



***Life sciences news highlights from the past week***

Market	Last	-1D	-1M	-3M	-12M	YTD	Health	Last	-1D	-1M	-3M	-12M	YTD
MSCI World Index	1,871	0.1%	2.3%	7.5%	19.2%	4.0%	MSCI World Pharma/Biotech	219	-0.2%	1.1%	9.9%	15.9%	2.6%
FTSE All Share	4,143	-0.4%	-2.2%	2.8%	5.1%	-1.5%	FTSE All Share Health	12,249	-2.3%	-6.0%	-0.4%	12.9%	-4.8%
AIM All Share	967	0.0%	-0.4%	8.7%	5.9%	0.8%	AIM Health	10,643	0.3%	-0.4%	8.7%	5.3%	2.6%
AIM 100	4,946	-0.2%	-0.7%	9.3%	5.0%	0.2%							

Welcome to Health Matters, finnCap’s new life sciences newsletter. Our aim is to provide you with news highlights from the universe of companies that we cover, along with our analysis and a graphical summary of the performance of the sector, each week.

***Coronavirus (COVID-19) update: some perspective***

As the number of total global confirmed cases reaches 71,810 and deaths reach 1,775, panic is rising about COVID-19. While the rising numbers are worrying, its important to retain perspective. For example, in the US, there have been 13 confirmed cases of COVID-19, and 0 deaths. In comparison, flu (influenza) cases for the 2019-2020 season reached 22 million, and in 2018-2019 it was associated with 34,200 deaths in the US. However, there is no media-fuelled panic about the flu.

The COVID-19 death rate is ~2.5%, and the elderly and those with pre-existing conditions are most at risk. There are 9 cases in the UK. Our summary: while its worrying, and the numbers will continue to rise, **DON’T PANIC!** However, the economic cost to the Chinese economy and global supply chains is another matter!

***Companies covered: Yourgene, Oncimmune, ANGLE, Diurnal***

**Yourgene Health, 15p, market cap. £93m**

*Develops molecular diagnostic solutions, primarily for reproductive health. Products include non-invasive prenatal tests (NIPT) for Down’s Syndrome (the IONA test) and other genetic disorders.*

**News:** Submitted its CE Marking Technical File for the Illumina-based IONA test to its EU notified body, BSI Netherlands. If accepted, BSI Netherlands will issue a European CE Marking Certificate.

**What’s interesting:** Following legal disputes with Illumina, the two companies reached a settlement in late 2018, providing Yourgene with access to Illumina’s platform. Yourgene’s lab customers have been greatly anticipating the arrival of an Illumina-based IONA test, and the company describes it as a “strong driver of future growth”.

**Oncimmune\*, 45p, market cap. £27m**

*Commercial stage immune biomarker company for cancer detection. Products include EarlyCDT Lung and EarlyCDT Liver, blood tests for early detection of lung and liver cancer.*

**News:** Half year results for six months ended 30 Nov 2019 – in line with market expectations. Revenue £0.31m (H1 2018: £0.12m). Gross loss £0.051m (2018: £0.48m). Cash balance £7.51m (H1 2018: £9.05m). Partner in US, Biodesix to launch EarlyCDT Lung test for indeterminate lung nodules in US by March 2020. Service contract also signed with Roche. On track for approval for EarlyCDT Lung and EarlyCDT Liver in China, first sales expected Q1 2021.

**Valuation:** Our DCF-based target price is 150p. Year-end cash forecast is \$4.6m. Prospect of a £7.2m milestone from Biodesix in FY 2021.

**What's interesting:** 155% increase in revenues (to £0.31m). On track to delivered annualised cost savings of £3.2m. Cash of £7.5m, having fully drawn down a a €8.5m credit facility, ahead of an expected \$9m milestone from Biodesix in FY 2021. Service contract with Roche provides endorsement, and there are likely more to come soon. Discussions with NHS England partners (CCGs) has high potential to lead to first commercial sales in the UK.

