

OSE Immunotherapeutics

Confidence boost with AbbVie partnership

Partnership update

Pharma and biotech

28 February 2024

Price €3.31

Market cap €72m

€0.92/US\$

Pro-forma net debt (€m) at 30 June 2023 (including September equity raise) 8.2

Shares in issue 21.7m

Free float 65%

Code OSE

Primary exchange Euronext Paris

Secondary exchange N/A

Share price performance

OSE Immunotherapeutics has announced a global licence and collaboration agreement with AbbVie to develop OSE-230, a novel monoclonal antibody, for the treatment of chronic and severe inflammation. The announcement marks a positive milestone and much needed conviction for a sector hindered by funding challenges. This follows sizable transactions in December 2023 and early 2024, including AbbVie's foray into CNS (Cerevel for \$8.7bn) and entry into immunotherapy (ImmunoGen for \$10.1bn), covered in our [outlook note](#). The arrangement provides further external recognition of OSE's innovative R&D capabilities and early-stage pipeline. Deal terms include an upfront payment of \$48m, with OSE eligible to receive up to \$665m in additional milestone payments. OSE shares have increased by **60%** at the time of writing.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/21	26.3	(17.2)	(0.95)	0.0	N/A	N/A
12/22	18.3	(18.0)	(0.97)	0.0	N/A	N/A
12/23e	2.7	(26.2)	(1.34)	0.0	N/A	N/A
12/24e	15.0	(21.8)	(0.98)	0.0	N/A	N/A

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

As per the [announcement](#), AbbVie has the global right to develop, manufacture and commercialise OSE-230, which we believe appropriately fits AbbVie's pipeline in the autoimmune space. In exchange, OSE will receive an upfront payment of \$48m and could receive up to \$665m in additional payments based on clinical development, regulatory and commercial milestones. OSE is also eligible to receive potential tiered royalty payments based on global net sales of the therapy.

OSE-230 is one of the company's preclinical monoclonal antibody assets, originating from its myeloid platform. It has been designed to activate ChemR23 (also called CMKLR1), a G-Protein Coupled Receptor target. It is believed that ChemR23 activation could offer a novel mechanism of action for the treatment of [chronic inflammation](#) by modulating the function of macrophages and neutrophils. Conventionally, anti-inflammatory therapies target pro-inflammation pathways, but OSE's approach is differentiated in that OSE-230 has the potential to drive affected tissues to complete the inflammation programme and restore tissue integrity. OSE [presented](#) encouraging preclinical data in October 2020 at the Federation of Clinical Immunology Societies' annual meeting. These results showed that OSE-230 successfully targeted the receptors associated with restoring tissue homeostasis. OSE-230 demonstrated inflammation resolution in vivo in acute inflammatory models, in chronic colitis models and in type 1 diabetes and multiple sclerosis models.

The partnership marks an important milestone for OSE in progressing all stages of its active pipeline. We look forward to following the clinical development of OSE-230, with the next step being entry to the clinic. Further, we believe that the funds should enable OSE to continue progressing its clinical-stage assets, including lead asset Tedopi, to the market. Management is preparing for a confirmatory Phase III trial for Tedopi in second-line non-small cell lung cancer, which is expected to commence from Q224 in the US, with extension to European sites in H224.

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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