

This tiny biotech could revolutionise weight loss

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More than 2.8 million adults die every year as a result of being overweight or obese. It's one of the world's biggest public health problems, affecting people all over the world.

Finding an effective solution has been seen as a holy grail for many biotech companies over the last few years. Whilst there have been some interesting developments, so far none have quite hit the mark.

However, one small UK biotech firm could be about to change all that.

Optibiotix is developing a range of breakthrough compounds which modify microbes found in the human body to tackle problems including obesity, high-cholesterol and diabetes.

It's still a young company, very much in the R&D stage of its lifecycle. However, the products in its pipeline have the potential to deliver incredible revenues and their commercialisation could take Optibiotix shares much higher.

Promising recent results from a number of trials suggest that this won't be too far off and we think now could be a good time to invest.

Obesity – a growing problem

Worldwide obesity has more than doubled since 1980 and the epidemic shows no signs of slowing down.

As well as causing general health issues, it can result in chronic and potentially life threatening conditions such as diabetes, cardiovascular disease, some forms of cancer and immune-related disorders.

It's now the leading preventable cause of death worldwide and childhood obesity is also becoming a very serious problem.

As well as the human cost, there's also a heavy financial burden too. The UK Government's Health Committee estimates the cost of obesity to be between £6.6 and £7.4 billion every year.

Dieting and physical exercise are the obvious ways to control weight, but many people find it hard; it's thought that around 80-85% of patients are unsuccessful using these methods alone.

This is the main reason that so much attention has been placed on anti-obesity drugs over the last few years.



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Several drugs have already been produced which can be used to suppress appetite or increase metabolism, but the results are typically short-term with adverse side effects. Some products have even had to be withdrawn from the market for safety reasons.

The current limitations have fuelled the search for a safe, effective solution, which is exactly where Optibiotix comes in.

Game changing technology

Optibiotix are specialists in a relatively new field of scientific understanding: the human microbiome.

This is the study of how bacteria which naturally exist in our bodies help us to stay fit and healthy. Believe it or not, around 90% of the cells in our bodies are made up of friendly bacteria and scientists are beginning to discover just how important they are to our health.

They play vital roles in maintaining our immune system, the digestion of food and by acting as a first line of defence against pathogens.

It's long been known that an imbalance of these microbes can result in disease. But now we're just starting to understand how they can be modified to improve health, including treatments for obesity.

Back in 2012 Optibiotix CEO Stephen O'Hara saw the huge commercial potential for this new technology and founded the company.

Over the last couple of years, they've developed compounds which can alter the levels of specific bacteria in the gut to control: energy harvest (the number of calories absorbed from food), appetite and reduce cholesterol - all in a natural way.

Commercialisation looks close

After plenty of R&D, Optibiotix now has an impressive portfolio of intellectual property including patents, trademarks and its own microbial strains. This leaves it perfectly placed to produce a unique range of food supplements which can't be copied.

There are three main products currently in the pipeline, all at slightly different stages of the commercialisation process.

Furthest along is a supplement to support sustained weight management. This can be added to a whole variety of foods and contains several different compounds which make you feel full, absorb fewer calories and increase your metabolism.

This has already been successfully tested in yogurts, as part of a partnership with Dutch firm Nizo Food Research (experts in making the supplements taste good). In January, Optibiotix also signed a key deal with KSF Acquisition, the company behind SlimFast in the UK, Ireland and Germany.

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The tie-up gives KSF the option to commercialise Optibiotix's SlimBiome product, giving it access to a global market worth an estimated \$622 billion in 2015.

The second product is a compound which has been designed to reduce cholesterol. This has recently been tested over a twelve-week period by fifty volunteers and the initial results have been very encouraging.

There was an average 7.2% reduction in LDL cholesterol (bad cholesterol) across the whole test group, with no safety, compliance or tolerance issues reported. It now looks like the way could be clear for commercialisation and 'discussions are underway' with several 'major' potential partners.

Finally, Optibiotix is also working on a range of non-digestible sugars which could act as natural calorie-free sweeteners. Whilst these are very much still in the R&D phase, the potential market is huge; especially given growing concerns over the safety of artificial sweeteners such as aspartame.

Optibiotix decided to develop food supplements rather than drugs because they are subject to far fewer regulations which will help all these products get to market even quicker.

Huge profit potential

CEO Stephen O'Hara has said that he's been having regular talks with food industry giants such as DuPont, Kraft Foods and GSK about Optibiotix's products and, unsurprisingly, there's been plenty of interest.

None of the key industry players will want to be left behind once this sort of technology hits the market and there should be plenty of big partnership opportunities for Optibiotix.

As you would expect with a company that's still in the R&D phase, it's tricky to forecast exactly how much Optibiotix could earn from its products. But to get an idea we can look at products from other companies such as BioGaia, which sold the licence for its cholesterol reducing compound to Nestle in 2012 for over €50 million.

The shares could really fly

As is often the case with small biotechs, buying shares in Optibiotix is nothing more than an investment in intellectual property and the abilities of its management.

However, these are the sort of investments which, if timed well, can offer the most explosive gains of all.

Biotechs like this can fly on positive news updates and just one big commercial deal could be enough to send the shares much, much higher...



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