



## Can This Biotech Return 100% in 2019?

### Description

It's tough to find reliable Canadian pharma and biotech companies. In Canada, the industry is largely dominated by small to mid-cap companies. The problem with this is that investors who require a level of safety usually look south of the border and invest in the larger industry players.

There are however, some high-quality biotechs in Canada worthy of investor attention. Case in point, **Theratechnologies** ([TSX:TH](#)). Theratechnologies is "is focused on addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV."

To keep it simple, it targets niche markets that are largely ignored by the larger biotechs. The strategy has worked well thus far and the company is on the [verge of breaking out](#).

### Strong performance

Over the past year, Theratechnologie's stock has return 17%. Not bad. However, it is currently trading near the bottom end of its 52-week range and is down 42% from its 52-week high of \$14.75.

The large swing in prices have nothing to do [with fundamentals](#). Two weeks ago, the company released record fourth-quarter and year-end results. Net sales in 2018 increased to \$58.533 million, up 36% over the last fiscal year.

Its flagship EGRIFTA product, the backbone of the company, increased sales by 10% year-over-year. Its second flagship, Trogarzo, which was only available commercially in the U.S. in April of 2018, achieved \$11.610 million in sales.

As a result of strong sales, the biotech is now generating positive EBITDA and strong cash flow, exiting the year with \$71 million in cash and short-term investments – cash that the company is deploying towards R&D and acquisitions to further expand its pipeline of products.

## Strong growth ahead

The best part about Theratechnologies' is that its growth story is just beginning. Management believes Trogarzo can equal or surpass EGRIFTA's run-rate within a year of being on the market. In the long run, it believes Trogarzo "has the potential to be at least five times bigger than EGRIFTA." This is a game-changing drug with significant potential.

As of writing, Trogarzo is only available in the U.S., but the drug has been fast-tracked by the European Medicine Agency (EMA) and a decision is likely within the next quarter. This will be a huge catalyst for the company.

Further to its cash buildup, post-earnings it announced the acquisition of Katana Biopharma Inc and its targeted oncology technology platform. This all-cash transaction furthers the company's strategy to build out its pipeline of early-stage specialty products.

## Foolish takeaway

The future is bright for Theratechnologies. EGRIFTA continues to grow at a double-digit pace, and Trogarzo is proving to be a game-changer for the company. It won't take much to move the needle. Once Trogarzo is approved for commercialization by the EMA, the company has the potential for triple-digit returns.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:TH (Theratechnologies Inc.)

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1. Investing

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