

COMPANY UPDATE

ANTICIPATING A LEAP AHEAD IN CLINICAL STUDIES

The company reported 2018 full-year financial results and provided a corporate update. In 2019 we expect the lead clinical asset, firibastat, to move further in clinical development. In-line with previous guidance, QUANTUM GENOMICS is planning to initiate the Phase 3 study of firibastat in resistant hypertension in 2H19. Prior to that, we expect the company to communicate the results of the post-Phase 2b meeting with the FDA, which could outline the design of the Phase 3 study. Additionally, we expect the company to start the Phase 2 clinical study of firibastat in heart failure in 2Q19. Following 2018 results, we have update our financial model. We reiterate our BUY rating and TP of €9.0.

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Anticipating the firibastat program to advance in rHTN

Quantum Genomics is developing a novel therapy to treat cardiovascular complications, such as hypertension (HTN) and heart failure (HF). The company's most advanced therapy, firibastat, is based on novel approach to target brain aminopeptidase A (BAPA), an enzyme that is present in the brain and can regulate peripheral blood pressure. Firibastat has already shown positive antihypertensive activity in the Phase 2b NEW-HOPE study, and we currently expects the results from the FDA meeting to outline the clinical path forward for the asset in treatment of resistant HTN. According to the company, the following Phase 3 study could be initiated in 2H19. Additionally, the company is developing a controlled-release formulation of the drug, which could be taken once-daily compared to current twice-daily formulation. Quantum Genomics initiated the clinical study in healthy volunteers to evaluate the pharmacokinetics of the new formulation and the readout of the study could be expected in 2Q19. We note that in accordance with the study results, the company is planning to use controlled-release formulation of firibastat in the upcoming Phase 3 study in rHTN. We currently project firibastat to be launched in the US and the EU in 2023, generating risk-adjusted revenues of €16M and growing to €495M by 2031.

New preclinical data in HF support the initiation of clinical study

The company is also pursuing the development of firibastat in HF, where the drug has already shown encouraging preclinical activity. Recently, the company announced the publication of 2 scientific articles that further support the potential of firibastat in this indication. The first article showed that firibastat reduced cardiac dysfunction after myocardial infarction (MI) in the murine model. Importantly, when compared to losartan, current standard of treatment, firibastat was as effective but did not induce side effects, such as hypotension or risk of degrading renal function. The second paper, showed that firibastat administered to mice within 48 hours after MI for 4-8 weeks was as effective as enalapril, a medication approved for symptomatic heart failure. Thus, we believe these results could further support the development of firibastat in heart failure. According to company the Phase 2b QUORUM study in patients suffered from acute MI could begin in 2Q19 and we expect topline results in 2H20. We currently expect firibastat to reach the market for HF in 2025, generating risk-adjusted revenues of €25M and growing to €412M by 2031.

*continued on next page*

in € / share	2018e	2019e	2020e
Adjusted EPS	-0,64	-0,60	-0,22
chg.	n.s.	n.s.	n.s.
estimates chg.	n.s.	n.s.	n.s.
au 31/12	2018e	2019e	2020e
PE	n.s.	n.s.	n.s.
EV/Sales	n.s.	n.s.	5,94x
EV/EBITDA	n.s.	n.s.	n.s.
EV/EBITA	n.s.	n.s.	n.s.
FCF yield*	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	n.s.

\* After tax op. FCF before WCR

key points	
Share price (€)	5,34
Number of Shares (m)	16,4
Market cap. (€m)	87
Free float (€m)	68
ISIN	FR0011648971
Ticker	ALQGC-FR
DJ Sector	Health Technology

	1m	3m	Ytd
Absolute perf.	+14,0%	+0,0%	+0,0%
Relative perf.	+14,3%	-11,1%	-11,1%

Source : Factset, Invest Securities estimates

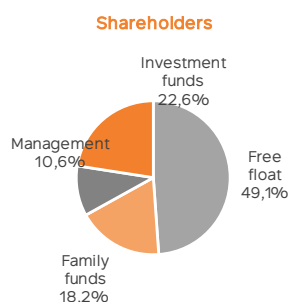
### Financial update

On March 28, QUANTUM GENOMICS reported abridged 2018 full-year financial results. For 2018, the company reported income of €0.07M and net loss of €12M, in-line with our estimates. For 2019, we project no revenues and a net loss of €11.2M. The company ended 2018 with €14.9M in cash and cash equivalents, resulted from the capital raise through equity line with Kepler Chevreux. In 1Q19, Quantum Genomics reported withdrawal of additional €2.6M and, we believe, the resulting cash and cash equivalents would be sufficient to maintain company's operations into 2H20. We note that company has additional €9.1M remaining under the equity line agreement. We have updated our model to reflect the reported 2018 financial results.

