

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

Market	Last	-1D	-1M	-3M	-12M	YTD	Health	Last	-1D	-1M	-3M	-12M	YTD
MSCI World Index	1,764	0.8%	4.2%	14.7%	5.0%	-2.0%	MSCI World Pharma/Biotech	228	0.6%	3.3%	5.9%	21.5%	6.8%
FTSE All Share	3,480	-0.3%	-0.7%	8.1%	-15.6%	-17.5%	FTSE All Share Health	13,601	0.5%	4.6%	7.4%	18.9%	5.7%
AIM All Share	889	1.0%	-0.5%	16.0%	-3.1%	-7.5%	AIM Health	11,054	4.1%	4.8%	17.1%	7.8%	6.6%
AIM 100	4,496	0.9%	-2.0%	14.7%	-4.6%	-9.2%							

## Treatment Update

### Synairgen: Breakthrough Results

- On 20 July, Synairgen\* (SNG:AIM), announced breakthrough results from its Phase II trial of SNG001 (inhaled formulation of interferon beta) in hospitalised COVID-19 patients.
- The key headline data show a 79% reduction in patients developing severe disease (requiring ventilator treatment) or death, with those on SNG001 more than twice as likely to recover (defined as 'no limitation of activities') over the course of the treatment period than those on placebo.
- Both endpoints were statistically significant. In addition, there was a statistically significant
- reduction in breathlessness. There were no deaths among subjects treated with SNG001 compared with three patients who received placebo
- SNG will now discuss with regulators the route to progress SNG001 as rapidly of possible. The prospect of generating sales in 2020, in our view, is considered increasingly likely.
- We consider the data to be highly compelling, especially given the patients had already been hospitalised and had symptoms for c.10 days, which bodes well for the at home element of this Phase II trial (120 patients).
- We raise our target price to 360p (sum-of-the-parts rNPV). It assumes a 50% chance of SNG001 reaching the market. Based on pricing points for Rebif and Avonex and Gilead's remdesivir (\$2-3,000 per treatment) and the prospect of Synairgen being able to supply up to 1m doses by the end of 2020, it is not inconceivable that an order book of \$2-3bn could be generated by the year-end, which would imply a valuation substantially higher than 360p (c.£0.5bn market cap).

## Oxford vaccine is safe and trains the immune system

- The Oxford ChAdOx1 nCoV-19 vaccine continues its rapid development, with early results suggesting that the vaccine is safe and induces an immune reaction. Trials involving 1,077 found that the vaccine induced strong antibody and T cell immune responses up to day 56 of the ongoing trial. These responses may be even greater after a second dose, according to a sub-group study of 10 participants.
- There were no dangerous side-effects from the vaccine. 70% of people on the trial developed either fever or headache, although this can be easily managed with paracetamol.
- The UK has already ordered 100m doses of the vaccine.
- To demonstrate efficacy, over 10,000 people will take part in the next stage of trials in the UK. There will also be a trial involving 30,000 people in the US, and 2,000 and 5,000 people in South Africa and Brazil, respectively.
- The team are also hoping to expose willing volunteers to the virus as part of challenge trials, before the end of the year.

