

Revenue Forecasted to Triple as Valeo Benefits from Last Year's Successes

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Valeo Pharma Inc. (CSE: VPH | OTC: VPHIF | FSE: VP2) is a specialty pharmaceutical company and its revenue is expected to triple this year as it benefits from last year's licensing successes.

For Fiscal Year 2020, ending October 31, the company forecasted revenue around C\$8.0 million but projects FY2021 revenue in the C\$20-25 million range.

Currently, one analyst covers the company, and she estimates FY2020 revenue of C\$8.0 million, FY2021 revenue of C\$24.0 million, and FY2022 revenue of C\$45.0 million, showing an impressive revenue growth trajectory for the company.

Valeo's Business Model

Valeo focuses on acquiring, in-licensing, and commercializing pharmaceutical products with a primary focus on three areas:

1. Neurodegenerative diseases, such as Multiple Sclerosis, Parkinson's Disease, and Schizophrenia
2. Cancer treatment (Oncology), such as Soft Tissue Sarcoma and Ovarian Cancer
3. Hospital products, such as pain management, anti-infectives, and critical care

The company partners with pharmaceutical companies that have expertise in Research & Development and Manufacturing while Valeo concentrates on the regulatory requirements to get a drug

approved in Canada and then focuses on marketing the product.

Valeo benefits from commercializing a drug without the risk of product development.

Valeo now has 10 products approved for marketing in Canada with another three products in the regulatory process, and seven additional hospital products licensed but not yet approved. (See the Product Portfolio and Pipeline table below.)

Valeo searches for products already licensed in other well-regulated jurisdictions, such as the European Union or the United States, with \$5 million to \$20 million of annual revenue potential in Canada that is below the revenue threshold of larger pharmaceutical companies thereby carving out a profitable niche.

Recent Commercial Pipeline Additions

Valeo's successes last year included:

- Ametop™: Licensed the Canadian rights to Ametop™ from Alliance Pharma and subsequently received approval from Health Canada for the transfer of commercial rights to Ametop™.
- Amikacin: Valeo announced the approval of Amikacin in Canada; Amikacin is an antibiotic used within a hospital setting.
- Ethacrynate Sodium: Valeo received FDA approval for Ethacrynate Sodium and launched the drug into the U.S. market. It was the first U.S. regulatory approval received by Valeo. Ethacrynate Sodium is administered to treat fluid retention and swelling that is caused by medical conditions such as congestive heart failure, acute pulmonary oedema, or renal oedema.
- Hesperco™: Entered into an agreement with Ingenew Pharma

regarding Hesperco™, a supplement to support the immune system. In one year, Valeo submitted a natural product license application for Hesperco™ to Health Canada, received approval, and announced that Hesperco™ has started shipping.

- Onstryv®: It announced the launch of Onstryv® for Parkinson's disease and the inclusion of Onstryv® on the list of medications covered in Quebec.
- Redesca™: Valeo received Health Canada approval for the use of Redesca™, an anticoagulant, for the prevention of blood clots. The company expects the commercial launch to impact the first half of 2021 revenue and forecasts \$30 million in annual sales once fully marketed.
- Yondelis®: Signed a licensing agreement with Pharmamar to commercialize Yondelis® in Canada and received approval from Health Canada for the transfer of commercial rights to Yondelis®. Yondelis® is a treatment option for soft tissue sarcoma, a form of cancer.

Redesca™ Update and COVID-19 Application

On January 25, Valeo reported that Redesca™ received a positive recommendation for public reimbursement in the province of Quebec. The drug has been placed on the list of medications covered by Quebec's public drug insurance plan for the prevention and treatment of thromboembolic disorders.

Redesca™ received Health Canada approval last year for sale in Canada and the company is planning to launch Redesca™ during the first half of 2021. Valeo intends to pursue discussions to get Redesca™ included with other provincial drug insurance plans.

Redesca™ gained a spotlight last year when the drug was used to help patients suffering from severe acute respiratory infections caused by COVID-19 infections. Even though it was not a vaccine or COVID-19 treatment, treating the patients with Redesca™ to

prevent blood clots, improved the patient survival outcomes.

Final Thoughts

Even after an impressive 230% stock price gain over the past year, shares in Valeo are trading around C\$1.20 and below their recent high of \$1.86, with the potential to move higher as the company reports the results from its commercialization efforts.

With a Market Cap of C\$78 million and an Enterprise Value of C\$82 million, Valeo trades at a forward EV/Revenue of 3.4x based on the analyst's FY2021 estimate.

Valeo Pharma's Product Portfolio and Pipeline



[Source:](#)