## INVESTMENT CASE

The company's most advanced asset, firibastat, achieved positive topline results in the Phase 2b study in high-risk hypertension. The company could initiate the prospective Phase 3 study in resistant hypertension in 2H19. If successful, firibastat could become first-in-class antihypertensive drug with the potential launch in the US and EU in 2023. In our view, Quantum Genomics with the promising mid-stage clinical program, is an attractive option for investors interested in cardiovascular space.

## FINANCIAL DATA



Share information	2013	2014	2015	2016	2017	2018e	2019e	2020e
Published EPS (€)	-0,32	-0,32	-0,45	-0,51	-0,58	-0,73	-0,68	-0,26
<b>Adjusted EPS (€)</b>	<b>-0,28</b>	<b>-0,27</b>	<b>-0,38</b>	<b>-0,37</b>	<b>-0,51</b>	<b>-0,64</b>	<b>-0,60</b>	<b>-0,22</b>
Diff. I.S. vs Consensus	n.s.	-31,6%	-21,8%	-30,5%	-47,7%	-31,8%	-41,4%	n.s.
Dividend	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Valuation ratios	2013	2014	2015	2016	2017	2018e	2019e	2020e
P/E	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EV/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	5,94x
VE/EBITDA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
VE/EBITA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Op. FCF bef. WCR yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Op. FCF yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

NB : valuation based on annual average price for past exercise

Enterprise Value (€m)	2013	2014	2015	2016	2017	2018e	2019e	2020e
Share price in €	n.s.	5,2	8,3	6,3	5,3	5,3	5,3	5,3
Market cap.	n.s.	25	58	53	55	84	88	88
Net Debt	1	0	-9	-11	-11	-15	-6	-2
Minorities	0	0	0	0	0	0	0	0
Provisions/ near-debt	0	0	0	0	0	0	0	0
+/- Adjustments	0	0	0	0	0	0	0	0
<b>Enterprise Value (EV)</b>	<b>n.s.</b>	<b>25</b>	<b>49</b>	<b>42</b>	<b>44</b>	<b>69</b>	<b>81</b>	<b>85</b>

Income statement (€m)	2013	2014	2015	2016	2017	2018e	2019e	2020e
Sales	0	0	0	0	0	0	0	14
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EBITDA	-2	-2	-4	-6	-10	-14	-13	-5
<b>EBITA</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>-6</b>	<b>-10</b>	<b>-14</b>	<b>-13</b>	<b>-5</b>
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EBIT	-2	-2	-4	-6	-10	-14	-13	-5
Financial result	0	0	0	0	0	0	0	0
Corp. tax	0	0	1	1	1	1	2	1
Minorities+affiliates	0	0	0	0	0	0	0	0
Net attributable profit	-2	-2	-4	-5	-9	-12	-11	-4
<b>Adjusted net att. profit</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>-5</b>	<b>-9</b>	<b>-12</b>	<b>-11</b>	<b>-4</b>
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

Cash flow statement (€m)	2013	2014	2015	2016	2017	2018e	2019e	2020e
EBITDA	-2	-2	-4	-6	-10	-14	-13	-5
Theoretical Tax / EBITA	0	0	0	0	0	0	0	0
Capex	0	0	0	0	0	0	0	0
<b>Operating FCF bef. WCR</b>	<b>-2</b>	<b>-3</b>	<b>-4</b>	<b>-6</b>	<b>-10</b>	<b>-14</b>	<b>-13</b>	<b>-5</b>
Change in WCR	1	-1	0	0	1	0	0	0
<b>Operating FCF</b>	<b>-1</b>	<b>-3</b>	<b>-4</b>	<b>-7</b>	<b>-9</b>	<b>-14</b>	<b>-13</b>	<b>-5</b>
Acquisitions/disposals	0	0	0	0	0	0	0	0
Capital increase/decrease	1	4	12	8	8	15	3	0
Dividends paid	0	0	0	0	0	0	0	0
Other adjustments	0	0	1	2	1	2	2	1
<b>Published FreeCash Flow</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>-9</b>	<b>-4</b>

