

5th July 2016

Healthcare

Nicox

Price EUR13.29

Transfer of European activities for a value of up to EUR26m

Fair Value EUR14 (+5%)

CORPORATE

Bloomberg	COX FP
Reuters	NCOX.LN
12-month High / Low (EUR)	13.3 / 6.0
Market Cap (EURm)	304
Avg. 6m daily volume (000)	159.0

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.5%	87.0%	45.5%	45.6%
Healthcare	2.1%	7.9%	-3.1%	-4.8%
DJ Stoxx 600	-3.4%	-1.4%	-7.5%	-9.9%

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

ANALYSIS

- **Nicox announced the inking of an agreement with GHO Capital to transfer its European ophthalmology activities** (mainly commercial ones + some late-stage candidates) **for a potential value of up to EUR26m**. More precisely, Nicox will receive 1/ an upfront payment of EUR9m in cash, 2/ a combination of ordinary shares and interest-bearing loan notes (EUR12m), and 3/ an additional EUR5m in loans, should some commercial milestones be attained.
- Nicox will be responsible for completing, at its own cost, the development and regulatory approval in Europe of some candidates transferred to the new company... But some costs could be reimbursed depending on the achievement of certain regulatory/commercial milestones.
- Importantly, the NewCo will notably include Nicox Pharma (France, Spain, and UK), Nicox GmbH (Germany), Laboratoires Nicox (France) and Nicox Farma (Italy)... and **we understand that GHO Capital is planning to acquire/in-license additional assets**.
- **We believe the deal is quite positive from a financial standpoint** as 1/ Nicox would then significantly reduce its cash burn, while keeping a minority stake in NewCo; 2/ we gave no value to this activity in our sum of the parts (SOTP).

VALUATION

- **We reiterate our FV of EUR14.0** pending 1/ the closing of the deal; 2/ the potential marketing approval of latanoprostene bunod (bearing in mind that our valuation could be increased to EUR20 in case of a green light in a positive scenario).

NEXT CATALYSTS

- **21st July 2016:** Potential US approval of latanoprostene bunod as treatment for open-angle glaucoma or ocular hypertension.

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