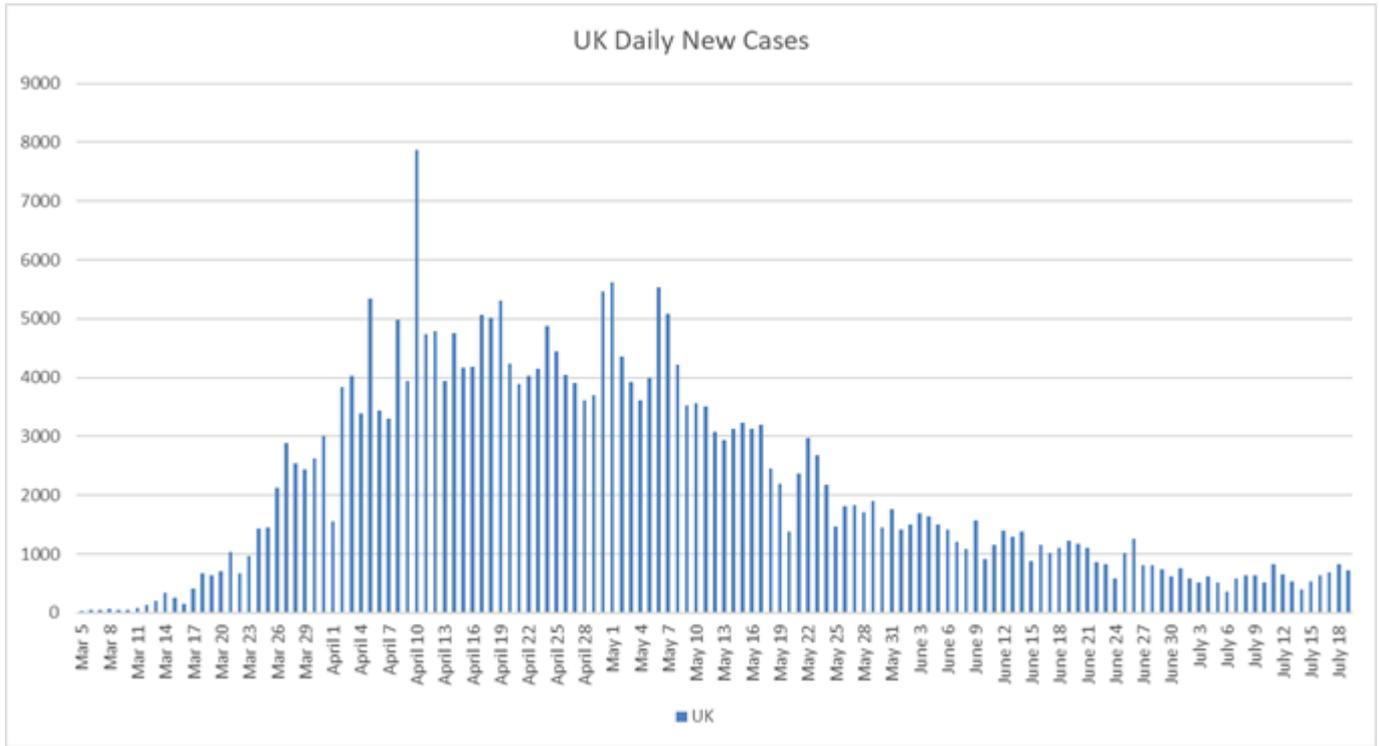
## UK secures early access to 90m additional vaccine doses from Pfizer, BioNTech and Valneva

- On 20 July, it was announced that the UK has secured early access to 90m doses of COVID-19 vaccines in development. This consists of 30m doses of a mRNA vaccine (BNT162b1) by BioNTech and Pfizer. The developers reported additional data on 20 July from a Phase I/II trial in 60 healthy adults in Germany.
- The vaccine elicited high, dose level-dependent SARS-CoV-2 neutralising titers and antibody responses after the second dose. In addition, the results demonstrate that the candidate can induce a T cell response (with a high level CD4 and CD8 T cell response against the SARS-CoV-2), although this varied between subjects. No serious adverse events were reported. The companies expect to manufacture up to 100m doses by the end of 2020, and potentially more than 1.3bn doses by the end of 2021.
- The second deal is for 60m doses of an inactivated vaccine being developed by Valneva, with an option to acquire a further 40m doses if this vaccine is proven to be safe and effective. The vaccine is still in pre-clinical trials, with an aim to move into clinical trials by the end of 2020.

Together the UK has ordered 190m doses, more than enough to vaccinate the entire population (2 doses), but also reflecting the potential for product failure.

