EDISON

Edison Healthcare Insight

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The Edison healthcare team

Christian Glennie

Christian joined Edison's healthcare team in January 2012 and has 11 years' experience covering the global biotech/pharmaceutical sector as an analyst and a journalist. He came to Edison having held senior analyst and editorial roles at EvaluatePharma and EP Vantage. Christian also has prior experience as a marketing analyst at Zeneca Agrochemicals.

Lala Gregorek

Lala joined Edison's healthcare team in January 2010 from Canaccord Adams, where the focus of her coverage as a life sciences analyst was on UK and European biotech stocks. Before graduating with an M.Phil in bioscience enterprise from Cambridge University, she worked in risk management as a credit analyst covering European financial institutions and hedge funds at Dresdner Kleinwort and Lehman Brothers.

Franc Gregori

Franc is a pharmacist who started his career with Boots, Eli Lilly and Pfizer before moving into the City as an analyst. He has worked with Robert Fleming, BZW and BNP Paribas, where he was involved in a number of major transactions. He joined Edison's healthcare team from Charles Stanley, where he focused his coverage on small- and mid-cap life sciences stocks.

Dr Philippa Gardner

Philippa joined Edison's healthcare team in January 2013, having previously worked as a biotechnology analyst on award-winning teams both at Jefferies and at Lehman Brothers. She has eight years' experience as a sell-side analyst covering European biotechnology, life science and mid-cap pharma stocks and has worked on a number of IPOs. Philippa holds a doctorate in biochemical engineering from UCL, with her research sponsored by GE Healthcare in Sweden.

Emma Ulker

Emma has a strong background in broking, having worked for five years as an equity sales assistant at Société Générale on the European sales desk. After this she worked for Thomson Financial where she helped to ensure the integrity of financial data across all instruments. Emma is a qualified linguist with an MA in technical and specialised translation in Spanish and French.

Dr John Savin

John is an analyst working on biotech, pharma, medical device and diagnostics companies. As founder CEO of Physiomics plc, he devised the strategy, raised funds and took the company to AIM in 2004. At Greig Middleton, John was director in charge of the pharma and biotech analyst team and worked with corporate finance on fund-raising, IPOs and corporate restructuring. He has an industry background in sales and marketing with GE Healthcare and AstraZeneca and is a co-author on a number of scientific publications.

Pooya Hemami

Pooya is a licensed optometrist with over five years of experience in life sciences equity research. Prior to joining Edison, he covered the Canadian healthcare sector as a research analyst at Desjardins Capital Markets. He holds a doctor of optometry degree from the University of Montreal, and an MBA (finance concentration) from McGill University. He received his CFA charter in 2011.

Dr Lucy Codrington

Lucy joined Edison's healthcare team in January 2015. Lucy studied Medicine at the University of Edinburgh, graduating in 2011. During her time at Edinburgh she also obtained a BMedSci in Pharmacology. Prior to joining Edison she practised medicine in the NHS for a number of years before leaving to join SC Strategy, a bespoke strategy consulting firm, as head of business research.

Hans Bostrom

Hans joined Edison's healthcare team in April 2014. He has 16 years' experience as a medtech analyst on the sell-side (Goldman Sachs, BNP Paribas and Handelsbanken) and two years on the buy-side (Moneta Asset Management) as a general analyst. During 2005-10, Hans was ranked number two in the annual Institutional Investor Survey in the European medical technologies and services sectors.

Katherine Genis

Katherine has over 15 years' experience in equities. She worked as an analyst at BNP Paribas and ING in London covering pharmaceuticals and healthcare. In 2006, she was ranked among the top 20 sell-side analysts globally by Bloomberg Markets magazine. Katherine also worked as a director of IR for the former Applera, where she established the investor relations programme in Europe for its two publicly-listed US companies, Applied Biosystems and Celera. Katherine has an MBA from Boston University and is a CFA.

Dr Charlotte Hetzel

Charlotte joined Edison's healthcare team in April 2014 having previously worked as a pharmaceuticals sell-side analyst at Lehman Brothers for 10 years, covering large- and mid-cap European pharmaceutical and biotechnology stocks. Before that she worked as a consultant on sales strategies to the pharma industry. Charlotte holds a biology degree and a doctorate from Imperial College London.

Dr Dennis Hulme

Dennis joined Edison in December 2014. Prior to this he worked as an analyst at BBY Stockbrokers and as a research scientist at CSIRO. Dennis was ranked number two healthcare stock picker in the 2010 Starmine Analyst Awards and has a PhD in veterinary sciences.

Maxim Jacobs

Max joined Edison's healthcare team in December 2014. Prior to this he worked as a senior analyst at Guidepoint Global. Max has also previously worked as a senior analyst at Ridgemark Capital, a sector head at Broadfin Capital and as a senior analyst at Mehta Partners. He is a CFA charter holder.

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Prices at 23 June 2015

Published 30 June 2015

Welcome to the June edition of the Edison Healthcare Insight. In this edition we have profiled 81 of our healthcare companies under coverage.

We have recently initiated coverage on Midatech, Novogen, IXICO, Probiodrug and Lifeline Scientific.

Readers wishing more detail should visit our website, where reports are freely available for download (www.edisongroup.com). All profit and earnings figures shown are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

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 close to 500 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). Edison is a registered investment adviser regulated by the state of New York.

We welcome any comments/suggestions our readers may have.

Peter Molloy

Founding director

Focus stocks

We highlight the following as imminent potential catalysts for stocks under coverage:

Evotec (€3.60; Market cap €476m; -2% last 12 months)

Evotec's partner Roche is expected to report data around mid-2015 from the Phase IIb trial of Evotec's lead product EVT302 (RG1577) in Alzheimer's disease (AD). The rationale for EVT302 (a highly selective MAO-B inhibitor, which was initially developed for smoking cessation and shown to have a good safety profile) in AD is that the expression of MAO-B is upregulated around amyloid plaques, which is thought to cause oxidative damage to neurons around them. The compound is thus believed to slow AD progression by reducing oxidative stress. If the data are positive, this could lead to Roche progressing EVT302 into pivotal Phase III studies. EVT302 currently accounts for €140m, or 24% of our €589m valuation, which we estimate could increase to €325m if data from the Phase IIb trial are promising and Roche initiates a Phase III study.

Pacific Edge (NZ$0.63; Market cap NZ$234m; 7% last 12 months)

Pacific Edge's Cxbladder user programme with Kaiser Permanente began recruitment in June with the trialling of the Cxbladder cancer diagnostics technology through the regional Southern California Kaiser Permanente. The programme will test the company's newest product, Cxbladder Triage, which is expected to be formally launched in the US in the coming weeks. Kaiser Permanente provides non-for-profit health plans and services to 9.5 million people across eight states as one of the leading healthcare providers in the US. The pilot will recruit 2,000 patients presenting with micro- and macroscopic hematuria (blood in urine). The news precedes the formal launch programme for Cxbladder Triage, which will start from the end of July and run across to the end of September in staged events. A positive outcome of the Kaiser Permanente user programme, expected to complete by end 2015/early 2016, would provide key validation of Pacific Edge's Cxbladder technology in the targeted high-potential US market. We expect sales of Pacific Edge to ramp-up significantly in the coming years in the US on the back of ongoing user programmes, forecasting revenue of NZ$123m in 2020 (NZ$125 worldwide) and NZ$216m ($222m worldwide) in 2025.

Upcoming newsflow

Exhibit 1: Expected near-term newsflow catalysts for pharma/biotech

Q315, July		
Financial results/AGM		
Diamyd	1 July	Q315 results
Erytech	8 Jul	Q215 results
Integragen	10 Jul	H115
Orexo	10 Jul	H115 results
J&J	14 Jul	Q215 results
Summit	14 Jul	AGM
Wilex	14 Jul	Q215 results
BTG	15 Jul	AGM
Mauna Kea	15 Jul	Q215 results
Nanobiotix	15 Jul	Q215 results
SOBI	16 Jul	Q215 results
Biomerieux	17 Jul	Q215 results
GE	17 Jul	Q215 results
EOS imaging	20 Jul	H115 results
Actelion	21 Jul	H115 results
Adocia	21 Jul	H115 results
Novartis	21 Jul	Q215 results
BioInvent	22 Jul	Q215 results
Lonza	22 Jul	Q215 results
Stallergenes	22 Jul	H115 results
Bristol Myers-Squib	23 Jul	Q215 results
Eli Lilly	23 Jul	Q215 results
Roche	23 Jul	H115 results
Shire	23 Jul	Q215 results
Stentys	23 Jul	Q215 results
Stryker	23 Jul	Q215 results
Syngenta	23 Jul	Q215 results
Amplifon	23 Jul	Q215 results
Aerocrine	24 Jul	Q215 results
4SC	27 Jul	AGM
DBV Technologies	27 Jul	H115 results
MorphoSys	27 Jul	Q215 results
Merck & Co	28 Jul	Q215 results
Bayer	29 Jul	Q215 results
GSK	29 Jul	Q215 results
Qiagen	29 Jul	Q215 results
AstraZeneca	30 Jul	Q215 results
Biotie	30 Jul	Q215 results
Cosmo	30 Jul	H115 results
Dr Reddy's	30 Jul	Q115 results
Fresenius	30 Jul	Q215 results
Molmed	30 Jul	H115 results
Onxeo	30 Jul	H115 results
Pharming	30 Jul	H115 results
Pharmstandard	30 Jul	H115 results
Sanofi	30 Jul	Q215 results
Smith & Nephew	30 Jul	Q215 results
Teva	30 Jul	Q215 results
Wilex	30 Jul	AGM
UCB	31 Jul	H115 results
Hutchison China MediTech	Jul	H115 results
Company-specific events (clinical trial updates/data/scientific presentations)		
Actinium	Mid-2015	Start of Phase III study in AML with lomab-B
Neovacs	Mid-2015	Lupus Phase IIb start
StemCells	Mid-2015	HuCNS-SC: Final Phase I/II trial data in dry AMD and SCI

Source: Edison Investment Research

Exhibit 2: Expected near-term newsflow catalysts for pharma/biotech (cont'd)

August		
Financial results/AGM		
Immunodiagnostic	4 Aug	AGM
4SC	6 Aug	Q215 results
Epigenomics	6 Aug	Q215 results
Medigene	6 Aug	Q215 results
Novo Nordisk	6 Aug	Q215 results
Active Biotech	7 Aug	Q215 results
Galapagos	7 Aug	H115 results
Coloplast	11 Aug	Q315 results
Genmab	11 Aug	Q215 results
OptiBiotix	11 Aug	AGM
Bionor	12 Aug	Q215 results
Evotec	12 Aug	Q215 results
Paion	12 Aug	Q215 results
Mologen	13 Aug	H115 results
Photocure	13 Aug	Q215 results
Basilea	14 Aug	H115 results
aap Implantate	14 Aug	H115 results
ALK	18 Aug	Q215 results
MagForce	18 Aug	AGM
Hikma	19 Aug	H115 results
Lundbeck	19 Aug	Q215 results
NeuroVive	19 Aug	Q215 results
MDx Health	20 Aug	H115 results
Biotie	20 Aug	Q215 results
Medivir	20 Aug	H115 results
Biofrontera	21 Aug	Q215 results
Bavarian Nordic	25 Aug	H115 results
Celyad	25 Aug	H115 results
Aqualis	26 Aug	Q215 results
Cambian	26 Aug	H115 results
Evolva	26 Aug	H115 results
Karolinska Dev	26 Aug	Q215 results
ThromoboGenics	26 Aug	H115 results
Veloxis	26 Aug	Q215 results
Ablynx	27 Aug	H115 results
Ion Beam App	27 Aug	H115 results
Pharmstandard	27 Aug	H115 results
Stentys	27 Aug	H115 results
Probiodrug	27 Aug	H115 results
Biofrontera	28 Aug	AGM
Nicox	28 Aug	H115 results
Zealand	28 Aug	H115 results
AB Science	31 Aug	H115 results
Biomerieux	31 Aug	H115 results
Nanobiotix	31 Aug	H115 results
Neurosearch	31 Aug	H115 results
Valneva	31 Aug	H115 results

Source: Edison Investment Research

Exhibit 3: Expected near-term newsflow catalysts for pharma/biotech (cont'd)

September		
Financial results/AGM		
Transgene	10 Sep	H115 results
Futura Medical	11 Sep	H115 results
Newron	15 Sep	H115 results
Tigenix	15 Sep	Interim results
Anpario	16 Sep	H115 results
Syngenta Capital	16 Sep	Capital markets day
Innate	17 Sep	Q215 results
Allergy	22 Sep	FY results
Vectura	24 Sep	AGM
Genfit	25 Sep	H115 results
Erytech	28 Sep	H115 results
Animalcare Group	Sep	FY15 results
Clinigen	Sep	FY15 results
Vernalis	Sept	Results – 18 months to 30 June 2015
Company-specific events (clinical trial updates/data/scientific presentations)		
Smith & Nephew	3 Sep	Roadshow (Scotland)
Smith & Nephew	14 Sep	Roadshow (London)
Company-specific events (clinical trial updates/data/scientific presentations)		
Biotie	Q315	Tozadenant – start of Phase III Parkinson's disease programme
GW Pharmaceuticals	Q315	Sativex – read-out of second pivotal Phase III cancer pain study
GW Pharmaceuticals	H215	GWP42003 – data from Phase IIa study in schizophrenia
Transgene	Q315	Start of TG1050 trial
Vernalis	Q315	Tuzistra XR – US launch
Zeltia	Q315	Yondelis – Japan approval in soft tissue sarcoma
Mesoblast	Mid-2015	Regulatory decision MSC-100
Pacific Edge	Mid-2015	Launch Cxbladder Triage
Zeltia	H215	PM01183 – start of pivotal trial in SCLC
Tigenix	Q315	Cx601 Phase III data
Conferences		
	1 July	Biotech & Money, HealthEx CEO/CFO Forum, London, UK
	1 July	World Congress on Gastrointestinal Cancer (ESMO) Barcelona, Spain
	8 Jul	Cantor Fitzgerald Healthcare Conference, New York, NY
	8-11 Jul	International Liver Transplantation Society – Annual International Congress, Chicago, IL
	11-14 Jul	American Society of Retina Specialists – Annual Meeting, Vienna, Austria
	17-18 Jul	Bioshares Biotech Summit, Queenstown, NZ
	18-23 Jul	Alzheimer's Association International Conference, Washington, DC
	19-22 Jul	International AIDS Society – Conference on HIV Pathogenesis, Treatment and Prevention, Vancouver, BC
	11-15 Aug	Wedbush Life Sciences Management Conference, New York, NY
	12-13 Aug	Canaccord Genuity Annual Growth Conference, Boston, MA
	24-27 Aug	ImVacS – The Immunotherapies & Vaccine Summit (CHI), Boston, MA
	29-Aug-2 Sep	European Society of Cardiology – Congress, London, UK
	7-9 Sep	Morgan Stanley Global Healthcare Unplugged Conference New York, NY
	8-10 Sep	Rodman & Renshaw Global Investment Conference New York, NY
	9-10 Sep	Goldman Sachs Medtech and Healthcare Conference London, UK
	9-10 Sep	R.W. Baird Health Care Conference New York, NY
	9-10 Sep	Wells Fargo conference, Boston, MA
	10 Sep	Newsmakers in the Biotech Industry (BioCentury) New York, NY
	10-12 Sep	Breast Cancer Symposium (ASCO) San Francisco, CA
	14-18 Sep	European Association for the Study of Diabetes - Annual Meeting, Stockholm, Sweden
	15-17 Sep	BioPharm America 8th Annual Partnering Conference (EBD Group) , Boston, MA
	16-18 Sep	Bank of America Merrill Lynch Global Healthcare Conference, London, UK
	16-18 Sep	Morgan Stanley Healthcare Conference, Boston, MA
	18-21 Sep	Interscience Conference on Antimicrobial Agents and Chemotherapy (ASM), San Diego, CA
	21-24 Sept	Discovery on Target (CHI) Boston, MA
	23-26 Sep	European Academy of Osseointegration, Stockholm, Sweden
	25-29 Sep	European Cancer Congress (ESMO, ECCO), Vienna, Austria
	26-30 Sep	European Respiratory Society – International Congress, Amsterdam, Netherlands
	27-29 Sep	American Neurological Association – Annual Meeting, Chicago, IL
	27-30 Sep	Heart Failure Society of America – Annual Scientific Meeting, National Harbour, MD
	28 Sep	Medtech & Diagnostics summit, Dusseldorf, Germany
	28-30 Sep	The Pharmaceutical Strategy Conference (Informa), New York, NY
	28-30 Sep	Biotech in Europe Forum 9Sachs), Basel, Switzerland

Source: Edison Investment Research

Performance tables

Exhibit 4: Risers and fallers, pharmaceuticals subsector

Ticker	Company	Exchange	Currency	Share price	Market cap in US$	12-month performance (%)	Subsector
HCM LN Equity	Hutchison China Meditech	London	GBP	1840.00	1543.65	116	Specialty pharma
CLIN LN Equity	Clinigen Group	London	GBP	642.50	1109.48	70	Specialty pharma
NRT AU Equity	Novogen	ASX	AUD	0.24	76.46	58	Specialty pharma
UDG LN Equity	UDG Healthcare	London	GBP	493.70	1900.52	48	Specialty pharma
ANCR LN Equity	Animalcare Group	London	GBP	221.00	72.94	47	Specialty pharma
DPH LN Equity	Dechra Pharmaceuticals	London	GBP	988.50	1368.69	40	Specialty pharma
BTG LN Equity	BTG	London	GBP	639.50	3842.86	3	Specialty pharma
TNXP US Equity	Tonix Pharmaceuticals	NASDAQ GM	USD	9.52	153.63	-28	Specialty pharma
DSCI US Equity	Derma Sciences	NASDAQ CM	USD	7.03	180.87	-37	Specialty pharma
ORX SS Equity	Orexo AB	Stockholm	SEK	72.00	300.18	-38	Specialty pharma

Source: Bloomberg

Exhibit 5: Risers and fallers, research services subsector

Ticker	Company	Exchange	Currency	Share price	Market cap in US$ (m)	12-month performance (%)	Subsector
SLV PW Equity	Selvita	Warsaw	PLN	15.67	55.15	49	Research services
ABC LN Equity	Abcam	London	GBP	521.00	1648.74	42	Research services
AVCT LN Equity	Avacta Group	London	GBP	1.27	99.15	11	Research services
EVT GY Equity	Evotec	Xetra	EUR	3.55	523.33	-3	Research services
EHP LN Equity	Epistem	London	GBP	277.50	46.14	-18	Research services
LIO1 GY Equity	Sygnis	Xetra	EUR	3.16	47.21	-19	Research services
IXI LN Equity	Ixico	London	GBP	22.50	5.33	-63	Research services
ABZA LN Equity	Abzena	London	GBP	86.00	131.94	N/A	Research services

Source: Bloomberg

Exhibit 6: Risers and fallers, other subsector

Ticker	Company	Exchange	Currency	Share price	Market cap in US$ (m)	12-month performance (%)	Subsector
IVO LN Equity	Imperial Innovations	London	GBP	460.00	993.03	8	Investment company
GLG CN Equity	GLG Life Tech	Toronto	CAD	0.33	10.12	6	Consumer health

Source: Bloomberg

Exhibit 7: Risers and fallers, biotechnology subsector

Ticker	Company	Exchange	Currency	Share price	Market cap in US$ (m)	12-month performance (%)	Subsector
OXB LN Equity	Oxford BioMedica	London	GBP	9.41	380.39	245	Biotechnology
BAVA DC Equity	Bavarian Nordic A/S	Copenhagen	DKK	324.00	1352.20	161	Biotechnology
DBV FP Equity	DBV Technologies	EN Paris	EUR	49.89	1073.00	157	Biotechnology
VLA AU Equity	Viralytics	ASX	AUD	0.69	97.65	151	Biotechnology
ERYP FP Equity	Erytech Pharma SA	EN Paris	EUR	32.11	247.64	129	Biotechnology
VER LN Equity	Vernalis	London	GBP	68.00	473.42	112	Biotechnology
HALO US Equity	Halozyme Therapeutics	NASDAQ GS	USD	20.68	2631.74	108	Biotechnology
PRR AU Equity	Prima BioMed	ASX	AUD	0.07	95.63	73	Biotechnology
RENE LN Equity	ReNeuron Group	London	GBP	5.63	158.38	72	Biotechnology
NWRN SW Equity	Newron Pharmaceuticals	SIX Swiss Ex	CHF	27.10	379.06	71	Biotechnology
MDG1 GY Equity	Medigene	Xetra	EUR	8.55	187.95	69	Biotechnology
PYC AU Equity	Phylogica	ASX	AUD	0.02	16.18	50	Biotechnology
AGY LN Equity	Allergy Therapeutics	London	GBP	22.13	190.09	48	Biotechnology
ETX LN Equity	e-Therapeutics	London	GBP	40.50	168.58	47	Biotechnology
GWP LN Equity	GW Pharmaceuticals	London	GBP	682.50	2789.43	46	Biotechnology
WL6 GY Equity	Wilex	Xetra	EUR	3.95	41.15	32	Biotechnology
ZEL SM Equity	Zeltia	Soc.Bol SIBE	EUR	3.81	947.85	29	Biotechnology
ARQL US Equity	ArQule	NASDAQ GM	USD	1.74	109.31	23	Biotechnology
MF6 GY Equity	MagForce	Xetra	EUR	6.75	180.76	17	Biotechnology
CYAD BB Equity	Celyad	EN Brussels	EUR	47.88	495.74	17	Biotechnology
ACHN US Equity	Achillion Pharmaceuticals	NASDAQ GS	USD	8.83	1037.46	16	Biotechnology
THLD US Equity	Threshold Pharmaceuticals	NASDAQ CM	USD	4.36	311.02	12	Biotechnology
SKP LN Equity	Skyepharma	London	GBP	277.50	457.80	12	Biotechnology
NANO FP Equity	Nanobiotix	EN Paris	EUR	18.32	291.02	11	Biotechnology
TIG BB Equity	TiGenix	EN Brussels	EUR	0.72	129.00	9	Biotechnology
BTH1V FH Equity	Biotie Therapies Corp	Helsinki	EUR	0.24	262.60	5	Biotechnology
BLRX US Equity	BioLineRx	NASDAQ CM	USD	2.20	119.09	4	Biotechnology
4582 JT Equity	SymBio Pharmaceuticals	Tokyo	JPY	292.00	76.60	1	Biotechnology
MOR GY Equity	MorphoSys	Xetra	EUR	67.46	1998.69	-2	Biotechnology
VSC GY Equity	4SC	Xetra	EUR	4.39	90.28	-9	Biotechnology
CYTR US Equity	CytRx Corporation	NASDAQ CM	USD	3.82	212.86	-10	Biotechnology
MSB AU Equity	Mesoblast	ASX	AUD	3.94	1020.86	-13	Biotechnology
PA8 GY Equity	Paion	Xetra	EUR	2.32	131.50	-17	Biotechnology
BIONOR NO Equity	Bionor Pharma ASA	Oslo	NOK	2.25	71.77	-17	Biotechnology
IMU AU Equity	Imugene	ASX	AUD	0.01	11.25	-21	Biotechnology
ATHX US Equity	Athersys	NASDAQ CM	USD	1.27	105.26	-23	Biotechnology
BNO AU Equity	Bionomics	ASX	AUD	0.43	136.67	-25	Biotechnology
ONXEO FP Equity	BioAlliance Pharma	EN Paris	EUR	5.23	237.41	-31	Biotechnology
ALHYG FP Equity	Hybrigenics	EN Paris	EUR	1.60	64.09	-36	Biotechnology
RLMD US Equity	Relmada Therapeutics	OTC US	USD	1.87	100.50	-38	Biotechnology
MGN GY Equity	Mologen AG	Xetra	EUR	4.95	125.30	-46	Biotechnology
PTX AU Equity	Prescient Therapeutics	ASX	AUD	0.06	2.51	-48	Biotechnology
TNG FP Equity	Transgene	EN Paris	EUR	4.88	210.49	-50	Biotechnology
RGS AU Equity	Regeneus	ASX	AUD	0.17	26.50	-55	Biotechnology
ONC CN Equity	Oncolytics Biotech	Toronto	CAD	0.61	56.04	-56	Biotechnology
ATNM US Equity	Actinium Pharmaceuticals	NYSE MKT LLC	USD	2.78	106.97	-61	Biotechnology
ALNEV FP Equity	Neovacs	EN Paris	EUR	1.26	33.44	-63	Biotechnology
STEM US Equity	StemCells	NASDAQ CM	USD	0.70	73.61	-65	Biotechnology
ALXA US Equity	Alexza Pharmaceuticals	NASDAQ CM	USD	1.24	24.08	-73	Biotechnology
CYTX US Equity	Cytori Therapeutics	NASDAQ GM	USD	0.62	94.20	-74	Biotechnology
PBD NA Equity	Probiodrug	EN Amsterdam	EUR	21.00	159.08	n/a	Biotechnology

