

Thursday, 23 November 2017

## Botanix (BOT)

Analysts | Daniel Williamson | Ian Christie, CFA

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<b>Recommendation</b>	<b>SPEC BUY</b>
<b>Current Price</b>	<b>5.9 cents</b>
<b>Valuation</b>	<b>9.5 cents</b>

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### Event & Impact | Positive

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The first patients have been enrolled in BOT's Phase 1b patient study for BTX 1204, its atopic dermatitis program.

The Phase 1b study is designed to evaluate the safety and tolerability of BTX 1204 in patients with mild-to-moderate atopic dermatitis, as well as, importantly, assessing for any treatment efficacy in atopic dermatitis patients. Up to 36 patients will be enrolled for a four week treatment period across four leading dermatology clinics in Australia.

The trial is expected to be completed in Q2 CY2018, allowing a bigger Phase 2 safety and efficacy study for BTX 1204 in the US in H2 2018.

Dermatitis affects up to 25m people in the US, with current marketable treatments generating ~\$3.8bn p.a. in sales. There is substantial interest in topical atopic dermatitis space, with Pfizer recently acquiring Anacor for US\$5.2bn. Anacor had a topical treatment for atopic dermatitis completing Phase 3 clinical trials.

### Recommendation

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Rapid product development and a diversified pipeline de-risks BOT's portfolio and adds value, underpinning our SPEC BUY call.

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**Important Disclosure**

Argonaut acted as the Lead Manager to the Placement that raised \$7.4M in April 2017 and will receive fees commensurate with this service. Argonaut holds or controls 12.1M BOT Options exercisable at \$0.03 on or before 30 June 2019.

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