Balance Sheet (€m)	2013	2014	2015	2016	2017	2018e	2019e	2020e
Assets	1	1	1	1	0	0	-1	-1
Intangible assets/GW	0	0	0	0	0	0	0	0
WCR	-1	-1	-1	-1	-3	-3	-3	-3
Group equity capital	-2	0	8	11	9	12	3	-1
Minority shareholders	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0
<b>Net financial debt</b>	<b>1</b>	<b>0</b>	<b>-9</b>	<b>-11</b>	<b>-11</b>	<b>-15</b>	<b>-6</b>	<b>-2</b>

Financial ratios	2013	2014	2015	2016	2017	2018e	2019e	2020e
EBITDA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EBITA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Adjusted Net Profit/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ROCE	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ROE adjusted	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Gearing	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ND/EBITDA (in x)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

Source : company, Invest Securities Estimates

**SWOT ANALYSIS**

**STRENGTHS**

- First-in-class mechanism of action
- Mid-stage clinical programs
- Secured financing through equity line

**WEAKNESSES**

- Competitive market
- More advanced competitor
- Potential dilution

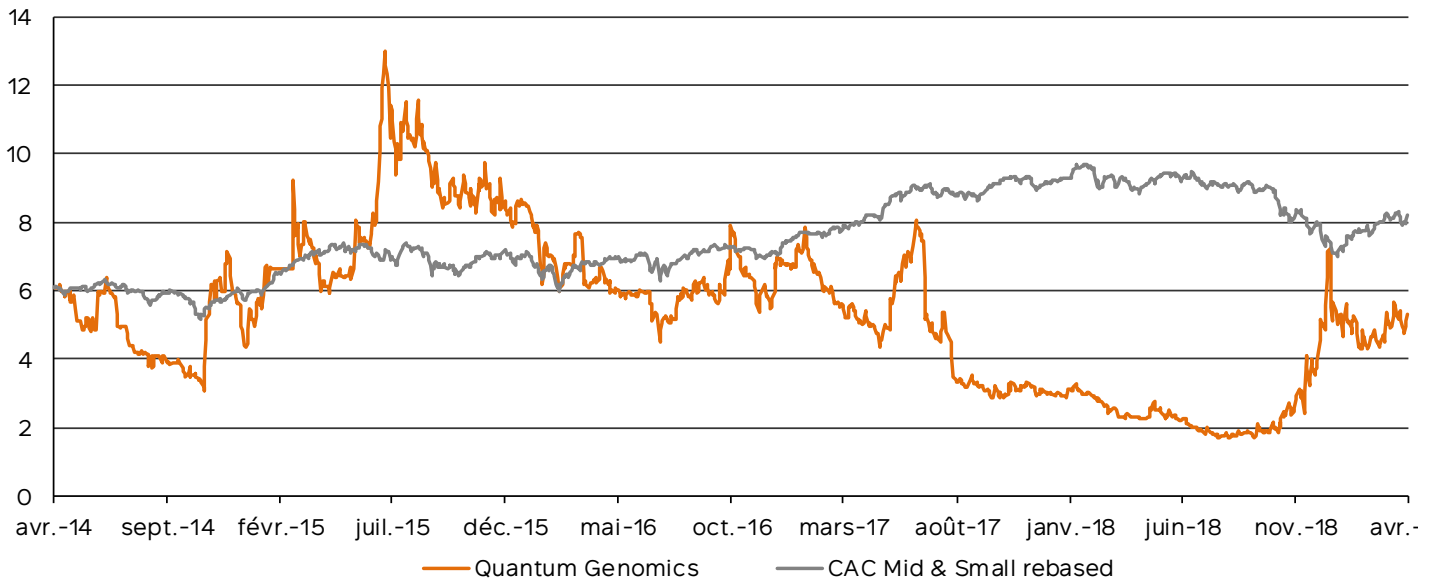
**OPPORTUNITIES**

- Commercialization agreement
- Earlier-than-expected market approvals
- Marketing in other territories

**THREATS**

- Clinical and regulatory risks
- Commercial risks
- Legal risks

**SHARE PRICE CHANGE FOR 5 YEARS**



**DETECTION OF CONFLICTS OF INTEREST**

	Corporate Finance	Treasury stocks holding	Prior communication to company	Analyst's personal interest	Liquidity contract	Listing Sponsor	Research Contract
<b>Quantum Geno</b>	Yes	No	No	No	Yes	No	Yes

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