

Scancell

Vulpes investment brings £3.88m in new funds

13 June 2019

- Scancell has announced that it has raised £3.877m (gross) through the issue of 77.6m new shares to Vulpes Life Sciences Fund at a price of 5p per share. The new investment results in Vulpes holding 16.67% of the enlarged share capital, overtaking Calculus Capital as the largest shareholder.
- Vulpes Investment Management has a track record of identifying under-appreciated life sciences companies and then taking sizeable stakes. Importantly, they are supportive long-term holders. Martin Diggle, a founder of Vulpes in 2011, will join the Scancell board as a non-executive director.
- The funds help extend Scancell's cash runway, but it should be noted that the cash burn is expected to rise as it enters the more expensive clinical stages; our forecast is detailed in our [Initiation](#) note of November 2018.
- It is worth highlighting that Scancell has two promising technology platforms for therapeutic vaccines that have the potential to treat many cancers, either as monotherapy or in combination with checkpoint inhibitors.
- We feel that the timely development of these programmes has been hindered historically by financial issues. We view the Vulpes investment as a comforting sign that funding concerns appear to be being overcome.

Price	5.35p
Market Cap	£20.8m
Primary exchange	AIM
Sector	Healthcare
Company Code	SCLP.L
Corporate client	Yes

Company description:

Scancell is a clinical-stage immuno-oncology specialist that is developing two innovative and flexible therapeutic vaccine platforms. ImmunoBody and Moditope induce high avidity cytotoxic CD8 and CD4 responses, respectively, with the potential to treat various cancers.

Trinity Delta view: The sizeable stake by a new investor is welcomed and serves as useful validation of the investment thesis. Vulpes's track record of its timings of investment suggests that the shares are materially under-valued, which helps corroborate our valuation model. To reiterate, we value Scancell based on a rNPV and sum-of-the-parts methodology, with conservative assumptions. Based on our model we continue to value Scancell at £82.0m, previously equivalent to 21.1p a share, which accounting for the new shares issued now drops to 17.2p.

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