

# Valeo Pharma on a significant upswing with recent Health Canada approvals

In a new InvestorIntel interview Peter Clausi speaks with Steve Saviuk, CEO of Valeo Pharma Inc. (CSE: VPH | OTCQB: VPHIF), about receiving Health Canada's approval for its anti-coagulant Redesca™ and the use of some its products in battling coronavirus.

"We are in the middle of a significant upswing and growth trajectory," Steve told Peter, with Valeo's stock up over 300% in 12 months. Founded in 2003, Valeo Pharma is a pharmaceutical company dedicated to the commercialization of innovative prescription products in Canada with a focus on neurodegenerative diseases, oncology and hospital specialty products.

Steve discusses Health Canada's recent approval of Redesca™ and Redesca Hp™ low molecular weight heparin (LMWH) biosimilars, which belong to a class of anti-coagulant drugs very much in demand and are now increasingly used as a first line of defense tool in the fight against the symptoms of COVID-19. Steve added that the Canadian LMWH market is in excess of \$200 million annually and the Valeo anticipates being able to capture a significant market share with its growing portfolio of hospital drug products.

As to future growth and valuation, Steve quoted Wayne Gretzky: "It's not where the puck is, it's where the puck is going, and it's the same thing with valuation. You have to look at where we're going to be in a year or two, and that's what is truly exciting."

To watch the full interview, [click here](#).

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# **Valeo Pharma's approval and launch of immune support product line Redesca and Redesca HP anticipated to impact first half 2021 revenue**

Most investors know that the pharmaceutical industry is a huge and mostly very profitable industry. What they may not know is that it is highly competitive making it hard for new players to break into the sector. One way to do that is to have a specialty focus; another is to bring a new drug to market at the right time. Right now immune support products are a hot sector as coronavirus (COVID-19) continues to ravage the world. A

Valeo Pharma Inc. (CSE: VPH | OTCQB: VPHIF) ('Valeo') has a specialty pharmaceuticals focus and their newly launched immune support product HesperCo™ looks like being a possible winner as we all look to boost our immune systems to prevent or fight COVID-19. HesperCo™ is Valeo's unique hesperidin formulation. Natural product hesperidin is a flavonoid with powerful antioxidant properties that help support the immune system.

In a September 2020 news release Valeo stated: "We have high

expectations for HesperCo™, which will be launched nationally in the coming weeks, as the immune support it provides is needed in the current healthcare environment.” Since this press release HesperCo™ has been launched.

**Valeo Pharma’s latest product HesperCo™ is an immune support medicine that may potentially prove useful in the fight against COVID-19**

## **Hesperco(TM) Has Started Shipping**



Source

**Other new Valeo products that have been launched recently – Yondelis, Ametop Gel, Ethacrynate Sodium and soon **Amikacin & Redesca****

- **Yondelis** – An anti-neoplastic (anti-cancer) agent that aims to prevent, inhibit or halt the development of a neoplasm (cancerous growth). Clearly this is a hugely needed and important area.
- **Ametop Gel** – A topical analgesic used for local anaesthetic prior to venepuncture.
- **Ethacrynate Sodium** – A saluretic-diuretic agent that is useful to support Nephrotic Syndrome (a kidney disease that causes patients to pass too much protein in their urine). Commercialization has just begun in the U.S.
- **Amikacin** – A specialty hospital antibiotic. Valeo has recently received Health Canada approval with commercialization to start in the first half of 2021.

- **Redesca and Redesca HP** – Valeo has just announced yesterday that they received Health Canada approval for Redesca and Redesca HP (low molecular weight heparin biosimilars). Low molecular weight heparin is increasingly used to prevent serious COVID-19 complications such as thrombosis (blood clots) and pulmonary embolism. **Valeo says that commercial launch of Redesca and Redesca HP will impact first half 2021 revenue and is forecast to achieve \$30 million annual peak sales.**

### **More about Valeo Pharma**

Valeo's strategy is to focus on specialty areas such as neurodegenerative diseases, oncology, and hospital specialty products. Valeo is focused on those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This can be a more effective strategy to gain success, especially for smaller pharma companies.

Valeo Pharma is driven by the desire to become a leading Canadian focused specialty pharmaceutical company and to be the partner of choice for international companies wishing to enter the Canadian market.

Valeo had a productive Q3, 2020 with 4 new products added to their commercial pipeline. Q3 net revenues were C\$1.5 million and YTD 2020 net revenues were C\$5.3 million.

