



Investment Ideas

8 February 2017

BARD1 Life Sciences (BD1): a key step in the path to commercialisation

- In August 2016, US-based Meso Scale Diagnostics (MSD) was engaged to transfer, optimise and validate BD1's research-grade BARD1 Lung Cancer Test onto MSD's commercial research-use only instrument platform. Note: MSD is a global leader in the development, manufacture, and commercialisation of assays and assay procedures.
- MSD completed the Assay Feasibility Study on 40 lung cancer and control samples in December 2016. On 8 February 2017, BD1 announced that statistical analysis of the data (by the University of Geneva) yielded results similar to BDI's Proof of Concept (POC) results. This is important as it **confirms that the BARD1 Lung Cancer Test can be performed on a commercial-scale instrument platform using a standardised method.**

Potential share price catalysts

- **March 2017:** A Confirmation Study to further develop and optimise the BARD1 Lung Cancer Test across 530 samples of lung cancer and healthy controls has been completed. Analysis is underway, and results are expected to be announced by the end of March 2017.
- Further analytical optimisation and validation testing of the research assay will be required to develop a robust, clinical-grade BARD1 Lung Cancer Test that is ready to enter clinical validation studies.
- **2H 2017:** BD1 plans to conduct a prospective study to demonstrate the accuracy, sensitivity and specificity of the BARD1 Lung Cancer Test compared to computed tomography (CT) scans for early detection of lung cancer in high-risk individuals. The planned prospective study is expected to commence in the second half of calendar year 2017.
- **We see the successful Assay Feasibility Study as being an important step towards meeting BDI's target of having a clinical study on its BARD1 Lung Cancer Test completed by mid-2018, with commercialisation in 2019.**

BD1 share price history (20 June 2016 - Present)



At current price levels of A\$3.2cps, BD1 has appreciated by 60% relative to its June 2016 issue price of A\$2.0cps.

We attribute the strong performance to management's focus on developing fast-to-market diagnostic tests for early detection of multiple cancers. We believe that BD1 is on track to having the prospective study for lung cancer completed within 24 month from listing (i.e., by mid-2018).

Thus, by early 2019, BD1 could be in a position to commercialise its technology through licencing and/or distribution agreements with laboratory or biopharma partners.

Relative to the valuations attached to overseas peers in the in vitro diagnostic space, we suggest an indicative valuation for BD1 of A\$50m, equivalent to A\$6.5c per fully diluted share (769m shares including 217m performance shares). At current price levels of A\$3.2cps, we believe BDI offers significant upside potential. Recommendation: Speculative Buy (Higher Risk).



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Note: State One Stockbroking was Lead Manager in BD1's A\$3m capital raising in June 2016

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