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Zacks Small-Cap Research

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Longeveron Inc (LGVN-NASDAQ)

LGVN: Company Obtains Funding to Facilitate Further Progress

LGVN is a clinical stage biotech company that is using cutting edge cellular technology to treat a rare heart disease and the impacts of aging. We place a value of $15.15 on LGVN using the discounted cash flow model.

OUTLOOK

Longeveron announced that it has completed a $5.25 million public offering that will allow the company to continue its pursuit of important treatments.

Under new leadership, the company has focused on specific objectives, cut costs, and looked to maximize revenue opportunities. We believe the company is on a better and more sustainable track and are excited about ongoing developments.

Current Price (04/15/24)	$2.63
Valuation	**$15.15**

SUMMARY DATA

52-Week High	**$40.00**
52-Week Low	**$1.69**
One-Year Return (%)	**-89.38**
Beta	**0.21**
Average Daily Volume (sh)	**5,692,251**
Shares Outstanding (mil)	**4**
Market Capitalization ($mil)	**$12**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**10**
Insider Ownership (%)	**24**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
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 2023 Estimate	**N/A**
P/E using 2024 Estimate	**N/A**
Zacks Rank	**N/A**

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

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	0.4 A	0.5 A	0.3 A	0.1 A	1.2 A
2023	0.3 A	0.2 A	0.2 A	0.0 A	0.7 A
2024	0.0 E	0.0 E	0.0 E	0.0 E	0.0 E
2025	0.0 E	0.0 E	0.0 E	0.0 E	0.0 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-$0.17 A	-$0.27 A	-$0.25 A	-$0.21 A	-$0.90 A
2023	-$0.22 A	-$0.27 A	-$0.28 A	-$0.25 A	-$1.02 A
2024	-$0.27 E	-$0.27 E	-$0.25 E	-$0.23 E	-$1.02 E
2025	-$1.04 E	-$1.05 E	-$1.04 E	-$1.05 E	-$4.18 E

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Updates

Longeveron has been under the leadership of a new CEO for just over a year, with Mr. Hashad recently issuing a letter to shareholders marking the milestone. We have been telling investors about the great potential we've seen in early testing for the company's signature treatment-Lomecel-B. However, as with many clinical-stage companies, we were concerned the company may be spreading its resources too thin. We understood that the multiple potential uses for Lomecel-B likely warranted multiple lines of testing but choosing that path can prove costly and has the potential to derail the company's potential.

Since Mr. Hashad has taken the helm, however, the company has focused on getting Lomecel-B approved for use for the treatment of hypoplastic left heart syndrome (HLHS). HLHS is a rare and life-threatening congenital heart defect affecting approximately 1,000 babies per year according to the company. Infants born with HLHS have an underdeveloped or absent left ventricle. Current standard-of-care is comprised of three reconstructive heart surgeries (Stage 1 – 3) to reconfigure the right ventricle to provide all cardiac output. These three surgeries must be performed within the first five years of life. The Stage 1 surgery (the Norwood procedure) is conducted within 2 weeks of birth and the Stage 2 (the Glenn procedure) is typically conducted by 4-5 months of age. A Stage 3 surgery (the Fontan procedure) is typically performed when the children are 4-5 years of age. Without surgical treatment, the condition is always fatal, and even with reconstructive surgical reconstruction, patients often die or require heart transplantation by 15 years of age.

The company believes that Lomecel-B can improve on these patients' outcomes. And the results released earlier lend support to those hopes. The company shared data that showed 100% of the 10 patients who participated in the trial survived and remained transplant-free for up to 5 years of age after receiving Lomecel-B during their Stage 2 surgery. According to the company, historical data has shown that children with HLHS have approximately 20% mortality by 5 years. This continues the positive results we are seeing out of trials of Lomecel-B and we are excited that the company is currently enrolling patients in the Phase 2a trial, which will involve 38 patients. This trial will be to evaluate the safety and efficacy of intramyocardial injection of Lomecel-B in infants with HLHS undergoing the Glenn Procedure. As a reminder and another reason to like LGVN, Lomecel-B for HLHS has received Fast Track, Rare Pediatric Disease, and Orphan Drug Designations from the FDA.

The CEO letter noted that the company is looking to strategically position the Phase 2 study, which should have full enrollment by the end of the year, as a pivotal head-to-head study—which would give the treatment the potential for accelerated FDA approval. The letter also noted that the company is pushing to be ready to file for commercialization of Lomecel-B for treatment of HLHS in 2026.

To that end, the company has made a couple of financial moves to enable the company to continue to pursue its goals. We've mentioned that they've suspended one testing program and are looking for a strategic partner for its Alzheimer's Disease treatment program, which we continue to believe offers great promise. After cutting costs, the company then added to funding by completing a public offering worth $5.25 million before fees and expenses. This funding was completed after the company implemented a reverse stock split of 1:10. While no investor loves stock dilution, we believe both of these moves are positive and will enable the company to continue its pursuit of vital treatments.

As a result of all of these moves—the share issuance, the split, the focus on HLHS and the cost cuts, we are adjusting our price target for LGVN to $15.15.

