

24th February 2016

Healthcare

ERYTech

Price EUR20.69

FY 2015 results : in line with expectations

Fair Value EUR51 (+146%)

BUY

Bloomberg	ERYP FP
Reuters	ERYP.PA
12-month High / Low (EUR)	40.0 / 18.2
Market Cap (EURm)	164
Avg. 6m daily volume (000)	28.20

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.7%	-27.6%	-40.7%	-19.2%
Healthcare	-5.8%	-12.4%	-9.5%	-11.3%
DJ Stoxx 600	-3.1%	-13.8%	-9.3%	-10.4%

	2014	2015e	2016e	2017e
P/E	NS	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- **Erytech's FY 2015 results are very much in line with our expectations** as 1/ net income stood at -EUR15.0m (vs BG: -EUR14.3m), while 2/ cash & cash equivalents amounted to EUR45.6m at year-end (vs BG: 45.9m) knowing that the company raised EUR25.4m back in December through a private placement.
- Not too surprisingly, R&D expenses strongly grew from EUR6.6m to EUR10.8m as the Phase II trial of ERY-ASP in pancreatic cancer and some early-stage programs gained momentum during the period. Apart from that, we note that G&A increased by EUR3.4m to EUR7.8m, primarily due to an increase in services, subcontracting & fees along with the preparation of an IPO in the US.

VALUATION

- **BUY reiterated with a FV of EUR51.** To our eyes, the market implicitly values a fairly broad pipeline at only c.EUR100m... which looks a bit unfair when you compare it to the USD900m Baxalta paid to acquire Oncaspar (pegaspargase) back in 2015. Based on our estimates, GRASPA ALL in Europe is partially priced in, while all the other developments are completely ignored. Finally, just to give a quick historical basis of comparison, such a valuation would be very similar to the level seen before the Phase III results of GRASPA in ALL (i.e. back in 2014).

NEXT CATALYSTS

- H2 16: Phase II results for ERY-ASP in pancreatic cancer + Marketing authorization for GRASPA ALL in Europe.
- 2016: Possible US listing

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BUY ratings 72%

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