

C4X Discovery

Financing enables C4X to drive strategy forward

Fund-raising

Pharma & biotech

6 September 2016

Price **106.5p**
Market cap **£35m**

Net cash (£m) at 31 January 2016 (pro forma adjusted for equity raise) 9.6

Shares in issue* 32.5m
 *Not including placing

Free float 22%

Code C4XD

Primary exchange AIM

Secondary exchange N/A

Share price performance



Business description

C4X Discovery is a UK-based business using its proprietary NMR-based technology to solve the dynamic 3D structures of biomolecules in solution. The resulting information can be used for rational drug design, ensuring safer and better drug candidate selection, with significant time and cost savings.

Analysts

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C4X Discovery has announced that it has raised £5.0m before expenses via a conditional placing of 4.9m new shares, at a placing price of 102p. This represents a c 4.2% discount to the closing price of 106.5p (on 5 September). It is positive news as it provides the company with sufficient funds to continue driving forward its strategy of becoming a highly efficient and productive drug discovery engine and continue building its existing pipeline of five preclinical assets with the aim of tripling the pipeline in three years' time.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
07/14	0.6	(1.3)	N/A	0.0	N/A	N/A
07/15	0.3	(3.8)	(10.8)	0.0	N/A	N/A
07/16e	0.3	(7.0)	(17.8)	0.0	N/A	N/A
07/17e	0.2	(8.3)	(20.3)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation, exceptional items

The fund-raising includes the addition of two new investors, Calculus Capital as a lead investor (contributing £3.0m to the fund-raising) and Polar Capital. A number of existing shareholders also participated in the fund-raising, alongside CEO Clive Dix, who has invested c £0.5m. The completion of the fund-raising is an important step for C4X as it provides it with funds to progress its existing preclinical pipeline towards clinical development, potentially attract licensing interest, invest in developing new lead compounds against novel drug targets and fund operations.

C4X has built a platform that combines the identification of novel, clinically meaningful drug development targets (Taxonomy 3) and a system to optimally develop drug candidates against such targets (MolPlex and Conformetrix). Alongside its platform it has a number of preclinical projects underway across addiction, inflammation and diabetes and, more recently, inflammation and neurodegeneration. We expect clinical studies to start in 2017.

We do not currently ascribe a fundamental DCF-based valuation to the company, but note that the fund-raising is pivotal to executing its strategy. We are not making any adjustments to our financial forecasts at this time, but intend to provide a fuller update in due course.

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