Lastly, the company just announced that its CLEAR MIND Phase 2a trial evaluating Lomecel-B in mild Alzheimer's Disease has been accepted for a Featured Research Session Oral Presentation at the 2024 Alzheimer's Association International Conference. As a reminder, those results include:

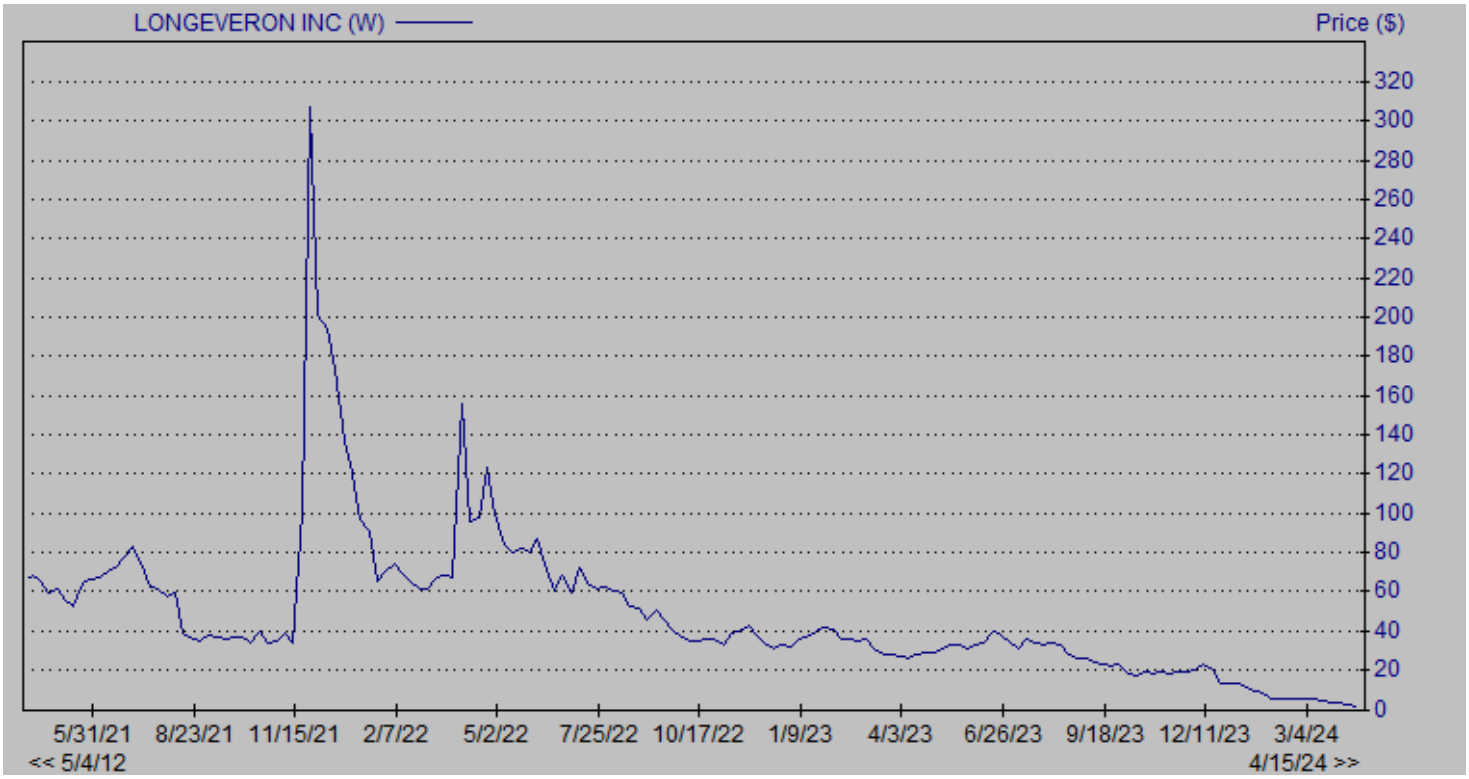
- The primary endpoint of the study of safety was met across all study groups.
- The company also reported that Lomecel-B improved cognitive function, while caregivers documented improved quality of life in Lomecel-B treated patients with Alzheimer’s disease. Additionally, the company noted that MRI Biomarker data showed that “Lomecel-B countered loss of brain volume in multiple areas associated with Alzheimer's disease.”

This announcement encourages our optimism about the potential for Lomecel-B to positively impact those suffering from Alzheimer's and raises the possibility of finding a strategic partner that will help Longeveron bring this badly needed treatment to market.

Summary

We continue to believe that Longeveron is an exciting clinical-stage company and investors aren’t appropriately appreciating the game-changing potential Lomecel-B may be able to have on multiple serious medical conditions. As a result of the prudent decisions made by management, we believe Lomecel-B will ultimately have a substantial impact on the health situations of thousands of patients. Our price target is what we believe to be a somewhat conservative $15.15 per share, which is well above the recent trading range as we believe investors aren’t appreciating the potential of Lomecel-B’s commercialization and believe patient investors will be rewarded.

HISTORICAL STOCK PRICE



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