

19th April 2016

Healthcare

Innate Pharma

Price EUR13.66

Some very interesting data presented at the AACR congress

Fair Value EUR18 (+32%)

BUY

Bloomberg	IPH FP
Reuters	IPH.PA
12-month High / Low (EUR)	16.4 / 9.0
Market Cap (EURm)	735
Avg. 6m daily volume (000)	340.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	14.9%	19.2%	5.4%	0.9%
Healthcare	6.0%	0.8%	-5.2%	-8.1%
DJ Stoxx 600	0.7%	4.7%	-5.2%	-5.9%

	2014	2015e	2016e	2017e
P/E	NS	80.0x	8.3x	5.4x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Innate Pharma issued two press releases following the presentation of several posters at the AACR (American Association for Cancer Research) annual meeting. The very first one of them showed that **monalizumab (an anti-NKG2A) in combination with durvalumab (an anti-PD-L1) led to superior survival rates compared to “durva” alone in preclinical models (p<0.05)**. Plus, some data confirmed that the frequency of tumour-infiltrating NKG2A+ cytotoxic T cells was increased in anti-PD-1 resistance mice (suggesting that NKG2A is a pathway involved in the resistance to PD-1/PD-L1 blockers). A conference call will be held today at 10.30 am ET; and we'll see if the company provides more colour on the potential upregulation of both PD-L1 and HLA-E in models treated with the combo.
- The other posters made a focus on early-stage (but still very promising) programs. Among others we would note that new data demonstrated that **IPH4301 (an anti-MICA/B) of course can induce tumour killing through the ADCC mechanism... but more interestingly, it exhibited some immunomodulatory properties (by neutralizing immunosuppressive macrophages)**. Consequently, and even though the compound is still in its early days, we would not be surprised that some big pharmas could even now be interested in in-licensing it (all the more so MICA/B expression is said to be induced in several solid tumours).

VALUATION

- BUY reiterated with a FV of EUR18.**

NEXT CATALYSTS

- H2 16: Phase II results of lirilumab (anti-KIR) for the treatment of elderly patients with AML.
- H2 2016: Phase I/II data of lirilumab in combination with BMS' nivolumab (anti-PD-1) in solid tumours and haematological malignancies.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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