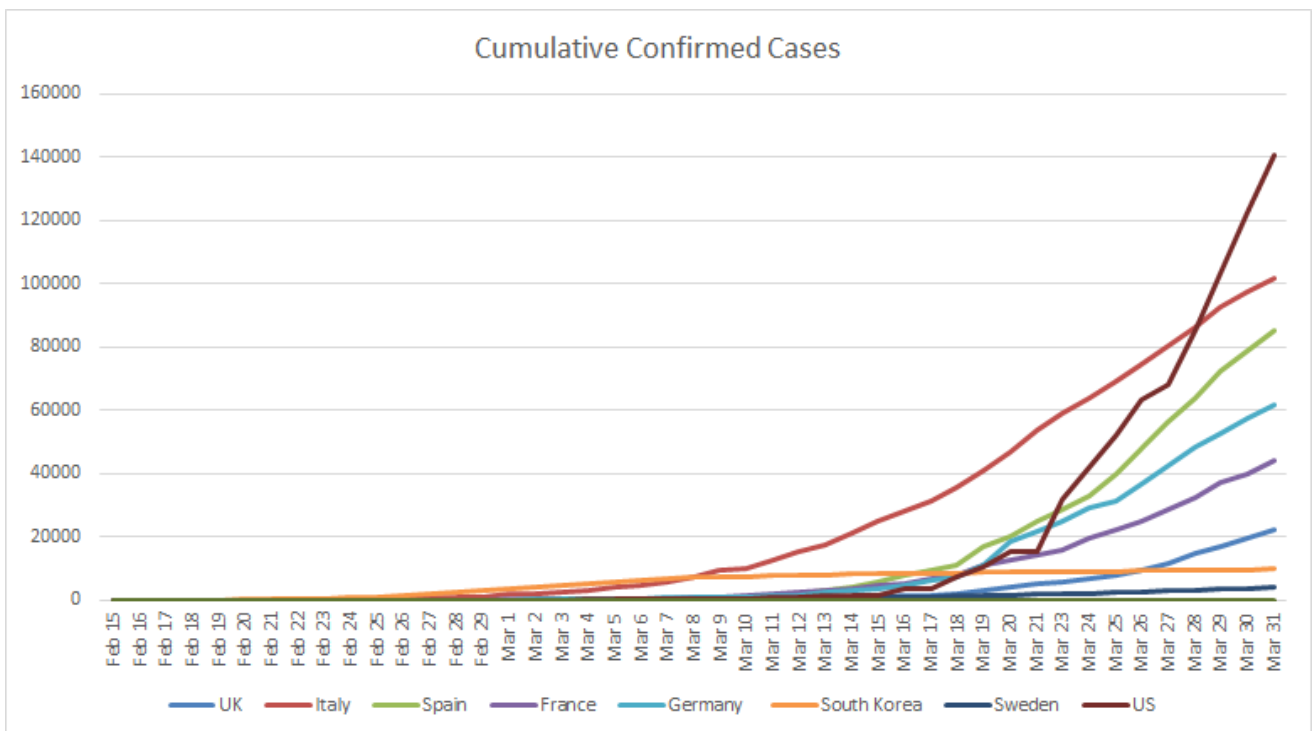
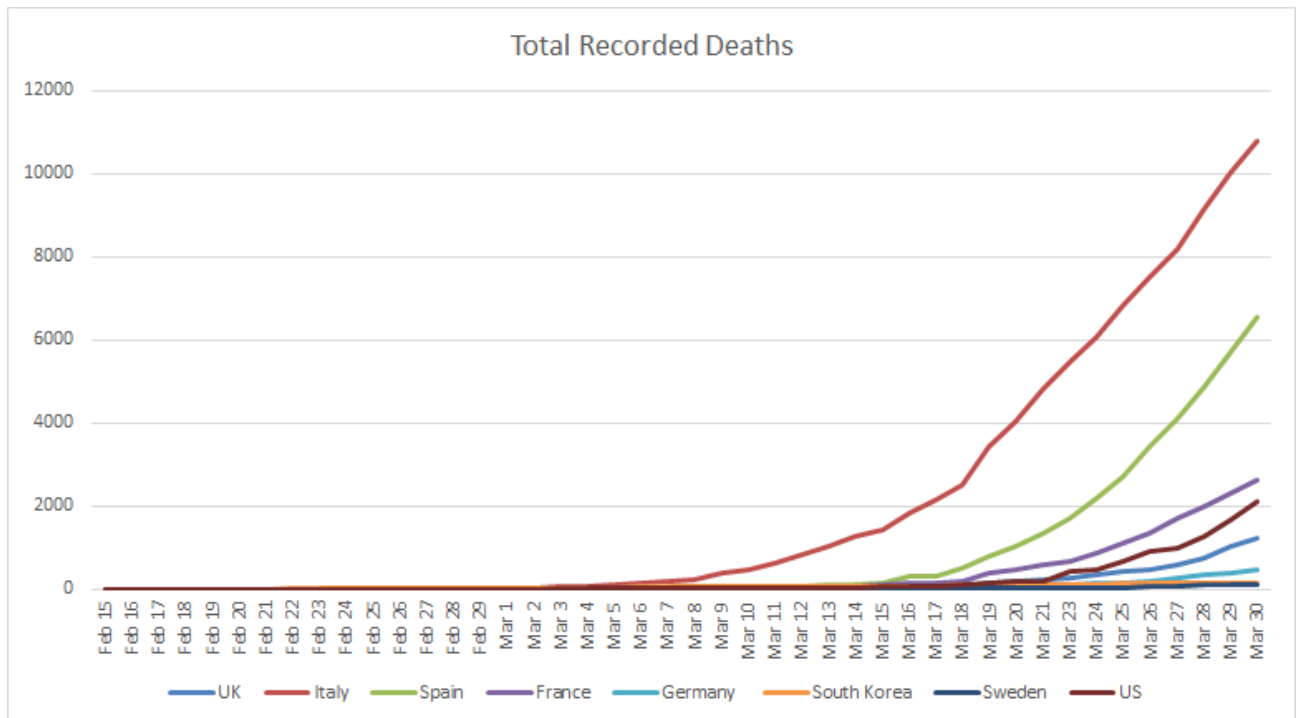


