

Update

18 July 2016

Key Statistics

Code : OPTI
Listing : AIM
Sector : Biotechnology
Market Cap : £62m
Share in issue : 78.02m
Current Price : 79.5p
12 mnth High/Low : 97p/32.625p

Stock Performance



Source: Fidessa

Financials

Estimated cash balance: £4.1m

Source: Investor Presentation April 2016

Company description

OptiBiotix was formed in March 2012 to develop compounds which modify the human microbiome – the collective genome of the microbes in the body – to prevent and manage human disease. OptiBiotix has established a pipeline of microbiome modulators that can impact on lipid and cholesterol management, energy harvest and appetite suppression. The development pipeline is fuelled by its proprietary OptiScreen® and OptiBiotic® platform technologies designed to identify metabolic pathways and compounds that impact on human physiology and bring potential health benefits. These platforms are applicable across a wider range of other human diseases.

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New patent filing suggests multiple routes to market for cholesterol strain

The Life Sciences business developing compounds to tackle obesity, high cholesterol and diabetes has announced the filing of a new patent, protecting the combination of OptiBiotix's *Lactobacillus plantarum* strain along with other ingredients identified by scientific key opinion leaders which act synergistically to reduce cardiovascular risk factors. Current products for cardiovascular disease tend to focus on single risk factors, largely LDL (bad) cholesterol. The Company's strain itself has in last year's human study shown a propensity to impact positively on two risk factors with hypertension (high blood pressure) being the second one.

Optibiotix's ingredient showed no safety or tolerability issues in the study. This compares favourably to bile resin, an ingredient in use that targets a similar mechanism of action, and can cause gastrointestinal distress. The cholesterol programme currently accounts for **39% of our indicative value per share of 106p** based on a regional deal for Benecol.

This ingredient is potentially a superior product to plant sterols and stanols (e.g. Benecol) as it can be used at a much lower dose (0.1g vs 2-3g) with the optionality of **multiple combination products in nutrition** (e.g. Omega 3 and 6 oils, sterols/stanols and beta glucans) and a **serious pharmaceutical angle** too.

Commercial discussions will continue with potential partners to fully exploit the opportunity. We would expect any major partner to expand upon the scale of study already completed. Further validation (particularly as a combination ingredient) is required, and a route or routes to market need to be established. However if a major partner were to get behind it, we believe this ingredient has the potential to be significantly bigger than the sterol/stanols category (which in themselves grossed \$439m in 2014 according to MarketsandMarkets). The pharma market is much larger with the often controversial statin market alone estimated at over \$10bn.

Of course this is only one of multiple programmes that OptiBiotix is running concurrently, and a recent strategy update confirmed that operations would be more clearly delineated into four operating divisions with the potential for separate public listing. This could in theory facilitate approaches by those seeking to commercialise Optibiotix's platforms but only wanting to take control of certain assets.

For analyst certification and other important disclosures, refer to the Disclosure Section

OptiBiotix sum of the parts valuation	Unrisked value £m	Risk weighting	Riskd value	
Cholesterol	58.8	40%	35.3	<i>Benecol</i>
SweetBiotix	27.5	75%	6.9	<i>Stevia</i>
Weight Management	20.7	55%	9.3	<i>Herballife</i>
Platform	43.3	35%	28.2	<i>Nestle</i>
Skinbiotics:				
<i>Health Care Acquired Infections</i>	<i>19.4</i>	<i>95%</i>	<i>1.0</i>	<i>HCAI market size</i>
<i>Eczema</i>	<i>23.8</i>	<i>95%</i>	<i>1.2</i>	<i>Eczema therapeutic market</i>
<i>Psoriasis</i>	<i>41.3</i>	<i>95%</i>	<i>2.1</i>	<i>Psoriasis therapeutic Market</i>
<i>Wound Care</i>	<i>46.9</i>	<i>95%</i>	<i>2.3</i>	<i>Anti-infective dressings</i>
<i>Cosmetic skin care</i>	<i>13.8</i>	<i>95%</i>	<i>0.7</i>	<i>Botox</i>
Pre diabetic supplement	6.3	95%	0.3	<i>Diabetic-centric supplements</i>
Cash			3.4	<i>Estimated 2016 year end</i>
Indicative Valuation			90.6	
Diluted shares in issue			85.5	
Indicative valuation per share (p)			106.0	