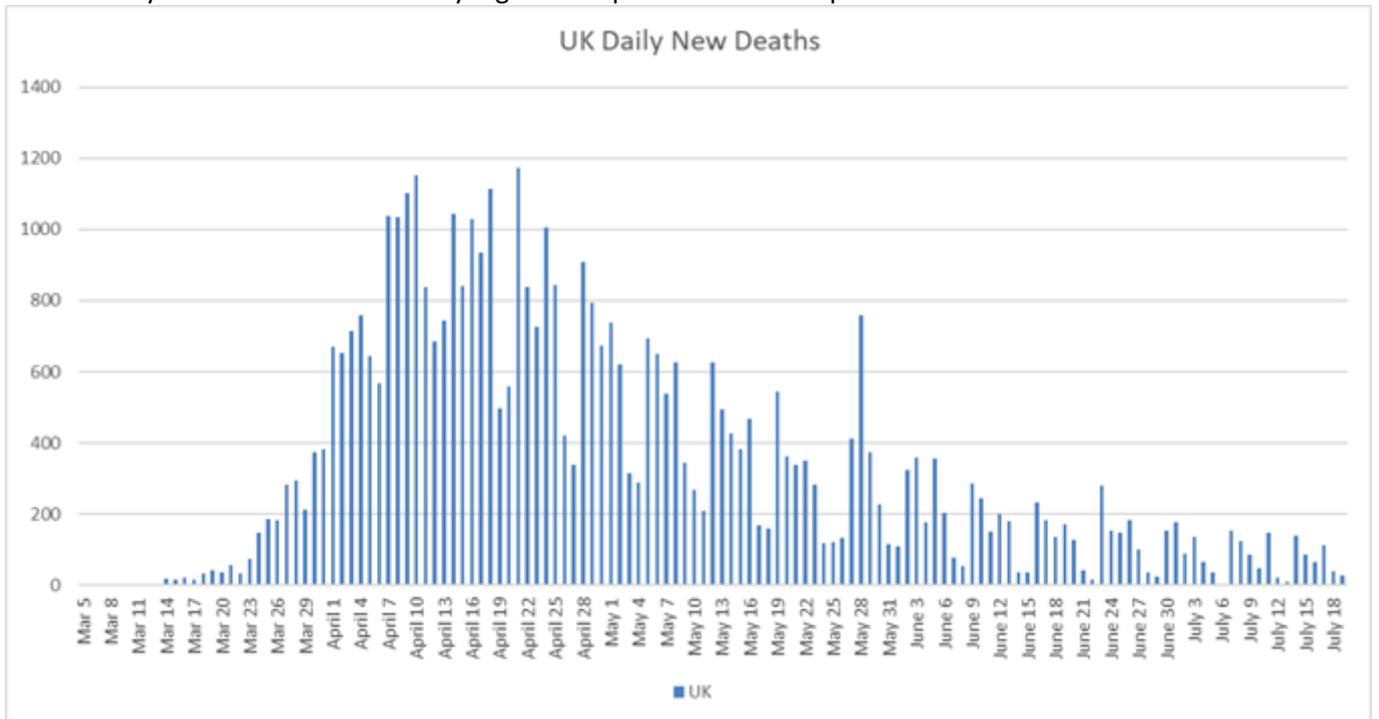
## Case Numbers

The current number of daily COVID-19 cases in the UK remains low, despite further easing of lockdown