Source: Bloomberg

Exhibit 8: Risers and fallers, medTech sector

Ticker	Company	Exchange	Currency	Share price	Market cap in US$ (m)	12-month performance (%)	Subsector
SBS GY Equity	Stratec Biomedical	Xetra	EUR	49.59	655.79	34	MedTech
SQD CN Equity	SQI Diagnostics	Venture	CAD	0.50	22.81	32	MedTech
CSRT LN Equity	Consort Medical	London	GBP	918.50	709.49	13	MedTech
ODX LN Equity	Omega Diagnostics Group	London	GBP	22.63	38.73	5	MedTech
LSIC LN Equity	Lifeline Scientific	London	GBP	175.00	53.70	-4	MedTech
AAQ GY Equity	aap Implantate	Xetra	EUR	2.54	87.16	-17	MedTech
PEB NZ Equity	Pacific Edge	NZX	NZD	0.63	162.85	-21	MedTech
ALCAR FP Equity	CARMAT	EN Paris	EUR	60.94	292.25	-22	MedTech
BAF GY Equity	Balda	Xetra	EUR	2.39	157.78	-27	MedTech

Source: Bloomberg

Exhibit 9: Risers and fallers over the last 30 days

Ticker	Company	Exchange	Currency	Share price	Market cap in US$ (m)	30-day performance (%)	Subsector
BTH1V FH Equity	Biotie Therapies Corp	Helsinki	EUR	0.24	262.60	45	Biotechnology
TNXP US Equity	Tonix Pharmaceuticals	NASDAQ GM	USD	9.52	153.63	37	Specialty pharma
VLA AU Equity	Viralytics	ASX	AUD	0.69	97.65	27	Biotechnology
RGS AU Equity	Regeneus	ASX	AUD	0.17	26.50	18	Biotechnology
HALO US Equity	Halozyme Therapeutics	NASDAQ GS	USD	20.68	2631.74	17	Biotechnology
PRR AU Equity	Prima BioMed	ASX	AUD	0.07	95.63	-45	Biotechnology
PTX AU Equity	Prescient Therapeutics	ASX	AUD	0.06	2.51	-33	Biotechnology
ONC CN Equity	Oncolytics Biotech	Toronto	CAD	0.61	56.04	-30	Biotechnology
CYAD BB Equity	Celyad	EN Brussels	EUR	47.88	495.74	-29	Biotechnology
PYC AU Equity	Phylogica	ASX	AUD	0.02	16.18	-28	Biotechnology

Source: Bloomberg

Exhibit 10: Risers and fallers over the last 90 days

Ticker	Company	Exchange	Currency	Share price	Market cap in US$ (m)	90-day performance (%)	Subsector
PRR AU Equity	Prima BioMed	ASX	AUD	0.07	95.63	129	Biotechnology
ODX LN Equity	Omega Diagnostics Group	London	GBP	22.63	38.73	66	MedTech
VLA AU Equity	Viralytics	ASX	AUD	0.69	97.65	60	Biotechnology
TNXP US Equity	Tonix Pharmaceuticals	NASDAQ GM	USD	9.52	153.63	57	Specialty pharma
HALO US Equity	Halozyme Therapeutics	NASDAQ GS	USD	20.68	2631.74	55	Biotechnology
RENE LN Equity	ReNeuron Group	London	GBP	5.63	158.38	55	Biotechnology
ATHX US Equity	Athersys	NASDAQ CM	USD	1.27	105.26	-56	Biotechnology
CYTX US Equity	Cytori Therapeutics	NASDAQ GM	USD	0.62	94.20	-47	Biotechnology
ORX SS Equity	Orexo AB	Stockholm	SEK	72.00	300.18	-43	Specialty pharma
ALXA US Equity	Alexza Pharmaceuticals	NASDAQ CM	USD	1.24	24.08	-39	Biotechnology
IXI LN Equity	Ixico	London	GBP	22.50	5.33	-37	Research services

Source: Bloomberg

Exhibit 11: Risers and fallers over the last 12 months

Ticker	Company	Exchange	Currency	Share price	Market cap in US$ (m)	12-month performance (%)	Subsector
OXB LN Equity	Oxford BioMedica	London	GBP	9.41	380.39	245	Biotechnology
BAVA DC Equity	Bavarian Nordic	Copenhagen	DKK	324.00	1352.20	161	Biotechnology
DBV FP Equity	DBV Technologies	EN Paris	EUR	49.89	1073.00	157	Biotechnology
VLA AU Equity	Viralytics	ASX	AUD	0.69	97.65	151	Biotechnology
ERYP FP Equity	Erytech Pharma	EN Paris	EUR	32.11	247.64	129	Biotechnology
CYTX US Equity	Cytori Therapeutics	NASDAQ GM	USD	0.62	94.20	-74	Biotechnology
ALXA US Equity	Alexza Pharmaceuticals	NASDAQ CM	USD	1.24	24.08	-73	Biotechnology
STEM US Equity	StemCells	NASDAQ CM	USD	0.70	73.61	-65	Biotechnology
ALNEV FP Equity	Neovacs	EN Paris	EUR	1.26	33.44	-63	Biotechnology
IXI LN Equity	Ixico	London	GBP	22.50	5.33	-63	Research services

Source: Bloomberg

Company profiles

Prices at 23 June 2015

US$/£ exchange rate: 0.6425
€/£ exchange rate: 0.7204
C$/£ exchange rate: 0.5200
A$/£ exchange rate: 0.4951
NZ$/£ exchange rate: 0.4489
SEK/£ exchange rate: 0.0776
DKK/£ exchange rate: 0.0965
NOK/£ exchange rate: 0.0822
JPY/£ exchange rate: 0.0052
NIS/£ exchange rate: 0.1676
CHF/£ exchange rate: 0.6894

Sector: Pharma & healthcare

Price:	€4.39
Market cap:	€80m
Forecast net cash (€m)	24.4
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)

Company description

4SC is a Munich-based drug discovery and development company. Resminostat (HDAC inhibitor) is the lead candidate for CTCL (Ph II planned in H116) and partnered with Yakult Honsha and Menarini. Partners for two Ph I assets are sought.

Price performance

%	1m	3m	12m
Actual	N/A	N/A	N/A
Relative*	N/A	N/A	N/A

* % Relative to local index

Analyst

Christian Glennie

4SC (VSC)

INVESTMENT SUMMARY

4SC is seeking to raise €24-29m (through the issue of up to 8.2m new shares) to fund a potentially pivotal 120-patient Phase II study in Europe with resminostat (HDAC inhibitor) for cutaneous T-cell lymphoma (CTCL). The trial is expected to start in early-2016 and complete in H218. Resminostat has been licensed to Yakult Honsha (Japan) and Menarini (rest of Asia-Pacific), regions that account for 75% of liver cancer cases; liver cancer and other solid tumours remain important target indications for resminostat. Yakult is accelerating the development of resminostat in Japan, with Phase II studies underway for liver cancer and NSCLC (data expected in 2016) and a Phase I study for pancreatic/biliary tract cancer just started. Partners are also being sought for 4SC's Phase I assets: 4SC-202 (HDAC/LSD1 inhibitor) in haematological cancers, and 4SC-205 (oral Eg5 inhibitor) in solid tumours.

INDUSTRY OUTLOOK

Resminostat could become the first HDAC inhibitor to gain EU approval (vs four HDACs approved in the US). CTCL has been validated as a target indication for HDACs, with vorinostat (Merck & Co) and romidepsin (Celgene) FDA-approved on Phase II data.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	4.9	(7.8)	(8.0)	(79.6)	N/A	N/A
2014	7.1	(8.3)	(8.8)	(87.6)	N/A	N/A
2015e	8.5	(5.0)	(6.1)	(41.0)	N/A	N/A
2016e	6.8	(9.3)	(10.4)	(54.0)	N/A	N/A

Sector: Pharma & healthcare

Price:	€2.37
Market cap:	€73m
Forecast net cash (€m)	3.3
Forecast gearing ratio (%)	N/A
Market	Xetra

Share price graph (€)

Company description

aap is a German medical technology company focused on developing, manufacturing and selling products for bone fractures. These include the recently launched Loqteq trauma plating system, in addition to bone cements.

Price performance

%	1m	3m	12m
Actual	3.0	(15.3)	(20.8)
Relative*	5.5	(12.7)	(31.9)

* % Relative to local index

Analyst

Hans Bostrom

aap Implantate AG (AAQ)

INVESTMENT SUMMARY

aap's strategy is increasingly to focus on the trauma business; it divested the contract manufacturing business (EMCM) for €18m in 2014 and has reviewed a potential sale of Biomaterials (bone cements), currently put on hold. Continued roll-out of the LOQTEQ trauma plates should help cement aap's position, aided by strategic relationships with physicians, a wide distribution network and global medtech partnerships (including Zimmer and Smith & Nephew). In Q115, group revenues grew by 16% to €7.1m, driven by a 45% increase in Loqteq sales but also a 23% growth in Biomaterials.

INDUSTRY OUTLOOK

Loqteq is aap's internally developed trauma plating system. Its locking and compression technology improves fracture repair by providing more stable fixation, even in weak bones or multi-fragment fractures. The existing market for locking plate technology is estimated at up to $1bn in the US alone and is dominated by DePuy Synthes (J&J). Loqteq's innovative design could offer a number of advantages over the nearest competitor, including increased surgeon flexibility and potential clinical advantages upon plate removal.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	30.6	2.3	0.7	0.91	260.4	35.0
2015e	34.2	3.0	1.1	2.32	102.2	18.1
2016e	38.1	5.0	3.0	8.04	29.5	N/A

Sector: Pharma & healthcare

Price:	526.5p
Market cap:	£1059m
Forecast net cash (£m)	57.3
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)

Company description

Abcam produces and sells antibodies and other protein tools for use in research via its website. Its main clients are universities, research institutes and pharmaceutical companies across the world.

Price performance

%	1m	3m	12m
Actual	(3.6)	6.3	35.4
Relative*	(1.2)	8.3	31.6

* % Relative to local index

Analyst

Emma Ulker

Abcam (ABC)

INVESTMENT SUMMARY

Abcam is seeing the benefits of its organic growth strategy; H115 product revenues increased by 16.7% CER or 10.4% on a reported basis to £62.7m vs £56.8m. Chinese sales growth was particularly strong, up 67% due in part to the newly-opened Shanghai-based office. Abcam is diversifying the product range and has introduced RabMab pairs into immunoassays and is selling directly conjugated antibodies. The company will continue to invest in growth over the short term. Abcam completed the acquisition of Firefly BioWorks in January for £18.5m; its multiplex assay technology provides an additional platform for long-term growth.

INDUSTRY OUTLOOK

More biological research is conducted into proteins, increasing the demand for protein research tools. However, the funding of academic research is coming under greater pressure as governments look to reduce their debts. Abcam is the market leader for research antibodies, but has a limited market position in the wider protein research tools market.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	122.2	48.7	46.4	17.7	29.7	20.3
2014	128.0	50.0	46.8	18.2	28.9	20.4
2015e	140.2	54.2	49.1	19.5	27.0	20.7
2016e	157.2	61.2	53.7	21.0	25.1	17.7

Sector: Pharma & healthcare

Price:	86.0p
Market cap:	£84m
Forecast net cash (£m)	12.2
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)

Company description

Abzena offers services and technologies for the development of better biopharma. It operates Antitope (immunogenicity testing, protein engineering, cell line development) and PolyTherics (bioconjugation, polymer/synthetic chemistry).

Price performance

%	1m	3m	12m
Actual	3.0	4.6	N/A
Relative*	5.6	6.5	N/A

* % Relative to local index

Analyst

Christian Glennie

Abzena (ABZA)

INVESTMENT SUMMARY

Abzena offers a range of key services and technologies that enable its customers to develop safer and more effective biological products. Antitope (immunogenicity assessment and protein/antibody engineering) and Polytherics (bioconjugation) are the core business units. Fee-for-services provides stable, but growing, revenues today (FY15 £5.7m), while successful commercialisation of products created using Abzena's technologies offers the prospect of substantial future revenues (small royalties). Eight such products are now in clinical development, the most notable and advanced being Gilead's GS-5745 (Phase III to start Q315 in gastric cancer) and simtuzumab (Phase II trials ongoing for NASH, PSC and IPF). Abzena's antibody drug conjugate (ADC) technology (ThioBridge) is another key offering in the development of these promising cancer agents. £15.8m in cash at 31 March 2015 provides financial flexibility.

INDUSTRY OUTLOOK

The biological services industry is highly competitive but Abzena's wide portfolio of technologies and services appears compelling to existing and prospective clients. Its ADC technology offers safety and efficacy advantages over competitors.

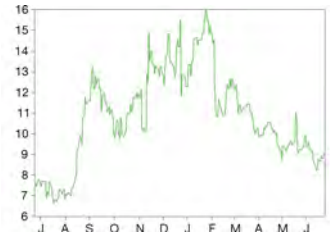
Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	5.3	(3.1)	(3.4)	N/A	N/A	N/A
2015	5.7	(4.5)	(4.7)	(5.89)	N/A	N/A
2016e	6.7	(4.0)	(4.4)	(3.87)	N/A	N/A
2017e	7.5	(3.8)	(4.2)	(3.74)	N/A	N/A

Sector: Pharma & healthcare

Achillion Pharmaceuticals (ACHN)

Price:	US$9.10
Market cap:	US$1070m
Forecast net cash (US$m)	194.9
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)



Company description

Achillion Pharmaceuticals is a biopharmaceutical company engaged in discovery and development of treatments for chronic hepatitis C virus (HCV). Its key drug candidates include ACH-3422, ACH-3102, ACH-2684 and sovaprevir.

Price performance

%	1m	3m	12m
Actual	(1.4)	(16.1)	17.1
Relative*	(1.3)	(16.9)	8.2

* % Relative to local index

Analyst

Katherine Genis

INVESTMENT SUMMARY

Achillion is the only company with candidates in three classes for HCV, hence in prime position to develop an oral, once-a-day, single pill treatment more competitive than leader, Harvoni. Interim results for second-generation NS5A inhibitor ACH-3102 combined with Gilead's NS5B inhibitor, sofosbuvir, showed an unprecedented 100% viral response (SVR12) in the 12 weeks following six weeks of therapy. Achillion also established proof-of-concept for its own NS5B inhibitor, ACH-3422, in Phase I. The oral Factor-D programme is progressing with development planned in rare diseases, such as PNH and myasthenia gravis as well as in larger market opportunities including dry AMD. Submission for first trials in man is expected by year end. In May the company entered into a global collaboration in HCV with Janssen Pharmaceuticals (J&J) for the development and commercialisation of one or more HCV assets. In a separate equity transaction, J&J Innovation is investing $225m in Achillion in return for ~18m newly-issued shares.

INDUSTRY OUTLOOK

More than 150m people are infected with HCV worldwide. Treatment has been transformed in recent years by the approval of Sovaldi (sofosbuvir) and Gilead's combination product; recent pressure from key healthcare groups has led to a drop in HCV prices.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.0	(65.8)	(58.9)	(62.7)	N/A	N/A
2014	0.0	(77.2)	(69.0)	(70.2)	N/A	N/A
2015e	0.0	(116.5)	(108.4)	(92.4)	N/A	N/A
2016e	0.0	(120.4)	(112.3)	(94.1)	N/A	N/A

Sector: Pharma & healthcare

Actinium Pharmaceuticals (ATNM)

Price:	US$2.80
Market cap:	US$108m
Forecast net cash (US$m)	9.4
Forecast gearing ratio (%)	N/A
Market	NYSE MKT

Share price graph (US$)

Company description

Actinium Pharmaceuticals develops drugs for the treatment of various cancers. Actimab-A is in Phase I/II clinical trials for AML. Iomab-B is used for myeloconditioning for hematopoietic stem cell transplantation.

Price performance

%	1m	3m	12m
Actual	(3.1)	3.7	(68.3)
Relative*	(3.0)	2.7	(70.7)

* % Relative to local index

Analyst

Franc Gregori

INVESTMENT SUMMARY

Actinium Pharmaceuticals is progressing well in developing its portfolio of radio-labelled antibodies to treat various cancers. Its lead product, Iomab-B, is poised to start the pivotal Phase III trial for use as a conditioning agent before hematopoietic stem cell therapy (HSCT, bone marrow transplantation) in refractory/relapsing acute myeloid leukaemia (AML). While Actimab-A, its second product candidate, is enrolling patients in the last dose level of the Phase I element of a Phase I/II trial in older patients with newly diagnosed AML. Actinium recently announced positive interim data from this study. This showed median overall survival ('OS') was 9.1 months, which compares favourably to historical norms of 2-5 months.

INDUSTRY OUTLOOK

Actinium Pharmaceuticals' targeted radiation therapies (both alpha- and beta-particle based) offer the potential of highly selective tumour cell killing with low damage to the surrounding normal tissue and limited side effects. Essentially, the company aims to combine the drug delivery capabilities of antibodies, as seen with the antibody-drug conjugates Adcetris and Kadcyla, with the cell-killing effect of radiation observed with Bayer's Xofigo in prostate cancer with bone metastases.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2012	0.0	(7.9)	(9.0)	(757.7)	N/A	N/A
2013	0.0	(6.6)	(6.6)	(47.3)	N/A	N/A
2014e	0.0	(20.0)	(20.0)	(88.7)	N/A	N/A
2015e	0.0	(19.8)	(19.8)	(58.4)	N/A	N/A

Sector: Pharma & healthcare

Price:	US$1.28
Market cap:	US$25m
Forecast net debt (US$m)	67.9
Forecast gearing ratio (%)	85.0
Market	NASDAQ

Share price graph (US$)

Company description

Alexza Pharmaceuticals is a US-based company developing products for acute CNS disorders using its proprietary Staccato aerosol rapid drug delivery system. Lead product Adasuve is approved in the US and EU.

Price performance

%	1m	3m	12m
Actual	23.1	(41.0)	(71.0)
Relative*	23.2	(41.6)	(73.2)

* % Relative to local index

Analyst

Pooya Hemami

Alexza Pharmaceuticals (ALXA)

INVESTMENT SUMMARY

Alexza's investment case rests on the commercial prospects for Adasuve (Staccato loxapine), as well as further opportunities from new product candidates that apply the validated Staccato platform for rapid drug delivery. Approved for acute agitation in adult schizophrenia or bipolar I disorder patients, Adasuve was launched in 14 European markets by Ferrer and in the US by Teva. Adasuve was launched in Guatemala by Ferrer and was approved in seven additional Latin American countries. It offers speed, dosing reliability and ease of administration advantages vs established anti-agitation treatments. AZ-002 (Staccato alprazolam) started a Phase IIa study in Q115 for acute repetitive seizures and AZ-007 (Staccato zaleplon) is slated to start a Phase II later in 2015 for middle-of-night awakening.

INDUSTRY OUTLOOK

Alexza's valuation is geared to Adasuve's uptake, which will be driven by stakeholders' recognition of the drug's benefits (ease of administration and rapid therapeutic effect) vs alternatives. The advancement of AZ-002 and AZ-007 could provide upside.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	47.8	5.1	(10.0)	(60.16)	N/A	N/A
2014	5.6	(34.1)	(45.1)	(253.85)	N/A	N/A
2015e	6.4	(34.9)	(45.4)	(223.89)	N/A	N/A
2016e	9.3	(28.3)	(42.1)	(190.32)	N/A	N/A

Sector: Pharma & healthcare

Price:	20.6p
Market cap:	£113m
Forecast net debt (£m)	N/A
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)

Company description

Allergy Therapeutics is a fully integrated speciality pharmaceutical company focused on preventing and treating allergy with allergy immunotherapy (allergy vaccines).

Price performance

%	1m	3m	12m
Actual	(3.5)	1.2	36.4
Relative*	(1.1)	3.1	32.6

* % Relative to local index

Analyst

Emma Ulker

Allergy Therapeutics (AGY)

INVESTMENT SUMMARY

Allergy Therapeutics' current market valuation is supported by its solid predominantly European commercial base business. The recent confirmation that the company will self-fund US development of Pollinex Quattro (PQ) Grass by means of a £21m placing, represents a major step towards a significant medium term stock re-rating. The US allergy immunotherapy (AIT) market is evolving and PQ could be the first approved seasonal subcutaneous short course vaccine to market. Final FDA sign-off on the PQ Grass development programme in 2015 is a key catalyst. H115 sales growth was solid and ahead of market growth rates in the core European markets at 11% CER (4% on a reported basis). Our forecasts are under review.

INDUSTRY OUTLOOK

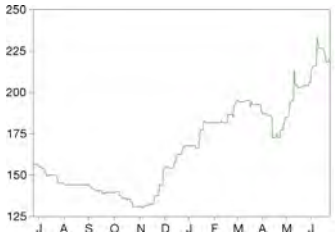
Pollinex Quattro (c 50% of revenue) is an ultra short-course allergy vaccine, given as four shots over three weeks, which has comparable efficacy to existing vaccines (typically requiring 16-50 injections under specialist supervision pre-hayfever season). The US AIT market is potentially large, but undeveloped (the first AIT tablets launched in H114).

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	39.3	2.3	1.1	0.29	71.0	27.9
2014	42.0	2.7	1.5	0.29	71.0	36.3
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	221.0p
Market cap:	£46m
Forecast net cash (£m)	4.9
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)



Company description

Animalcare Group is a leading supplier of veterinary medicines and identification products to the companion animal market in the UK, Europe and other selected markets.

Price performance

%	1m	3m	12m
Actual	8.3	14.8	41.2
Relative*	11.1	17.0	37.3

* % Relative to local index

Analyst

Franc Gregori

Animalcare Group (ANCR)

INVESTMENT SUMMARY

Animalcare is executing a clear strategy that has seen it de-emphasising the low-margin, commoditising market segments and investing in defensible, higher value-adding products. This is most apparent within veterinary medicines where it is embarking on a defined migration along the value chain, with the first of the next wave of enhanced new products being developed and expected to be available from 2017. Meanwhile, revenue growth will be underpinned by a stream of new differentiated generics, together with a strengthening of the product marketing within Animal Identification. The planned investment in R&D means Animalcare's earnings multiples over the next few years fail to reflect the value we expect to be generated over the longer term.

INDUSTRY OUTLOOK

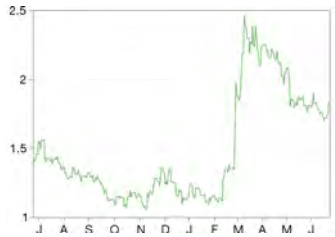
The animal health market shares many characteristics with its human counterpart, but the success factors are subtly different, with financial muscle and global reach being less critical. Nonetheless, the competitive pressures are rising and the importance of having a portfolio of differentiated and value-adding products is growing. Animalcare is pursuing a strategy of de-emphasising the low-margin (and commoditising) segments and investing in new product development.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	12.1	2.9	2.7	10.5	21.0	14.8
2014	12.9	3.3	2.8	10.8	20.5	27.3
2015e	13.5	3.2	3.0	10.9	20.3	12.2
2016e	13.8	3.2	3.0	10.6	20.8	15.4

Sector: Pharma & healthcare

Price:	US$1.84
Market cap:	US$116m
Forecast net cash (US$m)	42.0
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)



Company description

ArQule is a US biotech company engaged in developing small molecule drugs for cancer. Its lead product, tivantinib, is entering a pivotal Phase III trial for HCC. Tivantinib is partnered with Daiichi Sankyo and Kyowa Hakko Kirin.

Price performance

%	1m	3m	12m
Actual	1.7	(23.0)	26.0
Relative*	1.7	(23.7)	16.4

* % Relative to local index

Analyst

Katherine Genis

ArQule (ARQL)

INVESTMENT SUMMARY

Two Phase III trials for ArQule's lead drug Tivantinib in hepatocellular carcinoma (HCC) – METIV-HCC and JET-HCC – are progressing in second-line (MET-high patients). The most advanced is the randomized double-blind controlled Phase III study for the METIV-HCC expected to complete patient accrual by end-2015. ARQ 092, an orally available selective small molecule, is in Phase Ib testing for various oncological indications. ArQule is also working in collaboration with the National Human Genome Research Institute (NHGRI) for the development of ARQ 092 in Proteus Syndrome, a rare disease characterised by overgrowth of the skeleton, skin, adipose tissue and central nervous system. On 1 June the company appointed Robert Weiskopf as CFO from his previous position as VP of finance.

INDUSTRY OUTLOOK

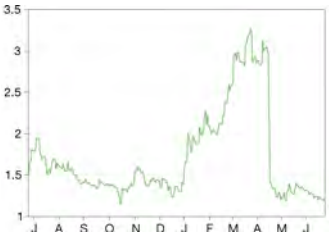
ArQule is a US biotech company focused on developing cancer drugs. Its lead product, tivantinib, is being evaluated as monotherapy or in combination with other cancer therapy in a variety of solid tumour types.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	15.9	(22.7)	(23.0)	(36.88)	N/A	N/A
2014	11.3	(23.1)	(22.8)	(36.57)	N/A	N/A
2015e	12.6	(15.8)	(15.7)	(25.13)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	US$1.25
Market cap:	US$104m
Forecast net cash (US$m)	20.7
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)



Company description

Athersys is a US biotech company developing MultiStem (allogeneic, bone marrow-derived stem cells). A Phase II trial with MultiStem in ischaemic stroke is complete, while further studies in AMI (Phase II) and ARDS (Phase IIa) are planned.

