Zacks Small-Cap Research

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Titan Pharmaceuticals, Inc. (TTNP-NASDAQ)

Coverage Discontinued

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Current Price (11/24/20) $0.17
Valuation **$0.17**

OUTLOOK

Titan Pharmaceuticals has shifted its focus back to a research and development company after discontinuing Probuphine commercialization activities. The company entered into a debt settlement for Probuphine in return for a partial cash payment and transfer of assets to Molteni. In late October 2020, Titan acquired a Kappa Opioid agonist peptide that will be developed for the treatment of chronic pruritus.

Titan has received a two year grant to develop nalmefene using ProNeura for opioid relapse and overdose and may receive additional grants if milestones are met. The company has other projects in clinical and preclinical development that it will advance based on the availability of funding. All products use Titan's proprietary ProNeura drug delivery system. Consisting of ethylene-vinyl acetate and a drug substance, ProNeura is a novel approach to drug delivery conducive to settings that require long-duration slow release and controlled substance programs.

SUMMARY DATA

52-Week High	**$0.55**
52-Week Low	**$0.09**
One-Year Return (%)	**-13.3**
Beta	**0.91**
Average Daily Volume (sh)	**32,595,800**
Shares Outstanding (mil)	**197**
Market Capitalization ($mil)	**$33.4**
Short Interest Ratio (days)	**1.12**
Institutional Ownership (%)	**3.60**
Insider Ownership (%)	**5.08**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.0**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2020 Estimate	**N/A**
P/E using 2021 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	$0.9 A	$0.5 A	$0.9 A	$1.2 A	$3.6 A
2020	$1.3 A	$1.3 A	$1.1 A	N/A	N/A
2021					N/A
2022					N/A

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	-$0.34 A	-$0.38 A	-$0.18 A	-$0.08 A	-$0.72 A
2020	-$0.07 A	-$0.05 A	-$0.05 A	N/A	N/A
2021					N/A
2022					N/A

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WHAT'S NEW

Third Quarter 2020 Financial and Operational Results

Titan Pharmaceuticals, Inc. (NASDAQ: TTNP) abandoned its efforts to commercialize Probuphine and has refocused its activities on the development portfolio. Titan has been actively working on the nalmefene project for the prevention of opioid relapse and stepped into the pruritus space with the acquisition of JT Pharma's kappa opioid receptor agonist peptide implant. Both of these projects leverage the company's ProNeura platform. ProNeura allows for continuous drug release and non-fluctuating medication levels over a period of three months to a year depending on drug characteristics. Other important events include the settlement of debt with Molteni and Horizon and the raise of $8 million in capital from a public offering.

In the third quarter, revenues were $1.1 million, with a majority of the amount sourced from the nalmefene grant. Results from the reporting period are summarized in Titan's earnings release, Form 10-Q and conference call presented to investors on November 16, 2020. Management held a short call with investors to identify the pathway forward after Probuphine.

Third quarter total revenues were $1.1 million compared to $947 thousand in the prior year period. Grant revenues in 3Q:20 were $1.0 million compared with $757,000 in 3Q:19; product revenue fell to $102,000 from $190,000. Gross margin remained negative as cost of goods sold exceeded product revenues. Research and development expenditures totaled $1.6 million, down a slight 4% from the comparable period in the year before. General and administrative spend rose to $3.5 million, up 17% from 3Q:19 levels. Total operating expenses were $5.1 million, up 10% from the third quarter last year. Net loss was ($4.9) million or ($0.05) per share compared to a net loss of ($2.8) million and ($0.18) per share in 3Q:19.

Probuphine Commercialization

Since regaining control of Probuphine in 2018, Titan has taken several steps to advance the commercialization of the addiction treatment implant. Despite efforts on multiple fronts to advance the product, sales stubbornly held below $1 million per year. In October 2020, Titan's board decided to wind down its US Probuphine business and focus on the development pipeline with ProNeura.

