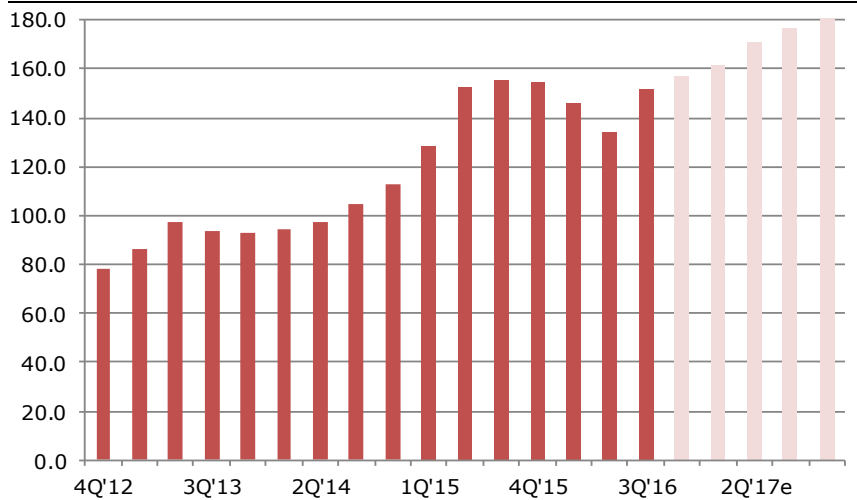
**ROW sales trailing 12 month (SEK million), 2012-2017**



Source: Moberg Pharma, Redeye

**After having shown a declining trend for the past year**, sales of Kerasal Nail have started to rise again. We expect that this trend will continue supported by growth primarily in the US and Asia.

**Kerasal Nail sales trailing 12 month (SEK million), 2012-2017**



Source: Moberg Pharma, Redeye

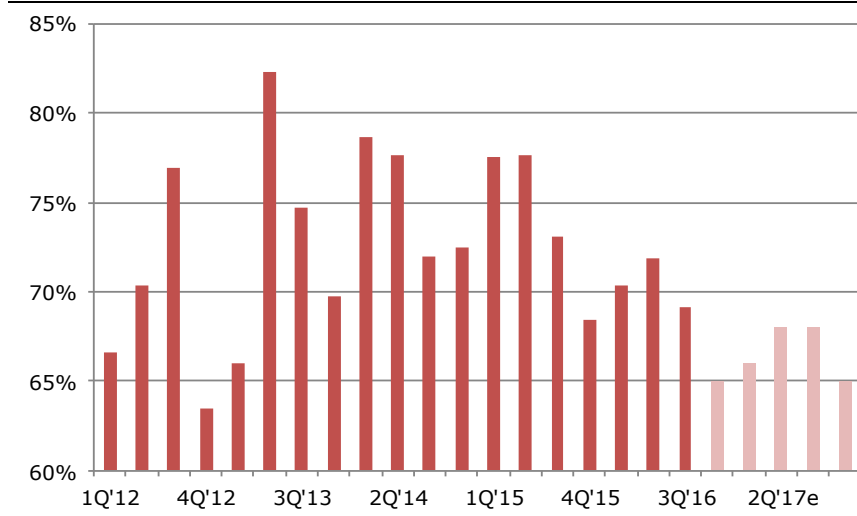
**Growth will also be supported by a favorable FX relationship**, as the Swedish currency has continued to slide against the major currencies. At current levels (USD/SEK 9.2 and EUR/SEK 9.7), we believe the currency effect could add some 5-6% extra growth on the top-line in 2017.

**On the negative side in the report** were sales of other products, which came in well below our forecast, at SEK 56.3 million vs. an expected SEK 64.8 million. We believe that the discrepancy from our forecast is primarily related the newly acquired products from Prestige Brands where we

expected sales of SEK 43.6 million. Sales figures for these brands are not recognized separately, so this is more of a guess from our side. But given the lack of historical data on which to build our forecast for these brands at this early stage as Moberg Pharma assets, we see this as the most likely explanation.

**As expected, the gross margin came down in 3Q16**, but not by as much as we had anticipated. In 3Q16 gross margin was 69.2 (73.0)% vs. an expected 67.0%. Although the outcome in 3Q16 was a positive surprise, we are not changing our view, and continue to expect this to decline further in the coming year due to the recent acquisition.

