

OSE Immunotherapeutics

Another partnership win – Boehringer Ingelheim

Partnership update

Pharma and biotech

23 May 2024

Price €8.33

Market cap €181m

€0.93/US\$

Net debt (€m) at 31 December 2023 23.2
(excluding the US\$48m in upfront payment expected in Q224 from AbbVie)

Shares in issue 21.8m

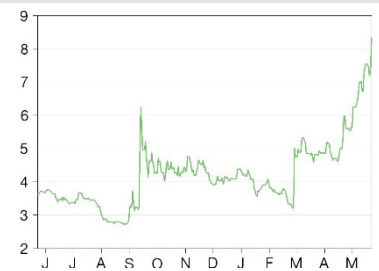
Free float 65%

Code OSE

Primary exchange Euronext Paris

Secondary exchange N/A

Share price performance



Business description

OSE Immunotherapeutics is based in Nantes and Paris in France and is listed on the Euronext Paris exchange. It is developing immunotherapies for the treatment of solid tumours and autoimmune diseases and has established several partnerships with large pharma companies.

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OSE Immunotherapeutics is a research client of Edison

Investment Research Limited

OSE Immunotherapeutics has announced a considerable expansion of its partnership with Boehringer Ingelheim (BI), including the start of two new projects. The first project aims to broaden the scope of BI 765063 and BI 770371 (two immuno-oncology anti-SIRP α monoclonal antibodies (mAbs) being evaluated as part of the initial collaboration and licence agreement), by investigating the candidates in cardiovascular-renal-metabolic (CRM) diseases. The second project will be a new preclinical program to develop immune-cell activating treatments based on OSE's cis-targeting anti-PD1/cytokine platform. Under the new collaboration terms, OSE will receive an initial payment of €38.8m, comprising a one-time partial royalty buy-out of €25.3m for the BI 765063 and BI 770371 programs, and a €13.5m upfront payment for the new preclinical program. Additionally, OSE could also receive a €17.5m near-term milestone payment for the new preclinical project. We view the announced expansion as especially encouraging in light of the challenging funding environment. OSE's share price increased by c 15% on 22 May following the announcement.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/22	18.3	(18.0)	(0.96)	0.0	N/A	N/A
12/23	2.2	(23.2)	(1.18)	0.0	N/A	N/A
12/24e	56.9	25.3	1.15	0.0	7.2	N/A
12/25e	65.5	33.7	1.49	0.0	5.6	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

According to the [announcement](#), the existing collaboration between OSE and BI has grown to include two new projects to develop first-in-class treatments in addition to the ongoing anti-SIRP α mAb immuno-oncology programs. The first new project is focused on BI 765063 and BI 770371, which are currently being assessed in Phase I trials for advanced solid tumours. This new project will explore the potential of these candidates in [CRM diseases](#), a collection of interconnected indications relating to cardiovascular disease, chronic kidney disease and metabolic diseases such as type 2 diabetes, which are believed to exacerbate one another from the early stages of onset. Given the [high prevalence](#) of these conditions, we believe there is a sizeable opportunity in this space; BI intends to launch a Phase II trial by end-2024. The second project will focus on a new preclinical program to advance OSE's cis-targeting anti-PD1/cytokine platform through an asset acquisition intended to bolster BI's pipeline of novel immune-modulatory cancer candidates.

BI will pay OSE €25.3m as a one-time payment to expand the deal terms for the BI 765063 and BI 770371 programs. Furthermore, BI has the option for an additional buyout, which would trigger an additional one-time payment to OSE, and increase one of the sales milestones. For the new program for immune-cell activating treatments based on the cis-targeting anti-PD1/cytokine platform, BI will pay €13.5m upfront to acquire the preclinical asset, and OSE may be entitled to a further €17.5m in near-term milestone payments (specific terms and eligibility thresholds were not disclosed). We remind readers that the partnership between OSE and BI began in 2018, and the original terms for up to €1.1bn in development, regulatory and sales milestone payments remain in place as per the initial agreement.

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