

THEMATICS

As of September 2020, Bryan Garnier & Co's Equity Research is becoming more thematic-focused. This note is specifically addressing and illustrative of the following thematic

Innovation for better health

When connected delivery devices are positively disrupting healthcare

A front runner in DTx



Voluntis is one the most advanced DTx companies and is very well positioned to capture a significant stake of the oncology opportunities for those solutions.

COVID-19 has forced healthcare over its digital tipping point

While digital health was already building momentum prior to the pandemic, the unprecedented demand for virtual care has contributed to highlight the **value of digital therapeutics (DTx)** solutions as evidence-based interventions driving patients clinical outcomes remotely and on a large scale. While Diabetes care has been the **starting point** for DTx historically, it has recently expanded into several therapeutic areas: neurology, addiction, ophthalmology as well as **oncology**.

Oncology has yet to be digitized

While being the **largest therapy area** (by far), few DTx have been developed to support patients with cancer although **many unmet needs remain**. In the past decade, **immunooncology therapy** has cemented its place as a pillar of contemporary oncology thanks to breakthrough durable clinical responses for some patients. However, they can also unleash a cascade of **treatment-related adverse events** which represent a unique challenge for patients who desperately need **support** to better manage them.

DTx can bring significant value to oncology

We see a tremendous opportunity for DTx supporting patients in the **management of their symptoms**, as it will contribute to drive adherence to treatments while improving quality of life, **increase survival** and ultimately drive costs down. Research has indeed demonstrated that proactively screening for patient-reported outcomes significantly enhances symptom detection, reduces hospital visits and improves overall survival, which should lead to **significant cost reductions** throughout the healthcare systems.

Voluntis is very well positioned to leverage this momentum towards DTx

We believe Voluntis is poised to become the go-to DTx company for oncology (and beyond) for several reasons: 1/the largest oncology companies (BMS, Novartis, AstraZeneca) have **already partnered** with Voluntis to develop DTx, 2/its **scalable platform** allows the company to meet the **growing demand** of pharmaceutical companies, 3/its biopharma licensing model cleverly **combines** short term revenues based on upfront and milestones payments, with mid and long-term profits through recurring per-patient license fees and 4/**Debiopharm Innovation Fund** (a high-profile European health-tech) has recently taken a 10% equity share of the company which we see as a strong support to Voluntis' strategy turned towards Oncology. We are re-initiating Voluntis with a **EUR8.3/share TP** implying a hefty upside to the Voluntis' current valuation. Our TP is based on a DCF valuation (WACC 14%, B 1.7).

Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating



CONVICTION BUY

The highest possible rating, based on a very strong conviction in the mid/long-term outlook and strategic choices made by a company, and should therefore be reflected in the extent of upside in the associated target price. There is no reason to limit the number of CONVICTION BUY ratings, however they must also reflect some kind of preference in relative terms within a sector.



BUY

Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.



NEUTRAL

Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.



SELL

Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.



CONVICTION SELL

This is the lowest possible rating reflecting a strong disagreement with the main strategic choices made by a company, pointing to the risk of de-rating and value destruction and which is obviously also reflected in downside potential between the share price and the target price.

DISTRIBUTION OF STOCK RATINGS

Conviction BUY	10.2%
BUY ratings	56.7%
NEUTRAL ratings	16.6%
SELL ratings	16.6%
Conviction SELL	0%

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