**Weekly thoughts on the healthcare sector from finnCap's life sciences analysts: Mark Brewer and Arshad Ahad**

The global situation is shown in the two graphs below. All graphs created by finnCap, using WHO reported numbers (note that reported numbers from other institutions may be different).

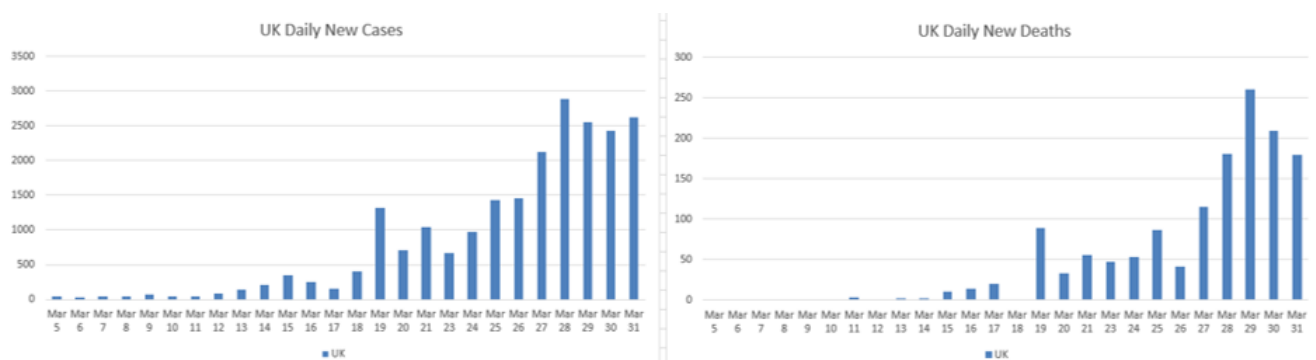
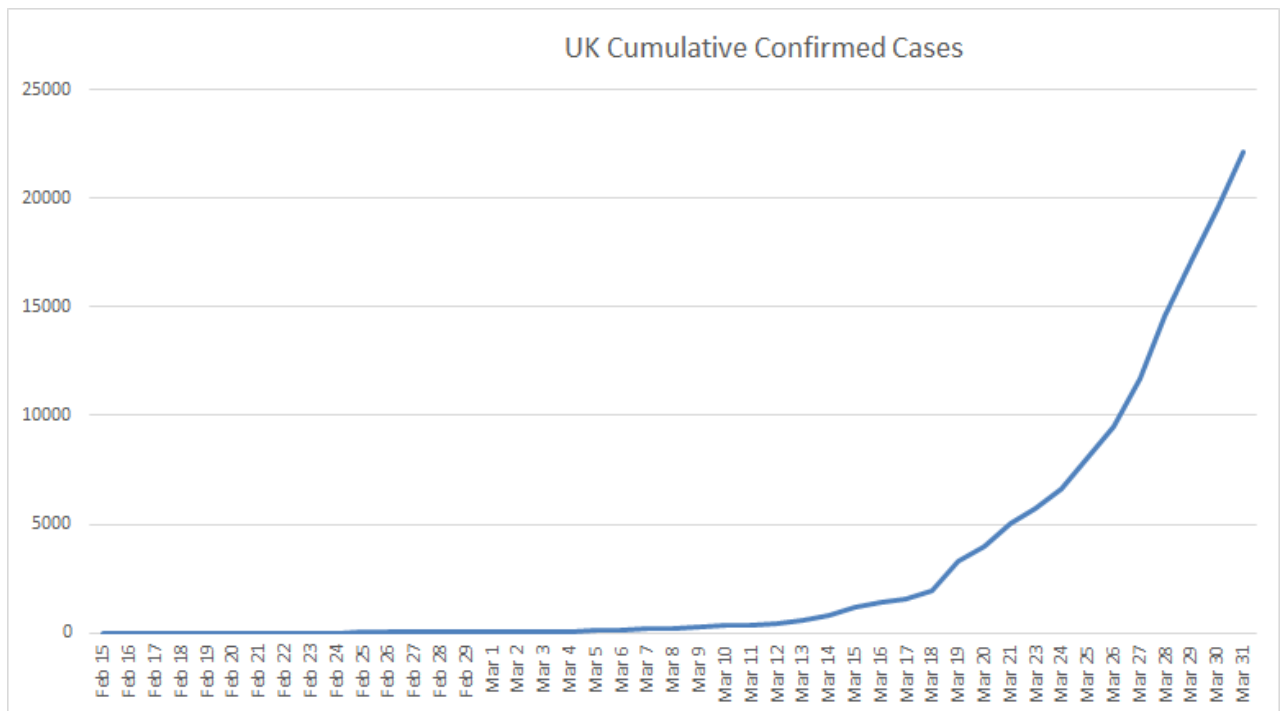




## UK: Has lockdown 'worked'?

- It is too early to measure the impact our lockdown measures have had, and we almost certainly have not reached our peak yet.
- With that caveat, the sharp fall in new deaths over the past couple of days is an encouraging sign, as was the fall in new cases on March 29 and March 30.
- However, new cases rose again on March 31, and we can expect more fluctuations as time goes on.
- I have previously quoted an epidemiologist who said there is no 'exit strategy' to coming out of lockdown, unless a vaccine or effective treatment is released.
- However, 'flattening the curve' and social distancing in order to reduce the spread of disease will help to prevent the NHS from being overrun, saving many lives in the process.
- It also gives the country time to **prepare** and increase NHS ICU capacity and hospital beds. Examples include the conversion of the ExCel Centre in London into the temporary Nightingale Hospital that will treat up to 4,000 COVID-19 patients once it opens.
- Another example is the UK government's order for 15,000 new ventilators on Monday. 10,000 of these will be supplied by Ventilator Challenge UK, a consortium of engineering firms including Rolls-Royce, Airbus, McLaren, Ford, and BAE systems.
- An order for 10,000 machines from Dyson have previously been announced, although Dyson's machine is a completely new design and will require regulatory approval – whether they will receive this is less clear.
- On March 20, Inspiration Healthcare (AIM:IHC) announced further ventilator orders from the NHS, with a combined total value of over £4m, and is working with suppliers from various countries to expedite delivery as soon as possible. It typically ships medical equipment to the UK but these devices will be shipped by air as time is of the essence.

