

# Ultimovacs

Clinical data

## ORR impressive in Phase I UV1 plus Keytruda

Yesterday, Ultimovacs reported the first results from a Phase I trial of UV1 in advanced melanoma in combination with Keytruda. After the minimum 18-month follow-up period (median of 21 months), complete responses (CRs) were achieved in 30% (n=6 out of 20) of patients and partial responses were seen in another 30% of patients resulting in 60% of overall response rate (ORR; 12 out of 20). In Phase III trials of Keytruda in advanced melanoma and post-hoc analyses after the approval the ORR was 33–37% and CR 5–12%. Although this is a comparison against historical data, we find the large difference reassuring. So, although early, these new data give confidence in the existing R&D strategy (UV1 in combination with checkpoint inhibitor (CPIs) in four different Phase II trials). Our valuation is increased to NOK3.65bn or NOK114 per share (vs NOK99.4 per share previously).

Year end	Revenue (NOKm)	PBT* (NOKm)	EPS* (NOK)	DPS (NOK)	P/E (x)	Yield (%)
12/19	0.0	(61.2)	(2.67)	0.0	N/A	N/A
12/20	0.0	(120.6)	(3.98)	0.0	N/A	N/A
12/21e	0.0	(152.5)	(4.77)	0.0	N/A	N/A
12/22e	0.0	(159.0)	(4.97)	0.0	N/A	N/A

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

## Additional data

There were no new safety and tolerability issues. The median progression-free survival (mPFS) was 18.9 months compared with 5.5–11.6 months in the Keytruda studies. The median overall survival is yet to be reached. We note the scientific rationale for cancer vaccines is to increase the durability of response, so there is potential for overall survival data to surprise again. More details will be presented as an online poster at the American Society of Clinical Oncology 2021 Annual Meeting on 4–8 June.

## Next steps

In next step, the trial is expected to enrol 30 patients in total. There are two arms with different levels of adjuvant 37.5µg (cohort 1, 20 patients, reported yesterday) and 75µg (cohort 2, 10 patients). The 24-month follow-up from the cohort 1 should be provided in Q421, while the first 12-month follow-up data from the cohort 2 should also be released in Q421.

## Valuation: NOK3.65bn or NOK114 per share

This was the first time Ultimovacs' vaccine was combined with PD-1/PD-L1 CPI and various CPI combinations with UV1 are being evaluated in all four Ultimovacs' Phase II trials. The results provide comfort that the company has chosen the right combinations. One of the four Phase II trials is INITIUM, evaluating UV1 in combination with nivolumab and ipilimumab in melanoma as well. We increase the probability of success in our model to 25% from 20% in [all indications](#), as we believe there is read across as long as tumours express telomerase and are known to respond to CPI treatment. Our updated valuation is NOK3.65bn or NOK114 per share (vs NOK3.18bn or NOK99.4 per share).

## Pharma & biotech

21 May 2021

**Price** **NOK76.60**  
**Market cap** **NOK2,451m**

Net cash (NOKm) at end Q121	409.3
Shares in issue	32.0m
Free float	90%
Code	ULTI
Primary exchange	Oslo Stock Exchange
Secondary exchange	N/A

## Share price performance



%	1m	3m	12m
Abs	20.6	7.9	97.9
Rel (local)	19.5	1.0	53.9
52-week high/low	NOK87.80	NOK38.4	

## Business description

Ultimovacs is a biotechnology company developing novel immunotherapies against cancer. The lead product candidate, UV1, is a peptide-based vaccine against the universal cancer antigen telomerase (hTERT). Around 85% of all cancer types express high levels of hTERT. Therefore, UV1 has a broad potential in a variety of different settings and combinations with other cancer treatments.

## Next events

Cohort 1 first data from Phase I trial of UV1 plus CPI in melanoma	Q421
Cohort 2 update from Phase I trial of UV1 plus CPI in melanoma	Q421
Q21 results	20 August 2021

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## Valuation

Our valuation is based on risk-adjusted NPV analysis using a 12.5% discount rate, including net cash of NOK409m at end-Q121. Our model includes four rNPV projects, with UV1 being evaluated in the Phase II trials in all four indications. We use a bottom-up approach to calculate the market sizes and industry average data for the basis of our other assumptions. More details can be found in our recent [initiation report](#).