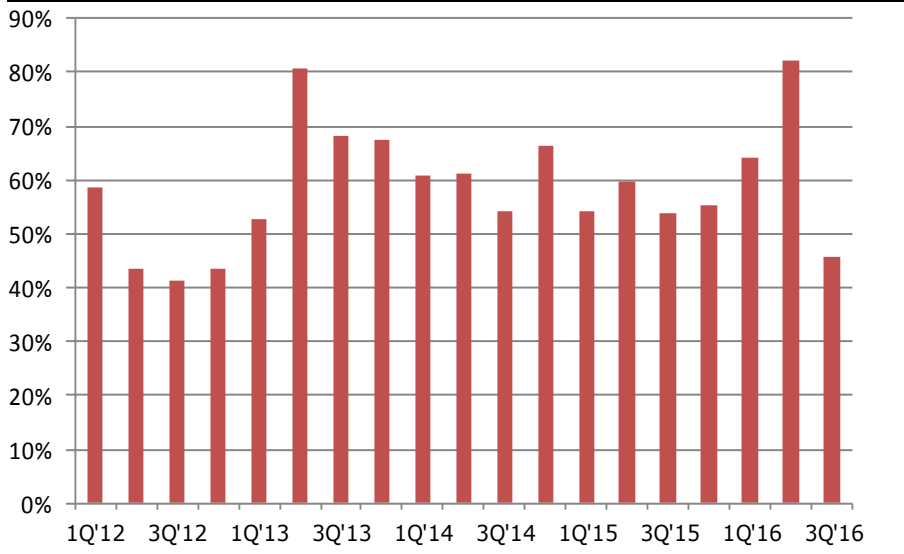
**Gross margin, 2012-2017**



Source: Moberg Pharma, Redeye

**The increase in sales in the third quarter**, due to the acquisitions made in the summer, highlights the scalability of the distribution model and we see the relationship of sales and administrative expenses as a percentage of revenues declining significantly in 3Q16. We believe Moberg Pharma will be able to handle further expansion through acquisitions of additional brands, without having to increase staffing materially.

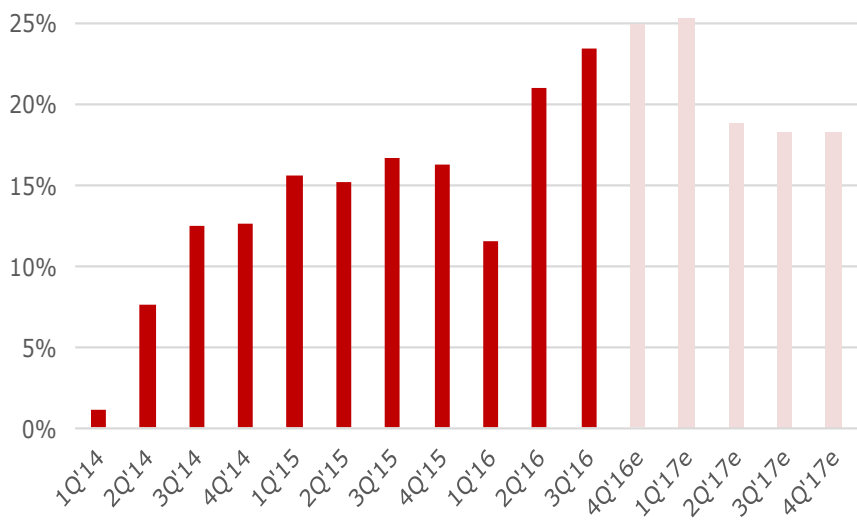
**Quarterly sales and administrative expenses as a percentage of revenues (%)**



Source: Moberg Pharma, Redeye

**As mentioned above, profitability (EBITDA)** was at its highest level ever for a single quarter, excluding non-recurring items. The EBITDA margin reached 27.9 (20.8)% in 3Q16 and, on a trailing twelve-month basis, 23.4 (16.6)%. It is worth noting that profit for 2Q16 was boosted by a capital gain of SEK 41.4 million. Stripping this out of the equation gives an EBIDTA margin, on a trailing twelve-month basis, of just 9.5%.

