

14th September 2016

Healthcare

GENEURO

Price EUR7.28

Recruitment in CHANGE-MS phase IIb trial goes faster than expected

Fair Value EUR18.2 (+150%)

BUY

Bloomberg	GNRO.FP
Reuters	GNRO.PA
12-month High / Low (EUR)	13.0 / 7.3
Market Cap (EURm)	107
Avg. 6m daily volume (000)	3.40

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.3%	-26.5%	ns	-44.0%
Healthcare	-3.7%	1.5%	1.5%	-9.3%
DJ Stoxx 600	-2.1%	3.6%	-1.0%	-7.4%

	2015	2016e	2017e	2018e
P/E	x	x	x	x
Div yield (%)	%	%	%	%

ANALYSIS

- This morning GeNeuro has reported a very good piece of news indeed. In the context of the ECTRIMS congress that takes place in London this year, GeNeuro is proud to announce that more than half of the patients required for its phase IIb trial CHANGE-MS have already been enrolled. The recruitment has progressed ahead of schedule, which is a very good sign of interest from the medical community that is in charge of recruiting patients in 69 clinical centres in 13 European countries. At the time of the IPO, management said that read-out for the phase IIb trial would take place around the turn of the 2017 year and thanks to the speed of the recruitment it can now confirm that it is going to be sometimes in Q4 2017 for the primary endpoint, which corresponds to the end of the first period i.e. the first 6-months when three different doses will be compared to placebo on the number of new T1 enhancing lesions on MRI after 6 doses.
- GNBAC1 is a humanised antibody that targets a protein called MRSV-ENV which is found in high quantity on sites of active lesions of MS and that is highly suspected to play a causal role in the emergence and the development of MS, both in the inflammatory and in the neuro-degenerative processes of the disease.
- Although the MS market has already developed very quickly over the last few years and is now exceeding USD20bn, and although further innovative therapies are still announced like ocrelizumab for RRMS and PPMS or BAF312 in SPMS, none has the potential to be as disruptive as GNBAC1 can be, so proof of concept is established. In about a year, the jury in part will be out.

VALUATION

- Little should move in our model until we get the results of CHANGE-MS although the level of operating expenses will be closely monitored. We expect the group to be ambitious but also financially disciplined. Moreover the financing of the phase IIb study is set since a partnership with Servier is covering all costs. GeNeuro might have to finance a few other smaller studies outside MS and also potentially a limited extension of the CHANGE-MS study to include a small number of US centers (an IND was expected sometimes in Q4 2016).
- So, GeNeuro is well on track with its key lead compound. We therefore maintain our assumptions and our FV. Lack of newsflow has weighed on the stock price. We now expect a turnaround. BUY.

NEXT CATALYSTS

- Q4 2016: IND in the US to open US centres in the CHANGE-MS phase IIb trial

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