13th April 2016

Healthcare

DBV Technologies

Price EUR61.42

Feedback from roadshow with CEO and COO

Fair Value EUR89 (+45%) **BUY**

Bloomberg	DBV FP
Reuters	DBV.PA
12-month High / Low (EUR)	81.0 / 40.6
Market Cap (EURm)	1,480
Ev (BG Estimates) (EURm)	1,137
Avg. 6m daily volume (000)	50.00
3y EPS CAGR	54.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	11.5%	9.6%	-0.3%	-7.5%
Healthcare	0.2%	-3.8%	-5.3%	-10.4%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	4.8	5.4	5.1	7.1
% change		*13.5%*	*-5.8%*	*39.1%*
EBITDA	-24.1	-17.2	-93.6	-132.5
EBIT	-24.6	-17.7	-94.0	-133.0
% change		*28.2%*	*NS*	*-41.5%*
Net income	-24.0	-17.1	-93.4	-132.4
% change		*28.9%*	*NS*	*-41.8%*

	2014	2015e	2016e	2017e
Operating margin	-517.4	-327.5	-1,848	-1,879
Net margin	-504.3	-316.0	-1,835	-1,870
ROE	-21.2	-5.0	-37.6	-114.1
ROCE	-20.1	-5.0	-37.5	-113.5
Gearing	-100.7	-100.5	-100.4	-100.4

(EUR)	2014	2015e	2016e	2017e
EPS	-1.49	-0.71	-3.87	-5.49
% change	-	*52.5%*	*NS*	*-41.8%*
P/E	NS	NS	NS	NS
FCF yield (%)	NM	NM	NM	NM
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	286.9x	210.4x	241.9x	192.7x
EV/EBITDA	NS	NS	NS	NS
EV/EBIT	NS	NS	NS	NS

We hosted DBV's roadshow with CEO, P.H. Benhamou and COO, D. Schilansky, and have come back increasingly confident on management's ability to address upcoming commercialization challenges. Broadening the patient's base for Viaskin Peanut should further maximize the value of the biotech late stage asset.

ANALYSIS

- Managment was confident on its ability to complete the recruitment of the 330 patients expected to be enrolled in the PEPITES phase III trial towards Q3. Ramp-up of the sales force (~60 sales and 20ms sales) alongside 20-30 support (marketing and Finance IT) should be progressive and accelerate not before 2017. However, note that top position have already been filed (Market access and SVP commercial operations NA). Our sentiment is that DBV has a deep understanding on how to better address the 5,500 US allergologists. Indeed, it is important to keep in mind that it is working closely with the FDA and its allergologists whom, so far, have been proven supportive of the product development (fast track and breakthrough therapy designation). Pedatricians, who represent an increased pool of professionals, should not be addressed before 2021 with the launch of both Viaskin Milk and potentially Viaskin Peanut for younger populations. We do not rule out that DBV, following last year's interaction with regulatory authorities leading to the inclusion of populations from 4 to 5 years old in the phase III trial might decide to address even younger ones. Addressing 1-3 year-old populations would require the launch of a specific study. Note that this would add roughly 80,000 addressable infants at peak or an additional EUR0.5bn to our EUR1.5bn peak sales i.e. a positive EUR10 impact on our fair value. Interactions with payors have started and DBV estimates that a USD16-17 price/patch would limit co-pay, maximizing penetration. We would underline that it would also put Viaskin under the radar of ongoing price issues discussions (USD5840-6205/year).
- Recently DBV extensively communicated on findings (please see here) supportive of the benefit of EPIT over OIT and SLIT in inducing long-term desensitization, even after treatment discontinuation. 3-years follow-up data should be reassuring as to the products ability to at least maintain the results seen in OLFUS VIPES at 2 years as no plateau effect have been reached yet. This also raises the issue of how to reintroduce peanut in patient's life? While this should be handled by allergologists, it might be of interest for DBV to explore the possibility of developping peanut boost in our view (at a higher dose ?, LT maintenance program?).
- Hen's egg will be the next allergy addressed by the company and is of particular interest in Asian populations where we find the highest prevalence rate (vs. Europe and US). The biotech is currently running preclinical tests and we do not rule out that licensing agreement for the use of the platform in the region, albeit successful PoC in the clinic.
- Should the competition be swept aside? While phase III trials from DBV and Aimmune Therapeutics are expected to report in H2 2017, AIMT's PALISADE phase III trial is likely to face hurdles, in our view. The later includes a 22w up-dosing protocol forcing patient's to visit the physician's office every 2 weeks for a food challenge until reaching a 300mg/day maintenance dose. Should the patients miss 2 days of treatment, it should start again the protocol. As a reminder, DBV's study protocal only requires a Food challenge at the beginning (to determine baseline) and end of the trial, the patients being treated for 52weeks at the 250µg dose.

VALUATION

- We reiterate our BUY rating and EUR89

NEXT CATALYSTS

- H2 2016:
  - End of recruitment for the PEPITES phase III and MILES phase IIa trials in Peanut and Milk Allergy
  - Results from phase I feasibility study in Pertussis Boost vaccine
  - OLFUS-VIPES 3-year study results

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