

Ultimovacs

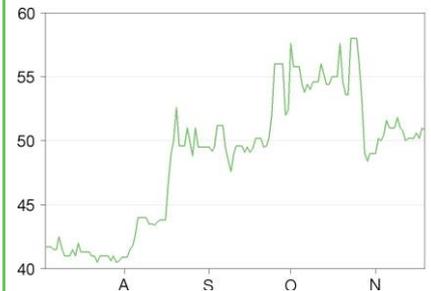
Pharma & biotech
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Cancer vaccine with near-universal potential

Price **NOK50.08**
Market cap **NOK1.6bn**

Ultimovacs is a biotechnology company focused on developing a near-universal cancer vaccine. The lead asset UV1 activates the immune system to recognise cancer cells that express human telomerase reverse transcriptase (hTERT, or telomerase), which is expressed in over 85% of cancer types. In these malignancies, cell reproduction relies exclusively on hTERT maintaining the length of telomers. For this reason, UV1 has a broad potential in a variety of cancers, in different stages, and in combination with other treatments. Two Phase II trials in metastatic melanoma (UV1 plus ipilimumab and nivolumab) and mesothelioma (same combination) are ongoing, with results expected 2022. The third Phase II trial should be announced soon.

Share price graph



Share details

Code **ULTIMO**
 Listing **Oslo Stock Exchange**
 Shares in issue **32.0m**

Business description

Ultimovacs is a biotechnology company focused on developing a near universal cancer peptide vaccine UV1 that targets human telomerase reverse transcriptase (known to be expressed in c 85% of cancer types). After successful completion of the Phase I programme, Ultimovacs has initiated a Phase II programme with two clinical trials running.

Bull

- UV1 could potentially target multiple cancer types, as telomerase is expressed in 85% of cancers types.
- Comfortable cash position ensures operations into 2023.
- UV1 epitopes were selected based on insights from large clinical trials that investigated another, unrelated telomerase vaccine (ie, based on real world evidence).

Bear

- COVID-19 pandemic development in Western markets can affect clinical trials, which is true for all drug developers.
- R&D risk is unavoidable in the development of novel cancer therapies.
- Solid immune response data obtained, but clinical proof of concept is yet to be seen (ie, Phase II trials are ongoing).

Analyst

Dr Jonas Pecuilis **+44 (0)20 3077 5728**
healthcare@edisongroup.com

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UV1 composition is based on real-world insights

Chromosomes are capped with sections of so-called telomeres, which gradually shorten after each normal cell division cycle, causing a finite replicative capacity. Malignant cells develop the ability to maintain telomeres through the expression of hTERT, which enables them to replicate infinitely. UV1 is meant to induce an anti-cancer immune response against hTERT, which is expressed in most cancer types. UV1 has an interesting discovery history. UV1 epitopes were selected based on insights from large clinical trials that investigated another, unrelated telomerase vaccine. The patients who lived longest in those trials had specific T cells against three epitopes, of which UV1 consists. So, UV1 was constructed using real-world evidence.

Solid Phase I data; Phase II programme ongoing

Three Phase I/IIa trials in different solid tumours showed that UV1 is able to induce long-lasting T cell responses against telomerase. Encouraging initial efficacy data from long-term follow-ups have also been reported. Ultimovacs' Phase II R&D strategy is to combine UV1 with checkpoint inhibitors due to expected synergy. The company also has a second platform, tetanus epitope targeting technology, which is a first-in-class cancer vaccine solution. This is a highly differentiated and novel approach and a Phase I trial in prostate cancer could start in Q121.

Valuation: EV of NOK1.2bn is undemanding

Ultimovacs is a pure play biotech company with loss-making operations, so relative valuation is not feasible. At end-Q320, Ultimovacs had a comfortable cash position of NOK453m and no debt. An implied an EV of NOK1.2bn is not demanding for a well-funded immunoncology company with two ongoing Phase II trials.

Consensus estimates

Year end	Revenue (NOKm)	PBT (NOKm)	EPS (NOK)	DPS (NOK)	P/E (x)	Yield (%)
12/18	0.0	(55.3)	(3.5)	0.0	N/A	N/A
12/19	0.0	(61.2)	(2.7)	0.0	N/A	N/A
12/20e	0.0	(147.0)	(5.0)	0.0	N/A	N/A
12/21e	0.0	(162.0)	(5.5)	0.0	N/A	N/A

Source: Refinitiv

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