

## Not Rated

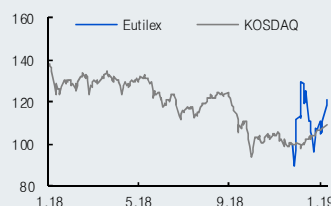
Target Price (12M, W)	-
Share Price (02/08/19, W)	94,600
Expected Return	-

OP (18F, Wbn)	-14
Consensus OP (18F, Wbn)	0

EPS Growth (18F, %)	-
Market EPS Growth (18F, %)	5.1
P/E (18F, x)	-
Market P/E (18F, x)	9.2
KOSDAQ	728.74

Market Cap (Wbn)	687
Shares Outstanding (mn)	7
Free Float (%)	44.5
Foreign Ownership (%)	0.8
Beta (12M)	-4.93
52-Week Low	70,000
52-Week High	101,200

(%)	1M	6M	12M
Absolute	1.8	0.0	0.0
Relative	-6.6	0.0	0.0



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# Eutilex

(263050 KQ)

## R&D to gather pace following successful IPO

### A biotech firm with expandable pipeline based on three platform technologies

Eutilex, a biotech firm specializing in the development of next-generation immunotherapies, went public on December 24<sup>th</sup>, 2018. The company has three key technologies: a T-cell therapy platform, an immune checkpoint activator platform, and a CAR-T cell therapy platform. Based on these technologies, the company has developed a highly expandable pipeline. The company's most advanced candidate is EBViNT, a treatment for NK/T-cell lymphoma (currently in a Phase 2 trial).

### Pipeline

#### 1) T-cell therapy: EBViNT

EBViNT, an NK/T-cell lymphoma treatment, is currently undergoing a Phase 2 trial in Korea. In EBViNT's Phase 1 study, two NK/T-cell lymphoma patients experienced complete remission (CR). Eutilex is working toward early commercialization of the treatment after the Phase 2 study's completion. The company is also preparing to conduct a trial for a cancer antigen-specific T-cell therapy (CAST), which is cultivated through the addition of three different cancer antigens. The company's CAST is expected to be more effective in killing cancer cells than previous drugs.

#### 2) Immune checkpoint activator: EU101 and EU102

EU101, an antibody that binds to 4-1BB, showed stronger efficacy than an immune checkpoint inhibitor of the same dosage in a preclinical study. EU101 is expected to be even more effective as a combination therapy. EU102, an antibody that binds to AITR, is based on a unique mechanism in which regulatory T-cells are converted into effector T-cells. EU102 is anticipated to be dramatically more effective than rival drugs. Both EU101 and EU102 are expected to enter Phase 1 studies next year.

#### 3) CAR-T

Because existing CAR-T therapies target CD19 antigens of cancer cells, their indications are generally limited to blood cancers. Moreover, as CD19 antigens are expressed in both cancer and normal cells, CD19-targeted CAR-T therapies often cause side effects. We think Eutilex's CAR-T therapies could be more competitive than existing ones, as they are being developed to treat solid tumors and target HLA-DR, which is overexpressed in cancer cells (meaning fewer side effects). Clinical trials are expected to begin next year.

### IPO proceeds to drive R&D push

Eutilex has several expandable platform technologies and has raised more than W36bn from its IPO. As such, the company's R&D and commercialization efforts are likely to gain further pace. Several R&D events are anticipated this year, including an investigational new drug (IND) application for EBViNT's Phase 2 trial in the US and presentations at overseas conferences. Licensing deals could also potentially materialize this year. Eutilex's market valuation is cheaper than those of companies with similar technologies, such as Atara Biotherapeutics, and Iovance Biotherapeutics (market values of US\$1.64bn and US\$1.13bn, respectively, based on recent one-month average).

