



Biotech Daily

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Daily news on ASX-listed biotechnology companies

Dr Boreham's Crucible: Telix Pharmaceuticals

By TIM BOREHAM

ASX/Nasdaq code: TLX

Share price: \$15.85

Shares on issue: 340,330,385

Market cap: \$5.39 billion

Co-founder and CEO: Dr Christian Behrenbruch

Board: Dr Behrenbruch, David Gill (chairman) Dr Mark Nelson, Jann Skinner, Marie McDonald, William Jellison, Dr Maria Rivas

Financials* (six months to June 2026): revenue \$US477.35 million (up 22%), net profit after tax \$US38.3 million (previous \$US2.3 million loss), borrowings \$US516.4 million, cash \$US251.9 million (up 21.6%) (\$US1.00 = \$A1.43)

Major shareholders: Gnosis Verwaltungsgesellschaft (Dr Kluge) 6.1% Elk River Holdings (Dr Behrenbruch) 6.1%, Grand Pharma (China Grand Pharmaceuticals) 1.8% (as of February annual report)

Telix CEO and co-founder Dr Chris Behrenbruch dubs the company's proposed headline \$US2.35 billion (\$3.4 billion) merger with German radio-pharmaceutical house ITM – as in Isotope Technologies Munich - as a “transformative step” that nicely combines the expertise and capabilities of both parties.

The backdrop of the deal is enormous growing demand for therapeutic isotopes, which is growing faster than lust for icy poles on a blistering summer's day.

If approved by Telix holders – ITM is private - the compact will meld two radio-pharmaceutical companies that have shaped the pharmaceutical industry over the past two decades.

Each has “deep expertise, differentiated capabilities, and a shared commitment to innovation for the benefit of patients,” Dr Behrenbruch told investors after the September 21 announcement.

While Munich might have been immersed in Oktoberfest – the jollities actually began in the same week – investors didn’t exactly raise a celebratory stein to a merger that looks to be made in radio-pharmaceutical heaven. The shares swooned 12 percent on the day.

But the investor reaction is made more complex by other Telix tidings over the last month.

A week before that announcement, the company said the US Food and Drug Administration had approved its glioma (brain cancer) imaging agent, Pixclara, and the first patient were treated this week. Telix has three FDA approved imaging agents, the others being Illuccix and Gozellix for prostate cancer.

And last week, the agency granted fast-track status to Telix’s Bipass program, which aims to capture prostate cancer ahead of a biopsy (and hopefully avoid the procedure, see below).

Despite this buzz of positive activity, over this period Telix shares have ended up flatter than a three-day old stein of Beck’s.

About Telix

Telix develops and commercializes radio-pharmaceuticals for both imaging and treating certain cancers. Telix acquired or in-licenced most of the intellectual property related to its products and is funding the studies which will underpin the approvals.

Dr Behrenbruch founded Telix in 2015 from a “deep frustration” that there was a burgeoning interest in nuclear medicine technologies, but few commercial players.

In early 2017, Telix acquired the Dresden-based radio-pharmaceutical outfit Therapiea, founded by Dr Andreas Kluge.

Telix listed in November 2017, after raising \$50 million at 65 cents apiece. In November 2024, the company listed on Nasdaq.

In 2020, Telix inked a 10-year deal with China Grand Pharmaceutical, worth “up to” \$US225 million from market authorization. The Hong Kong-based entity became the exclusive partner in greater China for any approved Telix therapy.

Telix remains Melbourne based, but most of its commercial activity is in the US.

In December 2021, the FDA approved Telix's lead product, Illuccix - a kit for preparing gallium-68 gozetotide – more commonly known as a PSMA-11 injection – for positron emission tomography (PET) scans.

Illuccix is used for imaging prostate cancer patients suspected of having either metastasized growths, or a recurrence based on elevated prostate-specific antigen (PSA) levels.

