

20th October 2016

Healthcare

Transgene

Price EUR3.17

Q3 16 revenues and announcement of a capital increase

Fair Value EUR5 (+58%)

CORPORATE

Bloomberg	TNG.FP
Reuters	TRNG.PA
12-month High / Low (EUR)	4.0 / 2.4
Market Cap (EURm)	122
Avg. 6m daily volume (000)	81.30

	1 M	3 M	6 M	31/12/15
Absolute perf.	14.5%	14.9%	-4.9%	25.5%
Healthcare	-3.6%	-6.3%	-3.5%	-10.5%
DJ Stoxx 600	0.7%	1.9%	-1.6%	-6.1%

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

ANALYSIS

- Transgene published its Q3 16 revenues (EURm1.5m vs 2.3m a year ago), but as always in the biotech field the most important piece of information lies in the net cash position... which stood at EUR25.4m (vs EUR31.7m). The cash burn was thus EUR16.3m over the first nine months (EUR8.2m during the third quarter), knowing that outflow associated with the restructuring plan amounted to EUR4.2m. And so far, the financial guidance of a EUR35m cash burn for the full year.
- More importantly, the company announces the launch of a capital increase of c.EUR48m, the objective being obviously to fund its different trials (e.g. TG4010 in combination with nivolumab for the treatment of non-small cell lung cancer, PexaVEC with sorafenib or "nivo" in liver cancer, etc.). We believe this would cover a bit less than two years of operations.
- Looking at the main terms of the transaction, we note that 1/ between 18,501,780 and 18,878,952 new shares at a price of EUR2.60 (implying a discount of 15.6% based on the last closing share price) are expected to be issued; 2/ each shareholder will receive one preferential subscription right for every retained share. 25 rights would allow to subscribe to 12 new shares on an "irreducible" basis.
- Note also that the Institut Mérieux (51.9% of the capital) promised to subscribe to up to 75% of the new shares.

VALUATION

We stick to our FV of EUR5.0.

NEXT CATALYSTS

- November 4th: end of subscription period: - [Click here to download document](#)

Mickael Chane Du, mchanedu@bryangarnier.com



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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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