### **Valeo Pharma's product portfolio and product pipeline**

## Product Portfolio

- click on the product name for details

PRODUCT NAME	THERAPEUTIC CLASS	INDICATION*	COMMERCIAL STATUS
<a href="#">Hasperco™</a>	Antioxidant	Immune System Support	Marketed
<a href="#">Onstryv®</a>	Antiparkinson agent	Parkinson's Disease	Marketed
<a href="#">M-Eslon</a>	Narcotic Analgesic	Pain Management	Marketed
<a href="#">Ametop Gel</a>	Topical Analgesic	Local anaesthetic prior to venepuncture	Marketed
<a href="#">Ethacrynate Sodium</a>	Saluretic-Diuretic agent	CHF - Nephrotic Syndrome	Marketed in Canada
<a href="#">Synacthan® Depot</a>	Adrenocorticotrophic Hormone	Multiple Sclerosis - Nephrotic Syndrome	Marketed
<a href="#">Ondansetron</a>	Antiemetic	Prevention of nausea and vomiting	Marketed
<a href="#">Benztropine</a>	Antiparkinson agent	Parkinson's Disease	Marketed
<a href="#">Yondelis®</a>	Antineoplastic agent	Approved	Marketed

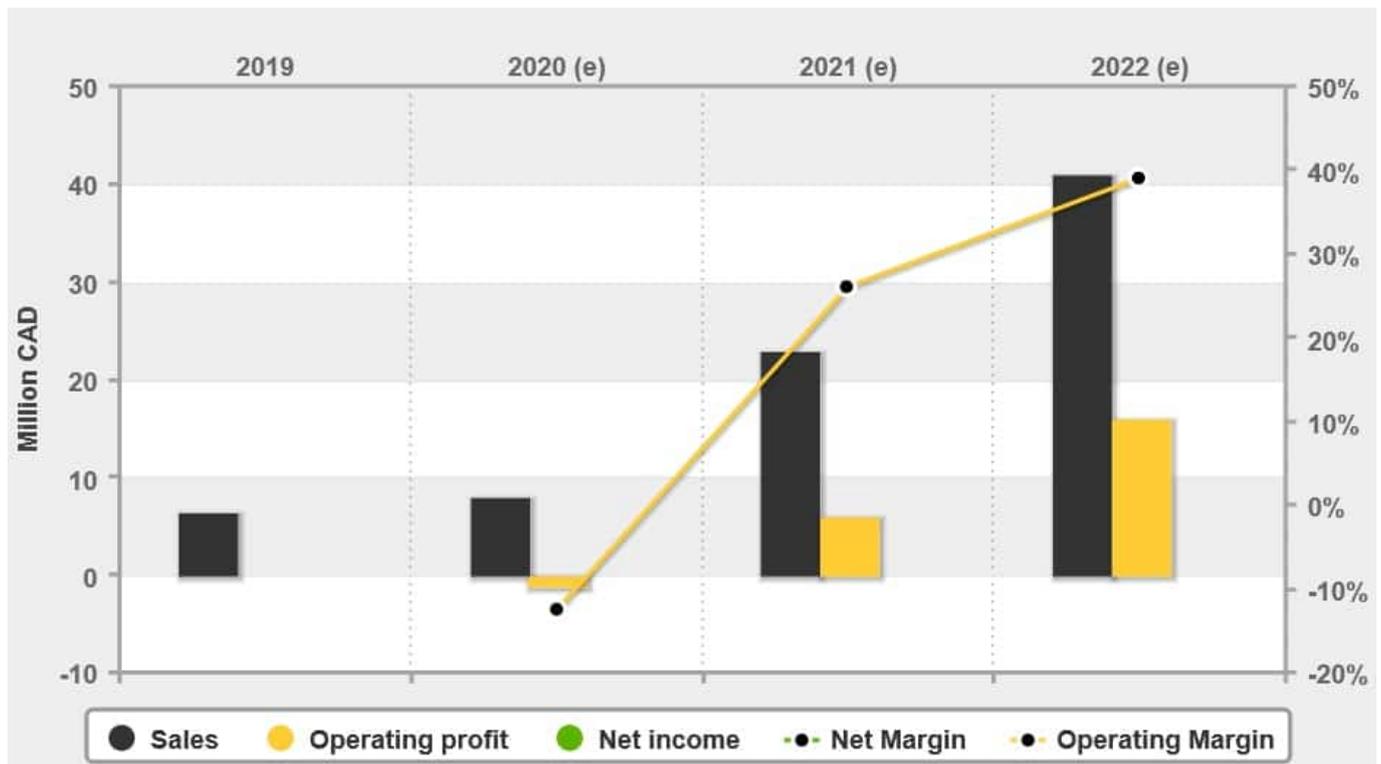
## Product Pipeline

- click on the product name for details

PRODUCT NAME	THERAPEUTIC CLASS	REGULATORY STATUS	TARGET LAUNCH (CALENDAR)
<a href="#">Bioflavonoid</a>	Antioxidant	Filed	Q3-2020
<a href="#">Ethacrynate Sodium (USA)</a>	Saluretic-Diuretic agent	Approved (USA)	Q3-2020
<a href="#">Redesca</a>	Biosimilar (LMWH)	Filed	Q4-2020
<a href="#">Piperacillin/ tazobactam</a>	Injectable Antibiotic	Approved	Q1-2021
<a href="#">Hospital Product</a>	Antibiotic	Filed	Q1-2021
<a href="#">Hospital Product</a>	Antifungal	Filed	Q1-2021

Source

**Valeo Pharma's revenue is forecast to grow very strongly through to 2022**



Source: 4-traders

### Closing remarks

Specialty pharma in the areas of infectious disease (think COVID-19), oncology (cancer), neuro-degenerative diseases (think nerve diseases), and hospital specialty products all look to be areas of strong future demand.

Valeo Pharma is focusing on these high growth specialty areas in Canada. As a result of past products and several recent new product launches Valeo's revenue is forecast to increase sharply in the next 2 years. The current market cap is C\$74 million.