Price performance

%	1m	3m	12m
Actual	(6.7)	(61.8)	(19.4)
Relative*	(6.6)	(62.1)	(25.5)

* % Relative to local index

Analyst

Maxim Jacobs

Athersys (ATHX)

INVESTMENT SUMMARY

Athersys is developing MultiStem, an allogeneic, bone marrow-derived stem cell product. Results from a 140-patient Phase II study in ischaemic stroke showed the treatment to be safe and revealed a potential benefit when dosed <36 hours post stroke (vs 3-5 hours with tPA), although the primary/secondary endpoints were not met. Athersys is assessing net next development steps, while Chugai has an option to develop the product in Japan ($200m deal struck in March 2015). A Phase II trial with MultiStem in acute myocardial infarction is now underway (supported by a $2.8m NIH grant), while a £2m grant from Innovate UK will be used to support a Phase IIa study in H215 for acute respiratory distress syndrome (ARDS). End-Q115 cash was $35.5m, boosted by a $10m upfront fee from Chugai.

INDUSTRY OUTLOOK

MultiStem is an allogeneic (off-the-shelf) product that allows it to be used in both acute and chronic treatment settings, and holds potential to be used across a range of indications. Regenerative medicine is gaining traction and recognition by global regulators (eg accelerated approval pathway in Japan).

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	2.4	(24.8)	(24.4)	(42.3)	N/A	N/A
2014	1.6	(29.3)	(28.9)	(37.3)	N/A	N/A
2015e	1.9	(29.9)	(29.5)	(36.2)	N/A	N/A
2016e	1.7	(31.0)	(30.7)	(37.2)	N/A	N/A

Sector: Pharma & healthcare

Price:	1.3p
Market cap:	£64m
Forecast net cash (£m)	7.0
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)

Company description

Avacta is a global provider of healthcare technologies. Avacta Life Sciences is launching novel protein reagents (Affimers) as alternatives to antibodies, and Avacta Animal Health provides lab-based and point-of-care veterinary diagnostics.

Price performance

%	1m	3m	12m
Actual	N/A	N/A	N/A
Relative*	N/A	N/A	N/A

* % Relative to local index

Analyst

Emma Ulker

Avacta Group (AVCT)

INVESTMENT SUMMARY

Avacta's investment case is driven by the commercial potential of Affimers, which are an antibody-like protein scaffold technology with potential to replace antibodies, for the c $1bn research reagents market and as therapeutic scaffold proteins. Preclinical testing shows that Affimers meet many of the performance characteristics required of therapeutic scaffold proteins, validated by the recent licence partnership with Moderna Therapeutics in the field of mRNA therapeutics. The deal terms include a $0.5m upfront payment plus milestones and royalties for selected candidates and as such is a transformational step for Avacta Life Sciences ALS. In H115 ALS made good progress towards building the Affimer pipeline and order book while setting up four commercial partnerships to develop Affimers as therapeutics, reagents and for drug discovery. H115 group revenue was £0.73m vs £0.82m in H114.

INDUSTRY OUTLOOK

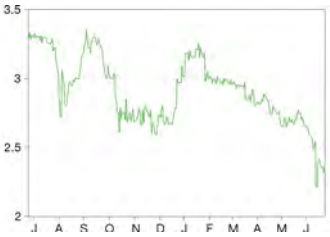
Avacta is a first-mover in developing and commercialising a protein scaffold technology for research use. The strategy focuses on gaining validation from key opinion leaders and raising the profile of Affimers.

Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	1.5	0.1	(0.1)	0.01	130.0	N/A
2014	1.6	(1.9)	(2.0)	(0.04)	N/A	N/A
2015e	2.0	(2.5)	(2.7)	(0.05)	N/A	N/A
2016e	4.0	(1.9)	(1.9)	(0.03)	N/A	N/A

Sector: Pharma & healthcare

Price:	€2.39
Market cap:	€141m
Forecast net cash (€m)	97.0
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)



Company description

Balda is a holding company and manufactures premium-quality plastic components, primarily for the healthcare, optical, electronics and automotive sectors. It operates three segments: Electronic Products, Medical and Central Services.

Price performance

%	1m	3m	12m
Actual	(13.1)	(15.6)	(27.7)
Relative*	(11.0)	(13.0)	(37.9)

* % Relative to local index

Analyst

Hans Bostrom

Balda (BAF)

INVESTMENT SUMMARY

We forecast Balda to grow underlying revenues by 10% pa in FY14-18e, in line with the medical plastic market. Starting from 2.7% EBITDA margin in FY14, we forecast a rise to 9.8% in FY18, spurred by improved overhead absorption, product mix and production efficiencies. Following a robust 9M15, we expect Balda to deliver FY15e revenues in the middle of the €80-82m guidance range and an operating profit of €2m before exceptional items.

INDUSTRY OUTLOOK

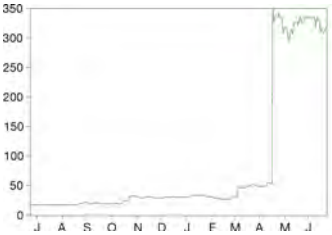
Balda is a German producer of precision plastic components for use in medical devices, eyewear and other high-performance industrial applications, such as irrigation, electronics and automotive. It acts mainly as an OEM component supplier with manufacturing in Germany and the US. It boasts €193m in cash/cash equivalents (end FY14) to support a buy-build strategy focusing on medical devices. It counts the world's largest diagnostic and eyewear companies as its main clients, representing 35% and 15% of revenues, respectively.

Y/E Jun	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	57.1	2.6	(6.0)	5.4	44.3	35.2
2014	70.9	1.9	(1.4)	(1.7)	N/A	20.1
2015e	81.0	6.0	2.8	2.8	85.4	70.4
2016e	91.3	7.9	4.1	5.7	41.9	23.5

Sector: Pharma & healthcare

Price:	DKK319.00
Market cap:	DKK8872m
Forecast net cash (DKKm)	1117.0
Forecast gearing ratio (%)	N/A
Market	NASDAQ OMX Mid Cap

Share price graph (DKK)



Company description

Bavarian Nordic is a Danish biotech focused on developing and manufacturing novel cancer immunotherapies and vaccines for infectious diseases. Its lead products are Prostvac (prostate cancer) and Imvamune (smallpox).

Price performance

%	1m	3m	12m
Actual	(2.3)	(12.8)	149.2
Relative*	0.1	(16.6)	94.9

* % Relative to local index

Analyst

Dr Philippa Gardner

Bavarian Nordic (BAVA)

INVESTMENT SUMMARY

Successful partnerships and collaborations, most recently with J&J for Ebola and BMS for Prostvac, have provided Bavarian Nordic with sufficient resources to focus on expanding and developing its earlier-stage pipeline. This includes CV-301, now focused on lung cancer, and the start of Phase I development of MVA-BN RSV in H115, which could be a significant new opportunity. The BMS deal will also allow Prostvac's potential to be maximised through exploring combinations with various other cancer immunotherapy products in development at BMS. Furthermore, recent Imvamune data, in particular with the freeze-dried formulation, should support additional US government orders to maintain the current strategic national stockpile. The manufacturing process is being up-scaled in readiness for potential new orders from 2016.

INDUSTRY OUTLOOK

Bavarian Nordic has expertise in both vaccines (with two technology platforms) and manufacturing (with a multipurpose, approved facility). The pipeline includes two Phase III assets (Prostvac and Imvamune) and is largely focused on cancer immunotherapy (Prostvac and CV-301) and infectious diseases (Imvamune/smallpox, RSV and Ebola).

Y/E Dec	Revenue (DKKm)	EBITDA (DKKm)	PBT (DKKm)	EPS (ore)	P/E (x)	P/CF (x)
2013	1213.0	181.0	154.0	38.8	822.2	52.0
2014	1217.0	62.0	110.0	27.3	1168.5	24.2
2015e	1188.0	171.0	121.0	39.6	805.6	44.4
2016e	1357.0	285.0	239.0	81.4	391.9	38.8

Sector: Pharma & healthcare

Price: US$2.31
Market cap: US$12m
Forecast net debt (NISm) N/A
Forecast gearing ratio (%) N/A
Market NASDAQ, TASE

Share price graph (US$)

Company description

BioLineRx is an Israel-based biotech company focused on the in-licensing and early development of therapeutics. It has a pipeline with six clinical and four preclinical candidates for a variety of indications.

Price performance

%	1m	3m	12m
Actual	14.4	10.5	6.9
Relative*	14.5	9.5	(1.2)

* % Relative to local index

Analyst

Katherine Genis

BioLineRx (BLRX)

INVESTMENT SUMMARY

BioLineRx has been advancing clinical trials on development programmes at a steady clip. The expansion stage of its lead compound, BL-8040, in AML is ongoing with top-line trial data expected in Q415. Its treatment for celiac disease, BL-7010, has successfully completed a Phase I/II study, enabling the start of a pivotal efficacy trial in 2015. Meanwhile, the clinical trial being conducted by its partner Bellerophon with the myocardial implant, BL-1040, for acute myocardial infarction should complete in mid-2015. Also, a novel skin lesion product was out-licensed to Omega Pharma at end-2014 and a launch by year end should bring in BioLineRx's first royalty revenue. Lastly, the company is in a major collaborative agreement with Novartis, which holds a 12.8% stake in the company. We estimate a current cash runway of ~$60m, which includes a share offering in March that brought in proceeds of $29m.

INDUSTRY OUTLOOK

The largest contributor to the valuation is BL-1040 (~50%), with BL-8040 (AML) and BL-7010 (coeliac disease) in joint second place (~17% each).

Y/E Dec	Revenue (NISm)	EBITDA (NISm)	PBT (NISm)	EPS (a)	P/E (x)	P/CF (x)
2013	0.0	(57.1)	(62.5)	(25.9)	N/A	N/A
2014	0.0	(57.7)	(47.5)	(11.3)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price: A$0.42
Market cap: A$178m
Forecast net cash (A$m) 17.7
Forecast gearing ratio (%) N/A
Market ASX, OTC Pink

Share price graph (A$)

Company description

Bionomics is an Australian biotech focused on CNS and oncology. BNC375 (preclinical) is partnered with Merck for Alzheimer's disease; BNC210 (Ph I) is in development for anxiety. A partnership is sought for cancer drug BNC105 (Ph II).

Price performance

%	1m	3m	12m
Actual	1.2	(13.3)	(2.3)
Relative*	1.1	(9.4)	(6.4)

* % Relative to local index

Analyst

Dr Dennis Hulme

Bionomics (BNO)

INVESTMENT SUMMARY

Bionomics is successfully executing its strategy of discovering promising drug candidates via its proprietary technology platforms and out-licensing to a partner at an early stage, as evidenced by two preclinical licence deals with Merck & Co in Alzheimer's disease and pain. BNC210, which was reacquired from Ironwood in 2014, began a Phase II trial in anxiety in April 2015. BNC101, an antibody that targets cancer stem cells, will start Phase I in solid tumours in H215. BNO is seeking to out-license Phase II cancer drug BNC105, and preclinical drugs BNC420 (solid tumours; melanoma, breast) and BNC164 (psoriasis, multiple sclerosis, rheumatoid arthritis). Recent preclinical studies showed that the addition of BNC105 improved the efficacy of immune checkpoint inhibitor antibodies.

INDUSTRY OUTLOOK

Bionomics is a biotech company focused on developing novel biopharmaceuticals for cancer and CNS disorders. It has drug discovery technology platforms, which include Multicore, a proprietary chemistry capability.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2013	11.2	(9.1)	(8.8)	(2.4)	N/A	N/A
2014	27.0	5.6	5.4	1.1	38.2	N/A
2015e	11.9	(9.8)	(9.6)	(2.3)	N/A	21.4
2016e	43.9	21.8	22.1	5.3	7.9	8.1

Sector: Pharma & healthcare

Price:	NOK2.23
Market cap:	NOK554m
Forecast net cash (NOKm)	25.3
Forecast gearing ratio (%)	N/A
Market	Oslo

Share price graph (NOK)

Company description

Bionor Pharma is a Norwegian biotechnology company focused on developing peptide vaccines for infectious diseases. The lead product, Vacc-4x, is a therapeutic vaccine currently in Phase II development as a potential cure for HIV.

Price performance

%	1m	3m	12m
Actual	(7.1)	2.8	(19.8)
Relative*	(6.0)	1.5	(17.5)

* % Relative to local index

Analyst

Dr Philippa Gardner

Bionor Pharma (BIONOR)

INVESTMENT SUMMARY

Bionor Pharma's Vacc-4x is one of the furthest advanced HIV therapeutic vaccines in development, with the development strategy focused on a functional HIV cure. This includes releasing dormant HIV reservoirs (Kick) with an HDACi (romidepsin), encouraging HIV destruction via an immune response elicited by Vacc-4x (Kill) and strengthening the immune system to maximise its attack on HIV (Boost) with an IMiD. Interim data from the ongoing Phase II REDUC 'Kick and Kill' trial are suggestive that the addition of Vacc-4x to romidepsin led to killing of reactivated HIV reservoirs. Further confirmatory data are expected by YE15. Bionor is also investigating predictive biomarkers to determine potential responders to Vacc-4x. Bionor has sufficient cash beyond readout of the REDUC data.

INDUSTRY OUTLOOK

There are approximately 1.1 million HIV-infected patients in the US and around 1 million in developed Europe. According to CDC in the US, only 25% of HIV patients are virally suppressed, despite 33% receiving ART treatment.

Y/E Dec	Revenue (NOKm)	EBITDA (NOKm)	PBT (NOKm)	EPS (öre)	P/E (x)	P/CF (x)
2013	4.2	(75.8)	(74.7)	(36.27)	N/A	N/A
2014	1.8	(58.3)	(57.3)	(24.58)	N/A	N/A
2015e	0.0	(65.1)	(64.6)	(26.02)	N/A	N/A
2016e	0.0	(74.3)	(74.4)	(29.96)	N/A	N/A

Sector: Pharma & healthcare

Price:	€0.25
Market cap:	€242m
Forecast net cash (€m)	57.0
Forecast gearing ratio (%)	N/A
Market	OMX

Share price graph (€)

Company description

Biotie is a Finnish/US biotech company focused on CNS disorders. Selincro for alcohol dependence is partnered with Lundbeck and launched in Europe. Parkinson's therapy tozadenant will enter Phase III in mid-2015; two further programmes are in Phase II.

Price performance

%	1m	3m	12m
Actual	44.4	32.8	3.8
Relative*	48.1	42.2	(6.2)

* % Relative to local index

Analyst

Christian Glennie

Biotie Therapies (BTH1V)

INVESTMENT SUMMARY

Biotie has raised approximately €83m (gross) through a US IPO on NASDAQ (BITI) and a convertible notes/warrants issue (to Vivo Capital, OrbiMed, Versant, Baupost) to finance the planned Phase III study of tozadenant (A2a antagonist) in Parkinson's disease (PD). The 450-patient trial will start in mid-2015, with results expected by end-2017. A Phase IIa study with SYN120 (dual 5HT6/5HT2a antagonist) in PD patients (n=80) with dementia is ongoing, funded by a $2m grant from The Michael J Fox Foundation. A 41-patient Phase IIa study with BTT-1023 for primary sclerosing cholangitis is underway, supported by a €1m NIHR research grant. Partner Lundbeck continues to roll out alcohol dependence drug Selincro across Europe (Q115 in-market sales ~€5.5m; Biotie receives 12-17% royalties = €0.658m in Q115).

INDUSTRY OUTLOOK

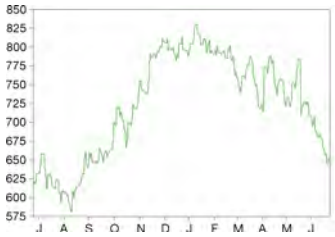
The Phase IIb data for tozadenant are robust and competitive against current and pipeline Parkinson's agents. Selincro is a new treatment concept for alcohol dependence, providing an alternative to complete abstinence, often not an attainable goal.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	27.7	1.5	3.7	1.31	19.1	10.5
2014	14.9	(8.5)	(7.6)	(1.68)	N/A	N/A
2015e	3.4	(28.4)	(29.2)	(4.07)	N/A	N/A
2016e	6.4	(29.7)	(30.2)	(3.08)	N/A	N/A

Sector: Pharma & healthcare

Price:	651.5p
Market cap:	£2489m
Forecast net cash (£m)	135.4
Forecast gearing ratio (%)	N/A
Market	LSE

Share price graph (p)



Company description

BTG is a UK-based specialist healthcare company with a direct commercial presence in US acute care, interventional oncology and interventional vascular medicine.

Price performance

%	1m	3m	12m
Actual	(10.3)	(12.8)	4.7
Relative*	(8.1)	(11.1)	1.8

* % Relative to local index

Analyst

Dr Philippa Gardner

BTG (BTG)

INVESTMENT SUMMARY

BTG's FY15 results, delivering revenue growth of 27% in FY15, demonstrate the strength of its strategy and growth prospects, in addition to reflecting the favourable market dynamics of the interventional medicine (IM) market. BTG is becoming a leader in the growing IM market through the successful integration of a number of IM acquisitions, combined with strong execution. The IM portfolio spans oncology, vascular and pulmonary indications, with five commercial-stage products, targeting sales of >£1.25bn in 2021. Investment in the IM franchise is being supported by the strong cash flow from specialty pharmaceutical (SP) sales with its three antidote products, and licensing revenues. BTG remains in a strong capital position to conduct bolt-on acquisitions should suitable opportunities arise.

INDUSTRY OUTLOOK

BTG is a defensive growth business whose valuation is underpinned by the DCF value of its marketed assets. Following a number of acquisitions (Biocompatibles, TheraSphere, EKOS and most recently RePneu), BTG's focus is on IM, which combines medical device and drug technologies to deliver targeted therapies. The markets are relatively small, but fast-growing. This means that BTG is well placed to benefit from the trend towards more targeted and less invasive therapies.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	290.5	74.0	76.6	19.0	34.3	41.7
2015	367.8	71.1	68.6	20.5	31.8	38.2
2016e	430.9	92.9	90.4	19.4	33.6	30.2
2017e	475.7	103.5	103.5	20.9	31.2	36.3

Sector: Pharma & healthcare

Price:	€62.15
Market cap:	€266m
Forecast net cash (€m)	6.1
Forecast gearing ratio (%)	N/A
Market	Alternext Paris

Share price graph (€)

Company description

Carmat is developing a biocompatible, artificial heart to satisfy the lack of donor hearts available for terminal heart failure patients. The development process combines the expertise of a wide range of technical and medical experts.

Price performance

%	1m	3m	12m
Actual	(4.2)	(8.5)	(23.0)
Relative*	(2.6)	(8.5)	(31.7)

* % Relative to local index

Analyst

Emma Ulker

Carmat (ALCAR)

INVESTMENT SUMMARY

Carmat has implanted its bio prosthetic heart in three of a total four patients required for the feasibility stage of the CE-mark approval process. The heart is being developed as a permanent replacement for up to 50,000 late-stage heart failure patients on donor heart waiting lists outside the US. There is no existing European standard for a permanent implant. Clinical studies could be completed in 2015, leading to CE-mark award in 2016 and confirmation of the US strategy. Carmat's options for attaining US regulatory approval include obtaining a narrow but cost-effective humanitarian use device (HUD) approval or via the broader pre-market approval (PMA) process, providing an addressable market of up to 50,000 patients. Near-term catalysts include a full clinical update from the feasibility study. Carmat recently appointed Benoit de la Motte as CFO.

INDUSTRY OUTLOOK

The Carmat artificial heart is being developed as a permanent replacement or destination therapy (DT) for chronic heart failure or acute myocardial infarction patients, who do not have access to a human donor heart. Despite the high worldwide prevalence of heart failure (c 100,000 patients), the shortfall in donor hearts is such that only around 3,800 human heart transplants were performed in Europe and the US in 2013.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	2.9	(15.2)	(16.2)	(336.5)	N/A	N/A
2014	0.0	(18.8)	(19.8)	(403.4)	N/A	N/A
2015e	0.3	(23.8)	(24.4)	(458.0)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	€51.16
Market cap:	€396m
Forecast net cash (€m)	104.8
Forecast gearing ratio (%)	N/A
Market	Euronext Brussels

Share price graph (€)

Company description

Celyad is developing C-Cure, an autologous Ph III stem cell therapy for chronic IHD. An innovative cancer CAR T-cell therapy was acquired in 2015. It is also developing high-value devices Cathez and CorQuest. It listed an ADR on NASDAQ in 2015.

Price performance

%	1m	3m	12m
Actual	(26.4)	15.0	15.3
Relative*	(26.0)	15.2	(3.1)

* % Relative to local index

Analyst

Dr John Savin

Celyad (CYAD)

INVESTMENT SUMMARY

Celyad has completed a US IPO of 1.168m ADRs at $68.56 per ADR, plus an EU placing of 0.292m shares at €60.25 raising $100.1m gross. There is an overallotment of 15% that could raise $15m. Year-end cash may be around €120m, which will fund an aggressive and ambitious clinical trial programme to develop novel Natural Killer CAR cancer therapy (NKG2D).

INDUSTRY OUTLOOK

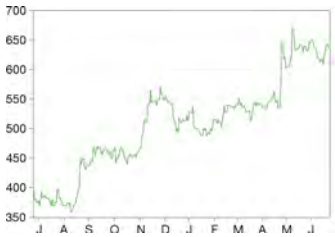
The NKG2D Phase I safety study is in acute myeloid leukaemia and multiple myeloma. Results will be announced as each three-patient cohort completes dosing; the first patient has been safely treated. If an efficacy signal is seen, Cardio3 will expand the AML and MM studies and start a series of solid cancer Phase II studies, aiming to start one new indication per quarter. This could open solid tumour CAR therapy, a new market opportunity. The core of Cardio3's value remains the C-Cure autologous cell treatment for cardiac regeneration. CHART-1 will deliver data by mid-2016. CHART-2, a part-US Phase III study, is planned to start in H215.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.0	(10.8)	(12.6)	(306.4)	N/A	N/A
2014	0.1	(18.3)	(18.5)	(274.8)	N/A	N/A
2015e	0.0	(26.2)	(26.1)	(299.9)	N/A	N/A
2016e	0.0	(30.8)	(30.6)	(321.3)	N/A	N/A

Sector: Pharma & healthcare

Price:	638.0p
Market cap:	£700m
Forecast net debt (£m)	83.7
Forecast gearing ratio (%)	39.0
Market	AIM

Share price graph (p)



Company description

Clinigen is a specialty pharmaceuticals and services business with three operating divisions: CTS provides a clinical trial supply service globally; GAP provides patients with difficult to access medicines; and Specialty Pharmaceuticals sells niche drugs.

Price performance

%	1m	3m	12m
Actual	(0.2)	18.5	61.1
Relative*	2.4	20.7	56.7

* % Relative to local index

Analyst

Franc Gregori

Clinigen Group (CLIN)

INVESTMENT SUMMARY

Clinigen is continuing to execute its growth strategy, having recently acquired Idis for £225m. Clinigen and Idis both operate in similar highly specialised and defensive niches that are benefiting from the drug industry's greater outsourcing of non-core functions. The acquisition strengthens two key services, Clinigen CTS and Idis MAP, and brings in a third important service, Idis GAD, for unlicensed drugs 'on demand'. The combined units have a broader customer base, bigger geographic footprint, and complementary infrastructure. Idis GAP brings an attractive on-demand unlicensed supply service. Meanwhile, the revitalisation of the dexrazoxane assets (Cardioxane for cardioprotection and Savene for extravasation) and Ethyol (for the dry mouth often associated with cancer therapies) is continuing, as is the evaluation of new product acquisition opportunities.

INDUSTRY OUTLOOK

Clinigen CTS is now the global leader in supplying comparator drugs for customers' clinical trials, with medium-term growth rates of 8% pa boosted by share gains. Idis MAP and Idis GAD are underpinned by a growing need for access programmes for specialist drugs, while the newly acquired products will drive Clinigen Specialty Pharmaceuticals' growth.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	122.6	N/A	20.4	20.4	31.3	24.3
2014	126.6	N/A	23.1	21.4	29.8	26.0
2015e	178.0	N/A	26.0	23.0	27.7	19.8
2016e	366.4	N/A	41.5	28.9	22.1	17.1

Sector: Pharma & healthcare

Price:	901.5p
Market cap:	£442m
Forecast net debt (£m)	113.0
Forecast gearing ratio (%)	1716.0
Market	LSE

Share price graph (p)

Company description

Consort is an international medical devices business. Having acquired Aesica Pharmaceuticals for £230m in 2014, it now consists of Bespak's operations (inhalation, injection and other drug delivery technologies) and Aesica's CDMO businesses.

Price performance

%	1m	3m	12m
Actual	(3.6)	4.2	11.8
Relative*	(1.2)	6.1	8.8

* % Relative to local index

Analyst

Franc Gregori

Consort Medical (CSRT)

INVESTMENT SUMMARY

Consort Medical is a full-service contract development and manufacturing operation (CDMO) that operates across most areas of the pharmaceutical supply chain. Bespak's strength in drug delivery devices is complemented by Aesica's span of services from drug manufacture to finished product packaging. The FY15 results demonstrate that strategic progress is being maintained and the target of sustainable double-digit profit growth over the medium term remains on track. Consort Medical can capitalise on the growing trend for drug majors to outsource more of their non-core activities to specialist providers, as it addresses more of the development and manufacturing functions while also striving to build operational mass and reach.

INDUSTRY OUTLOOK

There has been a marked transition over the past five years as management has positioned Consort Medical to generate sustainable revenue and profit growth. Improvements in operating efficiencies, coupled with investment in innovation and development capabilities, laid the foundations for establishing a broader range of contract services.

