



Biotech Daily

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Dr Boreham's Crucible: Analytica

By TIM BOREHAM

ASX Code: ALT

Market cap: \$13 million; **Share price:** 0.5 cents; **Shares on issue:** 2.549 billion

Chief executive officer: Geoff Daly

Board: Dr Michael Monsour (chairman), Ross Mangelsdorf, Warren Brooks, Carl Stubbings, Dr Thomas Lonngren, Dr Peter Corr

Financials (March 2017 quarter): revenue \$23,000, cash outflows \$888,000, cash on hand \$1.234 million*. December half 2016: revenue of \$1.99 million, loss of \$938,700, estimated current quarter cash burn \$955,000

Major shareholders: Dr Michael Monsour 22%, Dr Peter Corr 13%, Ross Mangelsdorf 2.4%.

* Excludes \$1.02 million of proceeds from \$1.887 million share placement, received in April.

Of all the noble intentions in the biotech sector, it's hard to top Analytica's lofty charter of mitigating urinary incontinence and giving women better orgasms.

And, we can only hope, thrilling shareholders along the way.

Analytica's weapon is Pericoach, a web-enabled device to encourage women with leakage issues to do their pelvic floor exercises.

Chief executive officer Geoff Daly reckons one in six women are afflicted with incontinence problems, typically after childbirth.

But athletes with high core body strength are also vulnerable, because the small act of sneezing can send shock waves to the pelvic area.

The condition is also related to menopause.

When vaginally inserted, the dildo-like device measures the movement and then wirelessly sends the data to a mobile phone. This allows doctors to check that the exercises are being done and done so effectively.

“As well as improving incontinence, stronger pelvic floor muscles can also improve sexual sensation and orgasm potential,” the company says.

(Orgasms are also thought to improve pelvic floor strength, so we’re talking about a virtuous cycle).

Analytica’s 2015 annual report sharply defined the company’s goals: prove the gizmo works, define the market and then do a deal.

In terms of the proof, Analytica is most of the way there, given the device has been approved by Australian, European and US authorities (it is available via subscription in the US).

While Pericoach mark one has been available since November 2014, the latest iteration, Pericoach V3, has been available since May 1, 2017.

Added features include a gyroscope function so that the device can better scrutinize the required “squeeze and lift” muscle action for a decent pelvic workout.

But a key point is that beyond a Facebook page, the device is not being marketed.

“Most women think incontinence is part and parcel of being a mum and getting older,” Mr Daly says.

“In order to get the message out you need a massive marketing budget. So our strategy is to develop the product and licence it to someone with the clout to do that.”

While not required for approval, the company has carried out a post-marketing trial of the version-two device, which required the participants to visit a clinic eight times over 20 weeks.

Such a level of intervention would not normally happen, but it was the only way of collecting the data.

Indeed, Pericoach is designed for both solely at-home use, or in conjunction with a caring physician.

Given the clunky visitation requirement, the trial was discontinued after 47 of the targeted 90 patients were recruited.

The bad news is that there was no statistically significant difference with the measured weight of the incontinence pads, a key endpoint for the trial.

But – dim the lights -- the participants reported a “highly significant” increase in sexual satisfaction.

Analytica evolved from a back-door listing, initially as a developer of an automated burette for better intravenous fluid delivery.

Value leakage:

Revenues from the first two Pericoach iterations have been modest, with the \$2.1 million of revenue struck in 2015-'16 the best number to date.

But as we said, the device isn't being actively marketed and the endgame is a licencing deal.

The company admits limited capital has been a “challenge over the years”.

Despite the oodles of stock on issue most investors hold their shares, causing the stock to be thinly traded.

Management asserts the exiting investors “don't appreciate the lead times for successful development ... [and are] beating down the share price”.

Or maybe they have just lost patience after five years of Pericoach development and see better returns on their capital elsewhere.

Dr Boreham's diagnosis:

Our best analogy with this one is the get-fit aspirant who joins a gym in January but then has lapsed to their slovenly ways by February.

Like a personal trainer, Pericoach gives the push along to carry out the exercises, which - like push ups - are otherwise straightforward.

Given the incontinence pad market is worth \$7 billion in the US alone, Analytica might be onto something.

We have no problems with the device, which Mr Daly describes as the “only serious medical device using evidence to target this enormous and mostly hidden issue of pelvic floor health”.

We wonder how many women will take up the device at \$300 a pop, but we guess that is a small price to pay for a better orgasm alone.

With cash of just over \$2 million and a burn rate of \$955,000, Analytica looks to be running out of time and that's reflected in the sub 1 cent share price.

But Mr Daly says: "I'm not worried about raising money. We have people wanting to throw money at us but we are not taking it because we don't want to dilute (the share base)."

Analytica's recent \$1,887,000 share placement was strongly supported by cornerstone holder Dr Michael Mansour, who ponied up for \$383,000.

If there's no need for the spendoolies, this implies management is confident of a licencing deal in the near future.

One chap who should be able to help here is director and major holder Peter Corr, former head of Pfizer's R&D arm and a seasoned dealmaker.

Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. Daily he thanks the greater powers that he has never given birth.