[Report link](#)

### **ANGLE\*, 73p, market cap. £126m**

*Offers precision medicine solutions in the liquid biopsy market with sample-to-answer solutions using a CTC (circulating tumour cell) capture system, Parsortix and downstream analysis system.*

**News:** Independent group conducted research into use of the Parsortix system with melanoma patients. The results show that Parsortix can be used to investigate the heterogeneity of the cancer, which opens potential for liquid biopsy to be used for prognostication and treatment response monitoring in melanoma.

**Valuation:** Assuming net cash at 30 April 2020 of c.£12.8m, our risk-adjusted DCF valuation implies an equity value of £233m or 135p per share.

**What's interesting:** Stratification of patients into high and low risk groups using Parsortix may allow for improved treatment decisions. Importantly, the research compared Parsortix with competing systems, and concluded that it yielded highest recovery of CTCs, and also did not require pre-processing of the blood. ANGLE's next major value inflection point - FDA clearance for the Parsortix platform in breast cancer - should make subsequent approvals for new indications, such as melanoma, much easier and quicker to achieve. In addition, on 17th Feb, yet another group published results of work undertaken to assess the performance of Parsortix, demonstrating capability to work with multiple cancer types, and capturing the full range of CTCs, not just epithelial CTCs – providing another strong endorsement for the system (and the 29<sup>th</sup> peer reviewed paper on it).

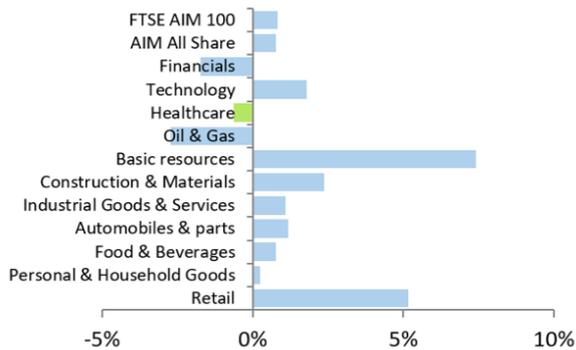
### **Diurnal, 29p, market cap. £25m**

*Specialty pharma company targeting chronic endocrine (hormonal) diseases.*

**News:** Interim results for six months ended 31 Dec 2019. Financial highlights include Alkindi revenues of £1.1m, 516% YOY growth (H1 2018/19: £0.2m). Operating loss of £4.6m, a 53% YOY reduction (H1 2018/19: £9.7m) reflecting increased revenues and decreased investment in clinical development expenses. Cash runway until at least Q3 2020.

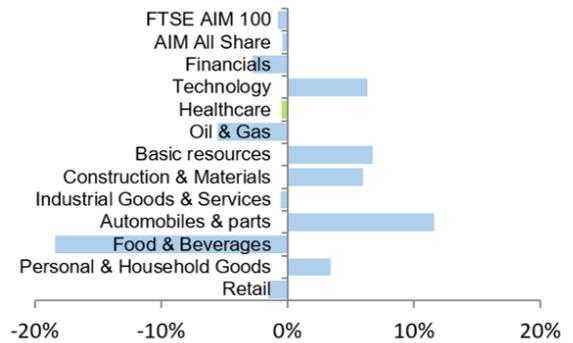
**What's interesting:** Alkindi FDA-approval expected late 2020 (the FDA accepted the NDA on 13<sup>th</sup> Feb) with first revenues expected early 2021, with a US partner. A deal with a US partner could boost the currently limited cash runway, although the cash position may also reduce negotiating position. Chronocort is currently under EMA review, with expected approval in 2021.

