

Oxford BioMedica

LentiVector platform expanding into haemophilia

Bioverativ collaboration

Pharma & biotech

16 February 2018

Price **12.00p**
Market cap **£373m**

Net debt (£m) at end June 2017 23.4
 Shares in issue 3,108m
 Free float 83%
 Code OXB
 Primary exchange LSE
 Secondary exchange N/A

Oxford BioMedica (OXB) has announced a collaboration and licence agreement with Bioverativ to develop gene therapy products for the treatment of haemophilia. Under the terms of the agreement OXB will receive a \$5m upfront payment, plus milestone payments (potentially worth in excess of \$100m) and royalties on net sales of any commercialised products. This agreement further validates the value partners see in OXB's LentiVector expertise and manufacturing capabilities. OXB now has multiple partnered products in various stages of development. Clinical progression and potential commercialisation of these could lead to substantial milestone and royalty revenues over the coming years. We place our numbers under review.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/15	15.9	(16.6)	(0.49)	0.0	N/A	N/A
12/16	27.8	(20.0)	(0.59)	0.0	N/A	N/A
12/17e	40.4	(5.4)	(0.04)	0.0	N/A	N/A
12/18e	47.2	2.9	0.22	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Exact timelines of the development were not disclosed. However, we anticipate that Bioverativ (and soon-to-be parent company, Sanofi) will put significant resources into this partnership to accelerate its gene therapy candidates into the clinic and narrow the gap between its competitors, Spark Therapeutics' and BioMarin's haemophilia gene therapies (which have impressive albeit early clinical data packages). As such, OXB could be a rapid beneficiary of the aforementioned milestones and any manufacturing revenues if a clinical supply agreement is later completed.

FDA approval of partner Novartis's CAR-T Kymriah at the end of 2017 has given clinical and regulatory validation of OXB's LentiVector platform. We anticipate further partnership deals as OXB leverages its FDA- and MHRA-approved lentiviral manufacturing capabilities, predominately its next-generation 200 litre bioreactors, which enable it to deliver a higher quantity of lentiviral vector at a reduced cost. This is needed for larger indications like haemophilia. We believe partners will be attracted by these capacity upgrades, as few companies worldwide are able to deliver on such scale.

Share price performance



Business description

Oxford BioMedica's (OXB) lentiviral vector technology is wide-ranging and underpins the company's strategy, most notably in relation to revenue received from Novartis for the supply of lentiviral vector. OXB's internal focus remains on pipeline assets OXB-102, OXB-202 and OXB-302

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