

# Kiadis Pharma

## A smart approach to stem cell transplantation

Kiadis Pharma is developing T cell-based therapies to address the issues associated with haematopoietic stem cell transplantation (HSCT). The company is leveraging its Theralux technology to develop ATIR101 and ATIR201 as adjunct therapies to HSCT in leukaemia and thalassemia, respectively. On the back of Phase II data, Kiadis is aiming for accelerated filing of ATIR101 with the European Medicines Agency (EMA) in Q117. A Phase III trial will start in H216. ATIR201 will start a Phase I/II trial in H216. Cash at end June 2016 was €23.7m, sufficient to fund operations until early 2018. We value the company at €327.3m or €27.1/share.

### Looking to a fast path to market

Following ATIR101 Phase II data, Kiadis has decided to file for conditional approval with the EMA in Q117, setting a potential approval date in Q118. We believe it is possible that Kiadis may get approval given the precedent set by MolMed, which recently received Conditional Marketing Authorisation (CMA) from the European Commission on data from a small Phase II study that showed a one-year survival rate of 49% vs 37% for historical control. The regulatory pathway is also clear in the US; the Phase III primary endpoint and active comparator arm have been defined after an end of Phase II meeting with the FDA. This Phase III trial is needed for full approval in both the US and EU.

### A smart approach in a rapidly growing market

Kiadis's Theralux platform is a photodynamic system that removes donor cells that are reactive to the host's immune cells and may cause complications after HSCT, thereby providing immunological support post-transplantation without increasing the risk of graft vs host disease (GVHD). This allows for a better response to tumour (graft vs leukaemia effect), reduces opportunistic infections, diminishes treatment-related mortality (TRM) and prolongs survival. The EMA has granted orphan drug designation expansion to ATIR101 for its use in HSCT regardless of the underlying cause of disease, expanding its market potential.

### Valuation: Starting with an rNPV of €327.3m

We estimate a risk-adjusted value of €27.1/share, using a 12.5% discount rate. We assume ATIR101 will be approved in the EU in Q118 and sales will ramp up quickly to combined peak sales of \$501m. We estimate a 70% probability to reach the market in the EU and 50% in the US, where a full Phase III study is needed for approval. Our valuation includes net cash of €7.7m at end of June 2016.

#### Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/14	0.00	(7.21)	(0.07)	0.0	N/A	N/A
12/15	0.00	(17.35)	(0.14)	0.0	N/A	N/A
12/16e	0.00	(9.99)	(0.08)	0.0	N/A	N/A
12/17e	0.00	(13.47)	(0.11)	0.0	N/A	N/A

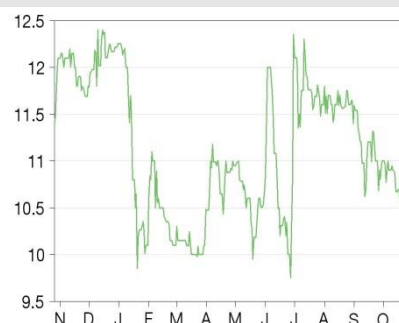
Source: Company data, Edison Investment Research

## Pharma & biotech

**Price** €10.83

**Market cap** €152m

#### Share price graph



#### Share details

Code	KDS
Shares in issue	14.0m
Net cash (€m) at 30 June 2016 (excluding Hospira debt)	16.2

#### Business description

Kiadis Pharma is a Dutch biotech company focused on cell-based immunotherapies to overcome complications associated with stem-cell transplants in blood diseases. Lead product ATIR101 for leukaemia is undergoing a Phase II trial and will file for EU approval in Q117. ATIR201 is in preclinical stage and has potential for thalassemia. A Phase I/II study will start in H216.

#### Bull

- Conditional EMA approval for ATIR101 in leukaemia possible in Q118.
- Theralux platform could have broader use in HSCT despite underlying cause of disease.
- Sufficient cash to fund operations until early 2018.

#### Bear

- Full Phase III study needed in US for ATIR101 approval.
- Cash burn to increase significantly over 2017 and 2018.
- ATIR201 still at the preclinical stage.

#### Analysts

Juan Pedro Serrate	+44 (0) 20 3681 2534
Lala Gregorek	+44 (0) 20 3681 2527

[healthcare@edisongroup.com](mailto:healthcare@edisongroup.com)

**Kiadis Pharma is a client of  
Edison Investment Research  
Limited**

Edison, the investment intelligence firm, is the future of investor interaction with corporates. Our team of over 100 analysts and investment professionals work with leading companies, fund managers and investment banks worldwide to support their capital markets activity. We provide services to more than 400 retained corporate and investor clients from our offices in London, New York, Frankfurt, Sydney and Wellington. Edison is authorised and regulated by the Financial Conduct Authority ([www.fsa.gov.uk/register/firmBasicDetails.do?sid=181584](http://www.fsa.gov.uk/register/firmBasicDetails.do?sid=181584)). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. [www.edisongroup.com](http://www.edisongroup.com)

#### DISCLAIMER

Copyright 2016 Edison Investment Research Limited. All rights reserved. This report has been prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") (c) FTSE [2014]. "FTSE(r)" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.