

30th August 2016

Healthcare

Bone Therapeutics

Price EUR15.42

Management provides detailed timeline

Fair Value EUR30 (+95%)

BUY

Bloomberg	BONE.FP
Reuters	BONE.PA
12-month High / Low (EUR)	21.1 / 15.2
Market Cap (EURk)	105,627
Avg. 6m daily volume (000)	2.60

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.9%	-16.2%	-17.5%	-20.9%
Healthcare	-5.1%	-2.6%	2.6%	-8.0%
DJ Stoxx 600	0.4%	-1.8%	2.8%	-6.2%

ANALYSIS

- Bone Therapeutics has reported H1 results with operating income of EUR1.95m primarily made up of research grants and tax credits. The operating loss totalled EUR5.74m (up from EUR5.4m in H1 2015), as a result of increased R&D spending not offset by lower G&A. The net loss was nevertheless down from EUR7.1m to EUR5.9m reflecting last year's IPO expenses. Cash and cash equivalents at the end of June 2016 stood at EUR26.6m.
- In its HY update, Bone Therapeutics' management gave a detailed timeline for forthcoming clinical newsflow starting in H2 2016 with interim efficacy results from the phase IIa in Spinal Fusion trial (full study results should be communicated by Q3 2017). The company's major catalyst should appear in H1 2017 in our view with interim efficacy results for the first 12 patients enrolled in the Delayed-Union phase IIb trial. Note that: 1) if 12 out of the 16 patients enrolled are responders, the study could be prematurely stopped and moved into phase III, and 2) seven patients have already been qualified as responders.
- Management expects FY2016 cash burn in the EUR14.5-16m range, which is slightly ahead of our EUR12m estimate. We believe the difference stems from higher efforts required for the preparation of the company's first US trial, to be initiated by year end.

VALUATION

- We reiterate our BUY recommendation and EUR30 Fair Value

NEXT CATALYSTS

- Today 2.00pmCET: conference call on HY 2016 results (FR +33 805 63 20 56, Int. + 44 1452 5555 66; ID 71646893)

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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