- If the above orders, and other orders from overseas are supplied, it would take the total number of ventilators in the NHS to 41,000, well above the 30,000 ventilators the government has estimated it will need to cope with the COVID-19 outbreak.

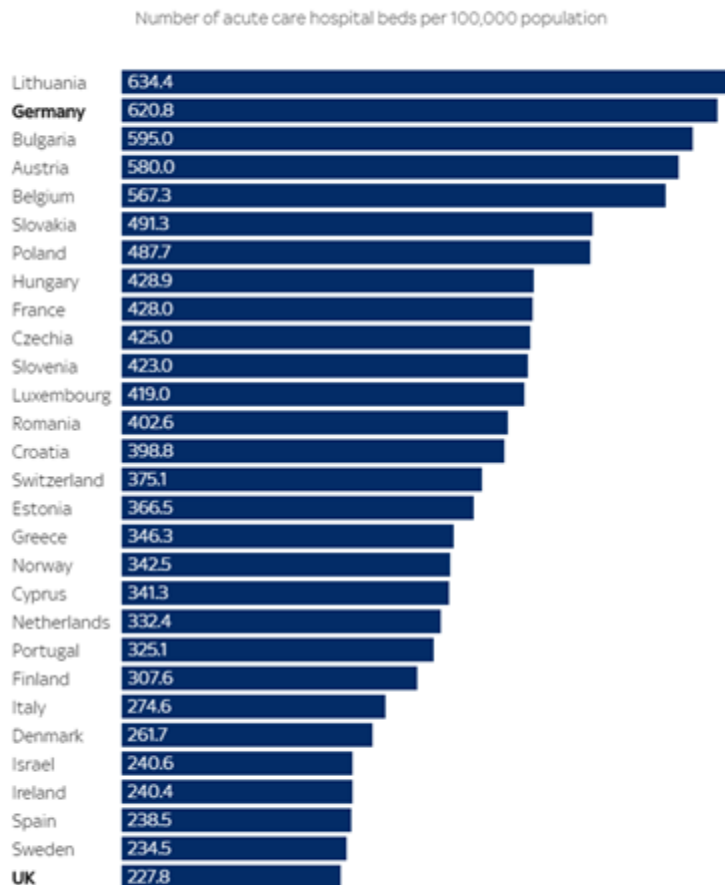


## Germany: Why are their deaths so low?

- Germany's death rate is just 0.9%, compared to 11.4% for Italy and 6.4% for the UK.
- (The important caveat to note when talking about death rate is that the 'real' death rate will be far lower. The reported cases of COVID-19 are will be significantly lower than the actual cases, due to a lack of testing, while death rates are more likely to be an accurate representation of deaths).
- So why is Germany's death rate so low?
- It relates to the point I've alluded to above – in the early stages of the disease Germany tested thousands of people and conducted rigorous contact tracing. Thus, Germany has tested a higher proportion of its people, and as a result, has identified more mild instances of the disease. On the other hand, here in the UK, only the people who need medical assistance are being tested.
- Germany's increased testing will also have allowed it to reduce its overall cases, and therefore deaths, as identified cases were quickly isolated.

- Other factors include the fact that fewer elderly people were initially infected with the disease in Germany, and the fact that Germany has a high number of acute hospital care beds available per 100,000 people.
- The following graph shows numbers from 2012-2014 (latest year available). Note UK and Sweden are at the bottom of this graph, although the Nightingale hospital has the prospect of becoming the world's largest hospital if it reaches its proposed 4,000 bed capacity.