FY (Dec.)	12/15	12/16	12/17	12/18F	12/19F	12/20F
Revenue (Wbn)	0	0	0	0	26	25
OP (Wbn)	-1	-5	-10	-14	-8	-26
OP margin (%)	-	-	-	-	-30.8	-104.0
NP (Wbn)	-1	-5	-10	-14	-7	-25
EPS (W)	-263	-1,085	-1,752	-2,094	-895	-3,393
ROE (%)	-9.5	-29.4	-24.9	-21.9	-9.2	-44.8
P/E (x)	-	-	-	-	-	-
P/B (x)	-	-	-	8.6	10.2	16.1
Dividend yield (%)	-	-	-	0.0	0.0	0.0

Note: All figures are based on consolidated K-IFRS; NP refers to net profit attributable to controlling interests

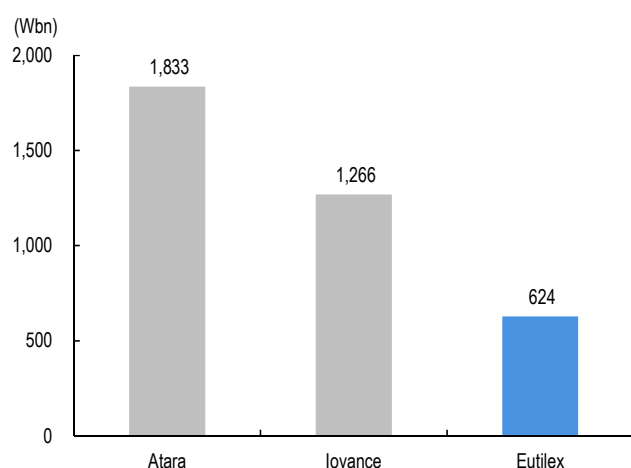
Source: Company data, Mirae Asset Daewoo Research estimates

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**Table 1. Eutilex's pipeline**

Category	Candidate	Indication	Phase	Location
T-cell therapy	EBVINT	NK/T-cell lymphoma	Phase 2	Korea, US
	WTiNT	Glioblastoma	Phase 1	US
	TERTiNT	NSCLC, breast cancer	Investigator-initiated trial	US
Antibody	EU101	Anti-cancer	Predclinical	Korea
	EU102	Anti-cancer	Predclinical	Korea
	Bispecific antibody		Predclinical	Korea
CAR-T	MVR CAR-T	DLBCL	Predclinical	Korea
	Solid tumor CAR-T	Solid tumor	Discovery	Korea

Source: Company data, Mirae Asset Daewoo Research

**Figure 1. Market cap comparison against peers**

Note: Based on the US\$/W rate of 1,120

Source: Bloomberg, FnGuide, Mirae Asset Daewoo Research

**Figure 2. Relative share performance**

Source: Bloomberg, FnGuide, Mirae Asset Daewoo Research

## Eutilex (263050 KQ/Not Rated)

## Comprehensive Income Statement (Summarized)

(Wbn)	12/17	12/18F	12/19F	12/20F
<b>Revenue</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>25</b>
<b>Cost of Sales</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Gross Profit</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>25</b>
<b>SG&amp;A Expenses</b>	<b>10</b>	<b>15</b>	<b>34</b>	<b>51</b>
<b>Operating Profit (Adj)</b>	<b>-10</b>	<b>-14</b>	<b>-8</b>	<b>-26</b>
<b>Operating Profit</b>	<b>-10</b>	<b>-14</b>	<b>-8</b>	<b>-26</b>
<b>Non-Operating Profit</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
Net Financial Income	0	0	1	0
Net Gain from Inv in Associates	0	0	0	0
Pretax Profit	-10	-14	-7	-25
Income Tax	0	0	0	0
Profit from Continuing Operations	-10	-14	-7	-25
Profit from Discontinued Operations	0	0	0	0
<b>Net Profit</b>	<b>-10</b>	<b>-14</b>	<b>-7</b>	<b>-25</b>
Controlling Interests	-10	-14	-7	-25
Non-Controlling Interests	0	0	0	0
<b>Total Comprehensive Profit</b>	<b>-10</b>	<b>-14</b>	<b>-7</b>	<b>-25</b>
Controlling Interests	-10	-14	-7	-25
Non-Controlling Interests	0	0	0	0
EBITDA	-9	-13	-7	-25
FCF (Free Cash Flow)	-11	-14	-12	-25
EBITDA Margin (%)	-	-	-26.9	-100.0
Operating Profit Margin (%)	-	-	-30.8	-104.0
Net Profit Margin (%)	-	-	-26.9	-100.0

