



26th July 2019

## ONCODESIGN

- Healthcare
- Biotech

## CORPORATE

Fair Value	EUR13
Share price	EUR7.44
EPS 3Y Cagr	NM

## Mixed H1 in Services but 2020 guidance is still achievable

## A strong H2 for Services business is expected

Oncodesign has reported sales for the first half of the year showing a slowdown in growth for its Service business unit. Sales reached EUR10m (+15,5% vs H1 18) where we were expecting EUR24m for the full year 2019. However, we remain confident given that the second half of the year is historically better oriented on this specific segment. On top of that, it should be highlighted that the order intakes are still growing by 6% vs last year, and that major contracts have been signed or renewed such as the one with Ipsen.

## No surprises from the Partnership activity

On the other hand, the Partnership business is in line with our expectations in terms of revenue. Oncodesign reported EUR4m of revenue, related to the Servier collaboration on the LRRK2 inhibitor derived from the Nanocyclix platform. As a reminder, this significant deal consisted of a EUR3m upfront as well as EUR320m in potential milestones (and royalties on sales). On top of that, the company is entitled to EUR3m in annual funding for conducting the research programme up to the selection of preclinical candidates.

## Competition is becoming clearer for Oncodesign's RIPK2

On the side-lines of its half-year results, GSK announced it had terminated the development of its RIPK2 asset (which was evaluated in a phase I study in inflammatory bowel disease) over pre-clinical toxicity. To our knowledge, this asset was the only other RIPK2 compound in development alongside the one from Oncodesign. As a reminder, recent research has shown that RIPK2 mediates inflammatory signalling, meaning that kinase inhibitors targeting RIPK2 are an attractive strategy to treat a broad range of autoimmune and inflammatory diseases such as inflammatory bowel disease, multiple sclerosis, inflammatory arthritis, allergic inflammation, sarcoidosis and ulcerative colitis. Last June, Oncodesign reported that its RIPK2 just reached the pre-candidate stage and expects to select the pre-clinical drug candidate by the end of the year.

## We maintain our EUR13 Fair Value

During the conference call, management reiterated its confidence in delivering its EUR40m sales objective, consisting of EUR30m from Services business and EUR10m from partnerships. Therefore, we maintain our EUR13 FV as we expect a strong H2 in Services business. Beyond financial figures, and given GSK's toxicity issues, we will follow with interest the preclinical progress of the company's own RIPK2.

## Market Data

Bloomberg / Reuters	ALONC FP/ALONC.PA
Market Cap.	EUR51m
E.V.	EUR54m
Free Float	-
Avg. Daily volume (6m)	5.50
12m high / low	EUR10.6 / EUR5.9
Ytd Perf.	13.8%

EURM	12/18	12/19e	12/20e	12/21e
Sales	32.8	42.3	49.1	46.6
% Change		29.0%	16.1%	-5.1%
EBITDA	-1.3	5.1	8.9	3.2
% Change		NS	73.8%	-63.8%
EBIT	-3.8	2.3	6.0	0.2
% Change		NS		-97.1%
Net Income	-3.2	1.7	4.9	-0.2
% Change		NS		
ROE	NM	NM	NM	NM

	12/18	12/19e	12/20e	12/21e
EV/Sales	1.6x	1.3x	1.1x	1.2x
EV/EBITDA	NS	10.7x	5.9x	17.4x
EV/EBIT	NS	23.5x	8.9x	328.6x
EPS	-0.46	0.26	0.71	-0.03
% change		NS		
P/E	NM	29.1x	10.4x	NM
Div Yield	%	%	%	%

## Next Catalyst: Half-year results (Sept. 2019)

## Last Reports:

[2019-6-26, ONCODESIGN \(CORPORATE, FV EUR13\) | A RIPK2 preclinical candidate expected by the end of the year](#)

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