### Germany among top countries in Europe for hospital bed access

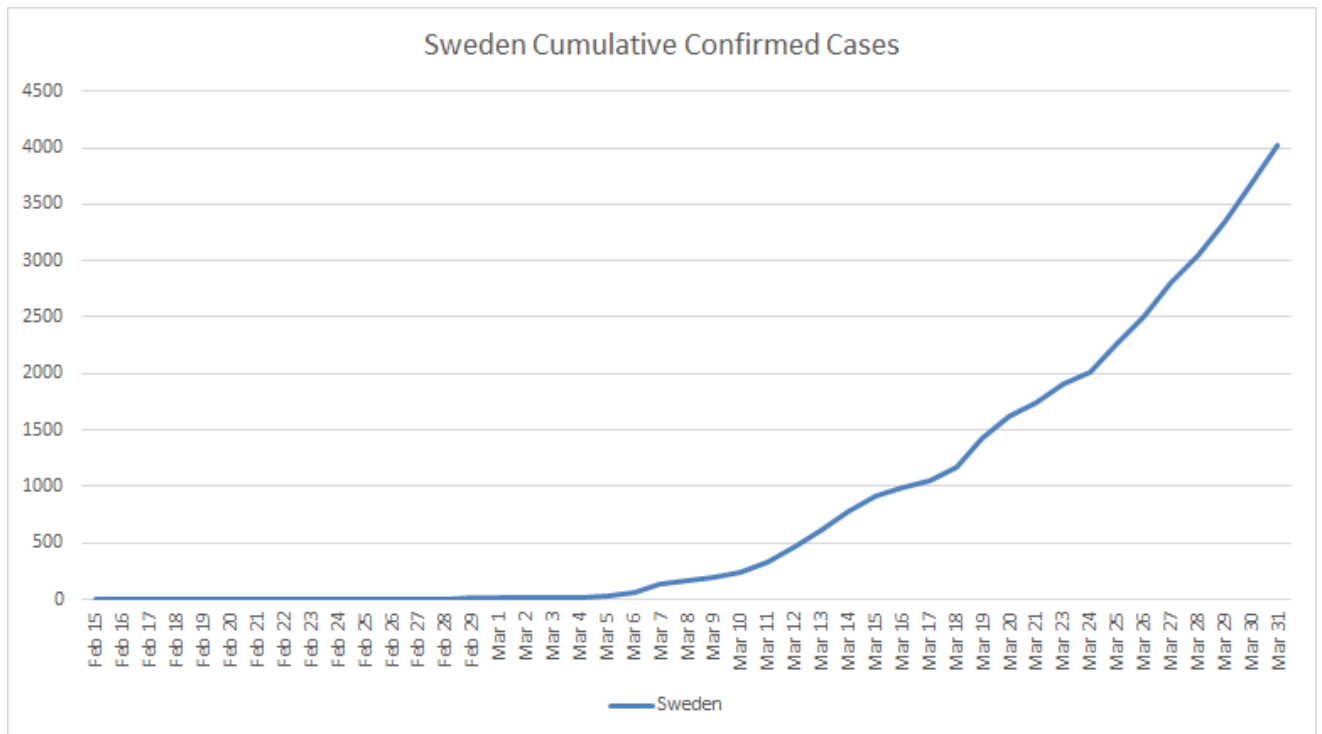


Latest year available is 2014 except for Italy (2013), Romania (2013) and the Netherlands (2012)  
Source: European Health for All database