**Quarterly EBIDTA margin, trailing 12-month (%), 2014-2017**

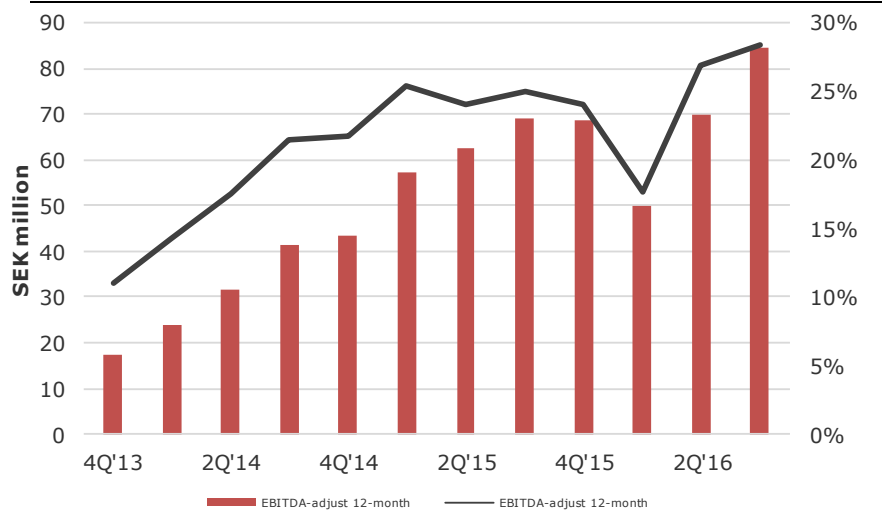


Source: Moberg Pharma, Redeye

**Profitability (EBITDA) in the commercial operations**, adjusted for R&D expenses and business development related to Rx products increased to SEK 32.6 (18.1) million. On a trailing twelve-month basis, adjusted EBITDA reached SEK 84.6 (69.1) million with an EBITDA margin of 28.3%,

well above the long-term financial goal of an EBITDA margin of 25%. However, adjusting for the capital gain of SEK 41.4 million, the trailing twelve month-adjusted EBITDA margin reached 14.5%.

**Adjusted EBITDA (SEK million, %) trailing 12 month**



Source: Moberg Pharma, Redeye

**Cash flow from operating activities** was negative in the amount of SEK 21.0 (11.5) million. The negative cash flow was due to an increase in working capital as a consequence of the recent acquisition.

**Moberg Pharma wants to be able to increase** its bond debt to fully utilize its outstanding bond facility of SEK 600 million, making room for additional acquisition opportunities currently under evaluation. The current amount outstanding amounts to SEK 385 million. Recently the bond holders approved a waiver, valid until the end of 2017, whereby Moberg Pharma will be permitted, on one occasion, to issue subsequent bonds. This bond issue will then be subject to an incurrence test, where the ratio of net interest bearing debt to EBITDA shall not be greater than 4.5 (calculated pro forma, including new bond financing and acquired assets), up from the previous 3.5.

**One example of a possible acquisition** would be to exercise its exclusive option from Prestige Brands to acquire the Dermoplast brand. The option was acquired this summer for a cost of USD 1.25 million and is valid until the end of 2017. Dermoplast is an anesthetic pain and itch-relieving spray applied to the skin, a good fit to current strategic focus on topical dermatology. The product moisturizes the skin, aiding the healing process. Trailing twelve-month net sales of Dermoplast amount to about USD 12 million. The product seems like a good fit with the current operations and Moberg Pharma's focus on dermatology. In its latest report, Prestige Brands expects the transaction to be completed by the end of 1Q17.



### Financial forecasts

**We lower our top-line forecast for 2017 and forward**, primarily due to the divestment of PediaCare. However, we have also lowered expected operating costs for 2017 and forward, why we now expects higher profits compared to our previous forecast.

