

15th November 2016

Healthcare

ERYTech

Price EUR17.47

Marketing approval further delayed in Europe. FV revised down

Fair Value EUR30 vs. EUR47 (+72%)

BUY

Bloomberg	ERYP.FP
Reuters	ERYP.PA
12-month High / Low (EUR)	29.0 / 16.1
Market Cap (EURm)	139
Avg. 6m daily volume (000)	15.30

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.1%	-13.1%	-25.3%	-31.8%
Healthcare	-2.7%	-7.9%	-2.8%	-13.3%
DJ Stoxx 600	-0.5%	-2.3%	1.1%	-7.5%

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

ANALYSIS

- **Erytech yesterday announced they it has decided to withdraw the MAA (marketing authorisation application) for GRASPA in Europe.** Efficacy and safety-wise, the clinical package has not been called into question. However, the company believes that it would need more time than the procedures allow to address all of the requests from the CHMP (1/ additional data comparability between the old form of asparaginase that was included in the red blood cells in the last Phase III vs the newer one; 2/ development of a new immunogenicity test; 3/ Q&A around the pharmacodynamics). So in very concrete terms, we estimate the marketing approval could be delayed by c.2 years (given that management said it intends to resubmit the MAA by mid-2017).
- Obviously the stock will react quite negatively this morning; and the very next catalyst is quite a hard one to play (see our previous comments for further details). That said, we remain positive on the fundamentals behind GRASPA in ALL and its rationale in AML. And we believe the latter should be seen as a buffer in the very near term (given that it amounts to c.EUR5 per share in our SOP).

VALUATION

- **We revise down our FV from EUR47 to EUR30** as 1/ we have increased our average WACC from 12.5% to 15.0%, and 2/ delayed our first sales assumption by nearly two years.

NEXT CATALYSTS

- Q1 2016: Phase II results for ERY-ASP/GRASPA for the treatment of pancreatic cancer.
- H2 2016: Phase II results for GRASPA in acute myeloid leukaemia.

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Distribution of stock ratings

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