Source: Hybridan LLP Valuation model

Income Statement

For the year ended 30 November 2015

	Year ended 30-Nov 2015 £	Year ended 30-Nov 2014 £
Revenue	28,200	-
Cost of sales	-	-
Gross Profit	28,200	-
Administrative expenses	(1,451,451)	(489,015)
Operating loss	(1,423,251)	(489,015)
Non-Operating Items		
Admission expenses	-	(365,038)
Finance income / (costs)	28	93
Loss before Income tax	(1,423,223)	(853,960)
Income tax	142,594	43,254
Loss for the period	(1,280,629)	(810,706)
Other Comprehensive Income	-	-
Total comprehensive income for the period	(1,280,629)	(810,706)
Total comprehensive income attributable to the owners of the company	(1,280,629)	(810,706)
Loss per share		
Basic & Diluted loss per share - pence	1.75p	3.03p

Source: OptiBiotix Health PLC Final Results

Cashflow Statement

For the year ended 30 November 2015

	Year ended 30-Nov-15	Year ended 30-Nov-14
	£	£
Cash flows from operating activities		
Cash utilised by operations	(1,026,746)	(706,336)
Interest paid	-	-
Interest received	28	93
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,026,718)	(706,243)
 Cash flows from investing activities		
Purchases of property, plant and equipment	(1,965)	(1,099)
Net cash from acquisition of subsidiary	-	251,834
	<hr/>	<hr/>
Net cash inflow from investing activities	(1,965)	250,735
	<hr/>	<hr/>
Cash flows from financing activities		
Share issues	155,875	3,300,068
	<hr/>	<hr/>
Net cash inflow from financing activities	155,875	3,300,068
	<hr/>	<hr/>
 Taxation	43,254	25,732
	<hr/>	<hr/>
Increase/(decrease) in cash and equivalents	(829,554)	2,870,292
	<hr/>	<hr/>
Cash and cash equivalents at beginning of year	2,870,442	150
	<hr/>	<hr/>
Cash and cash equivalents at end of year	<u>2,040,888</u>	<u>2,870,442</u>

Source: OptiBiotix Health PLC Final Results

Balance Sheet

As at 30 November 2015

	As at 30-Nov-15 £	As at 30-Nov-14 £
ASSETS		
Non-current assets		
Intangibles	2,146,401	2,259,369
Property, plant & equipment	2,012	855
	<u>2,148,413</u>	<u>2,260,224</u>
CURRENT ASSETS		
Trade and other receivables	62,597	4,651
Current tax asset	120,000	43,254
Cash and cash equivalents	2,040,888	2,870,442
	<u>2,223,485</u>	<u>2,918,347</u>
TOTAL ASSETS	<u><u>4,371,898</u></u>	<u><u>5,178,571</u></u>
EQUITY		
Shareholders' Equity		
Called up share capital	7,117,315	7,078,346
Share premium	3,863,687	3,746,781
Share based payment reserve	383,435	90,970
Merger relief reserve	1,500,000	1,500,000
Accumulated deficit	(9,047,642)	(7,767,013)
Total Equity	<u>3,816,795</u>	<u>4,649,084</u>
LIABILITIES		
Current liabilities		
Trade and other payables	125,823	77,613
	<u>125,823</u>	<u>77,613</u>
Non - current liabilities		
Deferred tax liability	429,280	451,874
	<u>429,280</u>	<u>451,874</u>
TOTAL LIABILITIES	<u>555,103</u>	<u>529,487</u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,371,898</u></u>	<u><u>5,178,571</u></u>

Source: OptiBiotix Health PLC Final Results

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