

# OPTIBIOTIX HEALTH PLC (LON:OPTI)

## Rapidly Transitioning to Commercial Phase

### KEY INVESTOR MESSAGES

- Preventing and treating diseases through the modulation of the microbiome is one of the most exciting frontiers of healthcare, and a fast growing market
- OptiBiotix Health PLC (LON:OPTI), an innovative life sciences company focused on human microbiome, is rapidly transitioning from product development to the commercial stage with early revenues and commercial deals with major corporates including Tata and DSM
- Underpinned by a strong scientific rationale and clinical studies, OptiBiotix Health PLC (LON:OPTI) products help managing significant health problems as weight loss, high cholesterol and hypertension
- OptiBiotix Health PLC (LON:OPTI) commercial push is currently directed towards the rapidly growing consumer health market
- A rich deal pipeline is likely to translate in material revenue growth (£1mln+) within 12 months

### OVERVIEW

OptiBiotix focuses on managing and treating widespread medical conditions, such as obesity and high cholesterol, through the modulation of the human microbiome. This has the potential to be a substantial opportunity in an emerging market fashioned by new research into the human microbiome which has created a unique window of opportunity for compounds which can modify the human microbiome and bring specific health benefits. US researchers and clinicians presenting at the 2016 Medical Innovation Summit identified the microbiome as the world's top innovation, describing it as healthcare's 'most promising and lucrative frontier'.

To exploit the diversity of opportunities, OptiBiotix's has developed a number of technology platforms using different approaches to modulate the microbiome. These technology platforms have moved through the development process of laboratory studies, independent human studies with world-renowned key opinion leaders, and manufacturing scale up. This has substantially reduced technical and clinical risk.

By way of introduction, microbiome refers to the trillions of bacteria colonizing our skin and gut; in normal "physiological" conditions our body has 10x more bacterial cells than own cells.

A rapidly growing body of scientific literature shows that specific health benefits can be achieved by actively intervening on the composition and activity of our microbiome. As an example, by intervening on the bacteria populating our gut, we can influence how foods are digested, absorbed or directly excreted, thereby controlling the quality and the size of our calorific intake.

To that end, OptiBiotix has developed several products across four technology platforms, addressing large medical problems as weight loss, high cholesterol and high blood pressure.

One platform, SkinBiotix, was successfully spun-out in April 2017 and listed on the London stock exchange as SkinBiotherapeutics. It has now a market capitalization of about £12mln; OptiBiotix still owns approximately 42% of its capital.

## PHARMA & BIOTECH

02/11/2017

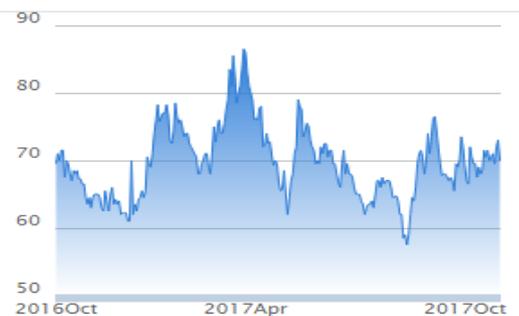
SHARE PRICE	52 WEEK LOW
▲ <b>72.5p</b>	▲ <b>57.50p</b>
MARKET CAP	52 WEEK HIGH
▲ <b>£57.12m</b>	▲ <b>86.50p</b>
NAV	GROSS CASH
▲ <b>£8.1m</b>	▲ <b>£1.9m</b>

### MAJOR SHAREHOLDERS

1) Stephen O'Hara:	12.9%
2) Finance Yorkshire:	12.7%

Shares in Issue	78.79m
Avg Trading Volume	325,932
Primary index	AIM
EPIC	LON:OPTI
Next Key Announcement	-
Sector	Pharmaceuticals and Biotechnology

### SHARE PRICE CHART



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The main features of OptiBiotix key products are summarized in Table 1.

**Table 1: OptiBiotix platforms and key products**

Platform	SkinBiotix	OptiScreen	SweetBiotix	SlimBiome
<b>Products</b>	First product launch expected in 2018	LP <sub>LDL</sub> ; PS128	SweetBiotix	GoFigure; SlimBiome
<b>Therapeutic Area</b>	Skin care, wound care, health care acquired infections	High cholesterol and high blood pressure	Nutrition –calorie free natural sweeteners	Weight management
<b>Development Stage</b>	AIM-listed since April 2017, c.42% owned by OptiBiotix	Launched in May 2017; profit sharing agreement with Sacco Srl, supply agreements to HLH Biopharma, PharmaBiotica, Gallenicum	Co-development agreements with CSL, DSM, Tata	Launched in 2016, commercial agreements with KSF (Slimfast) and Tata, Knighton Foods (100% owned subsidiary of Premiere Foods)
<b>IP</b>	18 patents, 2 trademarks	13 patents, 5 trademarks	19 patents, 5 trademarks	12 patents, 3 trademarks

Source: Company data, CN analysis

OptiBiotix is pursuing a commercial strategy based on deal opportunities across multiple levels of the value chain, starting from manufacturing agreements such as the profit sharing agreement signed in May 2017 with Sacco Srl for the production of LPLDL and Knighton Foods (November 2017), which is a 100% owned subsidiary of Premiere Foods.

The Company is also seeking deals for the supply of white label and branded products to food producers and consumer health companies, up to distribution agreements directly with retailers. (new slide below which also includes SlimBiome)

**Figure 1: OptiBiotix commercial strategy**



Source: Company presentation (September 2017)

This multi-channel strategy will enable OptiBiotix to maximize the income potential of every product, whilst limiting the risk related to any individual deal.

## ADDRESSABLE MARKET

It is hard to precisely estimate the size of the market addressable by OptiBiotix products, as the science behind the therapeutic benefits deriving from the modulation of the human microbiome is still young and new potential applications are continuously discovered. According to Research and Markets, a research firm, the microbiome market is rapidly growing at an annual rate around 23%.

Furthermore, OptiBiotix products, such as LPLDL, can be combined with existing probiotics to deliver enhanced health benefits. Markets and Markets, a business intelligence firm, expects the global probiotic market to grow at a 7% annual rate from c. \$42bn in 2016 to c. \$64bn in 2022. Within that, the supplement segment alone is expected to grow in the US from \$2bn to about \$3.3bn by 2021.

Although the modulation of the microbiome is attracting the interest of many companies and investors, OptiBiotix appears to be quite unique in its focus on solving specific health problems, rather than general wellbeing, whilst targeting the consumer health segment, at least in these early days of its commercial expansion.

## DEAL FLOW AND FINANCIALS

OptiBiotix is rapidly transitioning from being focused on product development to the market launch of their products.

We understand that the Company is actively pursuing a wide range of commercial deals, including licensing, profit sharing and distribution agreements, across multiple

geographies. In the last couple of years, OptiBiotix has already entered into development and commercial deals with several international companies, including KSF (Slimfast), Tata (x2), DSM and Sacco.

We are confident that the current rich deal pipeline will trigger a significant revenue uptake in the coming quarters. Based on our understanding, a typical commercial deal could generate annual revenue in the £250,000 - £500,000 range; we also note that larger deals in the multi-million range are within the Company's current reach.

We expect the income generated by the ongoing commercial expansion to provide the resources needed to accelerate OptiBiotix commercial push, including the potential acquisition on new IP and products.

From a financial perspective, OptiBiotix, with approx. £1.9mIn of cash at the end of May 2017 and an estimated cash burn of c. £90k/month, is self-funded well into 2018, excluding any potential income from new deals.

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