

# Morning Update



8th April 2021

## BIOCORP

Healthcare  
Biotech

## CORPORATE

TARGET PRICE	EUR33 VS. EUR32 (+10%)
SHARE PRICE	EUR30.00
EPS 3Y CAGR	91.8%

### Eyes on Mallya launch this year

#### 2020 results in line with our expectations

The company released its FY 2020 results which do not warrant any particular comments. Total revenues amounted to EUR8.5m mainly driven by the milestone paid by Sanofi (EUR5.25m) regarding the Mallya agreement. Operating expenses stood at EUR10m, in line with our expectations leading to an operating loss of -EUR1.6m. With a cash position of EUR4.97m at the end of 2020, Biocorp is well funded especially since it should receive additional milestones from Sanofi (EUR2.25m) in 2021.

#### 2021: the year of the Mallya launch

However, all eyes are turned to 2021 since Mallya has started to be commercialised in some countries (Romania and South Africa) and should be launched in France by Roche and by Sanofi in some countries outside France in the next few weeks. If Mallya proves successful in France, it will allow Biocorp to get enough data in house to show the benefit of the device regarding the cost of diabetes treatment through better management of insulin doses. Furthermore, better management should help patients be at goal in terms of HbA1c (normal level is 7%). Therefore, Biocorp could file a dossier for reimbursement in France. We estimate the cost of Mallya for the patient should be around EUR100 per device in France for two years (life expectancy of each Mallya device). Interestingly, competition for Mallya from major insulin players should not be fierce since we do not see the launch of Novo Nordisk's connected insulin pen this year in Europe, as initially expected. Eli Lilly should be able to launch its electronic cap (to be attached on disposable insulin pen) this year. That is why we are not ruling out the prospect of discussions starting between Novo Nordisk and Biocorp to integrate the Mallya system into Novo's range of insulin pens.

#### Biocorp increasingly a connected device company

With this launch, we believe Biocorp is now mainly focused on connected devices and less on its traditional pharmaceutical device business, which is set to represent around 11% of Biocorp's total sales over the next three years and decline steadily year after year. This is particularly true since beyond Mallya, Biocorp develops two other connected devices, Injay and Inspair. Injay is a connected syringe which can display the type of drug, the concentration, the batch number and the expiry date. It could be particularly useful for clinical trials and databases as well as electronic health records. It does not require any additional capex for the pharmaceutical company using Injay to replace the standard piston and back stop. Inspair is a connected device that can be added to traditional inhalers to monitor their proper use.

#### Positive outlook reiterated

With all the agreements signed by Biocorp for Mallya, its potential future use in other therapeutic areas beyond diabetes, and the development of other connected devices, we believe Biocorp is well positioned to benefit from the increased usage of such devices.

Market Data	
Bloomberg / Reuters	ALCO FP/ALCOR.PA
Market Cap.	EUR129m
E.V.	EUR131m
Free Float	51.3%
Avg. Daily volume (6m)	4.70
12m high / low	EUR33.0 / EUR11.3
Ytd Perf.	2.0%

EURM	12/19	12/20e	12/21e	12/22e
Sales	9.3	9.6	15.3	22.8
% Change		3.0%	59.7%	49.6%
EBITDA	0.9	-1.6	4.1	8.9
% Change			NS	
EBIT	0.9	-1.6	4.1	8.9
% Change			NS	
Net Income	1.0	-1.6	3.3	7.1
% Change			NS	
ROE	30.11	1.02	1.58	0.83

	12/19	12/20e	12/21e	12/22e
EV/Sales	14.4x	13.8x	8.5x	5.4x
EV/EBITDA	152.8x	NS	31.4x	13.9x
EV/EBIT	152.8x	NS	31.4x	13.9x
EPS	0.23	-0.36	0.75	1.63
% change			NS	
P/E	NS	NM	40.7x	18.7x
Div Yield		NM	0.5%	1.1%

#### Next Catalyst:

Conference call today @8:30 am CET

#### Last rating Change:

2020-4-22, Keep Me Connected!

#### Last FV Change:

2020-6-30, A new agreement with Roche France - FV increased to EUR30

#### Last Reports:

2021-2-17, BIOCORP (CORPORATE, TP EUR32) | New contracts for Mallya with geographic expansion

RESEARCH AS A SERVICE

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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	This rating should traditionally be applied to companies for which we expect a positive absolute share price performance over a 6 to 12 month period. The opinion is based not only on the TP (which represents theoretical upside relative to the current share price over a 12-month period) but also takes into consideration a number of other factors that may include a SWOT analysis, momentum, technical aspects or the sector backdrop.
NEUTRAL	This rating is the equivalent of a recommendation not to trade in a stock in the short term, either as a buyer or a seller, for many potential reasons. The view is intended to be temporary since it has been proven that few stocks actually remain within a narrow -5%/+5% range over a long period of time. The rating is particularly valid in exceptional market conditions. Our intention is to limit the total number of NEUTRAL ratings to 20%.
SELL	This rating should traditionally be applied to companies for which we expect a negative absolute share price performance over a 6 to 12 month period. The opinion is based not only on the TP (which represents theoretical downside or overly-low upside from the current share price over a 12-month period) but also takes into consideration a number of other factors that may include a SWOT analysis, momentum, technical aspects or the sector backdrop.
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.
NOT RATED	Covered stocks may be "Not rated" when we view them as being interesting for one or several strategic themes in our universe, but consider that we do not have a general enough perspective or overall assessment of them to be able to issue a rating. As such, our comments are limited to topics where we believe we can add value. More specifically, quarterly earnings will not be commented on per se.
TOP PICK	At the start of every calendar quarter, we issue a list of our preferred stocks across the coverage universe and specific to each sector. Top Picks are stocks for which we expect the quarterly performance to be very positive, on the back of short-term catalysts. Unlike recommendations that usually rely on fundamental aspects and reflect mid to long-term opinions, Top Picks must represent a selection of expected strong performers over a short period of time, therefore focusing on momentum. Top Picks must be either BUY or CONVICTION BUY-rated stocks and must show upside potential to their TP. Top Pick is not a recommendation per se but an extra status for a stock.
TARGET PRICE	As of September 2020, we are moving our historical FV (Fair Value) system to share our views on the theoretical valuation of a company, to a TP (Target Price) system. The main reason behind this change is to provide flexibility in reflecting the different scenarios and assumptions we make for each investment case. FV was the theoretical valuation of a company NOW. TP will be the theoretical value of a company over a standard 12-month period. With this new system, it will therefore be possible to include many more scenarios, to make more accurate and precise assumptions and to some extent, to project ourselves at the right time for the purpose of the investment case. With TP instead of FV, we should also be more aligned with our ratings, which is always better for a good global understanding of our opinions.

## Distribution of stock ratings

Conviction BUY ratings 10.4%      BUY ratings 59%      NEUTRAL ratings 13.2%      SELL ratings 17.4%      Conviction SELL ratings 0%

## ESG

E S G	GREEN	The highest possible rating, reflecting a positive overall assessment of the company re pre-defined criteria.
	ORANGE	The rating means that we have identified at least one topic which deserves attention and would require corrective measures.
	RED	This is a red flag. The rating says that there is at least one topic identified that is simply not acceptable at present state.
	GREY	Not rated, mainly because of insufficient data.

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