

13th October 2016

Healthcare

Adocia

Price EUR52.10

Good cash control despite increased development activities

Fair Value EUR90 (+73%)

BUY

Bloomberg	ADOC.FP
Reuters	ADOC.FR
12-month High / Low (EUR)	82.6 / 44.4
Market Cap (EURk)	356,677
Avg. 6m daily volume (000)	22.40

ANALYSIS

- Adocia issued yesterday a press release to present its numbers for the third quarter of 2016. The revenue line contains no surprise, as licensing revenues are comprised of very linear upfront payment recognition over the duration of the deal with Lilly, whereas expenses invoiced to Lilly and corresponding to the R&D spending during the quarter were slightly below usual at EUR3.8m (so far in 2016, it was more like EUR5-6m per quarter).
- After a first quarter that was characterised by a significant increase in cash burn, we have seen cash burn ease in the past two quarters and cash at the end of September was EUR57.5m compared to EUR60.9m at the end of June. And this is without the tax credit whose reimbursement occurred on October 3. At that date, the cash position is therefore EUR64.3m, i.e. more or less the same as at the end of March 2016.
- There is no meaningful update contained in the press release about business development or R&D.

VALUATION

- In conclusion, we would say that Adocia is developing its portfolio while consuming a very reasonable amount of cash, which is reassuring for shareholders because no capital increase is needed to progress to the next stage.
- Now, the company will have to demonstrate that BC Combo can be partnered in good conditions, which looks increasingly challenging in the current diabetes market and although innovative solutions at an affordable price are exactly what payers are looking for.

NEXT CATALYSTS

- In the next few weeks: new phase Ib data with Hinsbet - [Click here to download document](#)

Eric Le Berrigaud, eleberrigaud@bryangarnier.com



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Distribution of stock ratings

BUY ratings 72%

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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
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)	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 prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	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

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