<b>(SEK million)</b>		<b>2016e</b>	<b>2017e</b>	<b>2018e</b>
Revenues	New	341.3	397.1	423.5
	Old	341.3	457.5	493.3
(%)		0%	-13%	-14%
Gross profit	New	234.8	273.1	290.1
	Old	232.5	306.7	335.4
(%)		1%	-11%	-14%
Gross margin	New	68.8	68.8	68.5
	Old	68.1	67.0	68.0
(%)		1%	3%	1%
Selling & admin.	New	196.6	200.4	209.5
	Old	204.5	244.4	262.3
(%)		-4%	-18%	-20%
R&D	New	12.3	14.3	14.1
	Old	12.1	14.7	16.6
(%)		2%	-3%	-15%
EBITDA	New	85.2	78.8	87.0
	Old	71.9	69.9	78.8
(%)		18%	13%	10%
EBIT	New	68.6	58.4	66.5
	Old	56.2	47.6	56.6
(%)		22%	23%	17%

Source: Redeye

**In 4Q16, we believe Moberg Pharma** will continue to show positive results and deliver an EBITDA of SEK 19.4 (4.0) million, up from SEK 18.5 million. We also believe in continued good growth for the OTC nail fungus brands (up +22%), driven by higher sales, particularly in Asia, but also with a currency tailwind of about 5-6%.

**For the recently acquired brands** New Skin, Fiber Choice and PediaCare, we believe sales will come in at SEK 46.0 million, although this is not likely to be reported separately. Instead, we believe these brands will probably be part of other product sales, which we forecast will reach SEK 68.8 million.

**We estimate sales of SEK 82.7 million in North America**, ROW of SEK 11.2 million and in Europe of SEK 2.5 million in 4Q16.

**Quarterly estimates, Moberg Pharma**

<b>(SEK million)</b>	<b>1Q16</b>	<b>2Q16</b>	<b>3Q16</b>	<b>4Q16e</b>	<b>1Q17e</b>	<b>2Q17e</b>	<b>3Q17e</b>	<b>4Q17e</b>
Emtrix, Kerasal Nail, Nalox	32.1	49.0	47.8	27.7	37.1	58.4	53.8	33.7
Other products	37.3	22.3	56.3	68.8	50.0	64.0	47.4	52.8
<b>Revenues</b>	<b>69.5</b>	<b>71.3</b>	<b>104.1</b>	<b>96.4</b>	<b>87.1</b>	<b>122.3</b>	<b>101.3</b>	<b>86.4</b>
COGS	-20.6	-20.1	-32.1	-33.8	-27.9	-37.3	-30.4	-28.5
<b>Gross profit</b>	<b>48.8</b>	<b>51.2</b>	<b>72.0</b>	<b>62.7</b>	<b>59.2</b>	<b>85.0</b>	<b>70.9</b>	<b>57.9</b>
Selling expenses	-37.5	-51.5	-41.3	-38.5	-41.1	-57.7	-38.9	-33.4
Administrative expenses	-7.0	-7.1	-6.4	-7.2	-7.4	-7.5	-6.8	-7.6
Research & dev. expen.	-3.5	-2.1	-3.2	-3.5	-3.6	-3.7	-3.5	-3.5
Other income/expenses	-0.4	40.8	2.3	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>3.4</b>	<b>33.4</b>	<b>29.1</b>	<b>19.4</b>	<b>12.2</b>	<b>21.2</b>	<b>26.8</b>	<b>18.5</b>
<b>EBIT</b>	<b>0.5</b>	<b>31.2</b>	<b>23.4</b>	<b>13.5</b>	<b>7.2</b>	<b>16.1</b>	<b>21.7</b>	<b>13.4</b>
Net financial items	-7.8	4.6	-6.1	-5.8	-4.7	-5.0	-5.0	-5.0
<b>EBT</b>	<b>-7.3</b>	<b>35.8</b>	<b>17.2</b>	<b>7.7</b>	<b>2.5</b>	<b>11.1</b>	<b>16.7</b>	<b>8.4</b>
Tax	1.6	-7.8	-4.4	-1.8	-0.5	-2.4	-3.7	-1.9
<b>Net profit</b>	<b>-5.6</b>	<b>28.0</b>	<b>12.8</b>	<b>5.9</b>	<b>1.9</b>	<b>8.7</b>	<b>13.0</b>	<b>6.6</b>
EPS	-0.40	1.96	0.90	0.41	0.13	0.61	0.91	0.46
<i>Growth, excl. Milestones</i>	-2.3%	-22.4%	57.0%	79.7%	25.4%	71.6%	-2.8%	-10.4%
<i>Gross margin</i>	70.3%	71.8%	69.2%	65.0%	68.0%	69.5%	70.0%	67.0%
<i>EBITDA margin</i>	4.9%	46.8%	27.9%	20.1%	14.1%	17.3%	26.5%	21.5%
<i>EBIT margin</i>	0.7%	43.8%	22.4%	14.0%	8.2%	13.2%	21.4%	15.5%

