

DAILY EQUITY RESEARCH UPDATE

Healthcare

Core News

KORIAN | Buy - Top Picks | FV EUR40

Ahead CMD, some reminders and our expectations.

- A strategy implemented over the past 3 years that has already largely translated into results...
- ...and will be widely pursued

Analyst: Bruno de La Rochebrochard

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Headlines

ASIT BIOTECH | Corporate | FV EUR4,5 | On track to deliver key phase III readout by YE19

- ASIT Biotech reported H1 2019 results with other operating income of EUR0.9m consisting of research tax credits and grants income. R&D expenses increased by 54% to EUR6.9m (vs EUR4.5m in H1 2018) as a result of the ongoing phase III trial for gp-ASIT+ now fully recruited. G&A increased to a lesser extent, from EUR1.3m to EUR1.8m (+39%) as the company is preparing for the submission of the gp-ASIT+ in Europe upon positive results from the phase III trial. Operating and Net loss stands at EUR7.8m (EUR15k of financial expenses for the period).
- At the end of June 2019, ASIT Biotech had EUR2.5m in cash. Adjusted for the first tranche of EUR5.025m from the convertible bond issued in July, this gives ASIT a financial runway to YE19 i.e. post-phase III results. The second tranche of EUR4.2m will be issued upon positive phase III results for gp-ASIT+.
- ASIT Biotech completed the randomization of all 651 patients enrolled in the gp-ASIT+ phase III trial and all 69 clinical sites reached the end of the grass pollen season. The company is on track to deliver the results from this trial by YE19 (December). Meanwhile, it is staffing to prepare for the registration of the product (CMO hired) and commercial launch (internalisation of manufacturing capabilities). The development of the ASIT+ platform progressing with the preclinical packages of pnt-ASIT+ and hdm-ASIT+ expected to by YE19 and early 2020 respectively.

BIOM'UP | Buy | FV EUR9 | CEO and management changes (...again)

- Biom'up announces that Jan Ohrstrom, who took over the role of CEO in May 2019, will hand over the role to Patrice Ferrand. Before joining Biom'up, Patrice Ferrand was CEO France at Unilabs since 2015 and General Manager France and BeNeLux for Mölnlycke Healthcare since 2003. Prior to that he spend 17 years in the Food industry. Jan will remain Chairman of the Board of the company. Important to note also is 1/ the structuring of the US subsidiary with George Makhoul promoted from Commercial Director US to CEO of the US subsidiary and 2/ the change of CFO with Evelyne Nguyen taking over the role.
- Although not mentioned in PR, we believe that these changes are effective immediately exc. CFO change in late September. While the former CEO, Jan Ohrstrom, reiterates the sales guidance of EUR4.0-4.5m for the FY2019, we would wait for the new CEO to settle-in and confirm the 2019 targets as we do not rule out that multiple management changes might trigger slight disruption.
- Biom'up announces that a R&D day will be hosted by the year-end. No exact date communicated at this stage

ROCHE | Buy - Top Picks | FV CHF340 | Gazyva obtains Roche's 27th BTD

- Roche announced today that it actually obtained the 27th so-called designation from the FDA for Gazyva in lupus nephritis, based on the results from the phase II trial NOBILITY. Gazyva, in combination with SoC, met both primary and key secondary endpoints (i.e. complete renal response, overall responses and serologic markers of disease activity). The detailed results will be presented at the ACR congress in November.
- Roche estimates that about half a million people are affected by lupus nephritis (LN) worldwide, including more than 300k in China. There are no approved treatments for the disease, hence the support from the FDA to Gazyva which for the first time showed a benefit from an anti-CD20 antibody.
- While it is preparing to initiate phase III trials early in 2020, Roche is continuing to discuss with healthcare authorities about the path forward for the drug in this indication and we may hypothesize that, if supported by data to be presented at ACR, the most endangered people with grade 3-4 LN (at high risk for end-stage renal disease) might benefit the drug early i.e. through a phase II-based conditional approval.
- We are not changing our estimates for Gazyva which so far has been very disappointing. Seen as a key part of the defence strategy for Rituxan, it will only exceed the half-billion mark this year. We are expecting CHF1.2bn PS in 2024-2025. This may appear conservative when considering CLL, NHL and LN together but we want to see an inflexion point first because moving the numbers upwards.

Q3 2019 Healthcare Top Picks

NOVARTIS (Buy, FV CHF106), ROCHE HOLDING (Buy, FV CHF340), DBV TECHNOLOGIES (Buy, FV EUR46)

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