



17th April 2019

THERANEXUS

| Healthcare
| Biotech

CORPORATE

Fair Value EUR16(+141%)
Share price EUR6.64
EPS 3Y Cagr NM

All eyes are on THN102's opportunity in Parkinson's disease

No surprises from FY 2018 results

As expected, the launch of the new clinical program (THN102's phase II in Parkinson's disease and THN201's phase Ib in Alzheimer's disease and THN101's phase I in neuropathic pain) and the recruitment of new employees have essentially driven growth of operating expenses (EUR7.2m vs EUR2.9m in 2017). At the same time, those new R&D developments have helped to generate higher research tax credits (EUR1.7m vs EUR0.7m in 2017). *In fine*, cash consumption has been kept under control at EUR6.0m (vs EUR2.2m in 2017) allowing the company to report a solid cash position of EUR12.4m at the end of March.

Over-representation of severe patients led to narcolepsy failure

As a reminder, the company announced in last February that THN102 struggled to show any efficacy over modafinil alone on the reduction of the ESS score (a scale evaluating sleepiness) which was the study's primary endpoint. It confirms that data analysis has shown an over-representation of severe narcoleptic patients with very low response to modafinil. Given that THN102 seeks to improve the response to modafinil by combining it with a modulator of glial cells, it was key to have patients who are still responsive to modafinil alone. This confirmation has no impact on our valuation given that we have already written-off the whole opportunity in narcolepsy in our model. Nevertheless, we believe that THN102 could show its true potential in Parkinson's disease, a much bigger indication whose results should be presented before the end of the year.

THN102's potential lies in Parkinson's disease

Indeed, THN102 is evaluated in a phase IIa in 60 Parkinson's patients suffering from excessive daytime sleepiness (EDS; ESS \geq 14). It appears that even though EDS affects up to 50% of Parkinson's patients, no drug is currently approved. THN102 could thus become the first drug approved in this indication. Furthermore, THN102 has previously shown in a phase Ib a statistically significant improvement in mental inhibition and working memory (two capabilities reduced in Parkinson's patients), over both placebo and modafinil alone. For this reason, on top of EDS, THN102 seeks to target the triad of non-motor symptoms (EDS, attention deficit and cognition), which concentrates most of the disease burden. We believe that THN102 is well positioned to demonstrate such an effect through the ongoing study. As a reminder, we believe the drug might reach the market in 2024 through a licensing agreement, and has the potential to establish itself as a blockbuster at peak.

THN101 & THN201 are still on track

Both in phase I, the former should present results in neuropathic pain before the end of H1 of this year, while we will have to wait for the end of the year for the latter's results. As a reminder, neither are included in our valuation for now. They are indeed free options to our scenario.

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Market Data

Bloomberg / Reuters	ALTHX FP/ALTHX.PA
Market Cap.	EUR21m
E.V.	EUR39m
Free Float	0
Avg. Daily volume (6m)	2.40
12m high / low	20.5 / 5.4
Ytd Perf.	-62.9%

EURM	12/17	12/18e	12/19e	12/20e
Sales	0.2	0.0	25.0	0.0
% Change		-100.0%		-100.0%
EBITDA	-2.7	-6.8	18.8	-4.0
% Change		NS	NS	
EBIT	-2.7	-6.7	18.9	-3.8
% Change		NS	NS	
Net Income	-2.1	-6.6	16.7	-3.6
% Change		NS	NS	
ROE	-0.12	-0.56	0.59	-0.14

	12/17	12/18e	12/19e	12/20e
EV/Sales	237.5x	NS	1.9x	NS
EV/EBITDA	NS	NS	2.6x	NS
EV/EBIT	NS	NS	2.6x	NS
EPS	-0.68	-2.10	5.36	-1.14
% change		NS	NS	
P/E	NM	NM	1.2x	NM
Div Yield	NM	NM	NM	NM

Next Catalyst: 09/07: Cash position at 30th of June

Last FV Change:

[2019-2-28, A setback in narcolepsy for THN102 but still an opportunity in Parkinson](#)

Last Reports:

[2019-2-28, A setback in narcolepsy for THN102 but still an opportunity in Parkinson](#)

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