

18th March 2016

Healthcare

Celyad

Price EUR40.00

Celyad heats up ahead of phase III results

Fair Value EUR81 (+103%)

BUY

Bloomberg	CARD.BB
Reuters	CARD BB
12-month High / Low (EUR)	69.5 / 29.5
Market Cap (EURm)	373
Avg. 6m daily volume (000)	31.20

	1 M	3 M	6 M	31/12/15
Absolute perf.	21.2%	-11.4%	-0.5%	-17.4%
Healthcare	-0.8%	-11.5%	-11.2%	-12.7%
DJ Stoxx 600	3.6%	-6.6%	-5.7%	-6.9%

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

ANALYSIS

- Celyad has announced this morning its intention to file C-Cure for potential European approval in patients with chronic advanced symptomatic heart failure, in November 2016. While results for the European phase III trial, CHART-1, should be made available towards the end of June 2016, communication from the company this early in the regulatory process in our view reflects management's confidence in the outcome of the trial. Celyad is therefore likely to prepare its pre-submission meetings with the EMA, which is expected to appoint the team that will review the data when released, in April.
- Celyad is running two independent trials for C-Cure, one in Europe and one in the US. Primary endpoint for the European trial, CHART-1, is a six-level hierarchical composite endpoint at 39 weeks which considers co-morbidity/mortality data alongside more traditional criteria such as the 6-minute walk (6MWT) test and change in left ventricular ejection fraction (LVEF). The last patient out of more than 350 recruited in the trial was treated in mid-2015. As a reminder, a DSMB which took place at the end of enrolment included a futility analysis on the first patients treated and recommended the continuation of the trial without any changes to its design. The US trial, CHART-2, was re-cleared by the FDA in December 2015 as Celyad amended its design to include the use of its proprietary catheter.
- We are pleased to see the company delivering on its newsflow with an increasing interest set to focus on its I-O platform in coming weeks, starting with an Analysts' Day at the end of the month. We believe that Celyad's CAR-NKG2D platform could be rapidly developed in a broad range of tumours, including solid ones. If this is assessed in the clinic, development should be rapid and offer clear differentiation vs. currently developed platforms.

VALUATION

- We reiterate our BUY rating and EUR81 Fair Value. We have peak sales north of EUR2bn for C-Cure of which 2/3rds should be streamed from the US.

NEXT CATALYSTS

- 24th March 2: Celyad Immuno-Oncology R&D Day in NYC (2:00pm-5:00pmCET/8:00-11:00amEST; live webcast at <http://lifesci.rampard.com/20160324>)

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Hugo Solvet, hsolvet@bryangarnier.com

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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London	Paris	New York	Geneva	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St. Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
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