

## Mereo BioPharma

### Phase II starts with backing from patient support group

5 November 2018

- Mereo BioPharma has started the [Phase II](#) trial with MPH-966 (alvelestat) in patients with alpha-1 antitrypsin deficiency (AATD), with the first patient being dosed.
- The Phase II study is a double-blind, placebo-controlled trial, in which patients will be treated with placebo or one of two doses of MPH-966, twice daily for 12 weeks.
- The primary endpoint of the trial is the change neutrophil elastase activity measured using blood biomarkers, with other endpoints to assess pulmonary function (St George's Respiratory Questionnaire, and FEV1). Top line data is due in H219.
- AATD is a rare genetic disease that severely affects c 50,000 patients in North America and c 60,000 in Europe. It causes various symptoms, but the most severe is pulmonary emphysema, which can be life-threatening.
- MPH-966 was in-licensed from AstraZeneca in October 2017, and has been tested in various other diseases in which neutrophil elastase activity is affected.
- Associated with the start of the trial, Mereo BioPharma has announced that it is collaborating with, and receiving investment from the venture philanthropy arm of Alpha-1 Foundation, The Alpha-1 Project (TAP). In exchange for the investments, TAP will receive warrants in Mereo BioPharma once they have been made (no financial details have been disclosed).

Price	190p
Market Cap	£135m
Primary exchange	AIM London
Sector	Healthcare
Company Code	MPH
Corporate client	Yes

#### Company description:

Mereo BioPharma develops and commercialises innovative therapeutics addressing rare and specialty diseases. These are acquired or licensed in at clinical stages from large pharmaceutical companies. The portfolio consists of four compounds that are progressing through late clinical development.

**Trinity Delta view:** The initiation of this Phase II trial marks the timely achievement of another milestone by Mereo BioPharma. The results of the trial will be keenly awaited, as MPH-966 is one of the company's two assets (together with BPS-804 in osteogenesis imperfecta) that Mereo BioPharma aims to commercialise itself.

The collaboration with TAP should in the short-term help Mereo BioPharma recruit patients to the trial in a timely manner, as well as providing limited funding on favourable terms, presumably. In the longer term, the relationship with TAP could prove very valuable in supporting the development and commercialisation of MPH-966 in AATD.

We value Mereo BioPharma at 615p/share (see [initiation](#) dated 24 September). The shares have fallen heavily recently for no apparent reason, because of the limited liquidity of shares; but, there are significant share price catalysts in the coming months, including 12-month data from the Phase IIb extension study with BGS-649 in Q418, first results from the Phase IIb study with BPS-804 in H119, and also the potential out-licensing of BCT-197.

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