

**Clinuvel Pharmaceuticals. CUV Monday, 21 April 2008**

**Days in the Sun to Come...**

**Recommendation Speculative Buy 12 Month Target Price \$1.17**

**Core Investment Proposition**

Clinuvel is approaching a classic revaluation trigger, namely the release of interim Phase III data around in the final quarter of CY08.

Stock price appreciation for Life Science companies is generally observed 4 to 6 months prelude to the release of clinical data, as investors starting to take a position in a company in expectation of positive clinical trial data.

We think the risk-tolerant speculator should consider a position in Clinuvel.

- If the investor is seeking a trading opportunity, we recommend to buy stock now and then sell prior to the release of clinical data. We expect the price to increase significantly nearer to the release of interim Phase III data.
- If the investor is seeking exposure to potential sales of CUV1674, and higher risk; they can chose to hold the stock beyond the release of the interim Phase III data. This strategy is riskier because clinical trials have a binary outcome...either the drug works or it doesn't. However, if a drug works spectacularly in Phase III trials, Life Science companies generally experience further price appreciation. Nonetheless, we expect price volatility after the release of Phase III data because 1) market participations will adjust there holding upon their interpretation of the data and 2) the trading activity by the type of investor mentioned in the first bullet-point.

**CUV1647 being targeted for types of skin diseases triggered by sunlight**

Clinuvel is focused on development of CUV1647 a compound that causes pigmentation of the skin, to prevent sunlight-mediated diseases.

- CUV1647 is a unique and first-of-class compound, so if it gains regulatory approval, it will have the first mover advantage in photo-protective therapies.
- CUV1647 has EMEA (the European Drug Agency) orphan drug status for erythropoietic porphyria (EPP) and congenital erythropoietic porphyria (CEP).
  - EPP is a rare genetic disease with severe skin symptoms with no current effective preventative therapy, impacting about 1:76k-120k.
  - CEP impacts one in a million and is poorly treated.
  - Subject to successful completion of the Phase III EPP trial due in 2009, Clinuvel will seek EMEA marketing authorisation for CUV1647.
  - Upon the release of the data, investors will glimpse how effective CUV1647 is at managing EPP, and we should give the market enough information to determine if the drug will be clinically viable.

CUV1647 is also in Phase III studies targeting polymorphic light eruption (PLE), in which 70 of 150 patients in Australia and Europe have been recruited. The trial expected to conclude in Q409. PLE is a common, long lasting, disorder that affects 15% of the Caucasian population, but CUV1647 would treat the severest of PLE patients, as the disease is generally self-managed.

- Given the market potential for treating PLE patients, most of CUV1647's value resides with this indication.
- Also, marketing into Europe would be easier (if CUV1647 is approved for EPP/CEP), as practitioners will be gaining familiarity with the drug and distribution channels would be in place.

**Recommendation**

We estimated the value of the company upon a successful Phase III trial at \$382m or \$1.17 per share, 167% above the current share price.

We retain our Speculative Buy Recommendation.

**Snapshot**

Last Price	\$0.44
Market Cap (A\$m)	\$133.2m
52 Week High	\$1.16
52 Week Low	\$0.30
Sector	Pharmaceuticals & Biotechnology

**Investment Fundamentals**

Year-end June	FY06A	HY07A	FY07A	HY08A
NPAT (\$m)	(11.0)	(3.9)	(9.1)	(6.5)
EPS (c)	(8.8)	(1.8)	(3.7)	(2.1)
% Change	NA	NA	NA	NA
DPS (c)	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0
Yield (%)	0.0	0.0	0.0	0.0
PER (x)	NA	NA	NA	NA

Source: Historical Financials

**Price Chart**



**Business Description**

Clinuvel Pharmaceuticals Limited (ASX:CUV, XETRA/DAX:UR9, ADR:CUVLY) strategy is to focus on clinical trials of CUV1647 to demonstrate it's effectiveness in assisting to prevent UV related skin disorders.

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