

Benitec Biopharma

Healthcare

Silence could be golden

Benitec Biopharma has a gene-silencing technology, known as ddRNAi, which offers advantages over competing silencing techniques. The pipeline consists of six in-house. The proposed raise of A\$31.5m would mean the company is funded beyond the completion of a key Phase I/IIa trial (due to start in 2014) for its lead project, TT-034 for Hepatitis C.

Gene silencing offers tantalising potential

Benitec Biopharma has a proprietary transformational gene-silencing technology, DNA-directed RNA interference (ddRNAi), which could provide “one-shot” cures for a number of chronic and life-threatening conditions. Although gene silencing has been beset with problems, the field has recently demonstrated clinical efficacy. ddRNAi appears to offer distinct advantages over other techniques such as siRNA, antisense and zinc finger nucleases. The approach is particularly suited to chronic viral infections, such as Hepatitis B and C, and ocular indications.

Promising early stage development pipeline

Benitec Biopharma has six in-house programmes underway and expects the first, TT-034 for Hepatitis C, to enter clinical trials in Q1 2014. TT-034 uses a well-proven adeno-associated virus (AAV) vector to deliver a ddRNAi construct that targets three diverse parts of the Hepatitis C virus in a single intravenous dose. The FDA cleared TT-034 (Jan14) to start studies at Duke Medical and University of California San Diego in patients who have failed current treatments for hepatitis C.

Out-licensed programmes also progressing

Benitec Biopharma has also licenced ddRNAi to other companies for programmes in HIV/AIDS, retinitis pigmentosa, Huntington’s Disease, and cancer vaccines. The most advanced is Calimmune, which is in Phase I/IIa trials with its innovative Cal-1 HIV/AIDS ddRNAi construct and could generate preliminary data during this year.

Valuation: Now a high-risk/high-return proposition

A raise of up to A\$31.5m is underway, which should be sufficient to fund significant progress toward the objective of moving Benitec Biopharma from a preclinical to clinical-stage company. Positive efficacy results from the TT-034 Phase I/IIa clinical study, and to a lesser degree Calimmune’s Cal-1 programme, would help validate the ddRNAi platform and should be a major value inflexion point. Nonetheless, while the rewards may be high, the risks remain commensurately high.

Historic financials						
Year end	Revenue (A\$m)	PBT (A\$m)	EPS (A\$)	DPS (A\$)	P/E (x)	Yield (%)
06/12	0.32	(4.11)	(0.11)	0.0	N/A	N/A
06/13	0.52	(3.49)	(0.08)	0.0	N/A	N/A
06/14e	N/A	N/A	N/A	N/A	N/A	N/A
06/15e	N/A	N/A	N/A	N/A	N/A	N/A

Source: Bloomberg

Price **A\$0.99***
Market cap **A\$84m**

*As at 19 February 2014

Net cash (A\$) as at 30 September 2013 11.5m

Share price graph



Share details

Code BLT
 Listing ASX
 Shares in issue 85.2m

Business description

Benitec Biopharma has a transformational technology, deoxyribonucleic acid (DNA)-directed ribonucleic acid (RNA) interference (ddRNAi). The therapeutic programmes in development include Hepatitis B & C, lung cancer, AMD and oculo-pharyngeal muscular dystrophy (OPMD).

Bull

- Potent and effective gene-silencing technique.
- Broad applicability across therapeutic areas.
- Potential to alter disease treatments materially.

Bear

- Technology risk is still relatively high.
- High-profile collaborations required as validation.
- Pipeline is still at early development stages.

Analysts

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