30th August 2016

Healthcare

Celyad

Price EUR21.52

Overall reassuring presentation of CHART-1 data at ESC

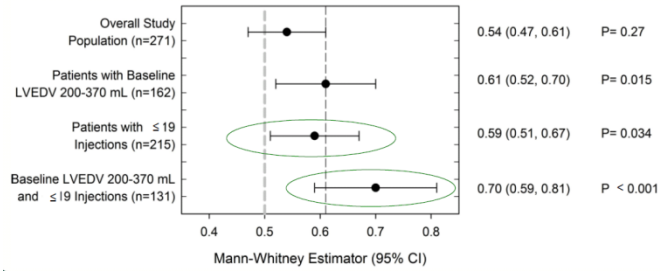
Fair Value EUR21 (-2%) **NEUTRAL**

Bloomberg	CARD.BB
Reuters	CARD BB
12-month High / Low (EUR)	52.9 / 21.5
Market Cap (EUR)	200
Avg. 6m daily volume (000)	29.60

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.2%	-53.5%	-42.6%	-55.5%
Healthcare	-5.1%	-2.6%	2.6%	-8.0%
DJ Stoxx 600	0.4%	-1.8%	2.8%	-6.2%

ANALYSIS

- On Sunday 28th August at the ESC congress, the CHART-1 trial principal investigator, Jozef Bartunek, presented a late breaking session on the detailed phase III trial for C-CURE in CHF patients. Following June's release of the study's top-line results, which missed primary endpoint (please see our note here), more detailed ones were communicated. The subgroup representing 60% of patients treated whom responded (p=0.015) has clearly been identified. Large Left Ventricular End Diastolic Volume i.e. in the 200-370 mL range at inclusion (LVEDV; n=162) appears to be a reliable marker to identify patients that are the most likely to benefit from Celyad's CHF cardiopoietic regenerative therapy. Moreover, this biomarker enables a better adjustment of posology with patients having a large LVEDV at inclusion even more likely to benefit from few injections (p<0.001; n=131). We would underline that this could have a meaningful impact on the adoption of the product should it be approved (BGe 2018 in Europe). Indeed, it might help to contain the cost of this autologous therapy.



- Somehow, the company's ability to generate these post-hoc data mitigate our view on the efficacy of the treatment. However, finding a partner will be challenging as 1/ the design of the US trial still needs significant amendments (inclusion criteria and number of patients targeted for enrolment to ensure enough statistical power), 2/ management is not keen to co-finance the US trial to completely refocus Celyad towards the oncology space. The review at the ESC highlighted that the control group would probably need to use naive stem cell to ensure that the benefit of C-CURE comes from use of mesenchymal stem cells and not the delivering modalities (proprietary catheter increasing retention). The latter point could cause reluctance in partnership discussions in our view.

VALUATION

- We reiterate our Neutral recommendation and EUR21 Fair Value.
- Note that Celyad released its HY2016 numbers on 25th August with cash and cash equivalents of EUR86m, offering financial visibility until the end of 2018.

NEXT CATALYSTS

- Late 2016: phase Ib readout for the CAR-NKG2D platform

Click here to download

Hugo Solvet, hsolvet@bryangarnier.com

BRYAN, GARNIER & CO

Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating

BUY — Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

NEUTRAL — Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

SELL — Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

Distribution of stock ratings

BUY ratings 55.3% NEUTRAL ratings 33.3% SELL ratings 11.3%

Research Disclosure Legend

1	Bryan Garnier shareholding in Issuer	Bryan Garnier & Co Limited or another company in its group (together, the "Bryan Garnier Group") has a shareholding that, individually or combined, exceeds 5% of the paid up and issued share capital of a company that is the subject of this Report (the "Issuer").	No
2	Issuer shareholding in Bryan Garnier	The Issuer has a shareholding that exceeds 5% of the paid up and issued share capital of one or more members of the Bryan Garnier Group.	No
3	Financial interest	A member of the Bryan Garnier Group holds one or more financial interests in relation to the Issuer which are significant in relation to this report	No
4	Market maker or liquidity provider	A member of the Bryan Garnier Group is a market maker or liquidity provider in the securities of the Issuer or in any related derivatives.	No
5	Lead/co-lead manager	In the past twelve months, a member of the Bryan Garnier Group has been lead manager or co-lead manager of one or more publicly disclosed offers of securities of the Issuer or in any related derivatives.	**YES**
6	Investment banking agreement	A member of the Bryan Garnier Group is or has in the past twelve months been party to an agreement with the Issuer relating to the provision of investment banking services, or has in that period received payment or been promised payment in respect of such services.	**YES**
7	Research agreement	A member of the Bryan Garnier Group is party to an agreement with the Issuer relating to the production of this Report.	No
8	Analyst receipt or purchase of shares in Issuer	The investment analyst or another person involved in the preparation of this Report has received or purchased shares of the Issuer prior to a public offering of those shares.	No
9	Remuneration of analyst	The remuneration of the investment analyst or other persons involved in the preparation of this Report is tied to investment banking transactions performed by the Bryan Garnier Group.	No
10	Corporate finance client	In the past twelve months a member of the Bryan Garnier Group has been remunerated for providing corporate finance services to the issuer or may expect to receive or intend to seek remuneration for corporate finance services from the Issuer in the next six months.	**YES**
11	Analyst has short position	The investment analyst or another person involved in the preparation of this Report has a short position in the securities or derivatives of the Issuer.	No
12	Analyst has long position	The investment analyst or another person involved in the preparation of this Report has a long position in the securities or derivatives of the Issuer.	No
13	Bryan Garnier executive is an officer	A partner, director, officer, employee or agent of the Bryan Garnier Group, or a member of such person's household, is a partner, director, officer or an employee of, or adviser to, the Issuer or one of its parents or subsidiaries. The name of such person or persons is disclosed above.	No
14	Analyst disclosure	The analyst hereby certifies that neither the views expressed in the research, nor the timing of the publication of the research has been influenced by any knowledge of clients positions and that the views expressed in the report accurately reflect his/her personal views about the investment and issuer to which the report relates and that no part of his/her remuneration was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.	Yes
15	Other disclosures	Other specific disclosures: Report sent to Issuer to verify factual accuracy (with the recommendation/rating, price target/spread and summary of conclusions removed).	No

Summary of Investment Research Conflict Management Policy is available www.bryangarnier.com

BRYAN, GARNIER & CO

London
Beaufort House
15 St. Botolph Street
London EC3A 7BB
Tel: +44 (0) 207 332 2500
Fax: +44 (0) 207 332 2559
Authorised and regulated by the Financial Conduct Authority (FCA)

Paris
26 Avenue des Champs Elysées
75008 Paris
Tel: +33 (0) 1 56 68 75 00
Fax: +33 (0) 1 56 68 75 01
Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudential et de resolution (ACPR)

New York
750 Lexington Avenue
New York, NY 10022
Tel: +1 (0) 212 337 7000
Fax: +1 (0) 212 337 7002
FINRA and SIPC member

Munich
Widenmayerstrasse 29
80538 Munich
Germany
+49 89 2422 62 11

New Delhi
The Imperial Hotel Janpath
New Delhi 110 001
Tel +91 11 4132 6062
+91 98 1111 5119
Fax +91 11 2621 9062

Geneva
rue de Grenus 7
CP 2113
Genève 1, CH 1211
Tel +4122 731 3263
Fax+4122731 3243
Regulated by the FINMA