**Yearly estimates, Moberg Pharma**

<b>(SEK million)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>	<b>2017e</b>	<b>2018e</b>
Emtrix, Kerasal Nail, Nalox	93.2	112.7	154.5	156.6	183.0	200.0
Other products	59.0	85.3	128.5	184.7	214.2	223.5
Milestones	4.8	2.2	2.6	0.0	0.0	0.0
<b>Revenues</b>	<b>156.9</b>	<b>200.2</b>	<b>285.6</b>	<b>341.3</b>	<b>397.1</b>	<b>423.5</b>
COGS	-40.0	-49.1	-71.9	-106.6	-124.1	-133.4
<b>Gross profit</b>	<b>117.0</b>	<b>151.1</b>	<b>213.7</b>	<b>234.8</b>	<b>273.1</b>	<b>290.1</b>
Selling expenses	-75.7	-93.2	-133.2	-168.8	-171.1	-178.8
Administrative expenses	-27.8	-26.6	-25.6	-27.8	-29.3	-30.7
Research & dev. expen.	-29.0	-19.9	-23.3	-12.3	-14.3	-14.1
Other income/expenses	1.1	5.8	3.6	42.7	0.0	0.0
<b>EBITDA</b>	<b>-8.0</b>	<b>25.3</b>	<b>46.4</b>	<b>85.2</b>	<b>78.8</b>	<b>87.0</b>
<b>EBIT</b>	<b>-14.5</b>	<b>17.2</b>	<b>35.2</b>	<b>68.6</b>	<b>58.4</b>	<b>66.5</b>
Net financial items	-2.1	-0.7	-0.6	-15.1	-19.7	-20.5
<b>EBT</b>	<b>-16.6</b>	<b>16.6</b>	<b>34.6</b>	<b>53.4</b>	<b>38.7</b>	<b>46.0</b>
Tax	4.8	-4.3	-9.0	-12.4	-8.5	-10.6
<b>Net profit</b>	<b>-11.8</b>	<b>12.3</b>	<b>25.6</b>	<b>41.1</b>	<b>30.2</b>	<b>35.4</b>
EPS	-0.99	0.88	1.80	2.87	2.11	2.48
<i>Growth, excl. Milestones</i>	84.4%	29.8%	42.9%	20.6%	16.4%	6.6%
<i>Gross margin</i>	74.5%	75.5%	74.8%	68.8%	68.8%	68.5%
<i>EBITDA margin</i>	-5.1%	12.6%	16.3%	25.0%	19.8%	20.5%
<i>EBIT margin</i>	-9.3%	8.6%	12.3%	20.1%	14.7%	15.7%

Source: Redeye, Moberg Pharma

**For the 2016 full-year we expect** Moberg Pharma will show record profits with EBITDA of SEK 85.2 million. As recognized above, almost half of that profit is related to a capital gain of SEK 41.4 million, from the divestment of Fergon, JointFlex and Vanquish.

### **Valuation**

We value Moberg Pharma using a DCF model. The company's high dependency on branded OTC nail fungus products implies greater risk compared with larger and more mature consumer health companies, we apply a WACC of 11.6%.

**Based on our base case assumptions presented above, we derive a DCF value of SEK 78 (74)**

### **Scenario analysis**

There are many factors that will affect the outcome in different ways over the coming years. In our scenario analysis, we have attempted to quantify the most important of these and to assess how different potential scenarios would impact the company's valuation.