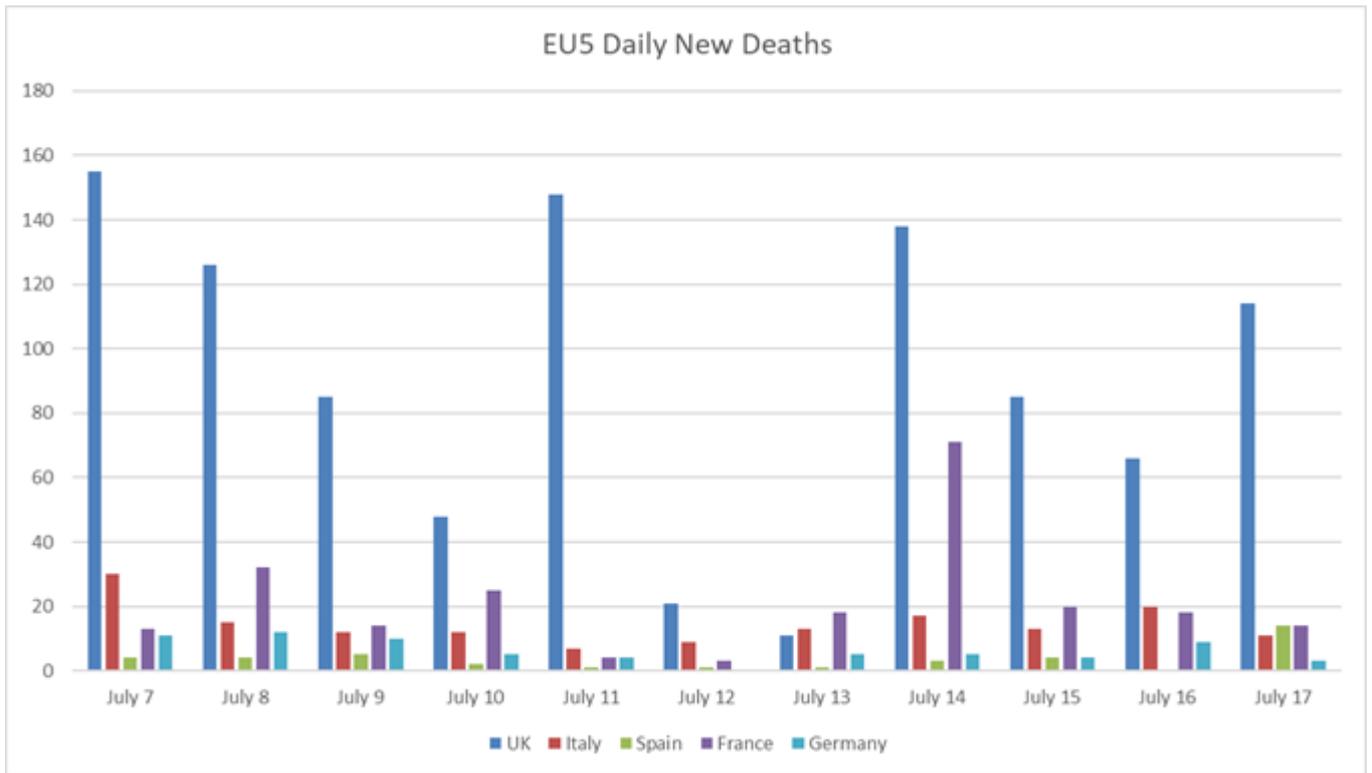


Source: worldometer, finnCap

- Daily deaths due to COVID-19 have also remained relatively stable, although the number of daily deaths in the UK are very high in comparison to its EU5 peers.

