

## DAILY EQUITY RESEARCH UPDATE

# Healthcare

### Research Reports

VALNEVA | Buy | FV EUR6

#### The Clock Is Ticking

- An established business with good visibility. Valneva is an independent vaccine company that sells two vaccines: 1) Ixiaro, in prevention of Japanese encephalitis and which should reach about EUR125m by 2024 on the back of regular contracts with the US military for troops based in Asia, and 2) Dukoral, indicated for travellers to prevent cholera and diarrhoea due to E. coli (ETEC). This drug is mainly sold in Canada. Stripping out R&D costs for the Lyme and Chikungunya vaccines, we estimate operating margin in this existing business should reach 30% by 2024, in line with levels at GSK and Sanofi for example.
- Lyme disease vaccine, the next booster for Valneva. The group is the only vaccine company to have a vaccine candidate in clinical trials for prevention of Lyme disease (VLA15). The phase II clinical trial has started and the vaccine could be launched in 2025. Valneva is expected to conduct a phase III and market the vaccine with a partner sharing 50% of costs and profits. With about 92m people in the US living in states with a high incidence of Lyme and about 160m in Europe, sales potential for this vaccine is significant. We estimate global sales of VLA15 at around EUR880m by 2033.
- Valuation of EUR6/share. We have valued the established business (Ixiaro and Dukoral) and the Lyme vaccine (VLA15) separately. For established vaccines (and other revenue) we have a FV of EUR4.8/share and for VLA15 we have a NPV of EUR4/share for the project (assuming no risk adjustment). Since Valneva would like to develop and market this vaccine with a partner, we assume it will obtain 50% of the value of the vaccine on top of which we have applied a PoS of 30%. These assumptions lead to a FV of EUR0.6/share for VLA15 for Valneva. Finally, we value the Chikungunya vaccine at EUR0.1/share with a PoS of 30%.

*Analyst: Jean-Jacques Le Fur*

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## MEDINCELL | Buy | FV EUR10

### Initiation of a new trial highlights TEVA's strategic commitment

- Second asset to reach the clinic as part of the deal with TEVA
- MedinCell's strong expertise validated by TEVA's commitment
- No change to our EUR10 Fair Value

Analyst: Hugo Solvet

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3Q 2019 Healthcare Top Picks		
NOVARTIS (Buy, FV CHF106), ROCHE HOLDING (Buy, FV CHF340), KORIAN (Buy, FV EUR40), DBV TECHNOLOGIES (Buy, FV EUR46)		
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