**FTSE AIM All Share sector performance (1 Week)**



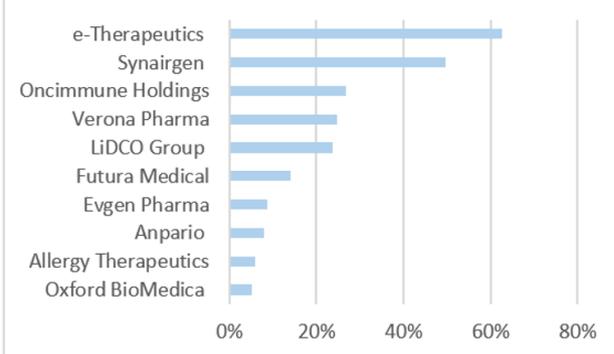
Source: [FactSet](#)

**FTSE AIM All Share sector performance (1 Month)**



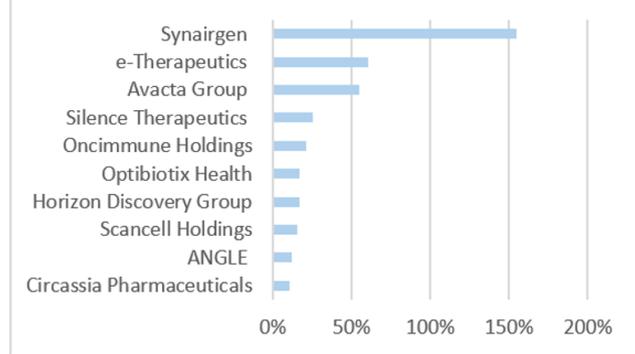
Source: [FactSet](#)

**finnLife 50 – Top ten price performers (past week)**



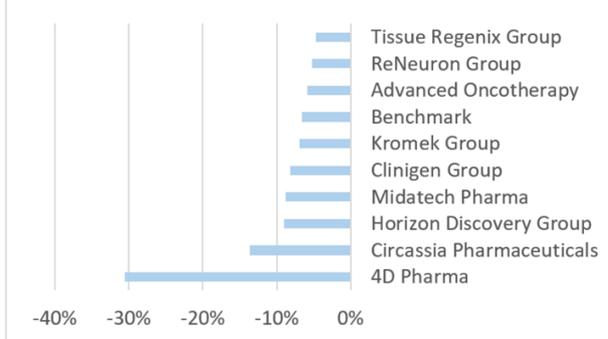
Source: [FactSet](#)

**finnLife 50 – Top ten price performers (past month)**



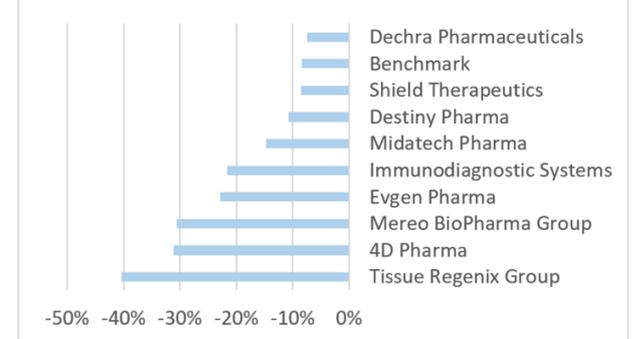
Source: [FactSet](#)

**finnLife 50 – Bottom ten price performers (past week)**



Source: [FactSet](#)

**finnLife 50 – Bottom ten price performers (past month)**



Source: [FactSet](#)

## Research reports and comments in the past week

Date	Company	Research Type	Title
13/02/20	Evgen Pharma	Morning Note	Investigator-led study in CKD
13/02/20	LIDCO	Company Note	Trading update
13/02/20	Oncimmune	Company Note	Interims: sales ramp on track to meet forecasts

## Upcoming roadshows and events in the smaller healthcare company space

Company	Results Date	Roadshow / Event Date
Tristel interims *	24 Feb	24, 25, 27 Feb
InnovaDerma interims *	25 Feb	25, 26, 27 Feb
Bioventix *	30 Mar	30,31 March and 1 April
Avacta preliminary results *	21 April	21, 22 April

\* Indicates a corporate client - RSVP [here](#) to express interest in roadshows

To UNSUBSCRIBE, please simply reply to that effect.

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