Source: Sky News

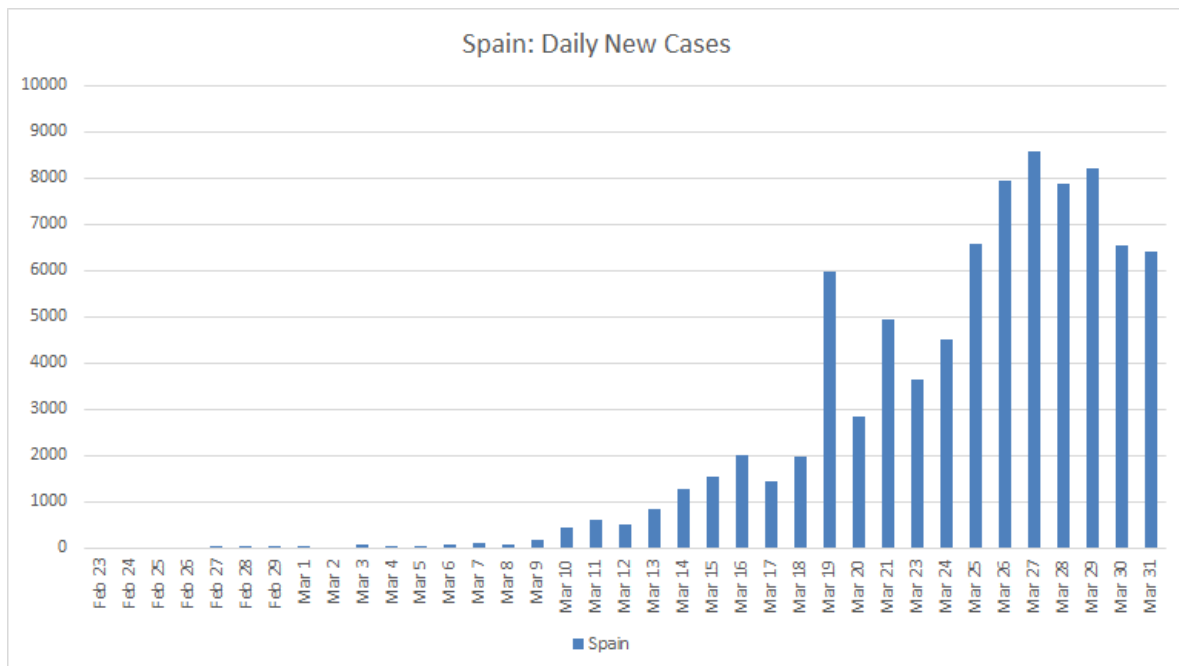
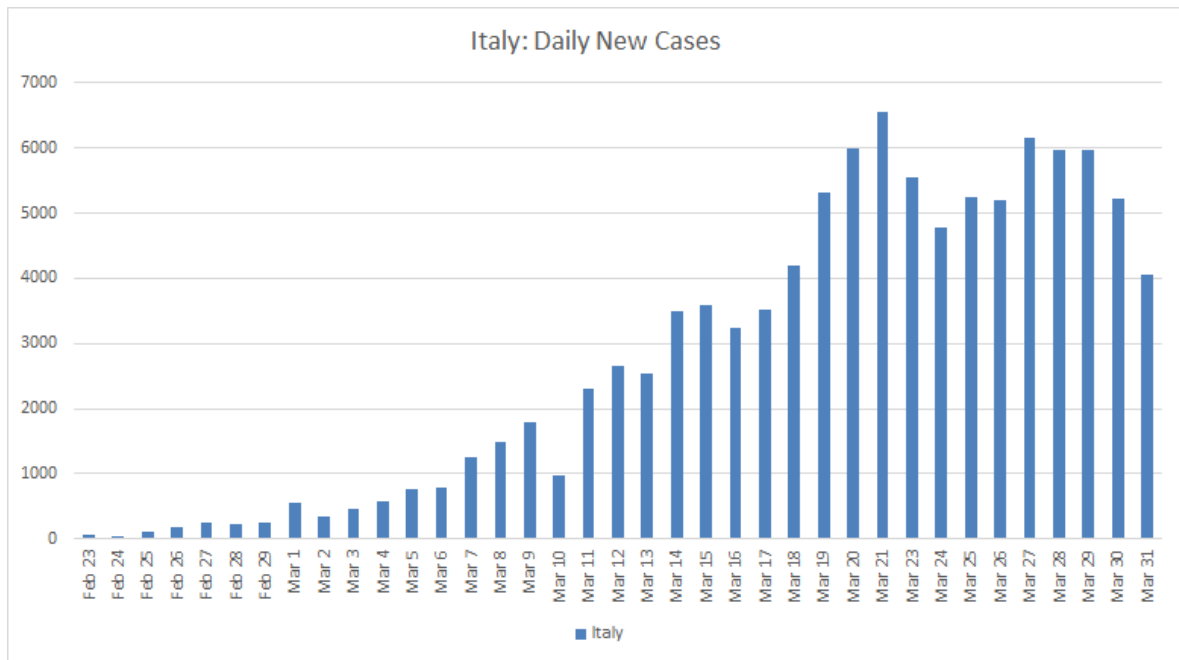
## Sweden: The global 'rebel'

- While the rest of Europe, and much of the world, is in lockdown, Sweden remains the exception. Schools, bars, restaurants, hairdressers etc remain open. If you develop symptoms, you are allowed to return to school or work just two days after you feel better.
- Sweden's choice to forgo lockdown is bold, given its low number of hospital beds per population, as shown in the graph above.
- As with countries around the globe, Sweden is experiencing an exponential growth in COVID-19 cases. For now, it still has a relatively low death rate at 3.6%.
- It will be interesting to see whether Sweden will continue with its current approach as the number of cases rise.