Y/E Apr	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	95.0	24.0	15.9	54.2	16.6	9.9
2014	100.0	24.4	17.5	48.3	18.7	14.4
2015e	179.4	35.2	22.9	42.4	21.3	22.0
2016e	299.0	54.3	33.1	54.0	16.7	7.3

Sector: Pharma & healthcare

Price:	US$0.64
Market cap:	US$90m
Forecast net debt (US$m)	N/A
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)

Company description

Cytori is focused on the development of cellular therapeutics for the treatment of impaired hand function in scleroderma, osteoarthritis of the knee, and radiation exposure-associated deep thermal burns.

Price performance

%	1m	3m	12m
Actual	(2.5)	(46.4)	(73.2)
Relative*	(2.4)	(46.9)	(75.2)

* % Relative to local index

Analyst

Pooya Hemami

Cytori Therapeutics (CYTX)

INVESTMENT SUMMARY

Cytori's pivotal Phase III STAR trial will assess its cell therapy (ECCS-50) in up to 80 patients with impaired hand function from scleroderma. Enrolment should start in mid-2015. This study follows a Phase I/II pilot trial whereby treatment showed a 50% improvement at six months across four validated endpoints. Cytori's Asian licensee, Lorem Vascular, was granted regulatory clearance for Celution by the CFDA, triggering a purchase order for China. Q115 revenue was $0.9m with a cash burn rate of $5.2m. We estimate pro forma end-Q115 net cash of $12.4m (net of c $17.7m debt), following a $19.4m May 2015 equity offering. Cytori's cash resources should last into Q216. Cytori is not currently under our full coverage.

INDUSTRY OUTLOOK

The $14m BARDA thermal burns therapy contract is progressing. Recruitment for a 90-patient US Phase II study in knee osteoarthritis was recently completed; data are due in H116. Cruciate ligament and knee meniscus indications may be developed. A Japanese urinary incontinence study is part-sponsored.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	12.2	(32.6)	(38.1)	(56.2)	N/A	N/A
2014	10.1	(34.7)	(41.2)	(52.5)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	US$4.03
Market cap:	US$225m
Forecast net cash (US$m)	26.3
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)

Company description

CytRx is a US biopharma focused on oncology. Its novel technology platform (albumin-binding linkers) provides targeted chemotherapy delivery to tumours. Aldoxorubicin is in Ph III for second-line STS and Ph II/IIb for GBM and SCLC.

Price performance

%	1m	3m	12m
Actual	(2.2)	21.8	(13.3)
Relative*	(2.1)	20.6	(19.9)

* % Relative to local index

Analyst

Pooya Hemami

CytRx (CYTR)

INVESTMENT SUMMARY

The investment case is geared to aldoxorubicin, which, following positive Phase IIb data vs doxorubicin in first-line soft tissue sarcoma (STS), is being advanced in a 400-patient, FDA SPA-sanctioned Phase III trial in second-line STS. Recruitment has resumed following the January 2015 resolution of a two-month FDA partial clinical hold. Top-line Phase III data are expected in H216, a major value inflection point if endpoints are met. Phase II/IIb trials in SCLC and GBM are also underway. CytRx reported cash, cash equivalents and short-term investments of $65m as of 31 March 2015 and expects to spend c $56m over the next 12 months.

INDUSTRY OUTLOOK

CytRx's rationale for advancing aldoxorubicin, a tumour-targeted doxorubicin conjugate, into a pivotal Phase III study for second-line STS is supported by positive Phase I/II data in advanced STS; doxorubicin's efficacy in STS; high unmet medical need; and a clear regulatory pathway due to the Special Protocol Assessment (SPA) received from the FDA.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2013	0.3	(27.5)	(27.5)	(83.48)	N/A	N/A
2014	0.1	(49.4)	(49.3)	(90.68)	N/A	N/A
2015e	0.0	(59.9)	(59.6)	(107.00)	N/A	N/A
2016e	0.0	(47.7)	(47.8)	(85.33)	N/A	N/A

Sector: Pharma & healthcare

Price:	€48.90
Market cap:	€939m
Forecast net cash (€m)	91.1
Forecast gearing ratio (%)	N/A
Market	Euronext Paris

Share price graph (€)

Company description

DBV Technologies is a French allergy company focused on food allergy. DBV has a pipeline of patch-based allergy immunotherapy products, including lead candidate Viaskin Peanut. Other patch products are also in development.

Price performance

%	1m	3m	12m
Actual	8.0	13.7	139.6
Relative*	9.9	13.6	112.5

* % Relative to local index

Analyst

Dr Philippa Gardner

DBV Technologies (DBV)

INVESTMENT SUMMARY

DBV's Viaskin Peanut patch has demonstrated impressive efficacy and safety in the Phase IIb VIPES trial, particularly in children where 32.1% could consume at least 1,000mg of peanut protein (~3-4 peanuts) after 12 months of treatment at the highest dose, compared with only 6.5% on placebo (p=0.0177); four children were able to complete the entire food challenge after treatment (none on placebo). DBV continues to plan initiation of the Phase III Viaskin Peanut trial (PEPITES) by YE15. In addition, we expect data in H215 from the ongoing Viaskin Peanut CoFAR6 and OLFUS-VIPES trials. Phase I of the ongoing Phase I/II Viaskin Milk trial should complete in coming months. A Phase II EoE trial is expected to start later this year.

INDUSTRY OUTLOOK

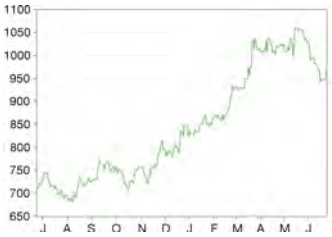
DBV's novel Viaskin patch technology is based on the established principles of allergy immunotherapy (AIT). Traditional AIT (injections or oral) is not appropriate for food allergies owing to potentially fatal consequences. Viaskin uses the skin to transport allergens to the immune system, avoiding passage to the blood, reducing the risk of anaphylaxis. No treatment exists for the growing issue of peanut allergy outside of strict avoidance and carrying an adrenaline pen.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2013	3.8	(20.3)	(19.3)	(141.9)	N/A	N/A
2014	4.8	(25.2)	(24.1)	(149.7)	N/A	N/A
2015e	5.7	(26.4)	(24.3)	(126.7)	N/A	N/A
2016e	6.1	(30.6)	(28.3)	(147.8)	N/A	N/A

Sector: Pharma & healthcare

Price:	980.0p
Market cap:	£862m
Forecast net cash (£m)	11.7
Forecast gearing ratio (%)	N/A
Market	LSE

Share price graph (p)



Company description

Dechra Pharmaceuticals is a global distributor and developer of veterinary pharmaceuticals and diets. The three principal operations are European pharmaceuticals, US pharmaceuticals and product development.

Price performance

%	1m	3m	12m
Actual	(7.1)	(3.3)	38.0
Relative*	(4.8)	(1.4)	34.3

* % Relative to local index

Analyst

Franc Gregori

Dechra Pharmaceuticals (DPH)

INVESTMENT SUMMARY

Dechra Pharmaceuticals continues to deliver the strategic objectives, with good performances across the board being maintained. Dechra is an international veterinary pharmaceutical company, with an attractive portfolio of specialised products that largely target the resilient companion animal segment. Medium- and longer-term growth will be driven by the new product pipeline and geographic expansion. The core CAP (Companion Animals) products in Europe, coupled with the US product launches, is more than offsetting the continuing weakness in FAP (Food Producing Animals). The significant exposure to the European markets, coupled with a growing presence in the US, means currency can have a material impact on reported earnings. The market's fragmented nature suggests acquisition opportunities should arise.

INDUSTRY OUTLOOK

The animal health market is attractive, particularly the companion animal segment. As dogs and cats increasingly become members of the modern family, people in both developed and emerging markets are purchasing a broader range of products to help their pets live longer and healthier lives. Companion animals forms the majority (52%) of Dechra Pharmaceuticals' current and prospective revenues.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	189.2	41.0	33.5	29.3	33.4	17.3
2014	193.6	41.1	39.9	36.4	26.9	36.6
2015e	204.9	47.8	41.8	38.2	25.7	17.9
2016e	221.8	52.8	46.9	41.7	23.5	16.7

Sector: Pharma & healthcare

Price:	US$7.60
Market cap:	US$196m
Forecast net cash (US$m)	38.4
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)

Company description

Derma Sciences is a specialty medical device/pharmaceutical company. It focuses on developing and commercialising traditional and novel advanced wound care products, including MEDIHONEY and TCC-EZ.

Price performance

%	1m	3m	12m
Actual	13.3	(16.0)	(32.3)
Relative*	13.4	(16.8)	(37.5)

* % Relative to local index

Analyst

Hans Bostrom

Derma Sciences (DSCI)

INVESTMENT SUMMARY

Derma Sciences offers a compelling risk/reward profile with the DSC127 trial and the AWC franchise advancing well in a vastly underserved market. The $80m fund-raising in January 2014 affords the company higher R&D and sales force spending, which we expect to propel solid sales growth, but to sustain operating losses in 2015-16. It expects its Phase III trials of DSC127 for diabetic foot ulcers to be fully enrolled by mid-2016 with an FDA filing possible in 2017 and market launch in 2018. In Q115 sales grew by 1% (FX-adj) to $19.5m, held back by the loss of a supply contract in TWC. We expect 5% sales growth in 2015 to be driven by a reimbursement hike for TCC-EZ in 2015, continued growth for MEDIHONEY and new private label supply deals in TWC. We value the stock at $12.5, based on DCF, of which 56% is represented by DSC127.

INDUSTRY OUTLOOK

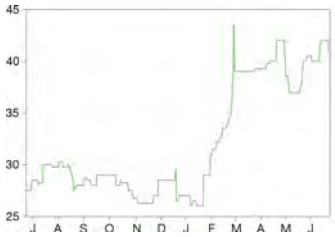
Derma Sciences operates in three segments of the wound care market: traditional (TWC), advanced (AWC) and pharmaceutical wound care (PWC). The slow-growing but cash-positive TWC unit provides the company with investment capital for the fast-growing AWC unit, which has seen a five-year CAGR of 53% and is expected to grow 15% in the next few years.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	79.7	(17.8)	(23.8)	(140.5)	N/A	N/A
2014	83.7	(33.6)	(39.9)	(161.8)	N/A	N/A
2015e	88.1	(41.2)	(47.7)	(185.8)	N/A	N/A
2016e	96.4	(32.1)	(38.7)	(147.1)	N/A	N/A

Sector: Pharma & healthcare

Price:	41.0p
Market cap:	£108m
Forecast net cash (£m)	24.8
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)



Company description

e-Therapeutics is a drug discovery and development company with a proprietary network pharmacology discovery platform and a clinical pipeline (with potential to be out-licensed post-Phase II proof-of-concept trials).

Price performance

%	1m	3m	12m
Actual	2.5	5.1	49.1
Relative*	5.1	7.1	45.0

* % Relative to local index

Analyst

Franc Gregori

e-Therapeutics (ETX)

INVESTMENT SUMMARY

e-Therapeutics is a leader in network pharmacology. Biological networks are highly intricate, with complex interactions resilient to long-term disruption. The aim is to identify the multiple points of intervention and the small molecules that can elicit the optimal therapeutic effect. The increased investment in strengthening the discovery platform appears to be paying off, with a sizeable boost in new product leads. It is this accelerating pace of new compound generation that could transform the company over the medium term. Meanwhile, the two lead programmes, ETS2101 (dexanabinol) in various cancers and ETS6103 (tramadol) in major depressive disorder, are progressing through clinical trials with important results due during 2015. The company is funded through to 2019, which encompasses a number of value inflection points.

INDUSTRY OUTLOOK

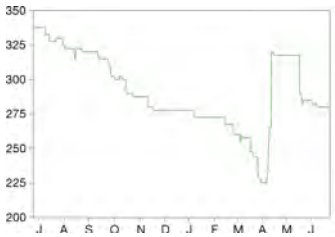
Network pharmacology could potentially revolutionise drug discovery and shorten the path to market by minimising technical risks (failure on safety or efficacy grounds) and drug development costs. e-Therapeutics is well positioned, with limited direct competition and growing industry interest in systems biology-based multi-target approaches to drug discovery.

Y/E Jan	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	0.0	(6.6)	(6.1)	(2.0)	N/A	N/A
2015	0.0	(10.0)	(9.7)	(2.9)	N/A	N/A
2016e	0.0	(11.2)	(11.0)	(3.4)	N/A	N/A
2017e	0.0	(12.4)	(12.3)	(3.8)	N/A	N/A

Sector: Pharma & healthcare

Price:	280.0p
Market cap:	£30m
Forecast net debt (£m)	N/A
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)



Company description

Epistem has a profitable contract services business and an emerging clinical biomarker technology with Sanofi as a big client. Epistem is preparing to launch Genedrive, its novel molecular diagnostic device, initially in the TB market.

Price performance

%	1m	3m	12m
Actual	(1.8)	15.0	(17.0)
Relative*	0.7	17.2	(19.3)

* % Relative to local index

Analyst

Emma Ulker

Epistem Holdings (EHP)

INVESTMENT SUMMARY

Epistem has achieved a key milestone in attaining Indian regulatory approval of Genedrive diagnostic for tuberculosis through its distributor Xcelris. It is in the process of scaling up production ahead of launch, which could take place during FY16. Epistem's H115 revenues fell to £2.2m (FY14: £2.9m) while the net loss rose to £1.9m from £0.6m, as the company invested ahead of Genedrive launch in the sub-continent. End December 2014 net cash stood at £6.6m. During 2014, Epistem signed an agreement with the US Air Force to evaluate Genedrive for pathogen detection and is moving into a new phase of development. Epistem recently launched studies to support WHO recommendation of Genedrive diagnostic for TB. Our forecasts are under review.

INDUSTRY OUTLOOK

Epistem believes Genedrive (a DNA-based diagnostic point-of-care system) will change the shape of DNA diagnostics. It has now been CE marked, but published data are very limited. The TB market seems a good one as other tests are unreliable or expensive.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	5.4	(1.2)	(1.5)	(12.5)	N/A	N/A
2014	5.8	(1.6)	(2.3)	(17.4)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	€32.75
Market cap:	€225m
Forecast net cash (€m)	27.5
Forecast gearing ratio (%)	N/A
Market	NYSE Euronext

Share price graph (€)

Company description

Erytech is a French oncology company with a red blood cell encapsulation technology. Lead product Graspa has successfully completed a Ph III ALL trial; a Ph IIb in AML is ongoing, in addition to a Ph II in pancreatic cancer.

Price performance

%	1m	3m	12m
Actual	(3.1)	14.7	124.0
Relative*	(1.4)	14.6	98.7

* % Relative to local index

Analyst

Dr Philippa Gardner

Erytech Pharma (ERYP)

INVESTMENT SUMMARY

Positive Phase III ALL data for Erytech's lead product Graspa pave the way for European filing around mid-2015 and first launch in 2016 with partner Recordati. Graspa is based on L-asparaginase, a mainstay child leukaemia treatment. However, use in elderly and frail patients is limited, owing to serious side effects and toxicity. In the Phase III ALL trial Graspa demonstrated a lack of allergic reactions in addition to non-inferior efficacy compared to L-asp. Complete remission (CR) data demonstrated 65% CR on Graspa compared to 39% with L-asp (p=0.026). A Phase IIb AML trial is ongoing and Erytech plans to expand development to NHL. Graspa/Eryasp could also have use in solid tumours and a Phase II pancreatic cancer trial is ongoing.

INDUSTRY OUTLOOK

Erytech's red blood cell (RBC) encapsulation technology captures therapeutic proteins within RBCs. This process protects both the molecule from degradation, extending the half-life, and the patient from exposure, reducing severe reactions. The increased half-life allows smaller quantities of molecule to achieve similar efficacy, thereby improving safety.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2013	1.8	(7.4)	(8.2)	(1.74)	N/A	N/A
2014	2.0	(8.7)	(9.0)	(1.51)	N/A	N/A
2015e	1.9	(10.7)	(10.4)	(1.52)	N/A	N/A
2016e	2.3	(10.8)	(10.6)	(1.54)	N/A	N/A

Sector: Pharma & healthcare

Price:	€3.63
Market cap:	€478m
Forecast net cash (€m)	95.0
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)

Company description

Evotec is a drug discovery business that provides outsourcing solutions to pharmaceutical companies, including Bayer, Boehringer Ingelheim, Janssen and Roche. It has operations in Germany, the UK and the US.

Price performance

%	1m	3m	12m
Actual	(9.4)	(9.4)	(2.5)
Relative*	(7.2)	(6.6)	(16.2)

* % Relative to local index

Analyst

Dr Philippa Gardner

Evotec (EVT)

INVESTMENT SUMMARY

Evotec has strengthened its position as a leading provider of drug discovery outsourcing services through its acquisition of Sanofi's Toulouse facility. The deal is attractive for a number of reasons: (1) provides additional capacity, solving current constraints; (2) €250m in guaranteed revenues over five years, covering running costs; and (3) enhances its capabilities, especially in the field of oncology, providing access to Sanofi's library of 1.3m compounds. Evotec's revenue growth has improved recently, and the addition of the Toulouse facility will give a boost to its two divisions (EVT Execute and EVT Innovate) and should allow the company to maintain double-digit revenue growth in coming years. Evotec is also approaching an important data readout from the Alzheimer's disease (AD) Phase IIb trial with EVT302, which could lead to partner Roche initiating Phase III studies.

INDUSTRY OUTLOOK

Evotec is a German healthcare company that provides high-quality drug discovery services to the pharmaceutical industry and has collaborations with academic institutions to create novel drug discovery programmes. Pharmaceutical companies are increasingly outsourcing drug discovery activities to improve productivity and decrease fixed costs.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	85.9	13.3	5.1	4.0	90.8	62.1
2014	89.5	4.1	(0.7)	(2.0)	N/A	N/A
2015e	125.8	5.1	(0.4)	(0.8)	N/A	12.0
2016e	139.9	13.2	4.7	2.6	139.6	39.2

Sector: Pharma & healthcare

Price:	C$0.31
Market cap:	C$12m
Forecast net debt (C$m)	112.6
Forecast gearing ratio (%)	196.0
Market	TSE

Share price graph (C$)

Company description

GLG Life Tech is a vertically integrated supplier of stevia-derived extracts primarily for use as low-calorie high-intensity sweeteners (HIS) in the food and beverage industries.

Price performance

%	1m	3m	12m
Actual	(17.3)	(11.4)	(8.8)
Relative*	(15.7)	(11.1)	(7.6)

* % Relative to local index

Analyst

Pooya Hemami

GLG Life Tech (GLG)

INVESTMENT SUMMARY

GLG is successfully diversifying its revenue stream beyond stevia, as shown by its current Luo Han Guo (LHG) extract supply agreement with Tate & Lyle. Q115 results have shown initial LHG revenue, with total sales up 32% year-on-year and improved gross profit. In late 2014, GLG announced a new strain of stevia leaf (RebC Gold) with 600% more RebC content than conventional leaf, which could pave the way for large-scale/lower-cost RebC extracts sales by 2016. RebC is believed to have a superior taste profile to RebA. We estimate that the company will return to generating consistently positive EBITDA in 2016, supported by the LHG business and the harvesting of higher-yielding leaf as part of GLG's core stevia business.

INDUSTRY OUTLOOK

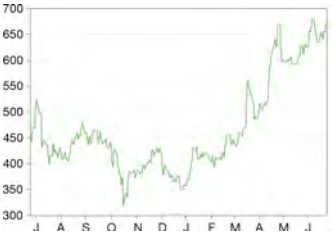
We expect stevia sales to grow in the mid-upper teens through 2017, as consumers increasingly seek reduced-calorie food and beverage products that rely on naturally sourced sweeteners, such as stevia (and LHG) rather than artificial sweeteners.

Y/E Dec	Revenue (C$m)	EBITDA (C$m)	PBT (C$m)	EPS (c)	P/E (x)	P/CF (x)
2013	16.0	(10.1)	(21.7)	(0.55)	N/A	1.2
2014	20.0	(5.6)	(19.2)	(0.56)	N/A	4.0
2015e	43.4	(3.1)	(17.6)	(0.45)	N/A	2.8
2016e	63.0	0.9	(13.8)	(0.32)	N/A	1.5

Sector: Pharma & healthcare

Price:	666.0p
Market cap:	£1738m
Forecast net cash (£m)	221.9
Forecast gearing ratio (%)	N/A
Market	AIM, NASDAQ

Share price graph (p)



Company description

GW is a UK-based speciality pharma company developing cannabinoid medicines. Lead pipeline candidate Epidiolex is undergoing Phase III trials for childhood epilepsy. Sativex is marketed by partners in a number of EU countries for MS spasticity.

Price performance

%	1m	3m	12m
Actual	6.2	27.2	43.5
Relative*	8.9	29.6	39.6

* % Relative to local index

Analyst

Christian Glennie

GW Pharmaceuticals (GWP)

INVESTMENT SUMMARY

The expansion of GW Pharmaceuticals' (GW) cannabinoid portfolio continues to gather momentum. At the forefront is Epidiolex, now undergoing an extensive Phase III clinical programme for refractory childhood epilepsies. With results from one of these studies (in Dravet Syndrome) due by the end of 2015, Epidiolex development is ahead of potential competitors. Encouraging data from 137 patients in the FDA-approved expanded access programme for Epidiolex has shown substantial reductions in seizure frequencies with high responder rates, at least comparable to approved anti-epileptic drugs. Cash of £149m at end-Q115 and a recent $190m equity raise provide substantial resources to fund significant investment in manufacturing scale-up and pre-commercialisation activities for the Epidiolex programme in 2015/16.

INDUSTRY OUTLOOK

GW is the leading player in cannabinoid medicines, which have the potential to become novel therapies for a broad range of diseases. Cannabinoids are diverse chemical compounds that GW extracts from different cannabis plant varieties (chemotypes) it has bred.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	27.3	(8.9)	(9.7)	(2.6)	N/A	N/A
2014	30.0	(17.0)	(18.3)	(6.4)	N/A	N/A
2015e	24.7	(37.2)	(38.2)	(12.5)	N/A	N/A
2016e	24.1	(41.1)	(42.0)	(13.7)	N/A	N/A

Sector: Pharma & healthcare

Halozyme Therapeutics (HALO)

Price:	US$21.82
Market cap:	US$2777m
Forecast net cash (US$m)	53.3
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)

Company description

Halozyme Therapeutics's rHuPH20-based delivery platform has been used by partners to develop SC injection of blockbuster IV drugs. The highlight of its pipeline is PEGPH20, in Phase II trials for pancreatic cancer.

Price performance

%	1m	3m	12m
Actual	25.0	55.3	113.7
Relative*	25.2	53.9	97.5

* % Relative to local index

Analyst

Maxim Jacobs

INVESTMENT SUMMARY

Halozyme is a biopharmaceutical company developing and commercialising products targeting the extracellular matrix for the oncology, diabetes, dermatology and drug delivery markets. Its ENHANZE technology has been used by companies including Roche, Pfizer and Baxter to develop subcutaneous (SC) forms of intravenously (IV) administered biological therapeutics, including Herceptin, MabThera and HyQvia (launched by Baxter in October for primary immunodeficiency in the US). Its own proprietary pipeline drugs include Hylenex for use with insulin pumps, PEGPH20 in oncology and HTI-501 in dermatology. The most valuable of its own assets is PEGPH20, which will enter Phase III early next year and has had very promising interim Phase II data.

INDUSTRY OUTLOOK

There are few companies developing products that target the extracellular matrix. Halozyme has a proven technology platform in this field, with three marketed products and partnerships with Roche, Pfizer and Baxter.

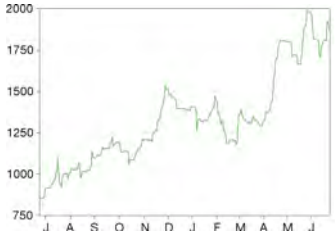
Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	54.8	(91.2)	(83.5)	(74.00)	N/A	N/A
2014	75.3	(80.1)	(68.4)	(55.71)	N/A	N/A
2015e	85.2	(73.4)	(63.4)	(50.61)	N/A	N/A
2016e	113.2	(51.5)	(41.5)	(32.46)	N/A	N/A

Sector: Pharma & healthcare

Hutchison China MediTech (HCM)

Price:	1860.0p
Market cap:	£991m
Forecast net cash (US$m)	5.4
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)



Company description

Hutchison China MediTech is the healthcare arm of Hutchison Whampoa (with 30% listed on AIM) that capitalises on the economic and demographic shifts in China with novel high-technology therapies, TCM drugs, organic foods and consumer products.

Price performance

%	1m	3m	12m
Actual	(1.9)	41.2	122.8
Relative*	0.6	43.8	116.7

* % Relative to local index

Analyst

Franc Gregori

INVESTMENT SUMMARY

The next 12-18 months should be the defining period, as Hutchison China MediTech transitions into a fully-fledged pharmaceutical business. The investment case is increasingly centred on MediPharma, the R&D unit, where the broad portfolio of small molecule tyrosine kinase inhibitors for oncology continues to advance. The pipeline is still progressing well, with material clinical results due during the coming year. This is highlighted by the recent triggering of a US$18m payment by Eli Lilly for the successful proof-of-concept result for fruquintinib in metastatic colon cancer. Our valuation is currently $1,634m (2,012p per share), with further material uplifts if pipeline progress continues as expected.

