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**Quantum Genomics****Quantum s'installe en Corée avec DongWha Pharmaceuticals**

DongWha Pharma et Quantum Genomics ont signé un accord de licence et de collaboration portant sur le firibastat pour la Corée du Sud (\$ 18,5 M + redevances à 2 chiffres). Achat Fort avec un objectif de cours de 12,77 €.

**Quantum set up in Korea with DongWha Pharmaceuticals**

DongWha Pharma and Quantum have signed of a new license and collaboration agreement for firibastat for South Korea (\$ 18.5 M + double-digit royalties). Strong Buy with a TP of € 12.77.

**Recommendation** **1. Strong Buy**  
**Closing Price 12/09/2020** **4,71 €**  
**Target Price** **12,77 € (+171,3 %)**

**Avec DongWha Pharmaceuticals, Quantum Genomics conclut un accord de licence et de collaboration exclusif pour développer le firibastat en Corée du Sud.**

Quantum Genomics vient de signer un 5<sup>ème</sup> accord de partenariat en une année, démontrant ainsi l'intérêt que peuvent porter des acteurs pharmaceutiques de différents pays au firibastat. En signant avec DongWha Pharma, l'une des plus anciennes sociétés pharmaceutiques coréennes, Quantum s'établit en Corée du Sud. Cette stratégie d'accords régionaux offre certainement plus de visibilité à Quantum, newsflow positif qui permet par ailleurs la réalisation avec succès d'une augmentation de capital (20 M€), renforçant ainsi sa structure capitalistique avec une vision plus long terme.

Nous maintenons notre opinion Achat Fort sur la valeur et notre TP à 12,77 €. Notre TP est réduit de 15,24 € à 12,77 € (à la suite de l'augmentation de capital et à l'émission d'actions nouvelles, conduisant à l'ajustement du nombre total d'actions de 21 671 044 à 26 672 856).

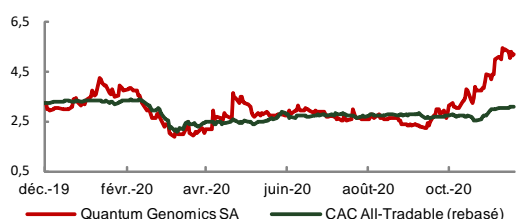
**With DongWha Pharmaceuticals, Quantum Genomics enters into an exclusive license and collaboration agreement to develop firibastat in South Korea.**

Quantum Genomics has just signed its 5th partnership agreement in one year, demonstrating the interest that pharmaceutical players from different countries can have in firibastat. By signing with DongWha Pharma, one of Korea's oldest pharmaceutical companies, Quantum is establishing itself in South Korea. This strategy of regional agreements certainly offers more visibility to Quantum, positive newsflow which also allows the successful completion of a capital increase (€ 20 M), thus strengthening its capital structure with a longer-term vision.

We maintain our Strong Buy opinion on the share and our TP at € 12.77. Our TP is reduced from € 15.24 to € 12.77 (following the capital increase and the issue of new shares, leading to the adjustment of the total number of shares of 21 671 044 to 26 672 856).

**Performances**

Absolute perf. 1 month 6 months 12 months  
+ 10,6 % + 75,9 % + 50,6 %

**Market data**

Reuters / Bloomberg ticker	ALQGC.PA / ALQGC.FP
Market capitalisation (€m)	128,6 M€
Enterprise value (€m)	128,6 M€
Free Float	86,3 M€ (67,1 %)
Number of shares	26 672 856
Daily volume	407 833 €
Capital turnover rate (1 year)	21,4%
High (52 weeks)	5,43 €
Low (52 weeks)	1,88 €

**Current shareholding structure**

Free float : 67.1 % ; Institutional investors 20.9 % ; Management : 5.0 % ;  
Tethys: 3.7% ; Otium Capital: 3.3%.

**Agenda**

H1 2021 : QUORUM study results

**Key figures**

	2018	2019	2020E	2021E	2022E
Revenues (M€)	0,1	0,4	12,2	16,9	17,6
Change (%)	-	-	-	39,3%	3,9%
EBITDA (M€)	-13,3	-9,9	-5,6	-0,8	-0,1
EBIT (M€)	-13,6	-10,0	-5,7	-0,9	-0,2
EBIT Margin (%)	NS	NS	-46,5%	-5,2%	-1,3%
Net profit gp sh.(%)	-12,0	-8,1	-4,7	-0,8	0,9
Net margin (%)	NS	NS	-38,4%	-5,0%	5,0%
EPS	-1,09	-0,74	-0,17	-0,03	0,03