## Cash Flows (Summarized)

(Wbn)	12/17	12/18F	12/19F	12/20F
Cash Flows from Op Activities	-5	-13	-10	-23
Net Profit	-10	-14	-7	-25
Non-Cash Income and Expense	3	0	0	1
Depreciation	1	1	1	1
Amortization	0	0	0	0
Others	2	-1	-1	0
Chg in Working Capital	1	0	-5	0
Chg in AR & Other Receivables	0	0	0	0
Chg in Inventories	0	0	0	0
Chg in AP & Other Payables	0	0	0	0
<b>Income Tax Paid</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash Flows from Inv Activities	-31	-2	-3	-3
Chg in PP&E	-5	-2	-2	-2
Chg in Intangible Assets	0	0	0	0
Chg in Financial Assets	-26	-1	-1	-1
<b>Others</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
Cash Flows from Fin Activities	33	36	0	10
Chg in Financial Liabilities	0	0	0	10
Chg in Equity	33	36	0	0
Dividends Paid	0	0	0	0
<b>Others</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increase (Decrease) in Cash	-3	21	-13	-16
Beginning Balance	18	15	37	24
<b>Ending Balance</b>	<b>15</b>	<b>37</b>	<b>24</b>	<b>8</b>

Source: Company data, Mirae Asset Daewoo Research estimates

## Statement of Financial Condition (Summarized)

(Wbn)	12/17	12/18F	12/19F	12/20F
<b>Current Assets</b>	<b>41</b>	<b>63</b>	<b>56</b>	<b>41</b>
Cash and Cash Equivalents	15	37	24	8
AR & Other Receivables	0	0	5	5
Inventories	0	0	0	0
Other Current Assets	26	26	27	28
<b>Non-Current Assets</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>
Investments in Associates	0	0	0	0
Property, Plant and Equipment	15	16	17	17
Intangible Assets	1	1	1	1
<b>Total Assets</b>	<b>58</b>	<b>81</b>	<b>75</b>	<b>61</b>
<b>Current Liabilities</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>
AP & Other Payables	1	1	1	1
Short-Term Financial Liabilities	0	0	0	0
Other Current Liabilities	1	1	1	2
<b>Non-Current Liabilities</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>15</b>
Long-Term Financial Liabilities	5	5	5	15
Other Non-Current Liabilities	0	0	0	0
<b>Total Liabilities</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>18</b>
<b>Controlling Interests</b>	<b>51</b>	<b>74</b>	<b>67</b>	<b>43</b>
Capital Stock	3	4	4	4
Capital Surplus	61	97	97	97
Retained Earnings	-16	-29	-36	-60
<b>Non-Controlling Interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Stockholders' Equity</b>	<b>51</b>	<b>74</b>	<b>67</b>	<b>43</b>

## Forecasts/Valuations (Summarized)

	12/17	12/18F	12/19F	12/20F
P/E (x)	-	-	-	-
P/CF (x)	-	-	-	-
P/B (x)	-	8.6	10.2	16.1
EV/EBITDA (x)	-	-	-	-
EPS (W)	-1,752	-2,094	-895	-3,393
CFPS (W)	-1,277	-2,021	-831	-3,283
BPS (W)	7,846	10,157	9,262	5,869
DPS (W)	0	0	0	0
Payout ratio (%)	0.0	0.0	0.0	0.0
Dividend Yield (%)	-	0.0	0.0	0.0
Revenue Growth (%)	-	-	-	-3.8
EBITDA Growth (%)	-	-	-	-
Operating Profit Growth (%)	-	-	-	-
EPS Growth (%)	-	-	-	-
Accounts Receivable Turnover (x)	0.0	0.0	0.0	0.0
Inventory Turnover (x)	0.0	0.0	0.0	0.0
Accounts Payable Turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	-21.3	-19.6	-8.3	-36.3
ROE (%)	-24.9	-21.9	-9.2	-44.8
ROIC (%)	-72.4	-94.1	-41.9	-123.9
Liability to Equity Ratio (%)	14.4	10.3	11.7	42.5
Current Ratio (%)	2,032.3	2,843.6	2,300.2	1,527.2
Net Debt to Equity Ratio (%)	-70.1	-78.6	-68.5	-49.3
Interest Coverage Ratio (x)	-75.5	-109.0	-57.9	-99.2

# APPENDIX 1

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