INDUSTRY OUTLOOK

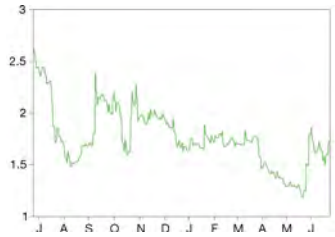
Favourable demand trends, coupled with the supportive environment for clinical research, mean the prospects for Chinese healthcare companies are compelling. Demographics and government support will continue to drive demand, while the clinical, regulatory and technological environments are highly conducive to novel drug development. Hutchison China MediTech is well placed to benefit from these rich seams of opportunity.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	46.0	13.5	11.0	17.0	169.4	371.9
2014	91.8	10.6	7.8	8.7	331.0	130.7
2015e	157.0	14.4	11.3	15.3	188.2	138.9
2016e	186.5	18.4	15.1	18.8	153.2	187.8

Sector: Pharma & healthcare

Price:	€1.70
Market cap:	€61m
Forecast net debt (€m)	N/A
Forecast gearing ratio (%)	N/A
Market	Alternext Paris

Share price graph (€)



Company description

Hybrigenics is a French biotech company. It provides protein-protein and small molecule analysis services and is conducting anti-cancer studies on lead drug inecalcitol, primarily in adult leukaemias.

Price performance

%	1m	3m	12m
Actual	38.2	(4.0)	(34.9)
Relative*	40.6	(4.0)	(42.2)

* % Relative to local index

Analyst

Emma Ulker

Hybrigenics (ALHYG)

INVESTMENT SUMMARY

Hybrigenics is investigating the anti-proliferative effect of the oral form of Vitamin D analogue inecalcitol in a range of diseases, notably haematological and solid tumours. Inecalcitol is currently being developed in adult leukaemias, whereby it is used to enhance standard treatments rather than to replace them. In January Hybrigenics launched a French Phase II study of inecalcitol in chronic myeloid leukaemia (CML) following promising results from a 2014 Phase II chronic lymphocytic leukaemia study when disease progression stabilised in 52% of patients. Hybrigenics will conduct a further Phase II trial in acute myeloid leukaemia (AML) in 2016, having recently raised €9m gross to fund the study. Services sales increased 3% in FY14; we estimate 11% FY15 growth, factoring in a maiden 12 months of revenue from the US services subsidiary. Our forecasts are under review.

INDUSTRY OUTLOOK

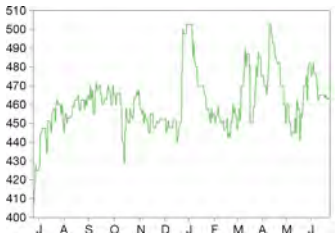
Inecalcitol faces competition from existing drugs and those in development. However, its good safety profile could give it an advantage. Preclinical models show that it has additional potential in breast cancer. Hybrigenics has a cash-generative services subsidiary, specialising in protein research and genomics services.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	6.1	(2.1)	(2.2)	(8.2)	N/A	N/A
2014	5.9	(3.3)	(3.4)	(11.1)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	463.0p
Market cap:	£635m
Forecast net cash (£m)	111.9
Forecast gearing ratio (%)	N/A
Market	LSE

Share price graph (p)



Company description

Imperial Innovations is a technology transfer, incubation and venture investment company. It invests in ventures from Imperial College London, Cambridge and Oxford Universities and UCL. The majority of its investments are bio/med tech.

Price performance

%	1m	3m	12m
Actual	(1.5)	(1.5)	9.2
Relative*	1.0	0.4	6.2

* % Relative to local index

Analyst

Christian Glennie

Imperial Innovations (IVO)

INVESTMENT SUMMARY

Imperial Innovations (IVO) has invested approximately £47m in its portfolio of companies so far this year (FY15), a substantial increase over the £33m invested in FY14. With significant cash in hand (£153m at 31 Jan 2015), IVO is making the required investments in its ever-maturing portfolio to propel a number of companies to their next valuation inflection points and possible 'exits' (IPO/M&A). The net portfolio value increased by £10m in H115 to £262m and total net asset value was £398m at 31 January (note: our EBITDA/PBT exclude net fair value gains/losses). The top 10 private companies in the portfolio are modestly valued at just 1.3x cash invested. Key recent investments in PsiOxus (£7m), Yoyo (£5m) and Auspherix (£3m) highlight the breadth and depth of IVO's portfolio and investment strategy.

INDUSTRY OUTLOOK

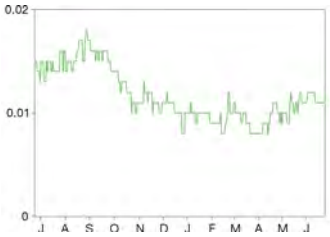
The investment case rests on the real value of the portfolio and the success of investments in maturing companies. There is potential for significant value creation if 'exits' (IPOs/M&A/license deals) are achieved at valuations in excess of the carrying value, which justifies IVO's share price premium.

Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	3.3	(6.9)	(5.9)	(7.3)	N/A	N/A
2014	3.6	(8.4)	(8.3)	(8.1)	N/A	N/A
2015e	4.5	(7.2)	(6.3)	(4.6)	N/A	N/A
2016e	4.8	(7.8)	(7.2)	(5.3)	N/A	N/A

Sector: Pharma & healthcare

Price:	A$0.01
Market cap:	A$15m
Forecast net cash (A$m)	2.3
Forecast gearing ratio (%)	N/A
Market	ASX

Share price graph (A$)



Company description

Imugene restructured into a cancer vaccine business with the acquisition of HER-Vaxx, a proprietary HER2 +ve cancer vaccine, in Dec 2013. A Ph Ib dose study is planned in gastric cancer starting in mid-2015 with a direct Ph II follow-on study in 68 patients.

Price performance

%	1m	3m	12m
Actual	(8.3)	37.5	(26.7)
Relative*	(8.4)	43.6	(29.8)

* % Relative to local index

Analyst

Dr Dennis Hulme

Imugene (IMU)

INVESTMENT SUMMARY

Imugene plans to progress its strongly immunogenic gastric (stomach) cancer therapeutic vaccine, HER-Vaxx, into a randomised Phase Ib/II trial in H215. This aims to replicate and improve on the combination of two proven therapeutic antibodies, Herceptin and Perjeta (Roche), a combination that significantly improves survival in breast cancer and may do so in gastric cancer. In HER-Vaxx Phase I, management observes that patient antibodies displayed potent anti-tumour activity with an immune response. A new formulation of HER-Vaxx stimulated a 10-fold increase in antibody response in recent animal model testing, while a preclinical study showed that purified HER-Vaxx antibodies were almost 3x as potent as Herceptin at inhibiting breast cancer cell growth. Cash at 31 March was A$2.6m.

INDUSTRY OUTLOOK

Global gastric cancer incidence is 934,000 cases with few current therapeutic options. Gastric cancer trials are faster to run than in breast cancer as median survival in metastatic gastric cancer is less than 12 months. An 18-patient Phase Ib dose-finding study is planned from H215, followed by a Phase II in 68 patients. HER2 is overexpressed in up to 20% of gastric cancers.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.0	(1.6)	(1.6)	(0.48)	N/A	N/A
2014	0.5	(0.4)	(0.4)	(0.05)	N/A	N/A
2015e	0.3	(2.4)	(2.3)	(0.21)	N/A	N/A
2016e	0.0	(2.8)	(2.8)	(0.21)	N/A	N/A

Sector: Pharma & healthcare

Price:	24.5p
Market cap:	£4m
Forecast net cash (£m)	1.5
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)

Company description

IXICO offers medical imaging technologies and services to pharma companies and healthcare service providers. Its digital technologies aim to improve the diagnosis and treatment outcomes of diseases of the brain, notably dementia.

Price performance

%	1m	3m	12m
Actual	(12.5)	(31.0)	(59.5)
Relative*	(10.3)	(29.7)	(60.6)

* % Relative to local index

Analyst

Hans Bostrom

Ixico (IXI)

INVESTMENT SUMMARY

IXICO sells technologies and services aiming to improve diagnosis, assess progression and measure treatment outcomes of diseases of the brain. It offers clinical data management and analysis products and services to pharma companies and healthcare service providers. We expect strong growth mainly driven by the expansion of its clinical trial business into new indications, new markets and bigger contracts. It is also well placed to capitalise on the burgeoning use of digital technologies in disease management. Using DCF, we value IXICO at £10.7m or 62p/share.

INDUSTRY OUTLOOK

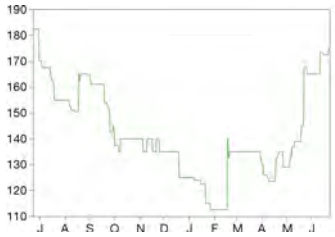
IXICO's expertise is quantification of disease pathophysiologies, notably in dementia (AD), a huge addressable market that remains underdeveloped owing to inadequate treatments. IXICO's technological prowess is endorsed by commercial relationships with nine of the top 15 global pharma companies and the award of £4.5m grant funding in the past three years. I

Y/E Jun / Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	3.6	0.4	0.5	9.9	2.5	3.9
2014	3.4	(1.5)	(1.5)	(8.9)	N/A	N/A
2015e	3.1	(1.6)	(1.6)	(10.8)	N/A	N/A
2016e	4.2	(1.2)	(1.3)	(6.8)	N/A	N/A

Sector: Pharma & healthcare

Price:	175.0p
Market cap:	£34m
Forecast net cash (US$m)	2.0
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)



Company description

LSI is a US-based medical devices company. Its lead product, the LifePort Kidney Transporter, is marketed in over 28 countries. A machine preservation device for livers has been developed with US launch anticipated in 2015.

Price performance

%	1m	3m	12m
Actual	4.5	29.6	(4.1)
Relative*	7.1	32.1	(6.7)

* % Relative to local index

Analyst

Emma Ulker

Lifeline Scientific (LSI)

INVESTMENT SUMMARY

Lifeline's flagship product is LifePort Kidney Transporter, a hypothermic machine preservation device used by over 193 transplant programmes in 28 countries and is well established in the lead North American market. Lifeline reported FY14 sales growth of 6% to $35.2m led by North America, where sales of LifePort Kidney Transporter and consumables grew 12% to $27.3m. Potential catalysts in 2015 include anticipated regulatory approval of LifePort Kidney in China, and a step-up in growth from Brazil pending resolution of import hurdles. US regulatory review of LifePort Liver Transporter is being finalised with potential commercial launch in late 2015. The valuation multiple of 1.4x FY15 EV/sales fails to reflect the base-case valuation of the core revenue streams, let alone the growth prospects in less established markets.

INDUSTRY OUTLOOK

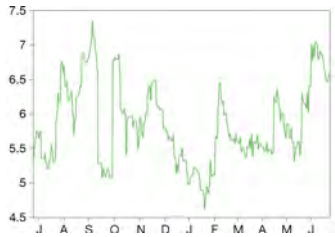
Three-year outcome data from the landmark Machine Preservation study published in 2012 in the New England Journal of Medicine showed LifePort significantly increased graft survival in kidneys recovered from higher-risk donors at 86% vs 76% in those preserved via cold storage. LifePort is proven to help transplanted kidneys to function sooner and last longer with fewer post-transplant complications.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	33.2	2.9	2.1	16.7	16.2	84.4
2014	35.2	3.5	2.5	19.2	14.1	16.8
2015e	38.0	4.3	3.3	23.1	11.7	18.5
2016e	41.0	4.9	3.8	25.2	10.8	12.5

Sector: Pharma & healthcare

Price:	€6.63
Market cap:	€170m
Forecast net cash (€m)	22.4
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)



Company description

MagForce has a European approved nanotechnology-based therapy to treat brain cancer. Nanoparticles are injected into the tumour and activated by an external magnetic field, producing heat and thermally destroying or sensitising the tumour.

Price performance

%	1m	3m	12m
Actual	7.7	19.3	20.5
Relative*	10.3	22.9	3.5

* % Relative to local index

Analyst

Dr Philippa Gardner

MagForce (MF6)

INVESTMENT SUMMARY

MagForce continues to deliver on its strategy to drive uptake of its NanoTherm nanotherapy for cancer. NanoTherm is already approved in Europe for brain cancer and a post-marketing glioblastoma (GBM) study is underway. The first commercial patients have now been treated in Germany and further revenues are targeted in 2015. Five NanoActivators are now installed in Germany. In the US, where NanoTherm therapy has been confirmed as a medical device, MagForce recently filed an IDE for NanoTherm to treat prostate cancer, which could allow a pivotal clinical trial to start in H215, if approved and assuming a small number of NanoActivators are installed this year.

INDUSTRY OUTLOOK

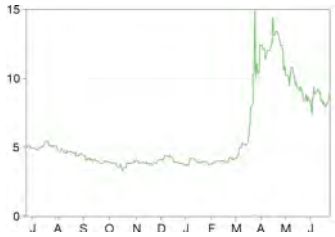
MagForce's NanoTherm therapy has been designed to directly affect tumours from within, while sparing surrounding healthy tissue. Magnetic nanoparticles are directly injected into a tumour and are then heated in the presence of an external magnetic field generated by specialist equipment (NanoActivator). This can destroy or sensitise the tumour for additional treatment.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2012	0.0	(4.6)	(5.7)	(116.0)	N/A	N/A
2013	0.0	(6.6)	(6.7)	(33.7)	N/A	N/A
2014e	0.4	(7.5)	(7.4)	(29.9)	N/A	N/A
2015e	3.6	(7.6)	(7.5)	(29.4)	N/A	N/A

Sector: Pharma & healthcare

Price:	€9.14
Market cap:	€179m
Forecast net cash (€m)	48.2
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)



Company description

Medigene is a biotech company with a cancer immunotherapy technology franchise, focused on haematological malignancies. DC vaccines are in Phase I/II studies, while T-cell therapy and anti-TCR antibodies are preclinical.

Price performance

%	1m	3m	12m
Actual	8.4	(10.9)	81.1
Relative*	11.0	(8.1)	55.7

* % Relative to local index

Analyst

Christian Glennie

Medigene (MDG1)

INVESTMENT SUMMARY

Medigene is seeking to raise approximately €46m (gross) from an equity issue (up to 5.6m new shares to be sold at €8.30) to fund the development of its early-stage cancer immunotherapy technology platforms: dendritic cell (DC) cancer vaccines, adoptive T-cell therapy (TCR) and T-cell specific antibodies (TAB). Phase I/II studies are underway with DC vaccines for prostate cancer (investigator-sponsored) and acute myeloid leukaemia (Medigene). The equity raise would enable rapid development of TCRs, with plans to develop up to 10 lead candidates and start up to three clinical trials with TCRs; the first in H116 (investigator-led), then others in H217 and H218. Investment will also be made in process development of TCRs according to GMP, and preclinical work on TABs.

INDUSTRY OUTLOOK

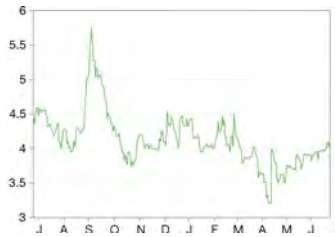
Cancer immunotherapy is attracting huge biotech investor interest. Medigene's DC vaccine technology is a new generation, with multiple potential efficacy and manufacturing benefits over the forerunners (Provenge). The TCR programme has similarities to CAR-T products, but with potential efficacy and safety advantages.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	7.6	(8.2)	(9.7)	(101.1)	N/A	N/A
2014	13.8	(2.0)	(5.3)	(42.3)	N/A	N/A
2015e	8.9	(11.9)	(13.5)	(80.4)	N/A	N/A
2016e	10.5	(14.5)	(16.1)	(81.0)	N/A	N/A

Sector: Pharma & healthcare

Price:	A$4.15
Market cap:	A$1398m
Forecast net cash (A$m)	153.0
Forecast gearing ratio (%)	N/A
Market	ASX

Share price graph (A$)



Company description

Mesoblast is developing adult stem cell therapies based on its proprietary MPC and culture-expanded MSC platforms. It has six late-stage clinical trials across four areas.

Price performance

%	1m	3m	12m
Actual	8.6	5.9	(5.5)
Relative*	8.6	10.5	(9.4)

* % Relative to local index

Analyst

Katherine Genis

Mesoblast (MSB)

INVESTMENT SUMMARY

Mesoblast's pipeline continues to mature steadily. The filing of MSC-100-IV by partner JCR in GVHD in Japan in late 2014 marked Mesoblast's first product submission. A regulatory decision is likely in mid-2015. Phase III trials also started in 2014 for MPC-150-IM in congestive heart failure. Interim data are expected in mid 2016 and top-line data in mid 2017. Phase II data in patients with diabetic nephropathy were also recently presented at the ADA in Boston showing a single infusion of Mesoblast's MPCs was safe, reduced damaging inflammation, and preserved or improved renal function over at least 24 weeks. Phase III trials for MPV-06-ID in low back pain have also been initiated. In April, Mesoblast announced a deal with US-based Celgene whereby Celgene purchased 15.3m shares (A$58.5m) at A$3.82 per share, also gaining the right for six-month refusal to Mesoblast's proprietary stem cells in GVHD, certain oncologic diseases, inflammatory bowel disease and organ transplant rejection.

INDUSTRY OUTLOOK

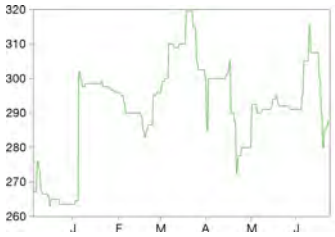
Mesoblast is the leading mesenchymal stem cell development company, with two technology platforms (MPCs, MSCs) and nine clinical candidates in Phase III and Phase II. Alliances with Teva, JCR, Celgene and Lonza underpin the key late-stage programmes.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2013	24.2	(58.7)	(48.8)	(17.21)	N/A	N/A
2014	27.5	(77.4)	(68.8)	(21.53)	N/A	N/A
2015e	37.8	(92.0)	(88.8)	(26.14)	N/A	N/A
2016e	19.7	(101.4)	(96.3)	(28.37)	N/A	N/A

Sector: Pharma & healthcare

Price:	287.5p
Market cap:	£80m
Forecast net cash (£m)	18.4
Forecast gearing ratio (%)	N/A
Market	LSE

Share price graph (p)



Company description

Midatech is an ambitious speciality pharmaceutical company, founded in 2000. The patented gold nanoparticle technology platform is developing therapeutics for several diseases such as diabetes and various cancers.

Price performance

%	1m	3m	12m
Actual	(1.5)	(8.7)	N/A
Relative*	0.9	(7.0)	N/A

* % Relative to local index

Analyst

Franc Gregori

Midatech (MTPH)

INVESTMENT SUMMARY

Midatech is a clinical-stage specialty pharmaceutical company. Its two core technology platforms have broad applicability, offering the potential to transform the bioavailability of many existing therapeutic agents. Due to their small size and large surface area, coupled with high versatility and scope for targeting, gold nanoparticles (GNPs) have the potential to be excellent delivery vehicles. The GNP platform underpins a number of programmes, with the lead project being the transbuccal delivery of insulin. The polymer-based Q Chip technology platform is less radical but equally innovative. The proprietary microspheres can be tailored to deliver a precise release profile for a wide variety of drugs, ranging from a few days to many months. Management is proposing to acquire DARA BioSciences, a US oncology care business, in an all-share transaction for $24.0m (£15.8m).

INDUSTRY OUTLOOK

The proprietary platforms are used to develop novel products that address debilitating conditions with significant clinical needs. Applications that target larger market sizes are expected to be out-licensed for development and commercialisation; however, niche indications, especially those focused on Oncology and Neuroscience, will likely be developed and marketed in-house.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	0.1	(4.3)	(4.9)	(71.4)	N/A	N/A
2014	0.2	(7.6)	(8.0)	(81.8)	N/A	N/A
2015e	1.2	(9.9)	(10.2)	(33.8)	N/A	N/A
2016e	1.4	(11.0)	(11.4)	(37.8)	N/A	N/A

Sector: Pharma & healthcare

Price:	€5.16
Market cap:	€117m
Forecast net cash (€m)	24.1
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)

Company description

Mologen is a German biotech company developing cancer immunotherapies. The lead products are MGN1703 for metastatic colorectal cancer maintenance and SCLC; and MGN1601, an allogeneic renal cancer cell vaccine.

Price performance

%	1m	3m	12m
Actual	4.0	(4.5)	(48.6)
Relative*	6.5	(1.6)	(55.8)

* % Relative to local index

Analyst

Christian Glennie

Mologen (MGN)

INVESTMENT SUMMARY

Mologen is developing cancer immunotherapies for the post-chemo maintenance setting, a unique position within this burgeoning field. Lead candidate MGN1703 (TLR9 agonist) is in a 540-patient Phase III study (IMPALA), as a maintenance therapy after first-line chemotherapy in patients with metastatic colorectal cancer (mCRC). A 100-patient Phase II trial (IMPULSE) with MGN1703 in small-cell lung cancer (SCLC) is also underway, with results in H216. A Phase II trial in renal cancer with unique cancer vaccine candidate MGN1601 is being planned. EnanDIM is a new generation TLR9 agonist in preclinical studies, with a broad immune activation and improved safety profile. End-Q115 cash of €10.7m was boosted by a €27m net equity raise (5.7m shares sold at €5.00) in May 2015 to support the clinical studies.

INDUSTRY OUTLOOK

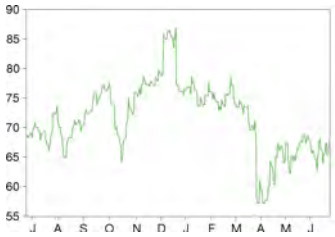
IMPALA is scheduled to produce headline data by end-2017, implying possible launch in 2018. Final overall survival (OS) data from IMPACT (Phase II with MGN1703 in colorectal cancer, expected mid-2015), and initial OS data from IMPULSE (in H216), may offer fresh financing/partnering opportunities.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.2	(9.8)	(9.9)	(64.2)	N/A	N/A
2014	0.0	(17.0)	(17.0)	(101.5)	N/A	N/A
2015e	0.0	(17.3)	(17.3)	(81.1)	N/A	N/A
2016e	0.0	(19.3)	(19.3)	(85.1)	N/A	N/A

Sector: Pharma & healthcare

Price:	€68.70
Market cap:	€1818m
Forecast net cash (€m)	297.1
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)



Company description

MorphoSys is a German biotechnology company that uses its proprietary antibody platforms to produce human antibodies for therapeutic use across a range of indications for partners and to develop its own pipeline.

Price performance

%	1m	3m	12m
Actual	(0.1)	(1.3)	(0.8)
Relative*	2.2	1.7	(14.7)

* % Relative to local index

Analyst

Maxim Jacobs

MorphoSys (MOR)

INVESTMENT SUMMARY

MorphoSys has a broad portfolio of 23 antibodies in clinical studies, including four proprietary products with considerable potential. MOR103 is licensed to GSK for RA and other autoimmune indications, and we expect a Phase IIb trial to start soon. Data from a Phase I/II study in multiple myeloma with MOR202 were presented at ASCO. Ph II studies with MOR208 in NHL and CLL are ongoing. MorphoSys and Emergent BioSolution recently started a Ph I study with MOR209 in castration resistant prostate cancer. It has just acquired Lanthio Pharma, adding a pipeline of peptide therapies in preclinical development. J&J has now initiated five Ph III studies with guselkumab in psoriasis. It had a cash position of €350m on 31 March.

INDUSTRY OUTLOOK

The pharmaceutical industry is out-licensing more drug discovery and developing more biological products, both trends that should benefit MorphoSys. Also, there is increasing demand for novel therapies, such as those in MorphoSys's proprietary pipeline.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	78.0	18.1	14.0	43.5	157.9	18.6
2014	64.0	(1.8)	(1.6)	(1.3)	N/A	N/A
2015e	104.6	15.4	17.1	59.2	116.0	N/A
2016e	48.5	(41.3)	(41.3)	(105.7)	N/A	N/A

Sector: Pharma & healthcare

Price:	€18.84
Market cap:	€267m
Forecast net cash (€m)	14.0
Forecast gearing ratio (%)	N/A
Market	Euronext Paris

Share price graph (€)

Company description

Nanobiotix is a French nanotechnology company developing radiotherapy enhancers for the treatment of cancer. Lead product NBTXR3 is in pivotal clinical development in STS in Europe and is partnered with PharmaEngine in Asia-Pacific.

Price performance

%	1m	3m	12m
Actual	(8.8)	(4.1)	6.4
Relative*	(7.2)	(4.2)	(5.6)

* % Relative to local index

Analyst

Dr Philippa Gardner

Nanobiotix (NANO)

INVESTMENT SUMMARY

Nanobiotix's nanotechnology products could enhance radiotherapy and be incorporated into current treatment without any changes to medical practice. Lead product NBTXR3 is in a pivotal soft tissue sarcoma (STS) trial with Asia-Pacific partner PharmaEngine; interim data are expected at end H116. Initial safety data from the ongoing head and neck (H&N) cancer trial are consistent with STS data to date and the H&N trial will now be expanded to include patients receiving chemotherapy with radiotherapy (standard of care in H&N cancer). Partner PharmaEngine is also recruiting patients into a Phase I/II in rectal cancer. Additionally, Nanobiotix plans to develop NBTXR3 in liver cancers (including liver mets) and high-risk prostate cancer, and trials could start in H215. The current plans in STS should allow for first CE-mark approval in Europe in late 2016. Follow-on products NBTX-IV and TOPO are both in preclinical development.