Nalmefene

Starting in October 2017, Titan conducted a feasibility assessment with Opiant to develop a product for prevention of opioid relapse and overdose in individuals with opioid use disorder (OUD). In September of 2018, Titan secured a grant from the National Institute for Drug Addiction (NIDA) to further this research using a ProNeura-based six-month implantation formulation of nalmefene. The grant will provide $2.67 million during the first year and $6.08 million in the second year. The goal during the first two years is to complete IND-enabling work. Based on further discussions with the FDA during the second quarter, Titan was advised to pursue the traditional 505(b)(1) pathway for approval of nalmefene due to the lack of safety data in a long acting formulation. This approach will require an additional study to be performed and additional preclinical work to be completed for another project that is already underway. There are additional years of funding that may be accessed if certain milestones are achieved. With the additional work required, Titan expects to file the investigational new drug application (IND) in 2021.

JT-09, Kappa Opioid Agonist Peptide

In late October, titan announced that it would be acquiring JT-09, a kappa opioid agonist peptide to be used in combination with the ProNeura implant technology. The active pharmaceutical ingredient will be used for treatment of moderate to severe chronic pruritus. The transaction was completed on November 2nd. The program has a target of establishing proof of concept in the first half of 2021.

Summary

Based on the change in strategic direction and the lack of any revenue generating products or clinical candidates in the pipeline, we are discontinuing coverage of Titan Pharmaceuticals and withdraw all of our estimates and price target.

PROJECTED FINANCIALS

Titan Pharmaceuticals, Inc. - Income Statement[1]

Titan Pharmaceuticals, Inc.	Q1 A	Q2 E	Q3 A	Q4 A	2019 A	Q1 A	Q2 A	Q3 A	Q4 E	2020 E
Total Revenues	**$0.9**	**$0.502**	**$0.947**	**$1.2**	**$3.6**	**$1.3**	**$1.3**	**$1.1**		
YOY Growth	*-11.2%*	*-81.2%*	*-42.6%*	*-1.6%*	*-45.4%*	*41.4%*	*163.9%*	*18.3%*		
Cost of Goods Sold	$0.3	$0.2	$0.2	$0.6	$1.3	$0.2	$0.2	$0.7		
R&D	$1.8	$1.9	$1.6	$1.9	$7.2	$2.3	$2.0	$1.6		
SG&A	$3.1	$3.2	$3.0	$2.6	$11.9	$3.1	$3.5	$3.5		
Operating Income	($4.3)	($4.9)	($3.9)	($3.8)	($16.8)	($4.2)	($4.4)	($4.7)		
Operating Margin	-	-	-	-	*-466.5%*	*-316.3%*	*-330.9%*	*-417.3%*		
Total Other Income	($0.2)	($0.3)	$1.1	($0.1)	$0.4	($1.4)	($0.3)	($0.3)		
Pre-Tax Income	($4.5)	($5.2)	($2.8)	($3.9)	($16.5)	($5.6)	($4.6)	($4.9)		
Taxes & Other	$0	$0	$0	$0	$0	$0.0	$0.0	$0		
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*		
Net Income	($4.5)	($5.2)	($2.8)	($3.9)	($16.5)	($5.6)	($4.6)	($4.9)		
Net Margin	-	-	-	-	-	-	-	-		
Reported EPS	**($0.34)**	**($0.38)**	**($0.18)**	**($0.08)**	**($0.72)**	**($0.07)**	**($0.05)**	**($0.05)**		
YOY Growth	*-53.6%*	*55.7%*	*-71.7%*	*-72.7%*	*-56.2%*	*-80.2%*	*-87.2%*	*-72.1%*		
Weight Ave. Shares Out	13.2	13.6	15.5	49.2	23.0	82.6	94.9	97.9		

Source: Company Filing // Zacks Investment Research, Inc. Estimates

[1] Note: 2021 revenue decline represents the end of nalmefene grant revenues.

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HISTORICAL STOCK PRICE

Titan Pharmaceuticals, Inc. – Share Price Chart



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