

## DAILY EQUITY RESEARCH UPDATE

# Healthcare

### Headlines

#### **BLUELINEA | Corporate | FV EUR8.8 | Back on H1 revenue- B2B offers that are becoming new growth drivers**

- In H1 2019, the group recorded a turnover of EUR3.134k, up 7% compared to the same period last year, marked by the continued benefits linked to the digitalization of the home division's offer allowing the group to strengthen its network of partners (Groupe Apicil, MBA Mutuelle or Happytal), but above all the first tangible results from the group's B2B offers within Domotic and Establishment divisions, which are based on the deployment of EHPAD/Senior Residence connected (IOT) solutions. The B2B offer has enabled the Establishments division to resume with revenue growth in Q2 after quarters of decline thanks to the ramp-up of the SERENEA® offer launched at the end of 2018, with about EUR100k contribution to revenue. For FY 2019, Management confirmed its ambitions to “return to solid growth”.
- A rather encouraging turnover that clearly marks a turning point with B2B offers within the Establishments division that are beginning to bear fruit after allowing the Domotics division to turn around during the H2 2018.
- Actually, the SERENEA® solution, based on new IoT standards, with the long range radio transmissions technology (LoRa) and the Bluetooth Low Energy (BLE) communication protocol, seems to perfectly meet the need to equip care homes with connected objects in order to improve the daily lives of both carers and residents. So, after 3 pilot sites in the 4th quarter of 2018, the Group has expanded to 15 facilities equipped or in the process of being deployed. Today, more than 100 quotations have been made since the commercial launch of SERENEA® with a 100% success rate to date (validated or pending).
- As a reminder, our FY 2019 estimates are based on c.19% revenue growth which is largely based on an acceleration of SERENEA's deployment and would require the implementation of approximately 40% of the quotations currently validated or pending (i.e. about EUR15k on average per quotation) all other things being equal.
- So we are confirming our estimate which sounds reachable.

#### **ONCIMUMUNE | Corporate | FV 180p**

- Oncimmune yesterday announced a new commercialisation partnership deal in Russia, with the Russian pharmaceutical company R-Pharm JSC for use of Early-CDT in lung cancer screening.
- The agreement with R-Pharma is for a period of 5 years which will see revenues of at least £5 million for Oncimmune. This will include milestone payments of £2.75m over the 5-year agreement. R-Pharma will bear all of the costs associated with marketing Early-CDT and product registration in Russia, as well as investing up to £3.5 million on infrastructure for the screening programme in Moscow. The deal allows for marketing in Russia, Eurasian Customs Union (Belarus, Kazakhstan, Armenia and Kyrgyzstan) and the option to use Early-CDT in Commonwealth Independent States (Azerbaijan, Turkmenistan, Tajikistan, Ukraine, Uzbekistan and Georgia). R-Pharm will utilize the Early-CDT test for lung cancer screening and nodule assessments in these regions. The test will initially be used in Moscow before rolling out over Russia and the other countries.
- Russia has the highest number of smokers in Europe and recorded 55,000 deaths from lung cancer of 60,000 cases in 2018. This clearly is an enormous public health issue and an enormous opportunity for Early-CDT to diagnose lung cancer at an early stage.
- This new deal highlights the potential of Early-CDT as an early stage lung cancer screening tool, following the success of the 12,000 patient ECLS study showing that the test reduced the incidence of late stage lung cancers. We reiterate our FV 180p.

### Q3 2019 Healthcare Top Picks

NOVARTIS (Buy, FV CHF100), ROCHE HOLDING (Buy, FV CHF332), KORIAN (Buy, FV EUR40), DBV TECHNOLOGIES (Buy, FV EUR46)

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