#### **Base case scenario assumptions:**

- We assume average revenue growth of about 14% through 2020 in the OTC brand business, which is based on current branded commercial products and recently acquired brands. From 2021 onwards, we assume growth in line with the expected inflation rate (2%)
- We risk-adjust pipeline products and assume a 70% probability of MOB-015 reaching the market in 2020 and a 30% probability of Bupi reaching the market in 2020
- We assume Moberg Pharma will deliver an EBIT margin of 26% from 2023

#### **Bull case scenario assumptions:**

- We do not risk-adjust pipeline products (MOB-015, Bupi) in our estimates – and expect a launch in 2020
- We assume average revenue growth of 20% through 2020 in the OTC business, based on current branded commercial products. From 2021 onwards, we assume growth in line with the expected rate of inflation
- We assume Moberg Pharma will deliver a EBIT margin of 32% from 2021, strengthened by high-margin RX products, which are expected to have reached the market

**The above assumptions give a fair value estimate of SEK 115**

**Bear case scenario assumptions:**

- We assume no current pipeline projects will reach the market.
- We assume revenue growth will flatten out in 2018 and then expand in line with the expected rate of inflation
- We assume EBIT margins will peak at 18% in 2018

**The above assumptions give a fair value estimate of SEK 35**

Income statement	2014	2015	2016E	2017E	2018E
Net sales	200	286	341	397	423
Total operating costs	-175	-239	-256	-318	-334
<b>EBITDA</b>	<b>25</b>	<b>46</b>	<b>85</b>	<b>79</b>	<b>89</b>
Depreciation	-1	-2	-3	-2	-1
Amortization	-7	-10	-14	-19	-22
Impairment charges	0	0	0	0	0
<b>EBIT</b>	<b>17</b>	<b>35</b>	<b>69</b>	<b>58</b>	<b>67</b>
Share in profits	0	0	0	0	0
Net financial items	-1	-1	-15	-20	-21
Exchange rate dif.	0	0	0	0	0
<b>Pre-tax profit</b>	<b>17</b>	<b>35</b>	<b>53</b>	<b>39</b>	<b>46</b>
Tax	-4	-9	-12	-9	-11
<b>Net earnings</b>	<b>12</b>	<b>26</b>	<b>41</b>	<b>30</b>	<b>35</b>

Balance	2014	2015	2016E	2017E	2018E
<b>Assets</b>					
<i>Current assets</i>					
Cash in banks	62	45	159	188	188
Receivables	42	52	82	71	76
Inventories	13	22	41	40	38
Other current assets	0	0	0	0	0
<b>Current assets</b>	<b>117</b>	<b>119</b>	<b>282</b>	<b>299</b>	<b>302</b>
<i>Fixed assets</i>					
Tangible assets	1	1	1	1	2
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	88	100	117	117	117
Cap. exp. for dev.	0	0	0	0	0
O intangible rights	129	161	431	457	491
O non-current assets	0	0	11	0	0
<b>Total fixed assets</b>	<b>217</b>	<b>262</b>	<b>560</b>	<b>575</b>	<b>610</b>
Deferred tax assets	25	16	8	0	0
<b>Total (assets)</b>	<b>360</b>	<b>397</b>	<b>850</b>	<b>874</b>	<b>913</b>

Liabilities	2014	2015	2016E	2017E	2018E
<i>Current liabilities</i>					
Short-term debt	13	3	0	0	0
Accounts payable	39	41	48	56	59
O current liabilities	0	0	0	0	0
<b>Current liabilities</b>	<b>53</b>	<b>45</b>	<b>48</b>	<b>56</b>	<b>59</b>
Long-term debt	3	0	385	385	385
O long-term liabilities	0	0	14	0	0
Convertibles	0	0	0	0	0
<b>Total Liabilities</b>	<b>56</b>	<b>45</b>	<b>447</b>	<b>441</b>	<b>444</b>
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	304	353	403	433	469
Minority interest (BS)	0	0	0	0	0
<b>Minority &amp; equity</b>	<b>304</b>	<b>353</b>	<b>403</b>	<b>433</b>	<b>469</b>
<b>Total liab &amp; SE</b>	<b>360</b>	<b>397</b>	<b>850</b>	<b>874</b>	<b>913</b>

Free cash flow	2014	2015	2016E	2017E	2018E
Net sales	200	286	341	397	423
Total operating costs	-175	-239	-256	-318	-334
Depreciations total	-8	-11	-17	-20	-22
<b>EBIT</b>	<b>17</b>	<b>35</b>	<b>69</b>	<b>58</b>	<b>67</b>
Taxes on EBIT	-4	-9	-16	-13	-15
<b>NOPLAT</b>	<b>13</b>	<b>26</b>	<b>53</b>	<b>46</b>	<b>51</b>
Depreciation	8	11	17	20	22
<b>Gross cash flow</b>	<b>21</b>	<b>37</b>	<b>69</b>	<b>66</b>	<b>74</b>
Change in WC	-8	-17	-43	19	1
Gross CAPEX	-42	-56	-315	-35	-58
<b>Free cash flow</b>	<b>-29</b>	<b>-35</b>	<b>-288</b>	<b>50</b>	<b>16</b>

