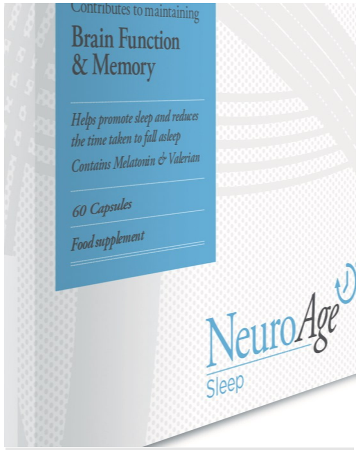
Redx Pharma plc and Venture Life Group plc

By coincidence a single week in October brought visits to two interesting early-stage companies operating in different niches of the enormous Healthcare space. Both started in 2010, both are recent arrivals on AIM, both have tiny revenues and slightly less tiny costs, both are therefore more compelling as investment cases based on prospects rather than the past. Both CEOs presented and both were excellent.



Any chance of a UKSA-member discount?

Redx Pharma aims to capitalise on the trend for big pharma to rely on early-stage partnering to deliver a drug pipeline. Redx says (I quote) 'the evolution of structural biology and chemical modelling has again opened up rational approaches to small molecule drugs. Focussing on validated targets removes the risks of novel biology'. Redx claims to have produced best-in-class new drug candidates faster and cheaper than big pharma. Redx also emphasises its skill in 'progressing to value inflection points and striking deals at different stages of development'. In my language, they don't take a single drug through the total R&D process (the big pharma route) but try to pick intermediate entry and exit points on terms that maximise opportunity and minimise risk. The current pipeline consists of 13 programs at different stages of progression. Redx has sales of £6m and is capitalised at £64m.

Venture Life Group (VLG) operates in the space between food and pharma. It develops, commercialises and manufactures products for the ageing population. These are sold in pharmacies under the regulations for OTC sales and with the pharmacists' recommendation and can be medical devices, food supplements or dermo-cosmetics. VLG brands its products and distributes them through an international network of sales and marketing partners. It aims both to broaden its product base and extend its marketing deals to build up its revenues rapidly, using its existing operational gearing to translate revenue growth into profit growth. It is capitalised at £27m.

On both visits about 15 UKSA members received two hours of the Chief Executive's time, supported by other senior executives, with good opportunity for questions, and debate to form an investment conclusion. And a very good lunch.

John Hunter