Calvine Partners

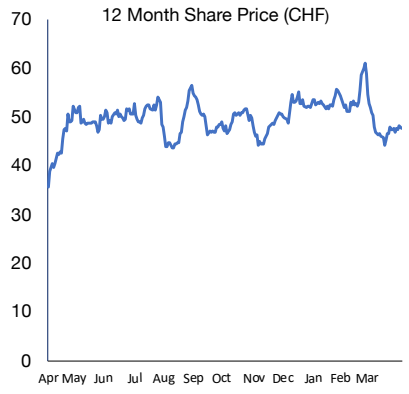
Basilea Pharmaceutica

24 March 2021

Share Price	**CHF 48**
CP Fair Value	**CHF 120**

Market Cap (CHFm)	569
Cash (CHFm)	207
EV (CHFm)	680

Country	Switzerland
Code	BSLN
Exchange	SIX



Source: Calvine Partners Research

Derazantinib differentiation apparent

Much of the recent focus at Basilea has involved securing the promise of the oncology portfolio and the FGFR inhibitor derazantinib. The FGFR class has been successfully validated elsewhere through the approvals of Balversa and Pemazyre in bladder and biliary cancer respectively. The key for Basilea in the competitively challenging environment is to identify appropriate positioning for derazantinib to ensure optimal positioning once approved and commercialised. As we have highlighted previously, we believe that the key data will be the combination with the checkpoint inhibitors, particularly in those cancers where the performance of the CKIs has been underwhelming.

Derazantinib delivering on its potential

Basilea has a comprehensive programme ongoing evaluating the potential of derazantinib in both monotherapy and in relevant combinations in difficult to treat cancers. While the clinical risk in monotherapy has been reduced thanks to the positive outcome of FIDES-01 (cohort 1), this was in biliary cancer (iCCA) patients with FGFR2 gene fusions. The interim results today from FIDES-01 (cohort 2) have effectively demonstrated that the activity of derazantinib lies beyond gene fusions to include other aberrations including gene mutations or amplifications. Overall, the data suggest activity broadly in line with FGFR2 gene fusion iCCA patients with a disease control rate (DCR) of 79% although the numbers were small (n=14). With derazantinib delivering on its pre-specified PFS objective of 3 months (or more) in at least 8 patients (median PFS not yet mature), this positive outcome has facilitated further patient enrolment to reach the target of 43 patients. Topline data from the completion of cohort 2 will be reported in H1 2022.

Differentiation becoming more apparent

These data are important since they demonstrate the relevance of derazantinib beyond FGFR2 gene fusions and provide an initial insight into its true potential while delivering important differentiation from its peers in this emerging new class of anti-cancer therapies. Further differentiation from existing competition could also come from ongoing studies evaluating its combination with the checkpoint inhibitor Tecentriq (atezolizumab). Of the approved FGFR inhibitors, derazantinib appears to have the sole ability to help reverse the immunosuppressive state found in many cancers thanks to its activity against the CSF-1/CSF1R axis. Basilea is seeking to capitalise on this activity with FIDES-02 in urothelial cancer and FIDES-03 in gastric cancer. Important data on these trials will emerge over the next 12-18 months helping to optimally position derazantinib and confirming the oncology ambitions of Basilea.

Dr Brian White
Partner
bw@calvinepartners.com

Andrew Keith
Partner
ak@calvinepartners.com

Disclosures

This publication has been commissioned and paid for by Basilea Pharmaceutica and as defined by the FCA is not independent research. This report is considered to be a marketing communication under FCA Rules, and it has not been prepared under the laws and requirements established to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. This information is widely available to the public.

This report in the United Kingdom is directed at investment professionals, certified high net worth individuals, high net worth entities, self-certified sophisticated investors, eligible counterparties as defined by Financial Services and Markets Act 2000 (Financial Promotion) Order 2000. The report may also be distributed and made available to persons to whom Calvine Partners is lawfully permitted. This publication is not intended for use by any individual or entity in any jurisdiction or country where that use would breach law or regulations, or which would subject Calvine Partners or its affiliates to any registration requirement within such jurisdiction or country.

Calvine Partners may provide, or seek to provide, services to other companies mentioned in this report. Partners, employees, or related parties thereof may hold positions in the companies mentioned in the report subject to Calvine Partners' personal account dealing rules.

Calvine Partners has only used publicly available information believed to be reliable at the time of this publication and made best efforts to ensure that the facts and opinions stated are fair, accurate, timely and complete at the publication date. However, Calvine Partners provides no guarantee concerning the accuracy or completeness of the report or the information or opinions within. This publication is not intended to be an investment recommendation, personal or otherwise, and it is not intended to be advice and should not be treated in any way as such. Any valuation estimates, such as those derived from a discounted cash flow, price multiple, or peer group comparison, do not represent estimates or forecasts of a future company share price. In no circumstances should the report be relied on or acted upon by non-qualified individuals. Personal or otherwise, it is not intended to be advice and should not be relied on in any way as such.

Forward-looking statements, information, estimates and assumptions contained in this report are not yet known, and uncertainties may cause the actual results, performance or achievements to be significantly different from expectations.

This report does not constitute an offer, invitation or inducement to engage in a purchase or sale of any securities in the companies mention. The information provided is for educational purposes only and this publication should not be relied upon when making any investment decision or entering any commercial contract. Past performance of any security mentioned is not a reliable indicator of future results and readers should seek appropriate, independent advice before acting on any of the information contained herein. This report should not be considered as investment advice, and Calvine Partners will not be liable for any losses, costs or damages arising from the use of this report. The information provided in this report should not be considered in any circumstances as personalised advice.

Calvine Partners LLP, its affiliates, officers or employees, do not accept any liability or responsibility with regard to the information in this publication. None of the information or opinions in this publication has been independently verified. Information and opinions are subject to change after the publication of this report, possibly rendering them inaccurate and/or incomplete.