Capital structure	2014	2015	2016E	2017E	2018E
Equity ratio	84%	89%	47%	50%	51%
Debt/equity ratio	5%	1%	96%	89%	82%
Net debt	-46	-42	226	197	197
Capital employed	258	311	629	631	665
Capital turnover rate	0.6	0.7	0.4	0.5	0.5

Growth	2014	2015	2016E	2017E	2018E
Sales growth	27%	43%	20%	16%	7%
EPS growth (adj)	-192%	105%	59%	-26%	17%

DCF valuation	
WACC (%)	11.6 %

Assumptions 2016-2022 (%)		Fair value e. per share, SEK	78.0
Average sales growth	13.3 %	Share price, SEK	55.8
EBIT margin	25.0 %		

Profitability	2014	2015	2016E	2017E	2018E
ROE	5%	8%	11%	7%	8%
ROCE	6%	10%	12%	7%	8%
ROIC	6%	10%	17%	7%	8%
EBITDA margin	13%	16%	25%	20%	21%
EBIT margin	9%	12%	20%	15%	16%
Net margin	6%	9%	12%	8%	8%

Data per share	2014	2015	2016E	2017E	2018E
EPS	0.88	1.80	2.87	2.11	2.48
EPS adj	0.88	1.66	2.64	1.94	2.28
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	-3.28	-2.96	15.82	13.82	13.79
Total shares	13.96	14.22	14.29	14.29	14.29

Valuation	2014	2015	2016E	2017E	2018E
EV	484.8	896.3	1,022.7	994.1	993.6
P/E	43.3	36.6	19.4	26.4	22.5
P/E diluted	43.3	39.8	21.1	28.7	24.4
P/Sales	2.7	3.3	2.3	2.0	1.9
EV/Sales	2.4	3.1	3.0	2.5	2.3
EV/EBITDA	19.1	19.3	12.0	12.6	11.2
EV/EBIT	28.2	25.4	14.9	17.0	14.9
P/BV	1.7	2.7	2.0	1.8	1.7

Share performance		Growth/year	14/16e
1 month	12.0 %	Net sales	30.6 %
3 month	28.5 %	Operating profit adj	99.6 %
12 month	-15.9 %	EPS, just	73.5 %
Since start of the year	-15.5 %	Equity	15.2 %

