

Analyst Report

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Quantum Genomics

Euronext Growth Paris: ALQGC [FR0011648971]

10/25/2017

Estimated price:	11.5
Share price (€)*	3.07
Market Cap. (€M)*	33.7
Estimated Market Cap. (€M)	126.3
Number of shares (M)	10.9
YTD High/Low (€)	7.29/3.03
3-month average daily vol.	80.627
Free Float	63.1%
Estimated Net Cash (€M)	6.9

* as of /10/25/2017

Quantum genomics published its H-1 2017 financial results and launched the NEW-HOPE study in the United States

Quantum Genomics presented its H1 financial results and additional data on the phase 2a study with its lead drug candidate QGC001, in hypertension. The US phase 2 trial will need to confirm the drug's proof of efficacy in hypertensive patients, which will be decisive for QGC001's future in this indication. In waiting for a clinical timeline on the European market and US market we maintain our target price on Quantum Genomics to €11.51/share.

NEW-HOPE study in 250 hypertensive overweight patients

QGC001 is a Brain Amino Peptidase Inhibitor (BAPAI), a first-in-class drug candidate addressing severe cardiovascular diseases. The drug has unprecedented mechanisms of action compared to existing antihypertensive drugs, which was implicated in blood pressure regulation. Quantum Genomics believes the unique properties of QGC001 could be a serious alternative for treating patients for whom existing therapies have no or limited effects.

At the end of this August, the Company obtained FDA approval to continue their investigations on QGC001. So, in late September Quantum Genomics launched the NEW-HOPE study, a Phase II clinical trial. The company hope it that will allow to evaluate their molecule on 250 hypertensive patients with a higher cardiovascular risk.

The first patient should be recruited in the Q4 of 2017 and the first results of the NEW-HOPE study are expected in the first half of 2019.



Financial results and business activity

As of June, 30 2017, operating income amounted to € 4.5 million, compared with € 3.1 in 2016. The increase in expenses reflects the continuation of the clinical studies, the QUID HF study, and the preparation of the NEW HOPE study. Consumption of active substance reached € 0.6 m and external expenses increased by € 0.5 m. Free cash flow (net cash used in operating activities) amounted to € 4 m for the period. After accounting for a net financial expense of € 0.1 million and a research tax credit of € 0.6 million, Quantum Genomics recorded net income of € 4.0 million, compared with a negative € 2.8 million H1 of 2016. As of June 30, 2017, shareholders' equity amounted to € 6.7 million and cash available amounted to € 7.3 million, compared to € 11.2 million at December 31, 2016.

Valuation

Our previous model considered that phase 2b studies would take place simultaneously in Europe and the US, starting in 2017. Since the company has not yet communicated a clinical timeline on the European study, we now anticipate the study to be delayed by approximately one year, to 2018. We adjusted our target price on Quantum Genomics to €11.51/share.



Financials

<i>INCOME STATEMENT (€M)</i>	<i>2014</i>	<i>2015</i>	<i>2016e</i>	<i>2017e</i>	<i>2018e</i>	<i>2019e</i>
Revenue	0.34	0.17	0.00	0.00	8.71	0.29
EBIT	-2.42	-4.31	-5.61	-6.46	1.54	-3.95
Net Income	-2.21	-3.76	-4.77	-5.49	2.56	-3.77
<i>EARNING PER SHARE (€)</i>	<i>2014</i>	<i>2015</i>	<i>2016e</i>	<i>2017e</i>	<i>2018e</i>	<i>2019e</i>
EPS	-0.46	-0.54	-0.54	-0.66	0.31	-0.45
EPS (Diluted)	0.00	-0.50	-0.47	-0.54	0.25	-0.37
<i>CASH FLOW STATEMENT (€M)</i>	<i>2014</i>	<i>2015</i>	<i>2016e</i>	<i>2017e</i>	<i>2018e</i>	<i>2019e</i>
Net Income	-2.21	-3.76	-4.77	-5.49	2.56	-3.77
Cash flow from operating activities	-2.21	-3.14	-4.51	-5.03	2.77	-5.06
Cash flow from investment activities	0.00	-0.37	-0.15	-0.15	-0.15	-0.15
Cash Flow from financing activities	0.00	8.84	8.12	-0.02	-0.22	-0.34
Change in cash	-2.21	5.33	3.47	-5.19	2.40	-5.54
<i>BALANCE SHEET (€M)</i>	<i>2014</i>	<i>2015</i>	<i>2016e</i>	<i>2017e</i>	<i>2018e</i>	<i>2019e</i>
ASSETS						
Non current assets	0.62	0.52	0.59	0.67	0.74	0.82
Current assets	4.13	10.02	13.24	8.11	10.57	5.09
<i>Including cash and cash equivalent</i>	3.32	8.65	12.12	6.93	9.33	3.79
Total Assets	4.75	10.54	13.84	8.78	11.32	5.91
LIABILITIES & SHAREHOLDERS EQUITY						
Total Equity	-0.13	8.02	11.32	5.83	8.39	4.62
Total Liabilities	4.88	2.52	2.52	2.96	2.93	1.29
Total Liabilities and shareholders equity	4.75	10.54	13.84	8.78	11.32	5.91

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