

22nd March 2016

Healthcare

Adocia

Price EUR60.50

Short-term pain for higher long-term gain?

Fair Value EUR100 vs. EUR113 (+65%)

BUY

Bloomberg	ADOC.FP
Reuters	ADOC.FR
12-month High / Low (EUR)	93.7 / 44.4
Market Cap (EURk)	414,062
Avg. 6m daily volume (000)	32.70

ANALYSIS

- Yesterday Adocia introduced its new Medical Advisory Board composed of nine recognised and highly-respected endocrinologists, seven of whom are based in the US and the other two in Europe, chaired by Dr Jay Skyler who has close to 50 years of experience in the field and in particular strong recognition for his work on type 1 diabetes. In the press release issued by Adocia, Olivier Soula added that “in the near term, MAB engagement will focus on the development of BC Combo”. As already mentioned in the previous press releases, 2016 will be mainly dedicated to supporting the phase II clinical package of the BC Combo and preparation for the later-stage programme.
- Up until the very beginning of phase III, Adocia will fully endorse BC Combo and development costs. This might suggest that either potential partners are not yet convinced by the data available or that the price offered is not high enough for Adocia to partner at this stage. We still assume that there is a small chance that Sanofi could partner with Adocia on BC Combo (on U300), but Lilly is even more likely to ink a deal to leverage the basaglar opportunity and replace the Humalog Mix with a similar drug to Ryzodeg. Less lucrative deals might also be envisaged with emerging players in the field of insulin, including from the emerging world.

VALUATION

- In view of the higher-than-expected operating costs incurred in H2 2015 reported last week with the FY results, as well as the anticipation of full costs to be endorsed on BC Combo by Adocia with milestones delayed from 2016 to 2017 (same for HinsBet), we have adjusted our FV from EUR113 to EUR100.

NEXT CATALYSTS

- Q2 2016: New phase Ib/II data for BC Combo

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	1 M	3 M	6 M	31/12/15
Absolute perf.	13.0%	-20.5%	-31.2%	-17.4%
Healthcare	-0.9%	-10.1%	-12.4%	-12.8%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

	2014	2015	2016e	2017e
P/E	NS	33.0x	NS	NS
Div yield (%)	NM	NM	NM	NM

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NEUTRAL ratings 28,1%

SELL ratings 7,4%

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