

31st May 2016

Healthcare

DBV Technologies

Price EUR57.80

Partnership with Nestlé in milk diagnostics with attractive metrics for DBV

Fair Value EUR91 vs. EUR89 (+57%)

BUY

Bloomberg	DBV FP
Reuters	DBV.PA
12-month High / Low (EUR)	81.0 / 40.6
Market Cap (EURm)	1,393
Avg. 6m daily volume (000)	44.60

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.2%	20.6%	-12.4%	-13.0%
Healthcare	5.4%	5.3%	-7.4%	-5.6%
DJ Stoxx 600	2.5%	4.9%	-9.2%	-4.3%

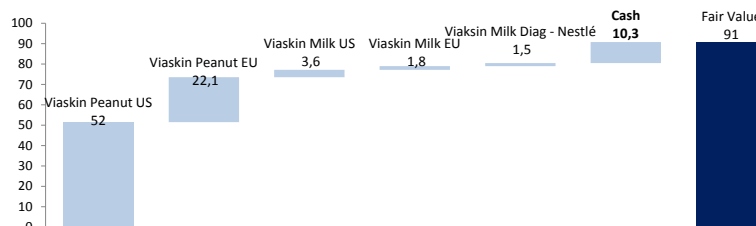
	2014	2015e	2016e	2017e
P/E	NS	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- DBV has announced that it has entered into a partnership with Nestlé Health to develop and potentially bring to paediatric populations a diagnostic test for milk allergy. Under the terms of the agreement, Nestlé Health will make a EUR10m upfront payment to DBV which is eligible to EUR100m in development, regulatory and sales milestones. This attractive financial deal reinforces DBV's strong cash position of EUR308.6m at the end of Q1 2016. The biotech should also receive a supply price with a mark-up which we estimate in low-single digits as well as royalties, in low-double digits (we have assumed EUR7 and 12% respectively).
- While DBV had the Diallertest commercialised in France in the diagnosis of milk allergy until the end of 2015, the partnership agreement with Nestlé aims at developing a more innovative patch whose technology platform should be closer to the Viaskin patch (in the diagnostics setting). Hence, a phase III study to assess its safety and performance would be necessary and is expected to be initiated in 2018. DBV should finance the trial (BGe ~EUR20m), which is expected to read out in 2021 with a worldwide launch and commercialisation supported by Nestlé in 2022. Nestlé should recognise the sales of the diagnostic test in its Health Science BU which represents 2.5% of the group's sales, harbouring "good growth prospects" according to the company.

VALUATION

- Financial metrics are attractive for DBV concerning development expenses, which we view as limited. Adding the deal to our valuation model adds roughly EUR2/share to our Fair Value which is up from EUR89 to EUR91.



NEXT CATALYSTS

- H2 2016: End of recruitment for the PEPITES phase III and MILES phase IIa trials in peanut and milk allergy / results from the phase I feasibility study in Pertussis Boost Vaccines / OLFUS-VIPES 3-year study results in peanut allergy

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BUY ratings 55,9%

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