

Stock Data

Share Price: 28.5p
Market Cap: £32.9m
Shares in issue: 115.5m

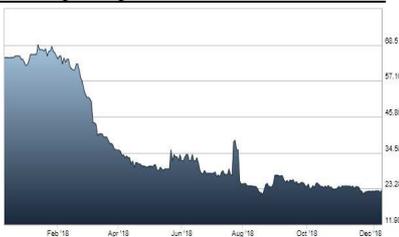
Company Profile

Sector: Healthcare
Ticker: AVCT
Exchange: AIM

Activities

Avacta is a biotechnology company which has developed the proprietary Affimer® technology platform, a unique engineered alternative to antibodies. Affimer proteins can be developed quickly for drug development and a wide range of life sciences applications in the diagnostics and research sectors.

Share price performance chart



Source: LSE

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Avacta Group plc

Avacta has agreed an Affimer® therapeutics partnership and licence agreement with LG Chem Life Sciences; part of the South Korean LG Group, to develop Affimer® therapeutics focusing on several disease areas. We believe that this partnership, which could be worth up to US\$310m to Avacta over the long term, represents a hugely transformational deal for the company.

Avacta's multi-target therapeutics development agreement with LG Chem Life Sciences ('LG Chem') provides for upfront and near term milestone payments in addition to longer term development milestones totalling US\$180m to the company.

Avacta will also receive royalties on any future product sales and LG Chem will cover the company's research and development costs associated with the collaboration. This is particularly positive given that Avacta has noted that LG Chem possesses world class biologics manufacturing and clinical development facilities.

Avacta has also outlined that it may receive an additional US\$130m in option fees and milestone payments should LG Chem elect to exercise its options for additional Affimer® targets in the future.

As part of the agreement with LG Chem, Avacta will generate and conduct early stage optimisation of Affimer® drug candidates against multiple undisclosed targets. LG Chem and Avacta will then collaborate to progress these candidates towards drug selection. It has been agreed that LG Chem will be responsible for pre-clinical and regulatory studies, clinical development and world-wide marketing of any resulting products.

We believe that this is very good news for Avacta. The Affimer® technology platform provides a proprietary alternative to antibodies with a range of potential applications in the life sciences sector for drug development, diagnostics and research tools. Avacta's existing in-house therapeutic pipeline is currently focused on immuno-oncology and the management expects to advance its lead programme, a PD-L1/LAG3 bispecific, into the clinic in 2020.

However, we believe the parallel development of exciting commercial therapeutics opportunities with global partners such as LG Chem will serve to further de-risk the business model to a significant extent and also provide comparatively early stage income for Avacta.

This therapeutic development partnership with LG Chem represents substantial progress for Avacta and in particular, a strong validation of the potential of the Affimer® technology platform. With the income generating potential of this partnership combined with LG Chem's commitment to cover Avacta's associated R&D costs; we believe that this deal has the potential to provide a valuation for Avacta representing several multiples of the current share price.

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