Last year the FDA knocked-back approval for the company's Pixclara (brain cancer) and Zircaix (kidney cancer) imaging agents. On the back of the agency's rethink of Pixclara, the company plans to resubmit its Zircaix application.

Been there, done that

ITM is Telix's biggest foray into manufacturing, but it's not the company's first.

In September 2024, Telix spent \$388 million to acquire RLS Radiopharmacies, to expand its North American manufacturing and distribution footprint.

RLS derives revenue from providing radio-pharmacy products to third party clients.

Telix also has bought the Austin, Texas-based Isotherapeutics (radio-chemistry services) and the Canadian radio-isotope producer ARTMS Inc.

Telix has not been afraid to expand its therapeutic slate via acquisition.

In January last year, Telix acquired a "proprietary novel biologics technology" from US antibody engineering company Imaginab Inc.

In April 2026, the company entered into a research and development collaboration agreement with Regeneron Pharmaceuticals, to jointly develop and commercialize next generation radiopharmaceutical therapeutic candidates.

Securing supply

The combined Telix/ITM network will span 65 countries, including China and Japan which are key focus geographies for Telix.

Following completion of the merger, Telix becomes the dominant global supplier of reactor-produced lutetium-177 (Lu-177), the "established therapeutic radioisotope in oncology" that underpins more than 100 clinical trials, globally.

ITM is a master of reactor-based radio-nucleotide based production.

"They are the individual atoms that form the cancer-killing payload of the radio-pharmaceutical medicine," ITM CEO Dr Andrew Cavey says.

For nuclear medicines companies, procuring the material is not exactly like ordering widgets from Temu.

Isotopes often have short half-lives, which means reliability of supply is crucial. Lutetium-177 has a half-life of less than 10 days.

This means they have to be manufactured, distributed to the patient and administered in that short time.

“That's the proverbial delivering the melting ice cube around the world,” Dr Cavey says.

The merged company will supply Novartis for its approved prostate cancer therapy Pluvicto and stomach cancer treatment Lutathera.

ITM is also a key supplier of next generation isotopes, notably actinium and terbium.

Expanding therapeutic reach

ITM is running a phase III clinical program for ITM-11, a novel therapeutic candidate to treat gastro-entero-pancreatic neuro-endocrine tumors.

Let's call 'em GEP-NETs.

GEP-NETs often are diagnosed late, which means the patient population likely is underestimated.

Despite a positive write-up in the Lancet, the killjoy FDA issued a complete response letter (CRL) in early August, about a year after ITM submitted its paperwork.

“Importantly the FDA did not identify any concerns regarding the clinical or non-clinical data package, nor the safety profile of ITM-11,” ITM intoned.

Instead, the agency's concerns centred on third-party US facilities.

ITM is working with these parties, in view of resubmitting its application.

The company plans to chat with the agency before the end of the year.

“Overall, we think we have a full understanding of the CRL and our remediation is on track,” Dr Cavey said.

“We're in the process of working with the agency to align on that pathway.”

ITM has earlier stage assets including for glioblastoma.

This pipeline spans radio-isotopes across lutetium, actinium, and terbium-161.

The mechanics of the deal

The merger involves Telix acquiring 100 percent of the privately held ITM's shares for \$US1.65 billion in Telix scrip upfront.

Telix also assumes \$US400 million in debt.

The company then pays up to \$US700 million in milestones that are tied to regulatory approvals (pertaining to ITM-1) and a 2030 net sales target.

Telix will issue the shares as American depositary receipts (ADRs) on the Nasdaq, "to support greater liquidity and visibility on Nasdaq over time".

At its discretion, Telix can pay the \$US700 million in cash or scrip.

Dr Behrenbruch dubs the deal as "accretive", in that it will boost Telix's earnings per share from 2027 onwards.

Dr Cavey will join Telix's board. Post merger, ITM holders will account for 23.7 percent of the Telix register.