INDUSTRY OUTLOOK

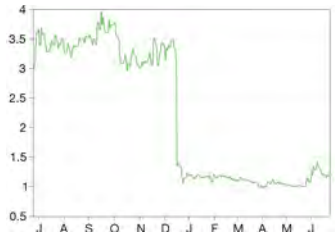
Radiotherapy is a cornerstone cancer treatment used in around 50% of all cancer patients. NanoXray aims to improve the benefits of current radiotherapy without increasing the risks. The purely physical mechanism of action is supported by clinical data that have demonstrated encouraging efficacy with no serious adverse events.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	1.6	(7.9)	(8.1)	(75.49)	N/A	N/A
2014	2.8	(9.3)	(9.5)	(74.87)	N/A	N/A
2015e	2.7	(17.6)	(17.4)	(123.95)	N/A	N/A
2016e	6.8	(30.5)	(30.7)	(218.42)	N/A	N/A

Sector: Pharma & healthcare

Price:	€1.22
Market cap:	€29m
Forecast net cash (€m)	2.2
Forecast gearing ratio (%)	N/A
Market	Alternext Paris

Share price graph (€)



Company description

Neovacs is a biotech company focused on the development of active immunotherapies for the treatment of lupus. Other immunological products are in preclinical development.

Price performance

%	1m	3m	12m
Actual	19.6	11.9	(60.3)
Relative*	21.7	11.9	(64.8)

* % Relative to local index

Analyst

Dr John Savin

Neovacs (ALNEV)

INVESTMENT SUMMARY

Neovacs is developing its strategy in IFN-kinoid. The lead project is in lupus (SLE) and a new clinical development programme in Dermatomyositis (DM), an orphan skin and muscular condition, has been launched. FY14 cash was €5.6m and further equity funding of about €15.5m is potentially available.

INDUSTRY OUTLOOK

In SLE, Neovacs plans to run a 160-patient EU and RoW Phase IIb with a primary endpoint of neutralisation of the IFN-signature and a secondary endpoint of composite clinical efficacy. This trial is planned to start in mid-2015 and could report by late 2016. A US Phase IIa with 50 patients could start in early 2016, possibly reporting by Q317. Neovacs plans to fund at least one SLE Phase III with a partner sought to fund the second Phase III. Neovacs aims to sell direct in the EU.

DM is an orphan condition and developing IFN-kinoid is an opportunity to bring needed relief to thousands of patients, most of them children, for whom there is currently no satisfactory biotherapy.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.0	(7.9)	(8.0)	(34.8)	N/A	N/A
2014	0.2	(9.6)	(9.8)	(34.7)	N/A	N/A
2015e	0.1	(7.5)	(7.6)	(22.8)	N/A	N/A
2016e	0.1	(7.5)	(7.6)	(19.0)	N/A	N/A

Sector: Pharma & healthcare

Price:	CHF27.10
Market cap:	CHF379m
Forecast net cash (€m)	36.8
Forecast gearing ratio (%)	N/A
Market	Swiss Stock Exchange

Share price graph (CHF)

Company description

Newron is an Italian CNS-focused biotech. Safinamide/Xadago for PD has been approved in mid-late PD in Europe and launched in Germany; the US PDUFA date is 29 Dec 2015. Safinamide is partnered with Zambon and Meiji Seika.

Price performance

%	1m	3m	12m
Actual	(7.0)	(16.1)	64.2
Relative*	(4.8)	(14.0)	55.4

* % Relative to local index

Analyst

Dr Philippa Gardner

Newron Pharmaceuticals (NWRN)

INVESTMENT SUMMARY

Newron's lead product, Xadago (safinamide) for Parkinson's disease (PD) is formally approved in Europe and has launched in Germany via commercial partner Zambon (ex-Japan/Asia). Pricing has been secured in Germany at a premium to closest comparable Azilect, suggesting that health authorities recognise Xadago's advantages, including long-term benefits. If premium pricing can be secured in other countries and regions, this would suggest upside to our current global €450m peak sales. In the US, Xadago is under regulatory review with a 29 December PDUFA decision date. Zambon, working together with Newron, continues to aim to sub-license safinamide in certain regions, including the US. Beyond safinamide is a pipeline of three Phase II orphan drugs, which Newron could commercialise alone. These include sarizotan for Rett syndrome, sNN0031 for severe PD and sNN0029 for ALS/Lou Gehrig's disease. A Phase II study of NW-3509 for schizophrenia is being planned for Q215; this could be a candidate for out-licensing.

INDUSTRY OUTLOOK

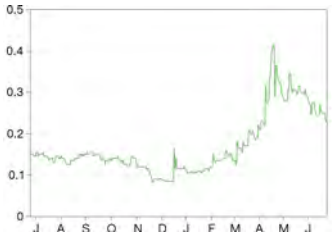
Parkinson's disease is a growing market. Xadago could have a unique position, with once-a-day dosing and a clean safety profile.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	3.5	(7.8)	(7.7)	(61.77)	N/A	N/A
2014	1.6	(11.2)	(10.7)	(79.68)	N/A	N/A
2015e	7.1	(11.5)	(11.1)	(82.43)	N/A	N/A
2016e	5.8	(11.7)	(11.1)	(79.87)	N/A	N/A

Sector: Pharma & healthcare

Price:	A$0.23
Market cap:	A$99m
Forecast net cash (A$m)	38.4
Forecast gearing ratio (%)	N/A
Market	ASX

Share price graph (A$)



Company description

Novogen's two main drug technology platforms are super-benzopyrans and anti-tropomyosins. SBP compounds show potent activity against cancer stem cells with potential application in degenerative diseases; ATMS show synergy with anti-mitotics in cancer.

Price performance

%	1m	3m	12m
Actual	(21.7)	15.7	58.1
Relative*	(21.7)	20.8	51.4

* % Relative to local index

Analyst

Dr Dennis Hulme

Novogen (NRT)

INVESTMENT SUMMARY

Novogen is developing two groups of anti-cancer compounds that have shown a great deal of promise in preclinical studies. Its super-benzopyran drugs are highly potent against cancer stem cells that are resistant to standard chemotherapy drugs, both in vitro and in animal models. Its lead anti-tropomyosin dug, Anisina, shows strong synergy with standard-of-care anti-mitotic vinca alkaloid drugs. The company is well-funded with ~A$45m cash, having raised ~A$35m in the past two months, and is on track to have its three lead anti-cancer drugs in clinical trials by mid-2016.

INDUSTRY OUTLOOK

Novogen is a biotechnology company that is listed on the ASX and NASDAQ. Its two main drug technology platforms are super-benzopyrans (SBP) and anti-tropomyosins (ATM). SBP compounds show potent activity against cancer stem cells and also have potential application in degenerative diseases. The cancer stem cell theory proposes that many tumours contain a small population of slow-growing cancer stem cells that are resistant to conventional chemotherapy drugs, and these chemo-resistant cancer stem cells are often responsible for the recurrence and/or spread of cancer. ATMS show synergy with anti-mitotics in cancer.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2013	1.7	(1.1)	(1.5)	(0.90)	N/A	N/A
2014	0.3	(5.8)	(7.6)	(4.76)	N/A	N/A
2015e	1.5	(6.3)	(6.4)	(1.53)	N/A	N/A
2016e	1.8	(13.0)	(11.7)	(2.76)	N/A	N/A

Sector: Pharma & healthcare

Price:	23.0p
Market cap:	£25m
Forecast net cash (£m)	1.4
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)

Company description

Omega is a UK company focused on developing and marketing in-vitro diagnostic products in food intolerance, allergy and infectious diseases. The major sales prospect is a PoC test, Visitect, for HIV monitoring possibly ready for launch in FY16.

Price performance

%	1m	3m	12m
Actual	0.0	67.3	(1.1)
Relative*	2.5	70.4	(3.8)

* % Relative to local index

Analyst

Dr John Savin

Omega Diagnostics (ODX)

INVESTMENT SUMMARY

Omega's FY15 trading update guided to overall test sales of £12.1m, up 4%. with about 27% growth in adjusted PBT to about £1.4m. Food intolerance performed well with 15% growth; manual allergy sales were down 9%, but there was some growth in infectious disease, up 4% after a long period of decline. Mr Colin King is joining as COO on 3 August.

INDUSTRY OUTLOOK

Omega's development update on 1 June reported that the Visitect CD4 test for HIV monitoring has completed its pilot validation. The next stage is manufacturing batch testing before further field trials; Omega is manufacturing in-house using new specialist facilities. Current capacity is for up to 7.5 million tests per year sold at $5 per test: up to £25m in potential sales.

The Allersys range (Allergy iSYS) now has 32 optimised allergen tests (up from 27 in March) of which 22 have full claim support; 40 are targeted for launch. Manufacturing has been validated and 27 tests produced. Testing in Italy and Spain will be in June and July.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	11.3	1.1	0.8	1.3	17.7	19.6
2014	11.6	1.3	1.1	1.2	19.2	14.6
2015e	12.1	1.7	1.4	1.3	17.7	18.9
2016e	12.7	1.8	1.5	1.4	16.4	13.9

Sector: Pharma & healthcare

Price:	C$0.69
Market cap:	C$79m
Forecast net debt (C$m)	0.0
Forecast gearing ratio (%)	0.0
Market	NASDAQ, TSX TP

Share price graph (C$)

Company description

Oncolytics Biotech is a Canadian company focused on developing Reolysin, a pharmaceutical formulation of the oncolytic reovirus, for the treatment of a wide variety of human cancers (Phase III trial in head and neck cancer).

Price performance

%	1m	3m	12m
Actual	(21.6)	(31.0)	(51.1)
Relative*	(20.0)	(30.8)	(50.4)

* % Relative to local index

Analyst

Maxim Jacobs

Oncolytics Biotech (ONC)

INVESTMENT SUMMARY

Oncolytics is developing its oncolytic virus product, Reolysin, across multiple cancer indications and will focus their registration efforts on muscle-invasive bladder cancer and glioma, both of which are currently in the IND stage. They also have a variety of Phase II trials ongoing in multiple indications. We expect preliminary data in ovarian cancer soon.

INDUSTRY OUTLOOK

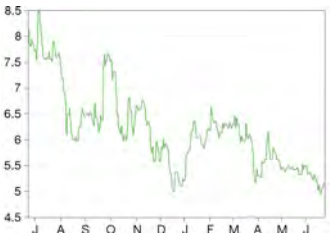
Oncolytics's rivals are the companies developing oncology products in the same therapeutic areas, but there are some interesting viral oncolytic companies, including SillaJen, Genelux and Viralytics, suggesting a new era in cancer treatment. Oncolytics is one of the two leaders in the area, with Amgen the other after its acquisition of BioVex for up to US$1bn.

Y/E Dec	Revenue (C$m)	EBITDA (C$m)	PBT (C$m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.0	(23.8)	(23.5)	(28.2)	N/A	N/A
2014	0.0	(18.7)	(18.6)	(21.2)	N/A	N/A
2015e	0.0	(19.3)	(19.2)	(18.5)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	€5.19
Market cap:	€210m
Forecast net cash (€m)	33.4
Forecast gearing ratio (%)	N/A
Market	Euronext Paris

Share price graph (€)



Company description

Onxeo is focused on orphan oncology and supportive care. It has three late-stage assets it could market alone in Europe (Beleodaq, Validive and Livatag). Royalty-earning Beleodaq is launched in the US, along with two specialty products.

Price performance

%	1m	3m	12m
Actual	(4.1)	(13.6)	(33.1)
Relative*	(2.4)	(13.7)	(40.6)

* % Relative to local index

Analyst

Dr Philippa Gardner

Onxeo (ONXEO)

INVESTMENT SUMMARY

In the next 12-18 months, Onxeo should have three orphan oncology assets (Beleodaq, Validive and Livatag) in Phase III development, ahead of commercialisation alone in Europe. Livatag is already in a Phase III trial for liver cancer, with headline data expected in early 2017 and could be first to market in Europe in 2018. Beleodaq is already launched in the US, with partner Spectrum for relapsed/refractory peripheral T-cell lymphoma (r/r PTCL) generating royalty income for Onxeo; a Phase III trial in Europe could start in early 2016. Validive for oral mucositis should move into a Phase III trial later this year following recent positive Phase II data. Through a combination of milestone payments and recent funding from the capital markets, Onxeo has around a two-year cash reach.

INDUSTRY OUTLOOK

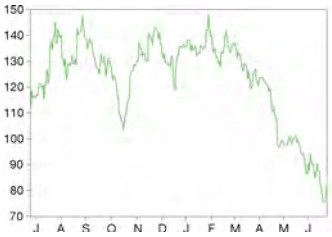
Onxeo's strategy is to commercialise the orphan oncology products alone in Europe, seeking efficiencies across the sales and marketing infrastructure to drive operating leverage. Livatag could potentially launch by by 2018, followed by Validive and Beleodaq in 2019.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2013	1.5	(15.2)	(15.3)	(74.05)	N/A	N/A
2014	22.1	(4.5)	(0.6)	(9.24)	N/A	20.1
2015e	4.9	(20.4)	(20.1)	(57.01)	N/A	N/A
2016e	8.7	(17.7)	(17.7)	(51.08)	N/A	N/A

Sector: Pharma & healthcare

Price:	SEK84.75
Market cap:	SEK2919m
Forecast net debt (SEKm)	198.0
Forecast gearing ratio (%)	48.0
Market	NASDAQ OMX Mid Cap

Share price graph (SEK)



Company description

Orexo is a Swedish speciality pharma company, with expertise in drug delivery/reformulation technologies in particular sublingual formulations, and a US commercial infrastructure for opioid dependence therapy, Zubsolv.

Price performance

%	1m	3m	12m
Actual	(12.6)	(31.0)	(25.3)
Relative*	(10.3)	(28.4)	(36.0)

* % Relative to local index

Analyst

Dr Philippa Gardner

Orexo (ORX)

INVESTMENT SUMMARY

Zubsolv's market share continues to hold steady at >6% by volume of the US opioid dependence market, according to the most recent WK/Bloomberg prescription data (to 12 June). Q2 tablet growth is tracking at c 4% versus Q115. Q215 financials on 10 July will provide further insights into market dynamics. Orexo's Zubsolv strategy to date has been focused on pursuing exclusive contracts to gain a foothold in the market, providing both physician and patient experience of Zubsolv, helping to drive growth more broadly. A further Zubsolv dose (medium strength; 2.9mg/0.71mg bup/nal) was recently approved by the FDA, which Orexo plans to launch in H215, helping expand the product offering. Orexo continues to consider options for ex-US commercialisation of Zubsolv and Phase III-ready pain programme OX51, aiming for at least one agreement in 2015.

INDUSTRY OUTLOOK

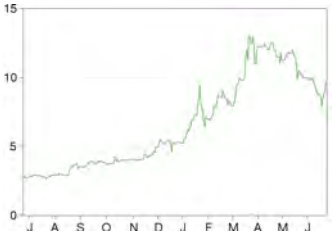
The US buprenorphine/naloxone market was worth >$2bn at end-2014. Opioid dependence diagnosis/treatment rates are low due to social stigma, limited access to therapy in parts of the US and affordability. Competition includes Suboxone film (Indivior) and three generic bup/nal tablets. Bunavail (BDSI) launched in November 2014.

Y/E Dec	Revenue (SEKm)	EBITDA (SEKm)	PBT (SEKm)	EPS (öre)	P/E (x)	P/CF (x)
2013	429.0	(45.0)	(110.0)	(360.0)	N/A	N/A
2014	570.0	(13.0)	(53.0)	(164.8)	N/A	N/A
2015e	799.0	(9.0)	(34.0)	(109.7)	N/A	71.1
2016e	1516.0	355.0	334.0	925.0	9.2	19.4

Sector: Pharma & healthcare

Price:	9.7p
Market cap:	£250m
Forecast net cash (£m)	6.3
Forecast gearing ratio (%)	N/A
Market	LSE

Share price graph (p)



Company description

Oxford BioMedica is a leader in gene-based therapy. The LentiVector technology is wide ranging and underpins much of the development pipeline, notably the ophthalmology projects, and increasingly the manufacturing capabilities.

Price performance

%	1m	3m	12m
Actual	(5.2)	(22.2)	260.0
Relative*	(2.8)	(20.8)	250.1

* % Relative to local index

Analyst

Franc Gregori

Oxford BioMedica (OXB)

INVESTMENT SUMMARY

Oxford BioMedica's near-term outlook is highly geared to its specialist production capabilities. It is well funded to expand the manufacturing capacity for Novartis' CTL019/CART-019 clinical development programme. This production contract is important, not only commercially but in validating the company's expertise. Meanwhile, Oxford BioMedica is also progressing its proprietary development pipeline, with a number of potential value inflection points expected over the medium term. With Novartis indicating a mid-2017 launch, Oxford BioMedica should start earning royalties as well as the ongoing manufacturing fees (up to $76m over three years). The longer term should also benefit from additional collaborations for the late-stage projects, licence income from the patent estate and other pipeline products.

INDUSTRY OUTLOOK

Gene therapy can correct dysfunctional cells and/or create endogenous therapeutic protein factories. The LentiVector platform is a flexible and efficient system that is particularly promising in ophthalmology indications, where a single administration could safely provide a sustained (or even permanent) effect.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	5.4	(11.8)	(12.4)	(0.76)	N/A	N/A
2014	13.6	(9.5)	(10.4)	(0.41)	N/A	N/A
2015e	22.8	(3.6)	(4.5)	(0.10)	N/A	N/A
2016e	30.0	(3.8)	(4.7)	(0.11)	N/A	N/A

Sector: Pharma & healthcare

Price:	NZ$0.63
Market cap:	NZ$237m
Forecast net debt (NZ$m)	N/A
Forecast gearing ratio (%)	N/A
Market	NZSX

Share price graph (NZ$)

Company description

Pacific Edge develops and sells molecular diagnostic tests based on biomarkers for the early detection and management of cancer. Cxbladder Detect is commercially available in New Zealand, Australia and the US and Cxbladder Triage in NZ.

Price performance

%	1m	3m	12m
Actual	(10.6)	(9.4)	(21.7)
Relative*	(10.0)	(6.3)	(27.0)

* % Relative to local index

Analyst

Katherine Genis

Pacific Edge (PEB)

INVESTMENT SUMMARY

Pacific Edge's lead product, Cxbladder Detect, is a molecular diagnostic for the early detection and management of bladder cancer in patients with haematuria (blood in urine). Stepped-up throughput of Cxbladder Detect testing, as recently reported by the company, points to increasing usage of the tests in the many user programmes currently evaluating the diagnostic ahead of full commercial adoption. We expect news related to the success of these programmes over the next 12 months, which should begin to translate into first meaningful sales. Meanwhile, Kaiser Permanente Southern California recently began the recruitment of ~2,000 patients in a large user programme evaluating follow-on diagnostic test Cxbladder Triage for use across all of Kaiser Permanente (9.5m patients). A positive outcome of this high-profile assessment would be a key endorsement for the Cxbladder franchise. New investments for the initial entry into South-East Asia and stepped-up marketing in the US have been announced and are to be funded though an ongoing rights offer, which aims to raise up to NZ$35m. Our forecasts are under review.

INDUSTRY OUTLOOK

Molecular diagnostics is a growing, but increasingly competitive field. Lead time from the initiation of user programmes to payment can be long.

Y/E Mar	Revenue (NZ$m)	EBITDA (NZ$m)	PBT (NZ$m)	EPS (c)	P/E (x)	P/CF (x)
2014	0.5	(9.3)	(9.8)	(3.4)	N/A	N/A
2015	3.3	(10.0)	(10.6)	(3.3)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	€2.38
Market cap:	€120m
Forecast net cash (€m)	34.2
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)

Company description

Paion, a specialty pharma company, develops anaesthesia products. Its lead product, remimazolam, is partnered with Yichang in China, Hana Pharma in South Korea, Pendopharm in Canada and R-Pharm in CIS, Turkey & MENA.

Price performance

%	1m	3m	12m
Actual	(6.3)	16.0	(21.8)
Relative*	(4.1)	19.6	(32.7)

* % Relative to local index

Analyst

Emma Ulker

Paion (PA8)

INVESTMENT SUMMARY

Paion has launched two pivotal trials with remimazolam in the US (lead indication procedural sedation); one in colonoscopy comparing remimazolam to established sedative midazolam. The second, a trial in up to 460 patients undergoing bronchoscopy. Changes in the US reimbursement of day-case procedures favouring less supervision by anaesthetists could further incentivise gastroenterologists to use remimazolam. Its excellent safety profile reduces the need for supervision during and after procedures, unlike for approved sedatives. Paion is finalising the protocol for the European pivotal study in the lead indication general anaesthesia. Paion's end-March cash stood at €53.2m, sufficient to fund the US and European Phase III studies of remimazolam.

INDUSTRY OUTLOOK

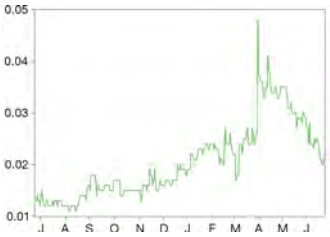
Remimazolam has important advantages over competing products, including fast onset and offset of action with lower risk of cardiopulmonary events than the standard of care propofol and a reversal agent exists if there is over sedation.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	4.2	(2.4)	(2.6)	(7.2)	N/A	N/A
2014	3.5	(11.4)	(11.3)	(22.2)	N/A	N/A
2015e	0.0	(30.2)	(30.1)	(49.6)	N/A	N/A
2016e	1.0	(21.9)	(21.8)	(38.9)	N/A	N/A

Sector: Pharma & healthcare

Price:	A$0.02
Market cap:	A$20m
Forecast net debt (A$m)	N/A
Forecast gearing ratio (%)	N/A
Market	ASX

Share price graph (A$)



Company description

Phylogica is a drug discovery company with a proprietary technology platform based on naturally derived Phylomer peptides. Its business model centres on drug discovery collaborations with pharma partners, including Roche, MedImmune, Pfizer and Janssen.

Price performance

%	1m	3m	12m
Actual	(31.0)	(25.9)	53.8
Relative*	(31.1)	(22.7)	47.4

* % Relative to local index

Analyst

Franc Gregori

Phylogica (PYC)

INVESTMENT SUMMARY

Phylogica is developing its proprietary technologies to identify novel functioning peptides that can penetrate cells and successfully deliver a therapeutic cargo (including biologicals and proteins). Phylogica has successfully re-profiled its business and is focused on its core strengths. Over the past 18 months management has invested heavily in developing new capabilities designed to ensure it stays at the forefront of advances in the peptide-based drug discovery field. The most promising of these is the Functional Penetrating Peptides (FPP) platform, which offers the potential for selectively delivering and releasing a range of therapeutic cargoes into a target cell. Early indications are very promising. For instance, research at the Harry Perkins Institute has shown that Phylogica's CPP-OmoMyc fusion construct was able to address the OmoMyc target, with in vivo studies demonstrating encouraging activity in drug-resistant breast cancer models.

INDUSTRY OUTLOOK

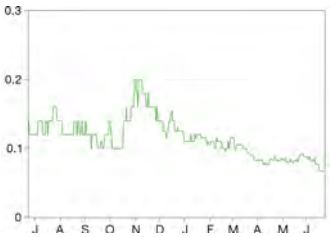
Phylogica's peptides have some advantages of small molecules (stability, formulation flexibility and COGS) and the specificity of biologics, but their key benefit is the ability to address intractable intracellular targets.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.7	(4.8)	(5.0)	(0.7)	N/A	N/A
2014	0.7	(4.8)	(4.9)	(0.4)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	A$0.06
Market cap:	A$3m
Forecast net cash (A$m)	1.0
Forecast gearing ratio (%)	N/A
Market	ASX

Share price graph (A$)



Company description

Prescient Therapeutics (previously Virax) is an ASX-listed biotechnology company focused on developing novel products for the treatment of cancer. It has two products, PTX-100 and PTX-200 in clinical development for a range of cancers.

Price performance

%	1m	3m	12m
Actual	(28.9)	(29.7)	(54.3)
Relative*	(28.9)	(26.6)	(56.2)

* % Relative to local index

Analyst

Dr Dennis Hulme

Prescient Therapeutics (PTX)

INVESTMENT SUMMARY

Prescient acquired two promising anti-cancer compounds that target major tumour survival pathways in 2014. The company's most advanced compound, PTX-200, is in Phase Ib/II trials in breast and ovarian cancers, while a Phase Ib trial in acute myeloid leukaemia is planned for H215. Interim data from the breast cancer study are expected to report in H116. The company's other drug candidate, PTX-100, is scheduled to begin Phase Ib/II trials in breast cancer and multiple myeloma by June 2016, subject to funding. Cash at 31 March 2015 was A$1.5m.

INDUSTRY OUTLOOK

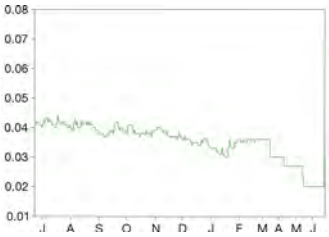
PTX-200 is a specific inhibitor of Akt, a key component of one of the Ras signalling pathways. The 3 Ras genes in humans (HRAS, KRAS and NRAS) are the most common oncogenes in human cancer; mutations that permanently activate Ras are found in 20-25% of all human tumours. PTX-100 blocks the enzyme GGT1, which is required for the full function of the Ras signalling pathway. In February 2015 Prescient in-licensed the p27 biomarker for use as a companion diagnostic. Patients with low levels of p27 are more likely to respond to PTX-100 therapy.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2013	2.2	1.8	1.8	15.11	0.4	N/A
2014	0.0	(1.3)	(1.3)	(5.24)	N/A	N/A
2015e	0.0	(2.8)	(2.6)	(5.06)	N/A	N/A
2016e	0.0	(7.2)	(7.1)	(13.15)	N/A	N/A

Sector: Pharma & healthcare

Price:	A$0.07
Market cap:	A$96m
Forecast net cash (A$m)	1.5
Forecast gearing ratio (%)	N/A
Market	ASX

Share price graph (A$)



Company description

Prima BioMed has a pipeline of four immunotherapy candidates; lead products include IMP321, a post-chemotherapy stimulant and CVac, an autologous dendritic cell immune therapy in development for ovarian cancer patients in remission.

