

**Innate Pharma**

Price EUR12.17

**Affimed inks a deal with Merck & co. Positive read-across for IPH****Fair Value EUR19 (+56%)****BUY**

Bloomberg	IPH.FP
Reuters	IPH.PA
12-month High / Low (EUR)	16.4 / 8.0
Market Cap (EUR)	655
Avg. 6m daily volume (000)	423.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.6%	-9.2%	-18.1%	-10.1%
Healthcare	-4.4%	-5.2%	-11.2%	-5.3%
DJ Stoxx 600	-8.2%	-10.9%	-14.8%	-8.1%

	2014	2015e	2016e	2017e
P/E	NS	71.3x	7.4x	4.8x
Div yield (%)	NM	NM	NM	NM

**ANALYSIS**

- Affimed and Merck & Co. announced the signature of a **collaboration agreement to test AFM13 (a CD30/CD16A bispecific antibody) along with pembrolizumab (anti-PD-1) in patients with Hodgkin Lymphomas (HL)**. Such decision is certainly due to the publication of preclinical data involving this kind of combination in this very same indication (and the combo led to much deeper responses than single-agents; knowing that anti-PD-1s already exhibited very high response rates in relapsed/refractory patients).
- **This reinforces our view that the stimulation of NK cells can amplify the adaptive immune response**, and lead to a higher level of infiltrating CD8+ T lymphocytes through a complex pathway (generation of cytokines favouring a Th1 response, better maturation of dendritic cells, release of cancer antigens). In other words, there are pretty strong synergies between approaches targeting the two parts of our immune system (and this is the rationale behind Innate Pharma's main developments).
- **The read-across is positive for IPH's lirilumab (anti-KIR)** as this checkpoint blocker 1/ shares some similarities with AFM13 (both of them rely on Natural Killer cells to destroy tumours), and we even believe that liri could be a more powerful option (as a non-antigen specific approach, and thus with a broader scope than CD30+ cells as targets); 2/ is currently tested in combination with another anti-PD-1 (BMS' nivolumab in this case) in a set of different cancers, including Hodgkin Lymphomas, Non-Hodgkin Lymphomas and Multiple Myeloma.

**VALUATION**

- **BUY reiterated with a FV of EUR19**, knowing that we haven't (yet) included the perspectives related to lirilumab/nivolumab for the treatment of Hodgkin Lymphomas.

**NEXT CATALYSTS**

- H1 16: Announcement of a first study involving monalizumab (anti-NKG2A) in combination with AZN's durvalumab (anti-PD-L1) in several solid tumours.
- Q2 16: Phase II results for lirilumab as a monotherapy for the maintenance treatment of elderly patients with acute myeloid leukaemia (AML).

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## Distribution of stock ratings

BUY ratings 60.2%

NEUTRAL ratings 30.8%

SELL ratings 9%

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