**Exhibit 1: Valuation of Ultimovacs**

Product	Launch	Peak sales* (\$m)	NPV (NOKm)	NPV/share (NOK/share)	Probability	rNPV (NOKm)	rNPV/share (NOK/share)
UV1 – malignant melanoma	2028	1,010	2,979.5	93.2	25.0%	932.2	29.2
UV1 – mesothelioma	2028	460	1,428.6	44.7	25.0%	464.9	14.5
UV1 – ovarian cancer	2028	625	1,919.2	60.0	25.0%	643.2	20.1
UV1 – H&N cancer	2028	1,090	3,492.7	109.2	25.0%	1,199.7	37.5
Net cash, last reported			409.3	12.8	100.0%	409.3	12.8
<b>Valuation</b>			<b>10,229.2</b>	<b>319.9</b>		<b>3,649.4</b>	<b>114.1</b>

Source: Edison Investment Research. Note: Peak sales rounded to the nearest \$10m.

**Exhibit 2: Financial summary**

Year end 31 December	NOK'000s	2018	2019	2020	2021e	2022e
			IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>						
Total revenues		0	0	0	0	0
Cost of sales		0	0	0	0	0
Gross profit		0	0	0	0	0
SG&A (expenses)		(27,078)	(20,160)	(50,989)	(58,637)	(60,103)
R&D costs		(28,844)	(43,995)	(70,438)	(95,091)	(99,846)
Other income/(expense)		0	0	0	0	0
Exceptionals and adjustments		0	0	0	0	0
Reported EBITDA		(55,922)	(64,155)	(121,427)	(153,729)	(159,949)
Depreciation and amortisation		(601)	(2,063)	(2,720)	(3,114)	(2,991)
Reported Operating Profit/(loss)		(56,523)	(66,218)	(124,147)	(156,842)	(162,940)
Finance income/(expense)		1,242	5,051	3,593	4,322	3,958
Other income/(expense)		0	0	0	0	0
Exceptionals and adjustments		0	0	0	0	0
Reported PBT		(55,281)	(61,167)	(120,554)	(152,520)	(158,983)
Income tax expense		0	0	0	0	0
Reported net income		(55,281)	(61,167)	(120,554)	(152,520)	(158,983)
Basic average number of shares, m		15.6	22.9	30.3	32.0	32.0
Basic EPS (NOK)		(3.55)	(2.67)	(3.98)	(4.77)	(4.97)
Diluted EPS, (NOK)		(3.55)	(2.67)	(3.98)	(4.77)	(4.97)
<b>BALANCE SHEET</b>						
Property, plant and equipment		736	536	377	359	341
Intangible assets		56,418	55,519	64,551	61,737	59,046
Other non-current assets		0	3,523	3,630	3,630	3,630
Total non-current assets		68,135	70,429	80,353	77,521	74,812
Cash and equivalents		115,540	399,607	440,925	299,590	149,304
Trade and other receivables		0	0	0	0	0
Other current assets		6,184	8,004	8,438	8,438	8,438
Total current assets		121,724	407,611	449,363	308,028	157,742
Non-current loans and borrowings*		0	0	0	0	0
Total non-current liabilities		10,981	13,152	13,870	13,870	13,870
Trade and other payables		2,978	11,768	8,611	10,190	9,400
Other current liabilities		15,996	7,164	17,149	17,149	17,149
Total current liabilities		18,974	20,257	27,467	29,046	28,256
Equity attributable to company*		159,904	444,632	488,380	342,637	190,431
<b>CASH FLOW</b>						
Operating Profit/(loss)		(56,523)	(66,218)	(124,147)	(156,842)	(162,940)
Depreciation and amortisation		601	2,063	2,720	3,114	2,991
Other adjustments		0	0	0	0	0
Movements in working capital		5,528	(1,862)	6,395	1,579	(789)
Interest paid / received		0	0	0	0	0
Income taxes paid		0	0	0	0	0
Cash from operations (CFO)		(50,389)	(62,989)	(108,224)	(141,051)	(150,004)
Capex		(513)	(172)	(282)	(282)	(282)
Acquisitions & disposals net		0	0	0	0	0
Other investing activities		1,247	4,490	(455)	0	0
Cash used in investing activities (CFIA)		(3,852)	4,318	(737)	(282)	(282)
Net proceeds from issue of shares		0	344,582	152,933	0	0
Movements in debt		0	0	0	0	0
Other financing activities		0	(1,579)	(1,916)	0	0
Cash from financing activities (CFF)		0	343,003	151,017	0	0
Increase/(decrease) in cash and equivalents		(54,269)	284,067	41,317	(141,333)	(150,286)
Cash and equivalents at beginning of period		169,808	115,539	399,606	440,923	299,590
Cash and equivalents at end of period		115,539	399,606	440,923	299,590	149,304
Net (debt) cash		115,540	399,607	440,925	299,590	149,304

Source: Ultimovacs accounts, Edison Investment Research. Note: \*Long-term debt used instead of equity issue.

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