**Ratios**

	2018	2019	2020E	2021E	2022E
Ev / Revenues	NS	NS	10,6	7,6	7,3
EV / EBITDA	NS	NS	NS	NS	NS
EV / EBIT	NS	NS	NS	NS	NS
P / E	NS	NS	NS	NS	NS
Gearing (%)	NS	NS	NS	NS	NS
Net debt / EBITDA	1,8	1,1	1,1	0,6	2,1
RCE (%)	NS	NS	NS	NS	NS

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### DongWha Pharmaceuticals : 5<sup>ème</sup> partenariat de Quantum

Quantum Genomics a annoncé avoir signé un nouvel accord de licence exclusive et de collaboration avec le groupe pharmaceutique coréen DongWha Pharmaceuticals. Avec cet accord, Quantum devrait recevoir de la part de la société pharmaceutique coréenne jusqu'à 15,24 millions d'euros (\$ 18,5 M) en paiements initiaux et d'étapes. Par ailleurs, lors de la commercialisation du firibastat dans son indication première, l'hypertension artérielle (HTA) difficile-à-traiter/résistante, Quantum percevra des redevances à deux chiffres sur les ventes.

### DongWha Pharmaceuticals, un acteur qui compte en Corée

Fondé au XIX<sup>ème</sup> siècle (1897), DongWha est probablement l'un des plus anciens laboratoires pharmaceutiques de Corée. Avec un chiffre d'affaires de 235 Millions d'euros en 2019, DongWha se place dans le top 20 des laboratoires pharmaceutiques du pays, et ce alors que le marché pharmaceutique global de la Corée du Sud s'établissait à \$18,6 milliards en 2016 pour atteindre \$20,4 milliards en 2020. DongWha développe et commercialise des produits éthiques contre les affections digestives, métaboliques et cardiovasculaires, des antibiotiques ainsi que des génériques. L'accord avec Quantum Genomics lui permettra d'accéder à une innovation radicale, qui se traduit par une molécule « first-in-class », le firibastat dans l'hypertension résistante/difficile-à-traiter.

### En Corée du Sud, une prévalence un peu plus faible

Un sondage réalisé par le Korean National Health and Nutrition Examination Survey (KNHANES) a montré que près de 30% de la population adulte ayant plus de 30 ans présentait une tension artérielle supérieure à 140/90 mm Hg. Au sein de cette population, la proportion d'hypertension résistante serait de l'ordre de 7,9 %, soit (51,6 millions x 30% x 7%= 1,223 millions de patients). Ces chiffres sont compatibles avec une prévalence relativement plus faible en Corée pour l'hypertension résistante primaire. Cependant, en 2013, la société Coréenne d'Hypertension a établi un certain nombre de « guidelines » pour le traitement de l'hypertension artérielle (HTA) et de l'HTAr. Toutefois, comme dans la plupart des pays, cette prévalence s'accroît avec l'âge, avec un taux important de dommages aux différents organes notamment cardiaques et rénaux.

### Une augmentation de capital sursouscrite de 20 M€

Quantum Genomics, qui avait décidé de ne pas reconduire le financement avec Negma Group Ltd, a lancé et réussi une augmentation de capital de 20 M€. Cette opération offre à Quantum la capacité d'élargir sa base d'investisseurs institutionnels. Par ailleurs, Otium Capital, le Family office de l'entrepreneur Pierre-Edouard Stérin, fondateur de SmartBox Group, entre au capital pour un montant de 4 M€. Cette opération s'est effectuée au prix de 4,50 € / action, soit une décote relativement faible de 7,8% calculée sur la moyenne pondérée des 20 dernières séances de bourse, ce qui a permis de créer 4 445 476 actions nouvelles. Quantum dispose désormais d'une visibilité financière jusqu'à la fin de l'année 2022, grâce notamment aux différents partenariats noués qui apportent eux aussi des paiements initiaux conséquents. Toutefois, l'accroissement de la visibilité de la société (partenariats) devrait lui permettre d'attirer des investisseurs en capital plus traditionnels (fonds biotech institutionnels) et d'encore plus long terme.

**Nous maintenons notre recommandation Achat Fort, avec un Target Price de 12,77 €. Notre TP est réduit de 15,24 € à 12,77 € (augmentation de capital et variation du nombre d'actions de 21 671 044 à 26 672 856). Par ailleurs, dans notre modèle de ventes, nous avons été amenés à sous-estimer certains taux de couverture de l'hypertension résistante eu égard au taux de traitement de population.**

### DongWha Pharmaceuticals: Quantum's 5<sup>th</sup> partnership

Quantum Genomics announced that it has signed a new exclusive license and collaboration agreement with the Korean pharmaceutical group DongWha Pharmaceuticals. Under this agreement, Quantum is expected to receive up to 15.24 million Euros (\$ 18.5 M) in upfront and milestone payments from the Korean pharmaceutical company. In addition, upon commercialization of firibastat, in its primary indication, difficult-to-treat/resistant hypertension (HTA), Quantum will receive double-digit royalties on sales.