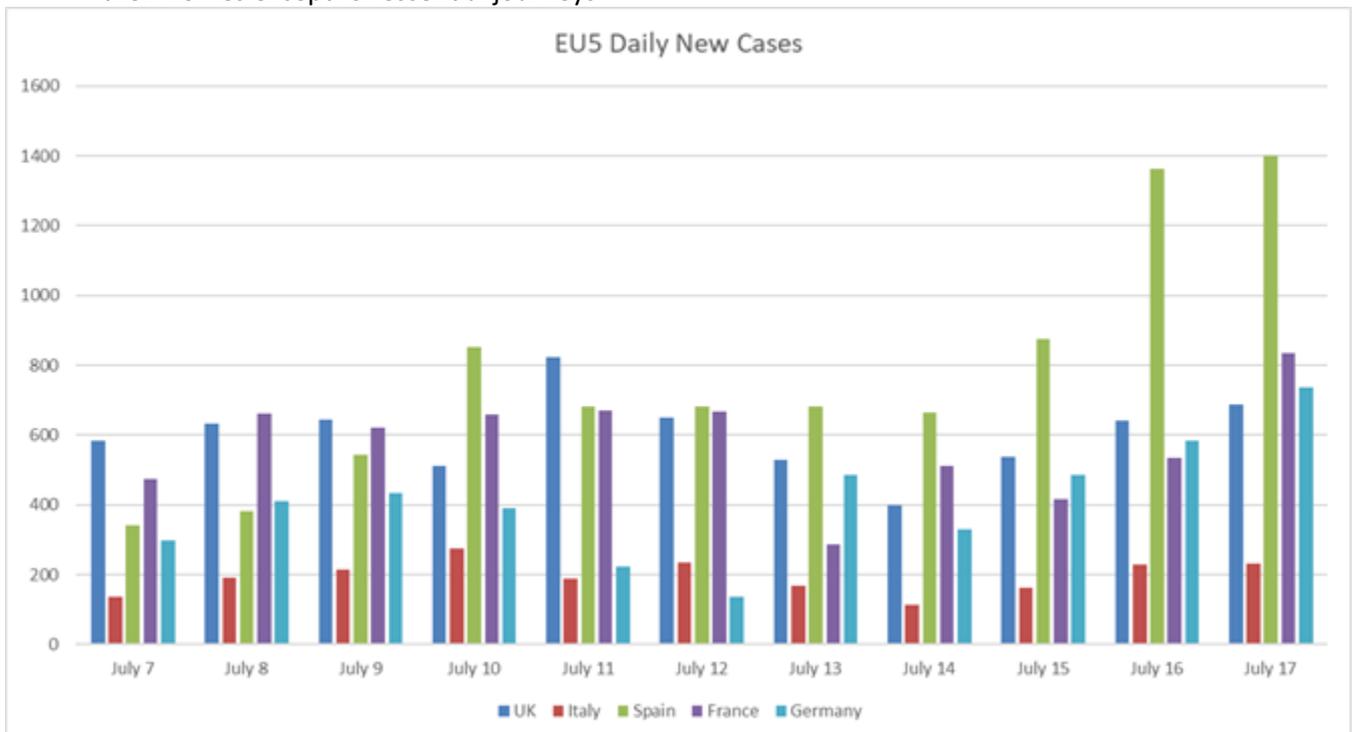


Source: worldometer, finnCap



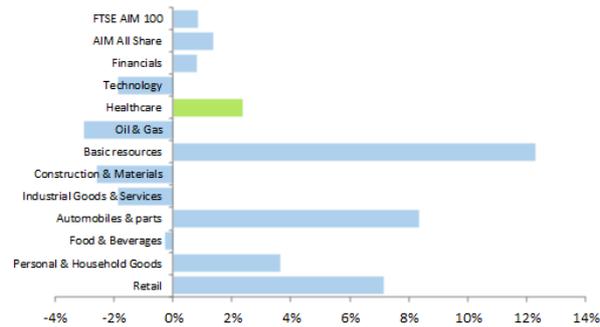
Source: worldometer, finnCap

- In terms of daily cases within the EU5, Spain has had a surge in cases over recent days. Authorities imposed new restrictions on 17 July in Barcelona, advising residents not to leave their homes except for essential journeys



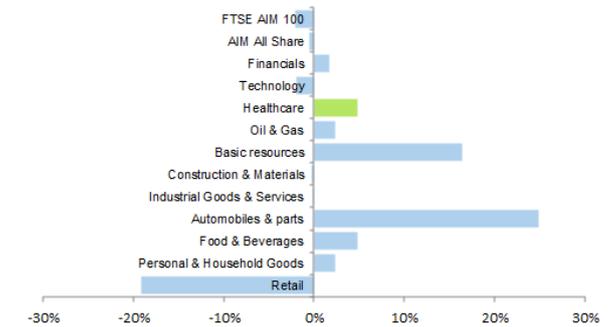
Source: worldometer, finnCap

FTSE AIM all share sector performance (1 week)