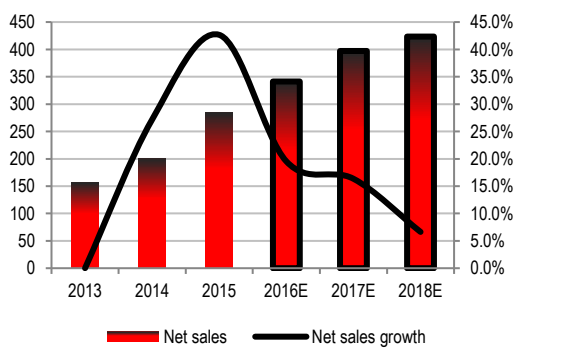
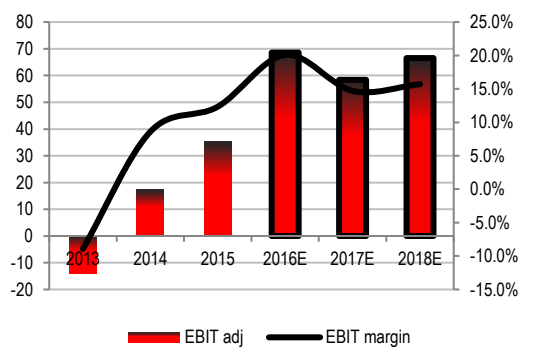
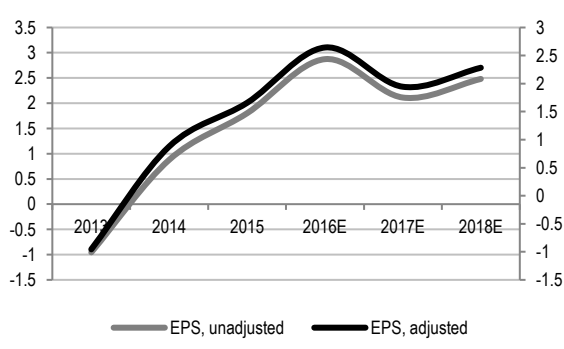
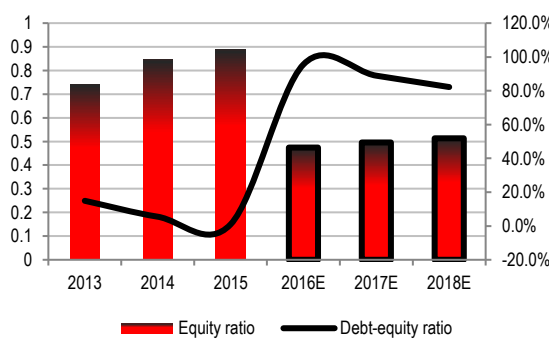
Shareholder structure %	Capital	Votes
Östersjöstiftelsen	15.7 %	15.7 %
Avanza Pension Försäkring	8.7 %	8.7 %
Grandeur Peak Fonder	7.5 %	7.5 %
Carnegie Luxembourg	4.3 %	4.3 %
Wolco Invest AB	4.2 %	4.2 %
SHB fonder	3.0 %	3.0 %
Nordnet Pensionsförsäkring	2.7 %	2.7 %
AXA	1.4 %	1.4 %
Fondita fonder	1.3 %	1.3 %
Öhman fonder	1.3 %	1.3 %

Share information	
Reuters code	MOB.ST
List	Small cap
Share price	55.8
Total shares, million	14.3
Market Cap, MSEK	796.6

Management & board	
CEO	Peter Wolpert
CFO	Anna Ljung
IR	
Chairman	Thomas Eklund

Financial information	
FY 2016 Results	February 14, 2017
Q1 report	May 09, 2017
Q2 report	August 08, 2017
Q3 report	November 13, 2017

Analysts	Redeye AB
Klas Palin	Mäster Samuelsgatan 42, 10tr
klas.palin@redeye.se	111 57 Stockholm

Revenue & Growth (%)	EBIT (adjusted) & Margin (%)
 <p>Net sales (red bars) and Net sales growth (black line) from 2013 to 2018E. Net sales show a steady increase from approximately 150 in 2013 to over 400 in 2018E. Net sales growth peaks at about 42% in 2015 and then declines to around 10% by 2018E.</p>	 <p>EBIT adj (red bars) and EBIT margin (black line) from 2013 to 2018E. EBIT adj increases from a negative value in 2013 to approximately 70 in 2016E, then fluctuates. EBIT margin peaks at about 20% in 2016E and ends at approximately 15% in 2018E.</p>
Earnings per share	Equity & debt-equity ratio (%)
 <p>EPS, unadjusted (grey line) and EPS, adjusted (black line) from 2013 to 2018E. Both metrics show an overall upward trend, with adjusted EPS reaching approximately 2.5 by 2018E.</p>	 <p>Equity ratio (red bars) and Debt-equity ratio (black line) from 2013 to 2018E. The equity ratio fluctuates between 0.4 and 0.9. The debt-equity ratio peaks at about 100% in 2016E and ends at approximately 75% in 2018E.</p>
<b>Conflict of interests</b>	<b>Company description</b>
<p><b>Klas Palin owns shares in the company: No</b></p> <p>Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.</p>	<p>Moberg Pharma is a Swedish pharmaceutical company that commercialises proprietary, acquired and licensed products in the global market. Initially the company specialised in the treatment of skin diseases but is now widening its scope to include additional areas. Moberg Pharma markets OTC brands in the U.S. and sells through distributors in more than 40 countries.</p>

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**Redeye Rating (2016-12-01)**

Rating	Management	Ownership	Profit outlook	Profitability	Financial Strength
7,5p - 10,0p	40	42	20	8	20
3,5p - 7,0p	73	62	94	35	44
0,0p - 3,0p	9	18	8	79	58
Company N	122	122	122	122	122

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