### DongWha Pharmaceuticals, a major player in Korea

Founded in 19<sup>th</sup> century (1897), DongWha Pharmaceuticals is probably one of the oldest pharmaceutical companies in Korea. With a turnover of 235 million Euros in 2019, DongWha ranks among the top 20 pharmaceutical companies in the country, while the global pharmaceutical market in South Korea stood at \$ 18.6 billion in 2016 to reach \$ 20.4 billion in 2020. DongWha develops and markets ethical products for digestive, metabolic and cardiovascular diseases, antibiotics, and generics. The agreement with Quantum Genomics will give DongWha access to a radical innovation, a first-in-class molecule, firibastat, for difficult-to-treat/resistant hypertension.

### In South Korea, a slightly lower prevalence

A survey conducted by the Korean National Health and Nutrition Examination Survey (KNHANES) showed that nearly 30% of the adult population over 30 years of age had blood pressure greater than 140/90 mm Hg. Within this population, the proportion of resistant hypertension would be around 7.9% (51.6 million x 30% x 7%= 1.223 million patients). These figures are consistent with the relatively lower prevalence of primary resistant hypertension in Korea. However, in 2013, the Korean Hypertension Society has established several guidelines for the treatment of hypertension (hypertension) and rHTN. However, as in most countries, the prevalence of hypertension increases with age, with a high rate of damage to various organs including the heart and kidneys.

### A €20 million oversubscribed capital increase

Quantum Genomics, which had decided not to renew the financing with Negma Group Ltd, launched and successfully completed a 20 million Euros capital increase. This transaction provides Quantum with the ability to broaden its institutional investor base. In addition, Otium Capital, the family office of entrepreneur Pierre-Edouard Stérin, founder of SmartBox Group, takes a stake in the amount of 4 million Euros. This deal was carried out at the cost of € 4.50 / share, i.e. a relatively low discount of 7.8% on the last 20 daily quotations, which made it possible to create 4,445,476 new shares. Quantum has sufficient now enough financial visibility until the end of 2022, thanks to the various partnerships entered, which also bring substantial upfront payments. However, the company's increased visibility (partnerships) should enable it to attract more traditional (institutional biotech funds) and longer-term capital investors.

**We maintain our Strong Buy recommendation on the stock, with a Target Price of € 12.77. Our TP is decreased from € 15.24 to € 12.77 (capital increase and new number of shares from 21,671,044 to 26,672,856). Furthermore, in our sales model, we have been led to underestimate certain coverage rates for resistant hypertension in relation to the population treatment rate.**

## Important Disclosure

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Genesta Equity Research stock market recommendations reflect the absolute change expected in the share price from a six to twelve-month perspective (in local currencies).

<b>1. Strong buy</b>	The absolute share price performance is expected to be at least +25 %
<b>2. Buy</b>	The absolute share price performance is expected to be comprised between +10 % and +25 %
<b>3. Neutral</b>	The absolute share price performance is expected to be comprised between +10 % et -10 %
<b>4. Sell</b>	The absolute share price underperformance is expected to be comprised between -10 % et -25 %
<b>5. Strong Sell</b>	The absolute share price underperformance is expected to be at least -25 %

Details of valuation methods used by Genesta Equity Research in target price calculations are available at [www.genesta-finance.com](http://www.genesta-finance.com).

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No	No	No	No	Yes	No	No

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### Rating and target price evolution throughout the last 12 months

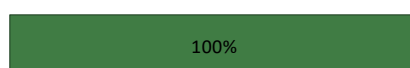
Date of 1 <sup>st</sup> publication	Rating	Target Price
10 <sup>th</sup> December 2020	Equity Flash <b>Strong Buy</b>	€ 12.77
9 <sup>th</sup> November 2020	Equity Flash <b>Strong Buy</b>	€ 15.24
26 <sup>th</sup> October 2020	Equity Flash <b>Strong Buy</b>	€ 15.08
28 <sup>th</sup> September 2020	Equity Flash <b>Strong Buy</b>	€ 13.70
11 <sup>th</sup> May 2020	Equity Flash <b>Suspended / Covid-19</b>	<b>Suspended / Covid-19</b>
30 <sup>th</sup> January 2020	Equity Flash <b>Strong Buy</b>	€ 15.04

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Distribution of ratings concerning the entire coverage of Genesta



Distribution of ratings concerning companies belonging to the same sector



Distribution of ratings concerning companies which are clients of Genesta



■ Strong Buy ■ Buy □ Neutral ■ Sell ■ Strong Sell

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