

GeoVax

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Focused on HIV immunotherapy and Ebola

GeoVax continues to focus on advancing both its HIV immunotherapy programme and Ebola vaccines, which will require additional funding. Further development of the GOVX-B11 preventative HIV vaccine remains under consideration by the US NIH, although a large Phase IIb trial in 2015 now seems unlikely as HVTN reconsiders the merits of adding a protein boost. The exercise of certain warrants has increased cash to c \$1.7m.

Focus on advancing HIV immunotherapy

GeoVax continues to work on its HIV immunotherapy programme as part of a "shock and kill" strategy to try and cure HIV. A Phase Ib trial is being planned, which will require additional funds, to investigate a GeoVax vaccine to reactivate latent HIV reservoirs (shock), which could then be combined either with a GeoVax vaccine or an external component to elicit an immunotherapy response to kill the reactivated HIV. The HVTN (HIV Vaccine Trials Network) continues to evaluate further development of GOVX-B11, although are reconsidering the merits of adding a protein boost. This would likely require a smaller trial, rather than the previously discussed large Phase IIb. This programme requires limited GeoVax resources.

Seeking CDC collaboration for Ebola

Ebola plans continue to advance and GeoVax is discussing a potential collaboration with CDC to enable testing of its preclinical Ebola vaccine candidates. These include GOVX-E301 as a single-dose vaccine targeting the strain of Ebola responsible for the current outbreak and GOVX-E302, a potential prophylactic vaccine to protect against the three lethal strains of Ebola. GeoVax still anticipates that GOVX-E301 could be ready for clinical testing in 2016, subject to further funds.

Cash increase through exercise of certain warrants

During October, GeoVax agreed with certain warrant holders to early exercise of some warrants in exchange for a warrant exercise fee. GeoVax paid a fee of \$0.075/share with immediate exercise of 3.2m warrants (from an original 5.3m held by these holders with an exercise price of \$0.35, expiring in March 2017), effectively reducing the exercise price to \$0.275, thereby raising \$873k.

Valuation: EV of \$5.6m, but cash overhang

End-Q314 net cash of \$862k has been increased to c \$1.7m following exercise of the above warrants, suggesting a current EV of \$5.6m despite programmes in both HIV and Ebola. However, current cash will be insufficient for further development.

Historical financials

Year end	Revenue (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)
12/11	4.9	(2.3)	(0.15)	0.0	N/A	N/A
12/12	2.7	(2.1)	(0.12)	0.0	N/A	N/A
12/13	2.4	(2.3)	(0.11)	0.0	N/A	N/A

Source: GeoVax

Price \$0.23
Market cap \$7m

Share price graph



Share details

Code GOVX
 Listing OTCQB
 Shares in issue 31.9m

Business description

GeoVax is a US vaccine development company focused on advancing its HIV immunotherapy programme in addition to two preclinical Ebola vaccines. In addition, GOVX-B11 is a preventative HIV vaccine that has completed a Phase IIa trial funded by the US NIH.

Bull

- GOVX-B11 is one of the most advanced preventative HIV vaccines in development, supported by US NIH funding.
- The HIV immunotherapy programme could offer a potential cure for HIV if successful.
- Two preclinical Ebola vaccines.

Bear

- Funds will be needed to pursue further development of either Ebola or HIV.
- US NIH funding for GOVX-B11 is not guaranteed.
- Ebola is a competitive market, including GSK in collaboration with US NIH.

Analysts

Dr Philippa Gardner +44 (0)20 3381 2521
 Dr Mick Cooper +44 (0)20 3077 5734

healthcare@edisongroup.com

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