

22nd September 2016

Healthcare

**Nicox**

Price EUR9.70

**H1 2016 results**

**Fair Value EUR14 (+44%)**

**CORPORATE**

Bloomberg	COX FP
Reuters	NCOX.LN
12-month High / Low (EUR)	13.4 / 6.0
Market Cap (EURm)	242
Avg. 6m daily volume (000)	260.5

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.1%	-9.8%	40.0%	6.3%
Healthcare	1.0%	3.8%	7.5%	-6.7%
DJ Stoxx 600	0.3%	1.0%	-0.2%	-6.8%

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

#### ANALYSIS

- Cash and cash equivalents came in at EUR12.3m at the end of June (vs EUR29m at the end of last year). However, the **company's cash position was estimated at EUR34.1m at the end of August** as it 1/ received a cash payment of EUR8.9m following the transfer its European commercial operations to VISUfarma; and 2/ raised EUR18m in July to finance its development pipeline.
- Looking at the P&L, we note that **the operating loss from continuing operations was EUR12.7m** (vs -EUR10.8m a year ago) bearing in mind that 1/ G&A expenses were down by 8% to EUR4.4m; while 2/ R&D costs nearly tripled from EUR2.3m to EUR6.6m (the increase was mainly due to costs related to the submission of the AC-170 NDA and as such, we believe the cost structure should decrease on a sequential basis). In addition, an EUR11.3m loss from discontinuing operations means the net loss therefore worked out to EUR24.2m for the period.
- Here is a recap of our estimates:

EURm	2016e	2017e	2018e	2019e	2020e
(+) Revenues and other incomes	11.5	1.7	14.2	31.6	41.5
(-) R&D expenses	9.5	11.9	13.1	15.7	17.3
(-) G&A expenses	8.9	8.4	8.9	9.2	9.5
(+/-) Others	-0.7	0.0	0.0	0.0	0.0
= EBIT	-7.6	-18.6	-7.8	6.6	14.6
Net result	-19.1	-18.6	-7.8	5.0	11.0
Net result from discontinuing oper	-12.0	0.0	0.0	0.0	0.0
Cash & cash equivalents	24.1	4.5	-4.4	-0.6	9.0

#### VALUATION

- We reiterate our FV of EUR14.0.

#### NEXT CATALYSTS

- 18th October: Approval of AC-170 for the treatment of allergic conjunctivitis. Of note: should the candidate be approved prior to the 1st of December, Nicox would have to pay a USD35m milestone payment. After this date, the payment would be reduced to EUR10m.
- H2 2016: Valeant addressing the issues raised in LBN's complete response letter.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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