Is Now the Time to Buy ProMetic Life Sciences Inc.?

Description

ProMetic Life Sciences Inc. (TSX:PLI) has been on an interesting roller-coaster ride for 2016. The company's stock is now trading near its 52-week low, although the company has made a number of announcements this year that appear to be very positive for the company's long-term prospects. Here's what the long-term investor should look for in ProMetic moving forward.

Great pipeline of new drugs

In the third quarter of 2016, ProMetic announced a number of drug approvals for drugs in its pipeline. Among these, a number of announcements relating to one of the company's key plasminogen drug were of particular note.

ProMetic's human-derived plasminogen drug had been in the testing phase for some time, and during Q3 2016, the company received an orphan drug designation status by the European Commission for the treatment of plasminogen deficiency, leading to further testing in plasminogen patients.

It was determined that this drug was safe and well received by plasminogen patients, leading to higher doses given in the testing phase. This drug helps treat plasminogen deficiency: a condition that can lead to growths on the eye, which can eventually cause blindness in acute cases.

The company furthered its commitment to its plasminogen drug by acquiring Winnipeg-based Emergent Biosolutions. Emergent Biosolutions is a Health Canada and FDA-approved plasma-collection facility. The company's commitment to becoming fully vertically integrated appears to be a bullish long-term bet on the future of its plasminogen drug.

Additionally, the company announced the confirmation of a number of successful tests of its PBI-4050 drug targeting type II diabetes and metabolic syndrome. This drug is slated to become a "pre-investigational new drug" with the FDA; the first pivotal clinical trial for this drug will commence shortly. If ProMetic is able to get this drug FDA approved in the coming year, it will prove to be another large win for the company, which is in need of earnings to support its successful R&D functions.

ProMetic's financial picture

The company announced Q3 2016 revenues of $5.7 million–a 150% increase in revenue over the same quarter last year, although the company announced a loss of $11.5 million this quarter due to sustained elevated R&D costs; the company's loss is almost fully attributed to its R&D expenditures, which totaled $11.9 million over the third quarter.

The good news is that, while the company's loss is substantial, it is a marked reduction from the same quarter last year, when the company posted a $20.6 million dollar loss.

Excluding R&D costs, the company is currently turning an operating profit on its existing drugs. If and when its new drugs receive Health Canada and FDA approval, investors may see the windfall they seek with ProMetic. This is a speculative pick, but it may be a great long-term biopharmaceutical pick for the bullish investor looking for exposure to North American biopharma.

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