

12/05/2016 - GBC Research Comment – Verona Pharma plc

Company: Verona Pharma plc^{*5a,6a,11}

ISIN: GB00B06GSH43

Analyst: Cosmin Filker

Latest stock quote: 0.05 € (XETRA 11/05/2016; 12:00 am)

Target Price: €0.15

Rating: BUY

Date of completion / publication: 12/05/2016

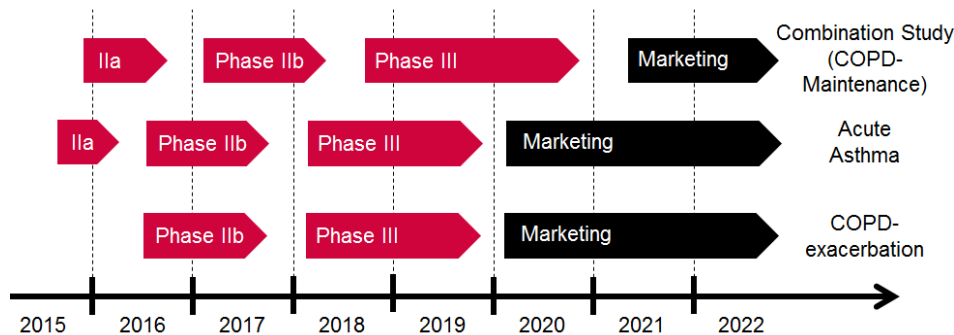
*Potential conflicts of interest on page 3

Positive results from phase IIa trial (combination therapy for COPD); time plan for development and sale confirmed; Rating BUY

Verona Pharma plc, a developer of prescription medicines to treat respiratory diseases, published positive results from a phase IIa-trial with RPL554, the main product of Verona Pharma, in Great Britain. In this Phase IIa randomised, double blind, placebo controlled, study regarding the bronchodilatory effects of RPL554, patients with moderate to severe COPD (chronic obstructive pulmonary disease) were randomised to receive RPL554 in combination with the approved standard treatment. The approved standard treatments for COPD are salbutamol (a beta2-agonist) and ipratropium bromide (an anti-muscarinic).

Primary as well as secondary objectives of study were met. As a primary objective, RPL554 produced in combination with the standard treatment a highly significant and clinically meaningful additional bronchodilation of more than 60%. The bronchodilatory effects seen with the combinations were significantly larger than those of the standard treatment. As a secondary objective, the combination of RPL554 with the standard treatment caused a significant reduction in trapped air in the lung (residual volume) as compared to the standard treatment alone. This suggests that a treatment with RPL554 may reduce dyspnea. Furthermore no adverse events were recorded on vital signs, ECG parameters, or the gastro-intestinal.

The published results of the phase IIa-trial were according to schedule, similar to the published positive results for the treatment of asthma at the beginning of the year. Hence, we confirm our commercialisation time plan of our initial coverage:



Source: GBC AG

Also, we confirm our results from the DCF analysis with a fair value of the company of 0.11 GBP per share (€0.15 per share). At the current share price of 0.04 GDP, we reiterate our BUY recommendation.

ANNEX

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The analysts responsible for this analysis are:

Cosmin Filker, Dipl. Betriebswirt (FH), Financial Analyst

Felix Gode CFA, Dipl. Wirtschaftsjurist (FH), Vice Head of research

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GBC AG
Halderstraße 27
D 86150 Augsburg
Tel,: 0821/24 11 33-0
Fax,: 0821/24 11 33-30
Internet: <http://www.gbc-ag.de>

E-Mail: compliance@gbc-ag.de