# **Kozak on how Valeo Pharma's innovative natural health-based product lines are carving their niche in specialty pharmaceuticals**

**“Valeo is focused on those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This enables the company to use a relatively small salesforce to target these physicians and to profitably capture market share.” – excerpt**

Type in the phrase “modern medicine” into any search engine, and you will be inundated with results – 1.2 million just came up. Through the 19th, 20th and now the 21st centuries, the way that people are living, and working has changed dramatically. These changes especially, affected the risk of infectious diseases – clearly evidenced by what we are seeing with the current coronavirus global pandemic.

Starting in the early 1800s, scientists began to understand the mechanism of infections, disease etc. Notable accomplishments in medical microbiology were made by Louis Pasteur and others to start an evolution which over the last 200 years has given us a world in which pharmaceuticals are available for almost anything imaginable, including weird

little bacteria in southeast Asia that create a body full of sepsis.

The pharmaceutical industry is one of the most active and innovative industries in Canada and it is estimated to be the 10th largest market in the world. It is made up of companies developing and manufacturing innovative medicines and pharmaceutical products as well as a rapidly developing field in natural health-based and biologic products. One of these companies is Valeo Pharma Inc. (CSE: VPH | OTCQB: VPHIF). The company went public through a non-offering prospectus at the end of 2018 and currently has a market capitalization of approximately C\$51 million.

Founded in 2003, the company initially focused on dermatology and hospital products, a product portfolio that was sold in 2014. Since that time, it has been acquiring innovative, patent protected, pharmaceutical products in specific therapeutic areas for the Canadian market, building a strong diversified pipeline with access to proprietary deal flow. In select situations, Valeo will also engage in the in-licensing, acquisition of product rights or development of injectable generic products.

Valeo's strategy is focused on three key therapeutic areas:

- Neurology (including Multiple Sclerosis and Parkinson's Disease and others)
- Oncology (including soft tissue sarcoma, ovarian cancer and others)
- Hospital Products (pain management, including narcotics, anti-infectives and critical care)

