

Ablynx

Price EUR13.08

First bi-specific to reach the clinic in oncology

Fair Value EUR18 (+38%)

BUY

Bloomberg	ABLX.BB
Reuters	ABLX.BR
12-month High / Low (EUR)	16.1 / 9.1
Market Cap (EURm)	717
Avg. 6m daily volume (000)	162.3

	1 M	3 M	6 M	31/12/15
Absolute perf.	-18.8%	8.1%	-5.6%	-17.8%
Healthcare	-7.7%	-9.3%	-13.2%	-8.5%
DJ Stoxx 600	-8.1%	-10.9%	-14.1%	-8.5%

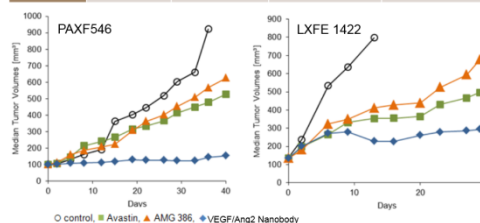
	2014	2015e	2016e	2017e
P/E	NS	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- The biotech has received EUR8m from partner Boehringer Ingelheim related to the administration of the first dose of a bi-specific as part of a phase I trial on patients suffering from advanced solid tumors. Boehringer Ingelheim should solely finance the development of the compound going forward.
- This compound for which no name has been disclosed yet is a combination of three nanobodies which blocks both (i) the vascular endothelial growth factor (VEGF), (ii) the angiopoietin-2 (Ang2) and (iii) also binds to serum albumin to extend half-life. Note that although it is composed of three nanobodies, the biotech refers to it as a bi-specific as it inhibits two active targets. The phase I study carried out in patients suffering from advanced solid tumors is a dose escalation study. With regards to preclinical results, we believe that patients included in this early stage trial are suffering from pancreatic and lung cancer, both of which are indications in which tumour growth inhibition (% TGI) has been the highest so far in *in-vivo* studies (see below). We would expect the study to readout in 2017. If the results are positive, the next milestone for Ablynx would be initiation of a phase II trial.

The VEGF/Ang2 Nanobody[®] shows superior *in vivo* efficacy

Indication	Model	Avastin %TGI	AMG 386 %TGI	Nanobody %TGI
Pancreas	PAXF 546	54	43	94
	PAXF 736	33	40	54
	PAXF 1872	13	65	46
Lung	LXFE 211	44	59	78
	LXFE 1422	67	58	86
Renal	RXF 631	43	39	54
	RXF 1220	20	4	58
Ovary	OVXF 1353	50	66	67
Colon	CXF 243	61	76	76



- Penned in 2007, we are pleased to see that the collaboration agreement between the two companies is beginning to bear fruit. The deal has a potential value that could total up to EUR1.3bn in development milestones for 10 targets excluding royalties.
- We would highlight that this trial is a significant step forward for Ablynx in the immune-oncology field as it is the first bi-specific to reach the clinic as well as a clear positive signal for the partnership with Merck & Co (17 targets). As a reminder, we are not ruling out an update from the big pharma on the partnership towards the year-end.

VALUATION

- We reiterate our BUY rating and EUR18 Fair Value. No changes to our estimates.

NEXT CATALYSTS

- H1 2016: Phase IIa topline results for ALX-0171 in RSV

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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