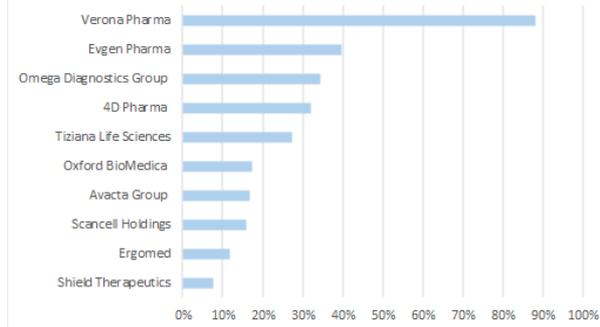
Source: FactSet

FTSE AIM all share sector performance (1 month)



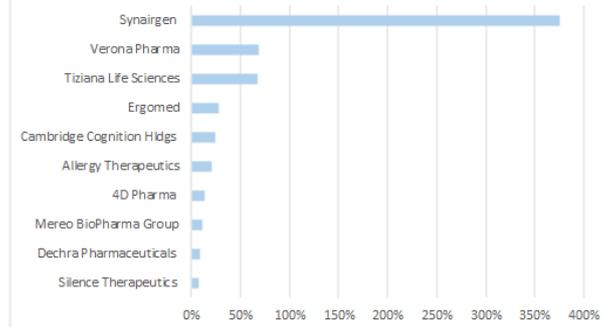
Source: FactSet

finnLife 50 - Top ten price performers (past week)



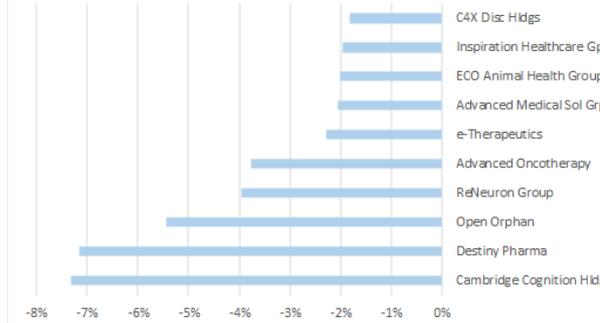
Source: FactSet

finnLife 50 - Top ten price performers (past month)



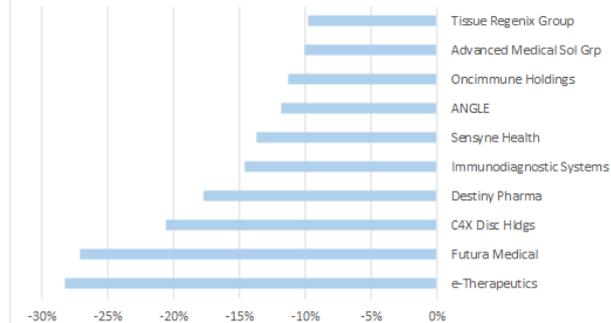
Source: FactSet

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 two weeks

Company	Date	Title
SDI Group*	21-Jul	FY 2020 – introducing 2021 and 2022 forecasts
Synairgen*	20-Jul	COVID-19 treatment – positive Phase II data
ANGLE*	20-Jul	Peer-reviewed paper in metastatic breast cancer
Allergy Therapeutics*	15-Jul	FY 2020 trading update – above market earnings
Omega Diagnostics*	14-Jul	FY 2020 results – multiple upcoming newsflow
genedrive*	10-Jul	Trading and COVID-19 Test Update
InnovaDerma*	10-Jul	FY trading update
Allergy Therapeutics*	09-Jul	Regulatory update – Phase III birch allergy trial
Open Orphan*	07-Jul	Three New Lab Services Contracts Signed

## Upcoming roadshows and events

<u>Company Name</u>	<u>Ticker</u>	<u>Event Type</u>	<u>Date(s) - 1:1's &amp; Group meetings available</u>
SDI Group PLC	SDI	Preliminary Results Roadshow Calls	22nd July – Conference Calls & Group Conference Call

An archive of previous Health Matters can be found [here](#).

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