Price performance

%	1m	3m	12m
Actual	N/A	N/A	N/A
Relative*	N/A	N/A	N/A

* % Relative to local index

Analyst

Emma Ulker

Prima BioMed (PRR)

INVESTMENT SUMMARY

Prima BioMed has a pipeline of two clinical assets (one partnered with GSK) and a preclinical development programme partnered with Novartis, all based on a promising and versatile immunotherapy target Lymphocyte activation gene-3, LAG-3. Ridgeback Capital Investments is making a A$15m investment to fund clinical studies for the lead LAG-3 product IMP321, being developed initially in metastatic breast cancer and another oncology setting. Final data from the Phase II trial with the CVac dendritic vaccine, CAN-003 in ovarian cancer, showed that median overall survival had not been reached in the CVac group after 42 months vs 25.53 months in the standard-of-care group. These results imply a minimum 16-month survival benefit, supporting Prima's search for a licence deal for CVac.

INDUSTRY OUTLOOK

Immunotherapies are among the most promising class of products for cancer and autoimmune diseases. The LAG-3 products are potentially first-in-class, each with distinct mechanisms and applications. CVac is a similar treatment to Dendreon's Provenge, with an enhanced and more efficient production platform.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2013	1.6	(17.2)	(15.1)	(1.4)	N/A	N/A
2014	2.0	(14.0)	(13.3)	(1.1)	N/A	N/A
2015e	1.4	(14.4)	(14.0)	(0.9)	N/A	N/A
2016e	1.6	(15.1)	(15.0)	(0.7)	N/A	N/A

Sector: Pharma & healthcare

Price:	€21.00
Market cap:	€142m
Forecast net cash (€m)	10.4
Forecast gearing ratio (%)	N/A
Market	Euronext Amsterdam

Share price graph (€)

Company description

Probiodrug is a German biopharmaceutical company developing its clinical pipeline for the treatment of Alzheimer's disease. Lead product candidate, PQ912, has entered Phase IIa; two further products are in preclinical stages.

Price performance

%	1m	3m	12m
Actual	(2.3)	9.0	N/A
Relative*	(0.8)	9.7	N/A

* % Relative to local index

Analyst

Dr Lucy Codrington

Probiodrug (PBD)

INVESTMENT SUMMARY

Probiodrug is developing a clinical pipeline focusing on the novel target of pGlu-Abeta. pGlu-Abeta is a toxic variant of amyloid-beta (Abeta) that has been implicated in the initiation and sustainment of the pathological cascade that leads to Alzheimer's disease (AD). Lead candidate PQ912 is an inhibitor of the enzyme glutaminyl cyclase (QC), which is essential for the formation of pGlu-Abeta. Recruitment has begun for a Phase IIa study in early AD, with initial data expected in mid-2016. An earlier-stage preclinical AD pipeline could complement PQ912.

INDUSTRY OUTLOOK

There are 44 million dementia sufferers worldwide, 60% of whom have AD. The lack of disease-modifying therapies leaves a vast unmet clinical need. The recent Phase Ib success of Biogen's Abeta-targeting antibody has revived confidence in the amyloid hypothesis. This, combined with a greater understanding of the disease process and the development of biomarkers, has led to increased optimism that a disease-modifying therapy may be found.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.0	(9.4)	(9.8)	(229.88)	N/A	N/A
2014	0.0	(11.2)	(11.4)	(234.69)	N/A	N/A
2015e	0.0	(11.8)	(11.6)	(171.70)	N/A	N/A
2016e	0.0	(12.1)	(12.1)	(178.64)	N/A	N/A

Sector: Pharma & healthcare

Price:	A$0.18
Market cap:	A$29m
Forecast net cash (A$m)	2.7
Forecast gearing ratio (%)	N/A
Market	AIM Italia, ASX

Share price graph (A$)

Company description

Regeneus is a biotech marketing and developing mesenchymal stem cell products for musculoskeletal conditions, and cancer vaccines, for humans and animals. Progenza is a key pipeline product, to enter a Ph I/IIa study for osteoarthritis in Q215.

Price performance

%	1m	3m	12m
Actual	33.3	24.1	(52.6)
Relative*	33.3	29.6	(54.6)

* % Relative to local index

Analyst

Dr Dennis Hulme

Regeneus (RGS)

INVESTMENT SUMMARY

Regeneus is developing and commercialising its adipose- (fat) derived mesenchymal stem cell technology, for musculoskeletal conditions in animals and humans. The company has received ethics approval for a Phase I/II study of Progenza (allogeneic) in human osteoarthritis, which will begin recruitment in Q215; recent Japanese legislation that offers an accelerated path to market for regenerative medicine products makes a potential market launch in 2020 feasible. Regeneus also holds global rights to autologous cancer vaccine technologies for human (Phase I commenced Q215) and veterinary (Kvax - marketed in Australia; US marketing trial ongoing for osteosarcoma in dogs) applications. Cash was A$4.8m at 31 March 2014.

INDUSTRY OUTLOOK

Adipose- (fat) based stem cell products, either autologous (patient-derived) or allogeneic (off-the-shelf), are being developed and/or commercialised by a number of companies. The technology holds significant medical and commercial potential for the treatment of multiple conditions. Stem cell therapy is gaining interest and traction with global regulators (eg accelerated approval pathway in Japan). Cancer immunotherapy, including cancer vaccines, is a biotech hotspot.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2013	1.8	(7.3)	(5.2)	(5.03)	N/A	N/A
2014	2.0	(10.8)	(7.5)	(4.51)	N/A	N/A
2015e	1.6	(10.1)	(7.9)	(3.78)	N/A	N/A
2016e	2.1	(9.5)	(7.0)	(3.36)	N/A	N/A

Sector: Pharma & healthcare

Price:	US$1.67
Market cap:	US$90m
Forecast net cash (US$m)	32.2
Forecast gearing ratio (%)	N/A
Market	OTC

Share price graph (US$)

Company description

Relmada is an emerging pharma product company focusing on pain treatment. Its four key products, LevoCap ER, d Methadone, BuTab ER and MepiGel, focus on large, lucrative segments of the pain market. LevoCap should enter Ph III this year.

Price performance

%	1m	3m	12m
Actual	(13.5)	(42.4)	(44.3)
Relative*	(13.4)	(43.0)	(48.6)

* % Relative to local index

Analyst

Maxim Jacobs

Relmada Therapeutics (RLMD)

INVESTMENT SUMMARY

Relmada is an emerging pain therapeutics company with four products in development. LevoCap ER is a once-a-day extended release formulation of levorphanol, a potent opioid, as well as a SNRI and NMDA antagonist. It should enter Phase III in the next 12-18 months. d-Methadone is a d-isomer of methadone that inhibits pain through antagonism at the NMDA receptor and has little opioid activity. They just announced the completion of their single ascending dose study and are initiating a multiple ascending dose study. d-Methadone should enter Phase II in H116. BuTab ER, if approved, would be the only orally absorbed buprenorphine on the market and just entered Phase I. MepiGel is a topical form of the local anesthetic mepivacaine and should enter Phase I in late 2015.

INDUSTRY OUTLOOK

Relmada is an emerging pharmaceutical product company focusing on the treatment of pain. It has four key products, LevoCap ER, d-Methadone, BuTab ER and MepiGel that focus on large segments of the pain market.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014e	0.0	(21.0)	(55.5)	(143.4)	N/A	N/A
2015e	0.0	(33.6)	(33.5)	(62.7)	N/A	N/A

Sector: Pharma & healthcare

Price:	5.8p
Market cap:	£103m
Forecast net cash (£m)	11.4
Forecast gearing ratio (%)	N/A
Market	LSE

Share price graph (p)

Company description

ReNeuron is a UK biotech company developing allogeneic cell therapies. Neural stem cell-based products (CTX) for ischaemic stroke disability (Phase II) and critical limb ischaemia (Phase I), are most advanced.

Price performance

%	1m	3m	12m
Actual	4.6	70.4	84.3
Relative*	7.2	73.6	79.2

* % Relative to local index

Analyst

Christian Glennie

ReNeuron Group (RENE)

INVESTMENT SUMMARY

ReNeuron is focused on the development of its novel stem cell technology platforms. Most advanced is the CTX neural stem cell programme, currently undergoing a Phase II study in stroke disability patients; interim results in H215, using robust endpoints, are a key potential catalyst. Phase I data for CTX cells in critical limb ischaemia are also expected in 2015. The hRPC (human retinal progenitor cells) programme for retinitis pigmentosa will enter a PI/II study in 15 patients in H215; IND approved in May (FDA/EMA orphan drug designation granted). Cash of £16m at 30 Sept 2014 is sufficient to H216. The company's relocation to a new GMP cell manufacturing and research facility in South Wales (funded by a £7.8m Welsh government grant) is another key milestone in 2015.

INDUSTRY OUTLOOK

Stroke is regarded as a high-risk indication, but ReNeuron is attempting to demonstrate a meaningful reduction in disability that would offer a compelling case for further development and/or partnering. Stem cell therapy is attracting interest and traction from global regulators (eg accelerated approval pathway now available in Japan).

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	0.0	(7.0)	(7.1)	(0.85)	N/A	N/A
2014	0.0	(7.9)	(7.8)	(0.50)	N/A	N/A
2015e	0.0	(10.5)	(10.5)	(0.51)	N/A	N/A
2016e	0.0	(11.7)	(11.8)	(0.58)	N/A	N/A

Sector: Pharma & healthcare

Price:	16.06PLN
Market cap:	PLN211m
Forecast net cash (PLNm)	38.3
Forecast gearing ratio (%)	N/A
Market	Warsaw Stock Exchange

Share price graph (PLN)

Company description

Selvita is a drug discovery services provider based in Poland. It employs >220 staff (30% PhDs) and operates two main business units: Innovations Platform (internal NME pipeline) and Research Services (medicinal chemistry/biology, biochemistry).

Price performance

%	1m	3m	12m
Actual	(13.1)	(8.2)	46.7
Relative*	(6.6)	(5.4)	55.1

* % Relative to local index

Analyst

Christian Glennie

Selvita (SLV)

INVESTMENT SUMMARY

Selvita is an emerging drug discovery and services company. Operating off a solid base from its profitable contract research business, the company is also developing its own novel compounds, through partnerships or fresh finance. Most advanced are two preclinical oncology programmes, SEL24 (dual PIM/FLT3 inhibitor, for AML) and SEL120 (CDK8 inhibitor, colon cancer), with IND filings planned in 2016. Collaborations signed with Merck Serono and H3 Biomedicine (Eisai) validate Selvita's research capabilities. Q115 revenues of PLN12.1m exceeded our PLN8.6m estimate and we estimate FY15 revenues of PLN50m; the confirmed order book so far for FY15e is PLN37.6m, vs PLN29.6m at the same stage in 2014 (+27%). Selvita held PLN34.7m in cash at end-Q115.

INDUSTRY OUTLOOK

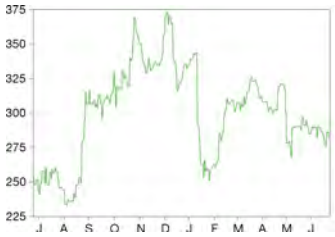
The profiles of SEL24 and SEL120 are potentially unique when compared to existing clinical-stage competitors and both candidates may offer efficacy and safety advantages. Contract research is a fiercely competitive, but still rapidly growing market and we believe Selvita's geographical location and lower cost benefits make it well placed to compete.

Y/E Dec	Revenue (PLNm)	EBITDA (PLNm)	PBT (PLNm)	EPS (gr)	P/E (x)	P/CF (x)
2013	21.9	(0.1)	(2.4)	(23.37)	N/A	N/A
2014	41.6	7.6	5.4	55.91	N/A	N/A
2015e	50.1	6.6	4.4	33.14	N/A	N/A
2016e	56.8	7.0	4.4	32.88	N/A	N/A

Sector: Pharma & healthcare

Price:	280.2p
Market cap:	£294m
Forecast net cash (£m)	20.8
Forecast gearing ratio (%)	N/A
Market	LSE

Share price graph (p)



Company description

Skyepharma is an expert oral and inhalation drug development company. It combines proven scientific expertise with validated proprietary drug-delivery technologies to develop innovative oral and inhalation pharmaceutical products.

Price performance

%	1m	3m	12m
Actual	(3.7)	(13.5)	10.3
Relative*	(1.3)	(11.9)	7.3

* % Relative to local index

Analyst

Franc Gregori

Skyepharma (SKP)

INVESTMENT SUMMARY

Skyepharma is a drug-delivery specialist, exploiting multiple technologies and expertise to create enhanced versions of pharmaceutical products. It generates revenues from royalties, contract development fees, product supply and milestones from a portfolio of oral, inhaled and topical products using its technologies, plus a share of sales from Exparel (a product from its former injectable business). The medium-term outlook is underpinned by recent product launches: flutiform in multiple territories including in Europe and Japan, Exparel and GSK's next generation of asthma/COPD products (for which royalties are capped at £9m pa). The Q215 trading update shows progress is being maintained, highlighting the strength of the underlying business now that the bonds and other costly loans have been repaid. Skyepharma is rebuilding its pipeline to complement the substantial potential available from recently approved products. Longer term it will be the renewed R&D efforts, in both inhaled and oral delivery forms, that should underpin Skyepharma's future prospects.

INDUSTRY OUTLOOK

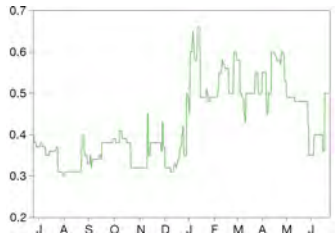
flutiform is an inhaled combination of fluticasone and formoterol for treating asthma. flutiform has been launched in 30 markets, including 20 European countries and Japan. The flutiform supply chain is set to become an important part of revenues.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	62.6	17.9	(0.1)	3.7	75.7	9.0
2014	73.8	26.1	17.5	19.8	14.2	7.9
2015e	90.4	25.5	21.6	16.3	17.2	12.6
2016e	99.7	27.3	24.3	18.7	15.0	14.3

Sector: Pharma & healthcare

Price:	C$0.50
Market cap:	C$28m
Forecast net debt (C$m)	N/A
Forecast gearing ratio (%)	N/A
Market	OTC QX, TSX-V

Share price graph (C$)



Company description

SQI Diagnostics is a Canadian diagnostics company, which develops and sells multiplexed research diagnostics to pharmaceutical companies and in vitro diagnostic tests to centralised diagnostic laboratories.

Price performance

%	1m	3m	12m
Actual	4.2	(9.1)	31.6
Relative*	6.2	(8.8)	33.4

* % Relative to local index

Analyst

Katherine Genis

SQI Diagnostics (SQD)

INVESTMENT SUMMARY

SQI has continued its positive momentum over the last year, signing five service agreements with drug development companies. Although the phasing of project work is somewhat protracted, revenues should accelerate once partnerships enter full commercial terms. In April the company installed a sqidlite system with a major pharma company for the validation of two custom immunogenicity assays successfully developed for this customer. Also in April, SQI's immunogenicity testing was highlighted in a presentation by BMS at a workshop on Recent Issues in Bioanalysis, providing validation and market exposure for SQI's technology. The company also broadened its commercial focus in 2014 with a deal to automate DNA-based pathogen detection assays, a new application for its technologies. In mid-June SQI announced intentions to complete a non-brokered private placement for gross proceeds of up to C$5.3m (at C$0.50 per one share and one warrant – the closing share price at the time of the announcement). Our forecasts are under review.

INDUSTRY OUTLOOK

Ig_PLEX is a multiplexed (many samples analysed at the same time) immunological diagnostics tool. The diagnostics field is competitive, but the speed, accuracy, sensitivity and cost-effectiveness of SQI's technology could offer tangible commercial advantage.

Y/E Sep	Revenue (C$m)	EBITDA (C$m)	PBT (C$m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.0	(6.7)	(6.1)	(14.55)	N/A	N/A
2014	0.1	(5.8)	(5.3)	(10.48)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	US$0.72
Market cap:	US$76m
Forecast net cash (US$m)	10.4
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)

Company description

StemCells is focused on developing and commercialising stem cell-based therapeutics. Its lead product, HuCNS-SC (human neural stem cells), is in clinical development for spinal cord injury and age-related macular degeneration.

Price performance

%	1m	3m	12m
Actual	6.1	(29.4)	(63.3)
Relative*	6.2	(30.1)	(66.1)

* % Relative to local index

Analyst

Katherine Genis

StemCells (STEM)

INVESTMENT SUMMARY

Preclinical research suggests StemCell's human neural stem cells, when transplanted, act like normal neural stem cells, offering the prospect of continual replenishment of normal human neural cells. The company is conducting Phase II studies in dry age-related macular degeneration (AMD) and spinal cord injuries (SCI), following signs of efficacy in Phase I/II trials. Positive top-line results of its PI/II trial in thoracic spinal cord injury were presented in May. The 12-month data showed the HuCNS-SC cells were safe and well tolerated, also demonstrating improvements in sensory function from around three months until the end of the study. The first cohort of the PATHWAY study in Cervical Injury completed enrolment in April. In total, 52 subjects will be enrolled in three cohorts and followed for 12 months post transplant, with recruitment recently extended to patients in Canada for added patients and trial sites. The PATHWAY data are expected in 2017. We expect interim Phase II data in dry AMD in less severe patients in mid-2015.

INDUSTRY OUTLOOK

StemCells is a US company developing stem cell-based therapeutics. Stemcells' HuCNS-SC are allogeneic cells derived from donor human neural stem cells, adopting a homologous approach (CNS-derived cells for CNS disorders).

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	1.2	(29.6)	(29.7)	(68.2)	N/A	N/A
2014	1.0	(32.2)	(32.2)	(56.3)	N/A	N/A
2015e	0.2	(35.0)	(34.1)	(32.0)	N/A	N/A
2016e	0.2	(36.4)	(35.2)	(32.9)	N/A	N/A

Sector: Pharma & healthcare

Price:	€49.13
Market cap:	€580m
Forecast net cash (€m)	6.9
Forecast gearing ratio (%)	N/A
Market	Deutsche Börse

Share price graph (€)

Company description

Stratec designs and manufactures OEM diagnostic instruments. Design and assembly of systems from modules is in Germany and Switzerland. There is a US subsidiary, a UK middleware company and a Berlin business.

Price performance

%	1m	3m	12m
Actual	1.3	11.1	31.4
Relative*	3.7	14.5	12.9

* % Relative to local index

Analyst

Dr John Savin

Stratec Biomedical (SBS)

INVESTMENT SUMMARY

Stratec, the German designer and builder of automated OEM diagnostic systems, is poised for rapid growth in 2016 and 2017 due to the intensive level of activity on two new systems currently in late-development stages; revenues could be over €180m by 2017. A new development area of liquid cancer biopsy analysis systems has been targeted. Revenue CAGR guidance remains at 8-12% for 2013-17, strengthening from H215. In Q115, cash generation was impressive at €10.2m resulting in €58.6m cash.

INDUSTRY OUTLOOK

Development income recognised in FY14 was €19.4m with €14.3m capitalised. FY14 shipments of 2,719 systems were up 1.5%, and with a rise in system value, led to a 6% rise in product revenues to €89m. Subsidiaries added €7m making total construction sales of €96m. Management has guided for flat H115 unit sales with a small unit sales increase in H215. FY14 service part sales had an excellent 2014 at €33.9m sales boosted by a Q3 one-off stocking order from a client.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	128.0	28.0	25.3	182.8	26.9	21.1
2014	144.9	32.9	30.4	221.6	22.2	26.3
2015e	152.1	34.2	31.7	225.5	21.8	23.0
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	€3.36
Market cap:	€45m
Forecast net debt (€m)	2.5
Forecast gearing ratio (%)	41.0
Market	FRA

Share price graph (€)

Company description

Sygnis develops tools for molecular biologists. Its main focus is in the field of polymerases for the amplification and sequencing of DNA. Sygnis launched its own TruePrime-branded products in early 2015.

Price performance

%	1m	3m	12m
Actual	(10.6)	7.2	(18.8)
Relative*	(8.4)	10.5	(30.2)

* % Relative to local index

Analyst

Dr John Savin

Sygnis (LIO1)

INVESTMENT SUMMARY

Sygnis sells its own-brand TruePrime kits through its website and an international distributor network. A new enzyme, SunScript, has been added to the range. Kits may also be sold as OEM products with next-generation sequencing systems. A new kit for research in cancer diagnosis and monitoring could be added in 2016. Q115 had revenues of €76k; total cash outflow was €1.29m. Cash at 31 March was €2.5m. Dr Viribay joined Sygnis as vice president sales and marketing in April 2015 from Thermo Fisher.

INDUSTRY OUTLOOK

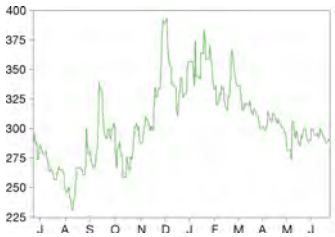
Sygnis's core IP is a range of novel engineered enzymes. TruePrime kits copy and amplify the whole genome, which enables a single cell to be analysed and sequenced. The new SunScript enzyme converts RNA messages in cells to DNA for analysis or sequencing. The enzyme is stable and can be combined with TruePrime. A new 2016 market may be cell-free tumour DNA for 'liquid biopsy' in cancer research.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.5	(2.8)	(3.1)	(32.1)	N/A	N/A
2014	0.4	(1.7)	(1.9)	(19.3)	N/A	N/A
2015e	0.7	(1.6)	(1.8)	(14.0)	N/A	N/A
2016e	2.5	0.2	(0.1)	(1.1)	N/A	N/A

Sector: Pharma & healthcare

Price:	¥290.00
Market cap:	¥9393m
Forecast net cash (¥m)	2129.0
Forecast gearing ratio (%)	N/A
Market	Tokyo

Share price graph (¥)



Company description

SymBio Pharmaceuticals is a Japanese specialty pharma company with a focus on oncology, haematology and autoimmune disorders. Treakisym (marketed) was in-licensed from Astellas in 2005 and rigosertib was in-licensed from Onconova in 2011.

Price performance

%	1m	3m	12m
Actual	(4.0)	(7.4)	0.0
Relative*	(5.6)	(12.0)	(24.4)

* % Relative to local index

Analyst

Dr Philippa Gardner

SymBio Pharmaceuticals (4582)

INVESTMENT SUMMARY

SymBio is on the path to becoming a key specialty pharma partner for Asia-Pacific markets, following in-licensing deals for orphan blood cancer products. Treakisym (Treanda, bendamustine, from Astellas) was a pivotal deal for SymBio, leading to rapid approval in key Asia-Pacific markets. R&D investment in Treakisym has now peaked and future significant growth could come with approval in additional indications. Rigosertib is the second key in-licensed asset, which is currently in development for myelodysplastic syndromes and for which SymBio plans to build its own sales force. Note: We have not updated our financial forecasts following publication of the FY14 financial report and updated long range 2015-17 plan.

INDUSTRY OUTLOOK

SymBio is focused on in-licensing niche opportunities in hard-to-treat indications often overlooked by big pharma. Building its own commercial infrastructure in the future should help establish SymBio more firmly as a partner of choice in Asia Pacific. An in-house screening process to select additional pipeline candidates for development and commercialisation will be key to driving operating leverage.

Y/E Dec	Revenue (¥m)	EBITDA (¥m)	PBT (¥m)	EPS (fd) (¥)	P/E (x)	P/CF (x)
2013	1532.0	(1620.0)	(1605.0)	(69.4)	N/A	N/A
2014	1955.0	(1148.0)	(1136.0)	(37.0)	N/A	N/A
2015e	1968.0	(1864.0)	(1796.0)	(58.7)	N/A	N/A
2016e	2986.0	(1827.0)	(1766.0)	(57.8)	N/A	N/A

Threshold Pharmaceuticals (THLD)

Sector: Pharma & healthcare

Price:	US$4.29
Market cap:	US$306m
Forecast net cash (US$m)	46.0
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)

Company description

Threshold is focused on tumour hypoxia, a low-oxygen condition found in most solid tumours and some blood cancers. Evofosfamide is in Ph III for STS and pancreatic cancer and earlier trials in other cancers. It is partnered with Merck KGaA.

Price performance

%	1m	3m	12m
Actual	10.6	(0.9)	8.9
Relative*	10.7	(1.8)	0.6

* % Relative to local index

Analyst

Dr Philippa Gardner

INVESTMENT SUMMARY

Threshold's evofosfamide (TH-302) is being investigated in multiple oncology indications in multi-billion dollar markets. Phase III trials are ongoing in both soft tissue sarcoma (STS) and in pancreatic cancer, where the number of events needed for analysis of each trial should be reached in H215. A large Phase II trial in advanced non-squamous, non-small cell lung cancer (NSCLC) is also underway. Earlier-stage development is ongoing in recurrent glioblastoma and in relapsed/refractory multiple myeloma, both potentially eligible for accelerated approval. Threshold also plans to move TH-4000, the newest hypoxia asset, into Phase II trials in both lung and head and neck cancers.

