



Research Note

MDxHealth

2015FY: Strong increase sales ConfirmMDx

MDxHealth

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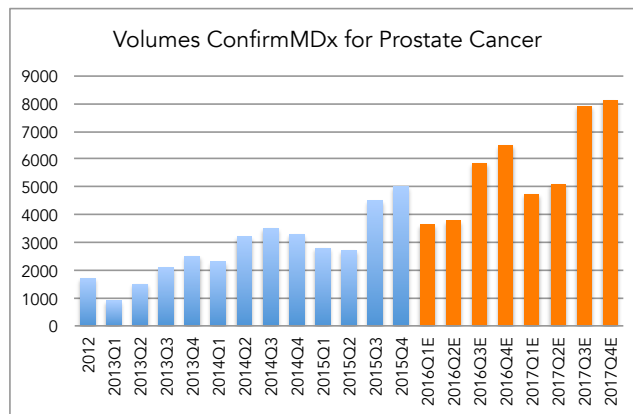
Name:	MDxHealth SA
Country:	Belgium
Price:	EUR 3.74
ISIN Code:	BE0003844611
Reuters Code:	MDXH.BR
Market Cap (EUR m):	164.5
EV (EUR m):	129.4
Cash & cash eq. (EUR m):	31.7
Shares outstanding (m):	45.2
Volume:	105,277
Free float:	73%
52-week Range:	3.21-5.88

	2014A	2015A	2016E
Total Revenues	11.671	17.640	30.000
Net (Loss)/Profit	(15.256)	(14.473)	(12.800)
Net loss per share (cents)	(0.44)	(0.32)	(0.28)
R&D costs	2.376	4.500	3.800
Cash increase/(decrease)	(5.786)	12.783	(18.500)
Cash and marketable sec.	18.897	31.680	13.180



2015FY Figures: Strong increase in revenues +51%

MDxHealth published its 2015FY figures which were in line with our expectations. Already in January the company released a preliminary update on the 2015 results. Total revenues increased 51% to USD 17.6 million (2014FY: USD 11.7 million). Main growth driver was its prostate cancer test ConfirmMDx that showed an increase of 62% to USD 15.2 million (2014: USD 9.4 million). For the whole year MDxHealth sold more than 15,000 tests per year, compared to 12,300 in 2014.



Source: MDxHealth, Van Leeuwenhoek Institute

The ConfirmMDx[®] test has qualified for Medicare reimbursement as of November 3, 2014 and is also available to more than 152 million insured lives via private health insurance plans. To date over 35,000 ConfirmMDx[®] tests have been ordered by approximately 2,500 urologists since launch in 2012. In our view, ConfirmMDx[®] has clearly proven itself, by distinguishing patients who have a real negative biopsy from men that showed to have undetected. For the coming quarters we expect a further increase in volumes rising to more than 30,000 sold tests per year after 2017.

Net loss was reduced to USD 14.5 million (2014: USD 15.3 million) or EPS of USD (0.32) with cash levels amounting to USD 31.7 by the end of 2015.



2016: Ongoing strong revenues expected from ConfirmMDx and new liquid biopsy tests

For 2016 we expect a further strong increase of revenues to USD 28-30 million with ongoing strong sales from ConfirmMDx and the first revenues coming in from sales of its liquid biopsy test SelectMDx for Prostate Cancer. ConfirmMDx is currently available as a laboratory testing service in Europe, with plans to launch in the US and elsewhere internationally in 2016H1. Also for Bladder Cancer, MDxHealth is expected to launch a liquid biopsy test in 2016H2, called AssureMDx. The total market for liquid biopsies is estimated to be more than USD 32 billion, with oncology applications taking more than USD 28 billion. Within oncology, early cancer detection would be the largest opportunity with a expected market size of USD 15 billion based on USD 300 per test and 50 million people eligible for testing yearly. Oncologists would then employ such liquid biopsy tests to patients with clinical risk factors for cancer and could potentially expand utilisation with lower risk populations over time.

MDxHealth considerably undervalued: Value estimated to be EUR 395 million

Based on NPV based valuation, we believe that MDxHealth is substantially undervalued at the current share price of EUR 3.74. Using our valuation model and taking into account the future revenues of ConfirmMDx[®], SelectMDx[™], AssureMDx[™] for Bladder Cancer, and the growing income from royalties derived from its out-licensed products, we believe the company's current total value should be EUR 395 million, or EUR 8.72 per share. This represents a substantial upside from the current share price.



Analyst: Marcel Wijma MSc

Marcel Wijma, Chief Research Officer and managing partner, has a longstanding history in financial biotech research. After selling Van Leeuwenhoek Research (VLR) to SNS Securities in 2006, he established an award winning analyst team in biotech/life sciences at SNS Securities. In 2009, Marcel was awarded by Financial Times/Starmine as being one of the Top-3 biotech analysts in Europe. Later that year, Marcel purchased VLR from SNS Securities after which the company was reconstituted. At VLR, he leads the professional VLR research organisation, which is augmented by selected external financial researchers with a specialisation in Life Sciences. Mr. Wijma has a Masters degree in Financial Economics from Erasmus University in Rotterdam.

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