

Scancell Holdings PLC

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Scancell Holdings part of the new cancer revolution

The fight against cancer has moved into a new phase as drugs are developed that use the body's immune system to tackle the killer disease.

And AIM-listed Scancell Holdings Plc (LON:SCLP) is at the vanguard of advances in the emerging field of immuno-oncology and is working on two technologies that are showing early promise.

In May, investors got behind the business, backing a placing and open offer of new shares that brought in £8.7m before expenses.

Bankrolling development

That cash will fund early clinical trials of a drug generated using its Moditope platform as well as supporting the development of its more advanced assets.

They are SCIB-1 and SCIB-2, which target and stimulate existing cells that make up the body's defence mechanisms.

At the turn of the year, Scancell reported the "compelling" results of Phase I/II melanoma trial of SCIB-1, and the immunotherapy has continued to impress since. Another trial of SCIB-1, this time in combination with another type of drug called a checkpoint inhibitor, is set to kick off later this year.

Similarly, last December, Cancer Research UK agreed to fund and sponsor a Phase I/II lung cancer clinical study of its SCIB-2 vaccine, also in combination with a checkpoint inhibitor.

Lung cancer is a killer

Lung cancer remains one of the most difficult cancers to treat and accounts for more than a quarter of all cancer deaths.

That's more than breast, prostate and colon cancers combined. Around 228,000 people receive a lung cancer diagnosis in the US alone and more than 160,000 will not survive.

A read-out from the combination study is due in the first half of next year.

ImmunoBody and Moditope

Both SCIB-1 and SCIB-2 emerged from Scancell's patented ImmunoBody platform.

MODI-1 is its first drug using the company's Moditope technology. Initially, it will be deployed in the clinic to treat breast and ovarian cancers as well as sarcoma (tumours found in fat, muscle, bone and tendons). That study is expected to begin in 2019.

MODI-1 acts to stimulate the production of killer CD4+ T cells that seek out and kill tumour cells that would otherwise be hidden from the immune system.

Price: 5.65

Market Cap: £26.29 m

1 Year Share Price Graph



Share Information

Code: SCLP

Listing: LSE

52 week High Low
10 4.2

Sector: Pharma & Biotech

Website: www.scancell.co.uk

Company Synopsis:

Cancer remains one of the world's most significant diseases. A key challenge in the fight against cancer is that many tumours continue to grow by successfully evading the body's own natural defence mechanism - the immune system. Scancell's mission is to overcome this breach in our defences by developing products that stimulate the immune system to treat or prevent cancer.

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Partnership renewed

Scientists at the Karolinska Institute, led by Professors Lars Klareskog and Vivianne Malmström, uncovered an essential role for citrullinated proteins, which are normally associated with arthritis, in this process.

Back in August, the company extended its collaboration with the rheumatology department of the Swedish medical research university.

The share price, which has fluctuated between 10-16p in the past year, appears to have found a level recently at around 12p.

At that price, the company is worth just shy of £50m. Whether this is a fair valuation of the business is open to interpretation.

Hard to value

Normally, you would carry out discounted cash flow analysis to assess just what Scancell's assets are worth.

But as Hardman, the City research house pointed out in a recent note, the company's innovations are at too early stages to be subjected to this sort of analysis.

Instead, it's probably worth looking at the trends within the industry and the deals being done.

Last year, there were 35 transactions in the oncology sector in excess of US\$1bn, according to EvaluatePharma,

Of that total, 32 were focused on immuno-oncology. In other words, this is a particularly active (and potentially rewarding) area of R&D.

As Hardman analyst Martin Hall said in his note: "Scancell's proprietary technologies are in the 'hot' area of immuno-oncology and targeting markets of significant unmet medical need.

"Recent deals have demonstrated the price that big pharma is willing to pay for validated assets in the field."

Well-funded

Following May's fundraising, Scancell has £10.3m of cash in the bank at the end of April (Apr 2017: £2.7m).

The company posted a loss for the year to April of £4.3m (2017: loss of £3.5m).

"It has been a strong period for Scancell as we continue to make significant progress with our pipeline of cancer immunotherapies," said chief executive Cliff Holloway.

"We have expanded our product opportunities through in-licensing and external collaborations, including with Cancer Research UK and BioNTech, who have provided further validation of our ImmunoBody and Moditope platforms."

He added: "The fundraisings this financial year have given us the necessary funds to progress our ImmunoBody platform pipeline and to continue to advance Modi-1 towards the clinic.

"SCIB1 has demonstrated impressive survival data to date, and operational and regulatory activities are underway for the initiation of the international SCIB1 checkpoint inhibitor combination Phase 2 study in patients with melanoma."

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