

Silence needs to make a big noise with new cash



[Amy Brown](#)

If Silence Therapeutics manages to complete the substantial recapitalisation proposed today, the British RNAi researcher will be stood in good financial shape for the next couple of years. The company wants to raise £19m (\$29m), which will be mainly directed at its lead asset, Atu027, an RNAi-based therapeutic that has just entered a phase Ib/IIa pancreatic cancer study.

Silence's market capitalisation of £84m (\$128m) seems rather full; Atu027 is its only clinical-stage project, the company works in a high-risk and largely unproven research field, and it has a precarious cash position – even before considering the minimal valuations that UK investors are typically willing to ascribe to small biotechs. With such a high valuation it is little wonder that Silence is taking the opportunity to raise equity, and it needs to deliver real progress with this new cash.

Two year plan

Silence hopes to raise £19m by selling 9.5 million shares at 4 pence each – a 9.6% discount to yesterday's close – and will then go on to conduct a 50:1 share consolidation. The plan needs the approval of shareholders but the company already has the backing of directors and investors who control almost 58% of the stock, so it looks likely to go ahead. The time is certainly ripe – the company's stock has surged from a record low of 0.75p in July last year; shares were trading down 4% at 4.25p today.

Over the next two years Silence intends to spend the cash on trials of Atu027 – as well as pancreatic cancer, a second study in head and neck cancer is pencilled in to start early next year – and on its RNAi delivery systems, in the hope of bringing more projects into the clinic. Testing is ongoing beyond oncology; a platform called DACC delivers therapeutics via the lung, DBTC via the liver and AtuPLEX via the vascular system.

Atu027 combines AtuPLEX with AtuRNAi, the company's proprietary RNAi chemistry, and specifically targets PKN3, a protein implicated in metastases, working by preventing the spread of cancer cells into and out of blood vessels. Phase I data released last year were encouraging but seemingly not enough to tempt partners.

Given the lack of real progress with RNAi-based therapeutics to date, it is not surprising a deal has not materialised. The company no doubt hopes that this fund-raising will help generate sufficient data to change that.

Some success

Silence has had some partnering success elsewhere – a three-year pact with AstraZeneca ended in 2011 with three programmes accepted for preclinical development, while delivery collaborations have been signed with Dainippon Sumitomo, InterRNA, Mirna and miRagen.

Its technology has made it into phase II studies, in a macular degeneration project developed by Quark Pharmaceuticals that was sub-licensed to Pfizer. Quark also sub-licensed another project to Novartis; Silence could stand to gain royalties should these make it to market.

These deals were all achieved against a backdrop of diminishing confidence in RNAi, in no small part due to lack of clinical progress of any candidate – phase II is as far as any has got, despite significant research effort across the industry. Big pharma has also shown signs of getting cold feet – in 2010 Roche exited the field and Novartis declined to take an option over Alnylam's IP, while Pfizer and Abbott Labs exited some work in the area, moves greeted with trepidation across the field ([Vantage Point – Clinical progress required to reignite RNAi field, May 20, 2011](#)).

The picture is slightly more encouraging now with valuations of some gene-silencing companies recovering, although this could have more to do with the recovery of equity markets and the US biotech bubble than confidence in the future of RNAi. But Silence managing to tap supposedly risk-averse UK investors for a relatively substantial sum can also be taken as a positive sign.

However, turning out successful drugs has long been the challenge for this sector, and continues to be so. Silence needs to turn this £19m into a convincing attempt at breaking this impasse before its £85m valuation starts to look justified.

To contact the writer of this story email Amy Brown at news@epvantage.com

[More from Evaluate Vantage](#)

Evaluate HQ
[44-\(0\)20-7377-0800](#)

Evaluate Americas
[+1-617-573-9450](#)

Evaluate APAC
[+81-\(0\)80-1164-4754](#)

© Copyright 2022 Evaluate Ltd.