

7th September 2016

Healthcare

ERYTech

Price EUR23.79

H1 2016 results in line... But GRASPA approval further delayed

Fair Value EUR47 vs. EUR48 (+98%)

BUY

Bloomberg	ERYP.FP
Reuters	ERYP.PA
12-month High / Low (EUR)	36.8 / 18.2
Market Cap (EUR)	189
Avg. 6m daily volume (000)	20.70

	1 M	3 M	6 M	31/12/15
Absolute perf.	17.4%	1.1%	12.0%	-7.1%
Healthcare	-3.6%	-1.1%	3.8%	-7.5%
DJ Stoxx 600	2.4%	2.1%	2.2%	-4.5%

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

ANALYSIS

- **H1 2016 results were in line with our estimates** with the net loss at –EUR10.3m (vs BG: –EUR10.0m). Note that, 1/ R&D expenses increased by 68% to EUR8.8m due to progress in the various clinical projects, as well as an increase in headcount; 2/ the company had cash & cash equivalents of EUR36.5m at the end of June (vs EUR45.6m at the end of 2015).
- More importantly, we understand that **discussions with the CHMP might be longer than what management previously anticipated (Q1 2017)**. On the positive side, some issues have been “resolved”... But it might take more time for others (and unfortunately, management could not give us more details due to the embargo imposed by the regulator).
- **We now expect an approval in H2 2017**. No clear guidance has been given by the company... But we note that Shire’s Oncaspar (PEGylated asparaginase) was approved just one year and a half after the filing of the application. Should we retain a similar timeframe, a positive opinion could be considered in Q2 2017... However, we choose to retain a more conservative scenario.

VALUATION

- **Our Fair Value has been trimmed from EUR48 to EUR47** after having delayed our first sales estimates to the very beginning of 2018... But note that our previous anticipation was very conservative (EUR3m in 2016e). We nonetheless reiterate our BUY rating as we still believe that GRASPA will be approved in light of the quality of the clinical package (see our previous comments for further details).

NEXT CATALYSTS

- H1 2017: Results from the Phase II study evaluating GRASPA in pancreatic cancer.
- 2017: European approval of GRASPA for the treatment of relapsing/refractory patients with ALL.

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Distribution of stock ratings

BUY ratings 55.3%

NEUTRAL ratings 33.3%

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