

VBI Vaccines

Pharma & biotech
24 February 2016

Changing the game in vaccines

VBI Vaccines is developing novel technologies to expand vaccine protection in large, underserved markets. VBIV's pipeline includes a cytomegalovirus (CMV) vaccine candidate entering Phase I clinical trials (H116) and a potentially breakthrough immune-oncology glioblastoma (GBM) vaccine candidate currently generating promising preclinical data. VBIV expects to close its reverse merger with SciVac Therapeutics and complete a financing in Q116.

Proprietary technology platforms

VBIV's two technology platforms are designed to address hurdles in traditional vaccine design and production. The enveloped virus-like particle (eVLP) vaccine platform allows for the design of eVLP vaccines that closely mimic the target virus. The structural similarity to real viruses enables an eVLP vaccine to provide greater immunity than the traditional vaccination. The second platform is a thermostable technology used to develop vaccines and biologics that do not require a cold chain.

Moving to Phase I clinical trials in 2016

VBIV's lead asset is a prophylactic cytomegalovirus (CMV) vaccine using its eVLP technology; VBIV is moving its CMV candidate to Phase I in H116. VBIV's second lead asset is a therapeutic GBM vaccine candidate. At a poster presentation for the European Society of Medical Oncology (ESMO) in November, VBIV demonstrated its GBM vaccine's ability to induce desired anti-tumor immunity in peripheral blood mononuclear cells harvested from healthy subjects and patients with GBM. VBIV plans a pre-IND meeting with the US FDA in H116.

Pending merger expands expertise and portfolio

In October, VBIV announced a reverse acquisition with SciVac Therapeutics (TSX: VAC), a biopharmaceutical company with an HBV vaccine approved in Israel and several other countries. The merger brings synergistic expertise in immunology R&D and production. VBIV shares will be converted to VAC shares at a rate of 1:20.8, resulting in a combined market cap of US\$140m at US\$1.90 per share (US\$197m on 26 October 2015), pre-financing.

Valuation: EV of c \$41m appears well supported

The current EV of c \$41m appears to be modest given the market opportunity for VBIV's products and technologies. The company had \$11.0m cash and \$2.3m debt at the end of Q315 and plans to raise capital concurrent with the SciVac close.

Broker estimates (pre-merger)

Year end	Revenue (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)
12/14	0.0	(14.4)	(1.55)	0.0	N/A	0.0
12/15e	0.4	(13.7)	(0.67)	0.0	N/A	0.0

Source: Noble Financial. Note: Estimates do not reflect the pending merger with SciVac.

Price **\$2.17**
Market cap **\$50m**

Share price graph



Share details

Code VBIV
 Listing NASDAQ
 Shares in issue 23.0m

Business description

VBI Vaccines is a biopharmaceutical company developing novel technologies that seek to expand vaccine protection in large underserved markets. VBI's enveloped virus-like particle (eVLP) vaccine platform allows for the design of eVLP vaccines that closely mimic the target virus.

Bull

- Proprietary eVLP vaccine platform creates strong immune response without including infectious or viral genetic material.
- Merger with SciVac will create a company with a more clinically advanced product pipeline.
- VBIV's thermostability platform selected by Sanofi (NYSE: SNY) and Glaxo (NYSE: GSK) as technology of choice.

Bear

- Key vaccine products still in development stage.
- Unlikely to be profitable for foreseeable future.
- Limited market liquidity.

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