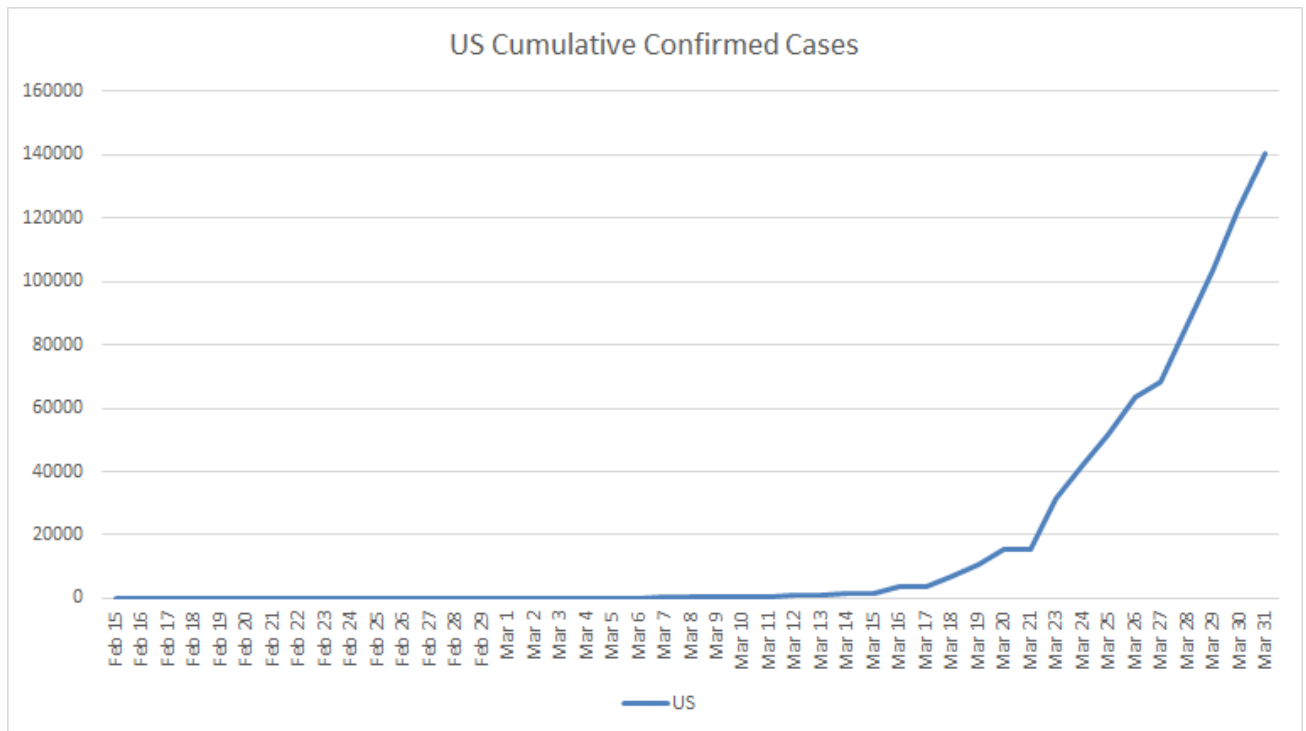
## Italy and Spain: Finally past its peak?

- Reports are proclaiming that Italy is past its peak. While this is hopefully the case, it may be premature to declare this, given that Italy has had drops in new cases in the past, followed by a rebound.
- Nevertheless, the sharp decline in new cases over the past 4 days is encouraging.
- A similar decline can be seen in new COVID-19 cases in Spain.



## US: Overtakes Italy

- The US has seen a sharp increase in cases and recently overtook Italy with regards to cumulative confirmed cases.
- 30 states, and the District of Columbia, currently have stay-at-home orders in place, and have ordered the closures of non-essential businesses. Those states have more than 225 million people, over two-thirds of the country's population.



## II UK Small & Mid Cap Research Team 2020 Survey

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relative to this index of +/-10%, a 'Buy' indicates expected outperformance >10% and a 'Sell' indicates expected underperformance of >10%.

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