

IntelGenX on the way to take some of the \$16bn thin films market

As a technophile, IntelGenX Technologies Corp. (TSXV: IGX | OTCQX: IGXT) ("IntelGenX") have always intrigued me. The company developed a novel method of delivering some of the most common pharmaceuticals via precisely dosed thin films; a market that is currently expected to exhibit a compound annual growth rate (CAGR) of 9% according to a report by Transparency Market Research (TMP) released earlier this year. The oral film market was worth over seven billion dollars in 2015, which TMP expects to grow to just short of sixteen billion by year end 2024. This is borne out by IntelGenX's Q1 2017 results, which show an impressive 65% increase in revenue when compared with the same period in 2016.

IntelGenX adds significant value to existing drug formulations that enjoy considerable popularity. These oral-film versions of previously tablet-based drugs are set to dominate the thin-film market in the coming years, and according to the TMP report, they will demonstrate a segmented CAGR of 18.3% between 2016 and 2024.

Perhaps most excitingly, the company's Tadalafil product is nearing completion. Tadalafil is an erectile dysfunction (ED) treatment that boasts bioequivalence with Cialis, the current leading brand, and with a successful biostudy in-hand a 505(b)(2) NDA is set to be filed any day now, meaning that a full launch should be expected in mid-2018. Cialis is already winning-out over Viagra in terms of numbers of prescriptions, which is largely down to price and efficacy, but when Tadalafil comes to market with the same product in a more convenient and discreet delivery mechanism, IntelGenX should see a massive number of customers take-up its services.

The key market factors for any company involved in these pharmaceutical technologies are the research and development of advanced products to remain relevant in the competition, and increasing geographical reach to target emerging markets as they come to fruition. Favourable regulatory conditions, as well as increasing levels of awareness regarding pharmaceutical products, lead TMP to believe that Asia Pacific will be the area to experience the most rapid growth; this is probably why IntelGenX already has a definitive agreement to commercialize its Rizaport anti-migraine product in South Korea, yet another product that should be met with massive uptake.

The company also received marketing approval this year for the sale of Rizaport in Luxembourg, as well as obtaining an exclusive license from Eli Lilly for the production of Tadalafil. Lilly currently own the patent for the Cialis tablet, but this is due to expire this year. Additionally, IntelGenX signed a definitive agreement to develop and commercialize a cannabinoid painkiller, and a generic drug related to the central nervous system. Judging from their diversification-focused activities, the company is still intensely competitive in a marketplace that remains fairly consolidated.

Only a few players are currently involved in the production of thin-film based pharmaceutical solutions, including goliaths such as Pfizer, but with IGX shares currently trading at 0.7 with a market cap of 64.11M, the growth opportunities are far greater than with an established giant. This is a market that many project to explode over the next decade, and a start-up is exactly where I'd look to take a piece of the gains. I am always going to be interested in any company that uses technology to add value to the world, and the guys at IntelGenX have a solid foundation on which to take on the biggest players in the industry.