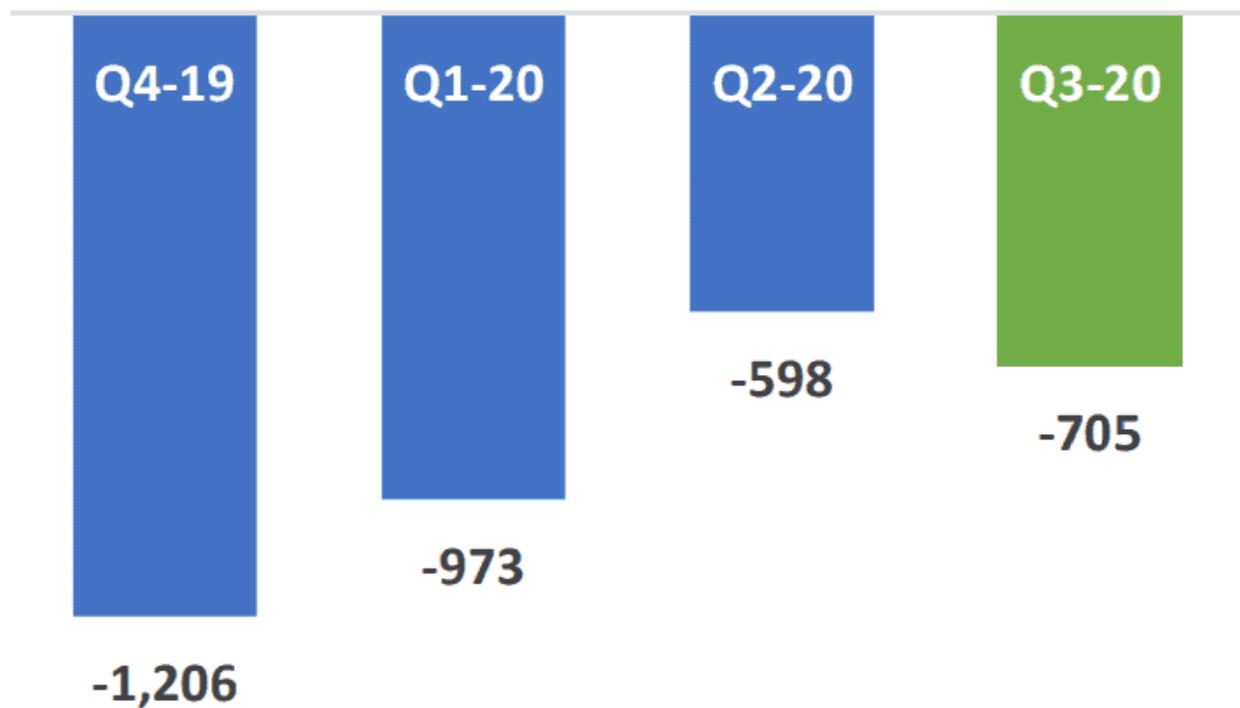
Valeo is focused on those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This enables the company to use a relatively small salesforce to target these physicians and to profitably capture market

share. This targeted approach may be applied in assessing all innovative pharmaceutical products and is a determinant of whether Valeo will enter a new therapeutic area or add a new product.

The company has a stated desire “to become a leading Canadian focused Specialty Pharmaceutical company and be the partner of choice for International companies wishing to enter the Canadian market.” Brand-name products account for 79.3% of Canadian sales and 30% of prescriptions. Generics account for the rest of an estimated C\$40 billion market in 2018, so there is room for a profitable, well-run company.

The management team has almost 20 years of experience in the pharma industry in Canada, with some well-established relationships. But it is still about the numbers – at the end of Q3-2020 (July 31), the company’s product portfolio included eight commercial stage products as well as five products currently in pre-launch and/or regulatory stage.

## Adjusted EBITDA Loss last 12 months



Source: Valeo Pharma

As shown above, the company is not yet EBITDA profitable, but according to management, “Q4-20 and beyond, with new products sequentially contributing to our topline, and the benefit of operational streamlining, we expect our key operational metrics (gross to net ratio, product mix and SG&A leverage) to improve, thus driving incremental gross and net margins and positioning Valeo to exit Q4-20 as a profitable EBITDA company.”

The company continues to search for innovative products within its targeted areas of focus and maintains active business development activities to achieve this goal. The regulatory environment in Canada is such that the average timeline from commencing the registration process to receiving marketing approval ranges from 12-18 months. In circumstances where a product has an existing DIN, the time between the signing of

the license and the start of commercialization is approximately 6-9 months. Management believes that the company possesses all the required expertise to manage all aspects relative to the filing, registration, as well as successfully launching the products currently in its pipeline.

The pharmaceutical industry is very competitive, but it would appear that Valeo has carved out a competitive niche and has the experience to grow and prosper. The company just raised C\$6.9 million through a bought deal financing, so is financed to support operations should their forecast of EBITDA profitability by the end of their fiscal year not be realized. The company had approximately \$3.0 million of debenture debt maturing in 2022 (~50%) and 2023 (~50% and convertible) at the end of July 2020, so there is no immediate stress assuming revenue growth is achieved.

This is probably a company to watch, as demonstrated by the share price after Q2-2020 financial results were announced (July 2, 2020). Delivering on management's strategy will be rewarded in the marketplace.



Source: TMX.COM