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Equity Research Alert

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Oncosil Medical (OSL)

O/W: Longer survival for PanCO's resected patients

Announcement highlights

PanCO clinical update. The patients who enrolled in Oncosil's PanCO study and received surgical resection have enjoyed long survival periods. 6/10 patients are still alive at 26-35 months after first enrolling in the study with inoperable pancreatic cancer. As such, the median overall survival for this subgroup has not been reached yet but is already well in excess of the 16.0 months the trial reported, overall. We understand that all 4 resected patients who have died, survived longer than 16.0 months (18.8 – 22.1 months). In terms of safety, no adverse events were attributed to the OncoSil™ device. Safety observations are consistent with patients undergoing surgical resection of the pancreas.

Wilsons' view

Initial analysis

Long survival and a high technical resection rate are useful attributes heading into a product launch. The technical resection rate in PanCO was 33% if tumour response to therapy was the only criterion to drive surgical candidacy. The actual resection rate in PanCO was 23.8% which is still twice that achieved using current standards of care (chemotherapy alone and induction chemotherapy plus chemoradiation are associated with resection rates of ~10-12% in case-matched patients). Resection is known to be an independent driver of longer survival. Today's update indicates that the resected patients in PanCO will have overall survival outcomes at least 10 months better than that measured in the PanCO trial, overall.

Favourable benchmarking data ahead of first commercial dose(s). These data add to Oncosil's promotional campaigns as it begins commercialisation in Europe and Asia Pac. We understand that Oncosil is very close to conducting its first commercial doses in several jurisdictions.

Wilsons' view: OncoSil™'s deployment of radiation via brachytherapy is potentially practice changing. The early, internal deployment of ^{32}P microparticles to deliver an absorbed radiation dose of 100Gy could be decisive change in how unresectable, locally advanced pancreatic cancer (uLAPCs) are irradiated. The role of radiation therapy in uLAPC (including stereotactic body radiation) remains controversial outside of palliation. Externally delivered radiation therapy modalities are limited by toxicity (and materially below the absorbed dose offered by OncoSil™).

Earnings implications

None.

Investment view

We maintain our OVERWEIGHT rating and $0.40 price target on OSL. Price target is based on risked DCF valuation of OncoSil™'s commercialisation for the treatment of uLAPC in the major markets. The main catalysts for re-rate over the next 12 months include: a) major market launches and first sales validating clinical demand; and b) FDA approval under Humanitarian Device Exemption (HDE) for distal cholangiocarcinoma.

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Recommendation structure and other definitions

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