INDUSTRY OUTLOOK

Evofosfamide is a prodrug designed to be activated under conditions of low oxygen (hypoxia). Under these conditions a cytotoxic alkylating agent is released, selectively targeting these hypoxic regions, which are commonly found in solid tumours and can lead to resistance to traditional chemo and radiotherapy. Evofosfamide is partnered globally with Merck KGaA in a deal worth up to $550m in milestone payments, of which $110m has been received to date, in addition to royalties on global sales.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	12.5	(27.5)	(28.2)	(49.1)	N/A	24.4
2014	14.7	(32.8)	(21.8)	(35.8)	N/A	N/A
2015e	14.7	(33.3)	(32.1)	(46.7)	N/A	N/A
2016e	14.7	(31.5)	(30.8)	(40.3)	N/A	N/A

TiGenix NV (TIGB)

Sector: Pharma & healthcare

Price:	€0.73
Market cap:	€117m
Forecast net debt (€m)	14.5
Forecast gearing ratio (%)	86.0
Market	Euronext Brussels

Share price graph (€)

Company description

TiGenix is a Belgian-Spanish company that produces cell therapeutics. A knee repair product is licensed to Sobi. Grifols has a 21% equity stake.

Price performance

%	1m	3m	12m
Actual	(0.1)	7.7	8.8
Relative*	0.4	7.9	(8.5)

* % Relative to local index

Analyst

Dr John Savin

INVESTMENT SUMMARY

The investment case for TiGenix is focused on Cx601 with ADMIRE 24-week Phase III study data in perianal fistulising Crohn's disease due in Q315. Success will allow an EMA filing with marketing from 2017. TiGenix has announced that it has notified the EMA of its intent to file Cx601 for approval. The FY14 continuing operations loss was €11.4m and year-end cash was €13.5m; repayment of the €10m Kreos loan started in February. TiGenix has issued a €25m convertible loan.

INDUSTRY OUTLOOK

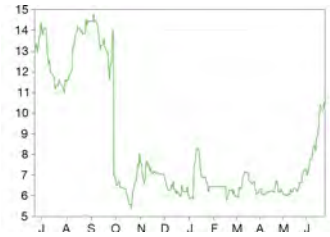
A Special Protocol Assessment (SPA) request on a Phase III Cx601 design has been submitted to the FDA. TiGenix aims to start a 180-patient US Phase III in H216 once the IND is gained and US contract manufacturing is running. Cx611, the intravenous eASC product, is in development for early rheumatoid arthritis and severe sepsis. Results from the Phase I sepsis challenge showed safety and tolerability. A Phase IIa study in severe sepsis and a Phase IIb study in early RA are expected to start by the end of 2015.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.9	(12.4)	(14.8)	(10.8)	N/A	N/A
2014	0.8	(14.5)	(15.9)	(9.8)	N/A	N/A
2015e	1.8	(14.6)	(17.3)	(10.0)	N/A	N/A
2016e	2.1	(17.0)	(20.5)	(12.2)	N/A	N/A

Sector: Pharma & healthcare

Price:	US$10.15
Market cap:	US$164m
Forecast net cash (US$m)	17.7
Forecast gearing ratio (%)	N/A
Market	NASDAQ

Share price graph (US$)



Company description

Tonix is an emerging specialty pharmaceutical focused on psychiatric and neurological disorders. TNX-102 SL for fibromyalgia is the most advanced programme, entering Ph III. It is also being developed for PTSD.

Price performance

%	1m	3m	12m
Actual	52.9	52.2	(22.6)
Relative*	53.0	50.8	(28.5)

* % Relative to local index

Analyst

Maxim Jacobs

Tonix Pharmaceuticals (TNXP)

INVESTMENT SUMMARY

Tonix has a total of three programmes in development. TNX-102 SL is a sublingual version of cyclobenzaprine (CBP). It is being developed for both fibromyalgia and post-traumatic stress disorder (PTSD). The company recently initiated the Phase III AFFIRM trial in fibromyalgia and has already begun recruiting the Phase II study in PTSD. TNX-201 is the R-isomer of isometheptene mucate, which, as a mixture of isomers, had been prescribed for decades for both migraine and non-migraine sufferers, is currently being developed for episodic tension-type headache (ETTH). The company recently initiated the Phase II study in ETTH with top-line results available by year end.

INDUSTRY OUTLOOK

Tonix is an emerging specialty pharmaceutical company focused on psychiatric and neurological disorders, with three programmes. TNX-102 SL for fibromyalgia and PTSD and TNX-201 is being developed for ETTH.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	0.0	(27.7)	(27.6)	(276.6)	N/A	N/A
2015e	0.0	(51.1)	(50.8)	(310.4)	N/A	N/A
2016e	0.0	(45.8)	(45.8)	(276.9)	N/A	N/A

Sector: Pharma & healthcare

Price:	€5.00
Market cap:	€193m
Forecast net debt (€m)	N/A
Forecast gearing ratio (%)	N/A
Market	Euronext Paris

Share price graph (€)

Company description

Transgene is a French drug discovery and development company focused on the treatment of cancer and infectious diseases with immunotherapies. It has one product in Phase II development and two products about to enter Phase III.

Price performance

%	1m	3m	12m
Actual	0.6	(22.7)	(48.4)
Relative*	2.4	(22.8)	(54.2)

* % Relative to local index

Analyst

Dr Lucy Codrington

Transgene (TNG)

INVESTMENT SUMMARY

The therapeutic potential of TG4010 in non-squamous non-small cell lung cancer (NSCLC) was supported by the more mature overall survival (OS) data from the Phase IIb stage of the TIME trial, which also further validated the use of the triple-positive activated lymphocytes (TrPAL) biomarker. There was a clinically meaningful improvement in OS in patients with lower TrPAL levels (HR=0.64, p=0.019) and in all patients with non-squamous NSCLC (HR=0.75, p=0.009). A Phase II trial with TG4010 in combination with a checkpoint inhibitor in NSCLC is planned, which could lead to a partnering deal. Also planned for this year are a Phase I trial with TG1050 and a Phase III trial with the oncolytic virus Pexa-Vec. Our valuation and financials are under review, pending further details and updated clinical development plans following Transgene's recently announced restructuring to focus the business on research and development; Transgene plans to close its pharmaceutical development and bio-manufacturing (c €1.7m revenues in 2014).

INDUSTRY OUTLOOK

There is considerable interest in immunotherapies - both therapeutic vaccines and oncolytic viruses, especially for the treatment of cancers - after the approval of Provenge and Yervoy. They are generally well tolerated and are showing promising levels of efficacy.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	15.7	(38.3)	(41.5)	(136.2)	N/A	N/A
2014	11.8	(43.9)	(47.3)	(127.2)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & healthcare

Price:	508.5p
Market cap:	£1244m
Forecast net debt (€m)	193.0
Forecast gearing ratio (%)	31.0
Market	LSE

Share price graph (p)

Company description

UDG Healthcare is a leading international provider of services to healthcare manufacturers and pharmacies. It employs 8,000 staff and is present in 22 countries.

Price performance

%	1m	3m	12m
Actual	(5.3)	7.6	50.7
Relative*	(2.9)	9.6	46.6

* % Relative to local index

Analyst

Hans Bostrom

UDG Healthcare (UDG)

INVESTMENT SUMMARY

UDG Healthcare is a rare European play in the dynamic market for outsourcing in the commercial healthcare sector. We expect its growth to accelerate as it expands its profitable contract services by redeploying cash from its mature pharma wholesale business. Also, its valuation is set to benefit from the shift to faster-growing outsourcing activities in Sharp and Ashfield. With 70% exposure to the dollar and sterling, recent FX movements are beneficial. We value the stock at 524p per share, based on DCF.

INDUSTRY OUTLOOK

The market for outsourcing in the commercial healthcare sector grows by 6-8% per year, some 1.5-2pt higher than the underlying markets. The strong growth stems from the drive by healthcare products manufacturers to reduce their fixed costs and improve their efficiency, but also the growing complexity of the marketplace. We consider UDG well placed to gain market share, since its strong compliance culture differentiates it from smaller competitors.

Y/E Sep	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	2127.0	123.0	87.0	28.8	24.5	18.3
2015	2279.0	147.0	106.0	34.4	20.5	15.4
2016e	2392.0	164.0	122.0	38.3	18.4	10.7
2017e	2473.0	176.0	135.0	42.1	16.8	9.9

Sector: Pharma & healthcare

Price:	71.1p
Market cap:	£315m
Forecast net cash (£m)	54.6
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)

Company description

Vernalis has one FDA-approved, prescription-only cough cold treatment, Tuzistra XR, and a late-stage US cough cold pipeline. It has an early- to mid-stage R&D pipeline of CNS and cancer projects and its main focus is commercialising Tuzistra XR in the US.

Price performance

%	1m	3m	12m
Actual	5.0	53.8	118.9
Relative*	7.6	56.7	112.9

* % Relative to local index

Analyst

Emma Ulker

Vernalis (VER)

INVESTMENT SUMMARY

The recent FDA approval of Tuzistra XR is an important step towards Vernalis's goal of profitable sustainability. Tuzistra XR is a 12-hourly dosed narcotic cough cold treatment. Its active ingredients, codeine and chlorpheniramine, position it to garner a share of the c $1.8bn branded narcotic cough cold market segment, indicating a much broader commercial potential than we had previously anticipated. Vernalis is targeting a Q315 launch into the 2015/16 winter cough cold season, which suggests first US revenues are possible in H2 of CY15. The four other US cough cold prescription-only (Rx) extended release (ER) products should also achieve development and regulatory milestones over the next year.

INDUSTRY OUTLOOK

Generic immediate release liquid products dominate the US Rx cough cold market reflecting difficulties in formulating ER liquids that satisfy current FDA regulations. Tris Pharma's LiquiXR is the only validated and commercialised ER technology to meet these standards. Favourable pricing and reimbursement of the five cough cold products being developed by Vernalis would value the addressable market at up to $3.3bn.

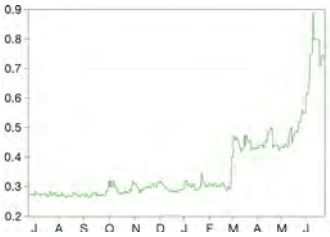
Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2012	14.6	(2.6)	(2.7)	(0.8)	N/A	N/A
2013	14.1	(4.7)	(4.7)	(0.8)	N/A	N/A
2015e	18.9	(12.8)	(13.1)	(1.8)	N/A	N/A
2016e	17.7	(21.3)	(21.3)	(4.2)	N/A	N/A

Sector: Pharma & healthcare

Viralytics (VLA)

Price:	A$0.71
Market cap:	A$132m
Forecast net cash (A$m)	19.1
Forecast gearing ratio (%)	N/A
Market	ASX, OTC QX

Share price graph (A$)



Company description

Viralytics is an ASX-listed biopharmaceutical developing oncolytic virus applications to target late-stage melanoma and other solid tumour types.

Price performance

%	1m	3m	12m
Actual	45.9	57.1	160.0
Relative*	45.8	64.1	149.1

* % Relative to local index

Analyst

Dr Dennis Hulme

INVESTMENT SUMMARY

Viralytics is well-positioned to benefit from industry interest in oncolytic virotherapy, suggesting prospects for partnering Cavatak remain promising. The Phase II CALM melanoma trial achieved its six-month PFS primary endpoint, and caused key immune cells to infiltrate tumour tissue. Ongoing trials include the Phase I/II STORM study in multiple solid cancers (patients from third cohort being enrolled), the Phase I CANON trial in superficial bladder cancer, and a 26-pt open-label Phase Ib trial of Cavatak in combination with standard of care Yervoy (ipilumumab) in late-stage melanoma. The combination study should help inform the design of a planned US multi-centre randomised Phase II in advanced melanoma. Preliminary results from the STORM trial showed evidence of tumour targeting and possible tumour-specific secondary viral replication after i.v. dosing. Cash at 31 March 2015 was A$23.5m.

INDUSTRY OUTLOOK

The emergence of targeted and immunotherapy agents in recent years is redefining the treatment paradigm in metastatic melanoma. The recent FDA Advisory Committee vote in favour of Amgen's T-vec may soon make oncolytic virotherapy a commercial reality.

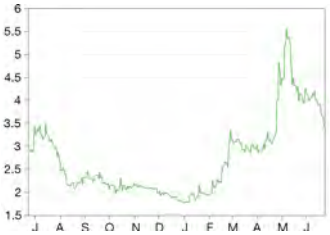
Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2013	2.5	(3.9)	(3.7)	(4.5)	N/A	N/A
2014	2.5	(4.9)	(4.7)	(3.9)	N/A	N/A
2015e	2.0	(6.4)	(5.7)	(3.1)	N/A	N/A
2016e	2.7	(4.8)	(4.2)	(2.3)	N/A	N/A

Sector: Pharma & healthcare

Wilex (WL6)

Price:	€3.44
Market cap:	€32m
Forecast net cash (€m)	2.3
Forecast gearing ratio (%)	N/A
Market	FRA

Share price graph (€)



Company description

Wilex is focusing on the novel antibody drug conjugate (ADC) technology at its Heidelberg Pharma subsidiary. The company out-licensed Mesupron to Link Health (China, HK, Taiwan, Macao) and to RedHill Biopharma (RoW).

Price performance

%	1m	3m	12m
Actual	(17.3)	20.2	17.8
Relative*	(15.3)	23.9	1.2

* % Relative to local index

Analyst

Emma Ulker

INVESTMENT SUMMARY

Wilex's subsidiary is developing Antibody Targeted Amanitin Conjugates (ATACs), which are differentiated from first-in-class and developing antibody drug conjugates by potential efficacy against dormant and proliferating tumours. Visibility on clinical timelines is improving, validated by the extended Roche collaboration, supported by milestone payments of up to €52m for one ATAC target. In addition to revenue-generating services, Wilex has a proprietary pipeline of preclinical ATAC targets. Other projects include the 30-month grant-funded programme to develop an ATAC targeting PSMA, a protein commonly expressed in prostate cancer. Wilex has initiated the clinical grade a-Amanitin development process with a view to moving the first ATAC into the clinic in 2017.

INDUSTRY OUTLOOK

Antibody drug conjugates (ADCs) link a toxin to an antibody, which guides it into the tumour cell. a-Amanitin has an alternative and potentially more effective mechanism than the toxins used in many developing ADCs.

Y/E Nov	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	19.1	(3.2)	(5.0)	(64.3)	N/A	N/A
2014	5.0	(5.1)	(5.6)	(72.9)	N/A	N/A
2015e	5.1	(4.3)	(4.6)	(53.2)	N/A	N/A
2016e	5.4	(4.1)	(4.3)	(45.7)	N/A	N/A

Sector: Pharma & healthcare

Price:	€3.87
Market cap:	€860m
Forecast net debt (€m)	47.4
Forecast gearing ratio (%)	61.0
Market	Madrid Stock Exchange

Share price graph (€)

Company description

Zeltia is a Spanish biopharmaceutical group developing/commercialising marine-based drugs for cancer (e.g. Yondelis marketed in the EU). The group also has subsidiaries in consumer chemicals, molecular diagnostics and RNAi.

Price performance

%	1m	3m	12m
Actual	(3.0)	(1.5)	27.5
Relative*	(1.7)	(1.1)	24.3

* % Relative to local index

Analyst

Christian Glennie

Zeltia (ZEL)

INVESTMENT SUMMARY

Zeltia is focused on the potentially high-growth marine oncology activities of its PharmaMar business and plans to conduct a reverse-merger whereby PharmaMar would absorb Zeltia, in advance of seeking a US IPO. PharmaMar has built a pipeline of first-in-class cancer drugs for development with strategic partners. Zeltia's FY14 results highlighted ongoing revenue (+6% to €149.7m) and profit (EBITDA €25.7m, +8%) growth, with Yondelis remaining the key contributor. Further potential catalysts in 2015 include fresh Yondelis approvals for soft tissue sarcoma in the US (PDUFA in October) and Japan (Q315); Aplidin Phase III data in multiple myeloma (Q415); and a Phase III study initiation for PM01183 (2nd generation Yondelis) in small cell lung cancer (SCLC).

INDUSTRY OUTLOOK

Repositioning the group behind the PharmaMar name and conducting a US IPO could be transformational. The oncology portfolio has been validated through multiple global partnerships, eg J&J in the US and Taiho in Japan (over Yondelis) and Chugai in certain EU countries (for Aplidin).

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2013	141.8	23.8	15.6	6.3	61.4	55.0
2014	149.7	25.7	16.3	6.8	56.9	36.6
2015e	164.3	32.0	20.4	8.6	45.0	47.7
2016e	198.1	51.8	40.5	17.4	22.2	18.7

Company coverage

Company	Note	Date published
4SC	Update; Update	18/11/2014; 28/04/2015
aap Implantate AG	Update; Update	13/02/2015; 30/06/2015
Abzena	Update; Update	13/04/2015; 23/06/2015
Achillion Pharmaceuticals	Update; Update	12/01/2015; 29/04/2015
Actinium Pharmaceuticals	Update; Update	09/02/2015; 18/03/2015
Alexza Pharmaceuticals	Update; Update	09/04/2015; 02/06/2015
Allergy Therapeutics	Update; Outlook	14/04/2014; 03/12/2014
Animalcare Group	Outlook; Update	23/04/2014; 22/01/2015
ArQule	Update; Update	14/03/2014; 13/06/2014
Athersys	Update; Update	05/03/2015; 05/05/2015
Avacta Group	Update; Update	12/05/2015; 05/06/2015
Balda	Outlook; Update	23/04/2015; 19/05/2015
Bavarian Nordic	Update; Outlook	04/12/2014; 16/04/2015
BioLineRx	Update; Update	18/08/2014; 11/12/2014
Bionomics	Update; Outlook	10/03/2014; 09/02/2015
Bionor Pharma	Update; Update	02/03/2015; 19/05/2015
Biotie Therapies Corp	Update; Update	30/01/2015; 24/04/2015
BTG	Update; Update	13/04/2015; 28/05/2015
Celyad	Outlook; Update	08/04/2015; 24/06/2015
Carmat	Update	04/02/2015
Clinigen Group	Update; Outlook	03/03/2015; 09/06/2015
Consort Medical	Outlook; Update	17/11/2014; 29/06/2015
Cytori Therapeutics	Update; Update	20/03/2014; 11/06/2015
CytRx	Update; Update	30/03/2015; 25/06/2015
DBV Technologies	Update; Update	06/03/2015; 11/06/2015
Dechra Pharmaceuticals	Update; Update	27/02/2015; 29/04/2015
Derma Sciences	Outlook; Update	30/03/2015; 26/05/2015
e-Therapeutics	Update; Outlook	15/01/2015; 27/04/2015
Erytech Pharma	Update; Update	06/01/2015; 27/05/2015
Evolva	Update; Update	11/02/2015; 18/05/2015
Evotec	Outlook; Update	04/02/2014; 12/09/2014
GLG Life Tech	Update; Update	28/04/2015; 04/06/2015
GW Pharmaceuticals	Outlook; Update	10/02/2015; 08/04/2015
Halozyme Therapeutics	Update	13/04/2015
Hutchison China Meditech	Update; Update	20/01/2015; 05/03/2015
Hybrigenics	Outlook; Update	6/06/2014; 06/02/2015
Imperial Innovations	Update; Outlook	21/01/2015; 17/06/2015
Imugene	Outlook; Update	26/11/2014; 13/04/2015
Ixico	Outlook	11/06/2015
Lifeline Scientific	Outlook	10/06/2015
MagForce	Update; Update	02/12/2014; 09/02/2015
MedicX Fund	Update	08/06/2015

Medigene	Outlook; Update	31/07/2014; 06/05/2015
Mesoblast	Update; Outlook	30/10/2014; 30/03/2015
Midatech	Outlook	30/06/2015
Mologen	Update; Update	24/09/2014; 10/12/2014
MorphoSys	Update; Update	18/05/2015; 04/06/2015
Nanobiotix	Update; Update	20/05/2015; 15/06/2015
Neovacs	Update; Update	27/01/2015; 23/04/2015
Newron Pharmaceuticals	Outlook; Update	26/03/2015; 20/05/2015
Novogen	Outlook	22/06/2015
Omega Diagnostics	Update; Update	27/04/2015; 08/06/2015
Oncolytics Biotech	Update; Update	11/06/2014; 11/11/2014
Onxeo	Outlook; Update	23/07/2014; 26/03/2015
Orexo	Update; Update	10/02/2015; 05/05/2015
Oxford BioMedica	Outlook; Update	17/04/2014; 05/05/2015
Pacific Edge	Update	14/05/2015
Prescient Therapeutics	Initiation	29/04/2015
Paion	Update; Update	23/03/2015; 13/04/2015
Prima BioMed	Update; Outlook	09/10/2014; 14/04/2015
Regeneus	Update; Outlook	19/12/2014; 17/04/2015
Relmada Therapeutics	Outlook; Update	18/02/2015; 01/06/2015
ReNeuron Group	Update; Update	28/11/2014; 23/04/2015
Selvita	Update; Update	18/12/2014; 25/03/2015
Skyepharma	Update; Update	15/05/2015; 29/06/2015
SQI Diagnostics	Update; Outlook	29/09/2014; 06/02/2015
StemCells	Outlook; Update	07/01/2015; 08/06/2015
Stratec Biomedical	Update; Update	23/04/2014; 15/05/2015
Sygnis Pharma	Update; Update	17/11/2014; 18/06/2015
SymBio Pharmaceuticals	Outlook	13/10/2014
Threshold Pharmaceuticals	Outlook; Update	11/03/2015; 05/05/2015
TiGenix	Outlook; Update	28/01/2015; 20/04/2015
Tonix Pharmaceuticals	Outlook; Update	08/04/2015; 23/06/2015
Transgene	Update; Update	27/03/2015; 03/06/2015
UDG Healthcare	Update; Update	16/04/2015; 15/05/2015
Vernalis	Update; Update	05/03/2015; 17/06/2015
Viralytics	Outlook; Update	08/01/2015; 30/04/2015
Wilex	Update; Update	05/02/2014; 24/07/2014
Zeltia	Update; Update	06/11/2014; 18/03/2015

Investment companies		
BB Biotech AG	Investment trust review	21/07/2014; 11/03/2015
Biotech Growth Trust (The)	Investment trust review	25/06/2014; 18/02/2015
International Biotechnology Trust	Investment trust review	03/03/2015
Worldwide Healthcare Trust	Investment trust review	17/03/2014; 30/09/2014

QuickViews

To view the following QuickViews see the healthcare sector profile page on our website.

Abzena	15/12/2014
Acucela	30/06/2015
Aeterna Zentaris	22/08/2014
Alchemia	25/02/2014; 03/10/2014
Alimera Sciences	20/05/2015
Amarantus BioScience	18/08/2014; 21/11/2014
Amarin	17/02/2015
Amplifon	06/03/2015; 05/05/2015
Ardelyx	19/11/2014
arGEN-X	30/01/2015
Argos Therapeutics	17/07/2014
Anteo Diagnostics	; 04/03/2014
Ascendis Pharma	18/05/2015
Avalanche Biotechnologies	22/05/2015
Avita Medical	28/05/2014; 09/07/2014
Benitec Biopharma	04/03/2014
BioLight Life Sciences Investments	31/07/2014
bluebird bio	01/09/2014
Capstone Therapeutics	17/12/2014; 27/04/2015
Cerulean	20/03/2015; 11/05/2015
Emergent BioSolutions	30/01/2015
Epigenomics	27/03/2015; 18/05/2015
Forward Pharma	02/06/2015
Galmed Pharmaceuticals	18/08/2014
GeoVax	06/10/2014; 18/11/2014
GNI Group	07/10/2014
Horizon Discovery	01/04/2014
iCo Therapeutics	16/06/2014;12/11/2014
Imprimis Pharmaceuticals	19/05/2015
Imugene	15/09/2014
Islet Sciences	09/03/2015
Invion	04/03/2014
Iridex	15/06/2015
Lipocine	05/06/2015
MediciNova	01/05/2015
Midatech	08/12/2014
Molecular Partners	28/04/2015
MolMed	18/06/2014
Momenta	27/02/2015
Nanosonics	04/03/2014
Nicox	21/10/2014

Ocata	17/04/2015
Omeros Corporation	03/07/2014
Orexigen Therapeutics	14/08/2014
Össur	31/10/2014
Prescient Therapeutics	07/01/2015
Prosensa	21/10/2014; 04/11/2014
Smith & Nephew	09/02/2015; 07/05/2015
Starpharma	24/02/2014
StemCells Inc	17/04/2014; 26/08/2014
Synairgen	14/07/2014
TearLab Corp	14/05/2015
Theraclion	28/05/2015
Threshold Pharmaceuticals	11/06/2014; 18/11/2014
Trillium Therapeutics	18/03/2014; 21/05/2014
Tissue Therapies	04/03/2014
Trimel Pharmaceuticals	01/12/2014; 20/03/2015
uniQure NV	22/05/2014
Universal Biosensors	04/03/2014
Vectura	31/03/2014
VolitionRx	15/05/2015
Wilex	05/05/2015
Xencor	24/06/2014
Zafgen	20/08/2014

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