Bi-passing FDA red tape

Last week, Telix received FDA fast track designation for Bipass, its program to image PSMA-PET prostate imaging earlier in the diagnostic process.

The centrepiece of Bipass is a 350-patient, phase III trial. Enrolment is complete, with a six-month follow up underway.

Specifically, Bipass evaluates whether adding Illuccix/Gozellix to magnetic resonance imaging (MRI) before prostate biopsy can better identify clinically significant prostate cancer.

Hopefully, this enables patients to avoid an unnecessary biopsy; and the application would open a "substantially larger population".

Earlier data showed PSMA-PET plus MRI almost halved the number of unnecessary biopsies.

Fast track enables more frequent meetings with the FDA and expedited review of any New Drug Applications.

More than three million prostate biopsies are performed worldwide each year - and up to 75 percent are negative.

Earlier data showed PSMA-PET plus MRI cut unnecessary biopsies by almost 50 percent.

Finances and performance

Telix delivered June half year revenue of \$US477.3 million, 22 percent higher.

The company also managed a net profit of \$US38.3 million, compared with a previous \$US2.29 million loss.

Precision medicine (mainly Illucix) generated revenue of \$US388.6 million, up 31 percent. Manufacturing solution – isotope making – chipped in \$US88.7 million, 10 percent to the good.

Telix said it expected revenue and other income for the year to December 31, 2026 to be “in excess of \$US1.0 billion, with revenue progressing in line with upper end of 2025-’26 guidance of \$US950 million to \$US970 million”.

During the half year, Telix expended almost \$US124 million on research and development, across its bulging slate of programs. It expects to spend \$US230-270 million in the full year. The company has pledged not to boost short-term profits at the expense of research and development for bigger, longer-term gains.

In April, Telix unveiled a \$US600 million (\$A840 million) corporate bond issue, while repaying \$A600 million of bonds on issue. The latter were due to mature in 2029; the new paper does so “on or around” April 2031.

The net profit includes \$US40 million of other income received from Regeneron and finance costs of \$US19 million, predominately related to refinancing of the convertible bonds.

Naturally, the ITM deal will change the look and feel of Telix’s balance sheet and earnings profile.

Over the last 12 months Telix shares have irradiated between \$17.85 on September and \$8.63 in early February of this year. The stock peaked at \$29.30 in late January 2025 and hit an all-time low of 54 cents in February 2018.

Telix is the eleventh most short-sold stock on the ASX, with ‘shorters’ accounting for 10.6 percent of the register. Around the time of the bond deal in April, the short position peaked at 16.5 percent.

Dr Boreham’s diagnosis:

As we said, the market’s response to the “transformative” ITM merger has been more befitting of buttoned-up Frankfurt finance metronomes than their oompah lederhosen clad brethren in München beer halls.

To be fair, investors tend to shun acquirors because the mergers and acquisitions have a habit of destroying shareholder wealth. But then there are the really good ones and the deal has a substantial provisional component based on ITM’s performance.

The proposed merger makes sense in the context of the industry's rapid consolidation.

"It's always been our view that long-term leadership in radio-pharmaceuticals will require control across the whole value chain, from radio-isotope supply and product development through manufacturing and logistics," Dr Behrenbruch says.

Meanwhile, the core precision medicine business is rolling on nicely enough, based on Illuccix demand.

With Pixclara approved and Zircaix a good chance to get the nod, there's much going on with Telix. And that's not to mention a slate of other imaging and therapeutic programs.

Some analysts fret about increasing competition for Illuccix, but brokers concur the company should be worth more than its current depressed valuation.

According to Investing.com, 12 brokers have a 'buy' call on the stock, with an average valuation of \$24.14 a share and a range of \$32 to \$19.

This implies upside of between 22 percent and 51 percent.

We'll trust the experts on this; they know what they're doing.

Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. Certainly not in nuclear science but possibly in beer drinking. Prost!