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BIOCORP

Healthcare
Biotech

Khalid Deojee Jean-Jacques Le Fur, PharmD
33(0) 6 70 39 10 82 33(0) 1.70.36.57.45
kzdeojee@bryangarnier.com jjlefur@bryangarnier.com

CORPORATE

				12/22e	12/23e	12/24e		
Target price	EUR36 vs. EUR33	+11%	Share Price	EUR31.90	EV/Sales	9.9x	7.2x	4.8x
Bloomberg / Reuters	ALCO FP/ALCOR.PA	Ytd Perf.	10.0%	EV/EBITDA	62.7x	41.7x	14.7x	
Free Float	51.3%	12m high / low	EUR38.7 / EUR21.6	EV/EBIT	62.7x	41.7x	14.7x	
Avg. Daily volume'000 (6m)	3.40	Market Cap.	EUR137m	P/E	80.5x	54.4x	20.2x	
		E.V.(2022e)	EUR135m	Div Yield	0.2%	0.4%	1.0%	

Forecasting solid sales growth for Mallya and strong commitment from pharmaceutical partners

A contact with the company allowed us to assess Mallya's sales prospects and review the status of the partnerships signed with Big Pharmas. From this discussion, we understand that Biocorp is expected to have a bigger than expected ramp up of Mallya sales in the short term. Furthermore, the relationship between the company and its Big Pharma partners (Sanofi, Roche, Novo Nordisk and Merck) have never been healthier. Hence, we increase TP EUR36 vs EUR33 after integrating some changes in our model.

We are expecting big ramp up of Mallya sales over the next two years

- There is currently a high commitment from Big Pharma partners, especially from Sanofi and Novo Nordisk, to aggressively sell Mallya.
- This can be explained by two factors: Through the sales of Mallya, pharmaceutical companies expect to i/increase their brand recognition of their respective insulin products and ii/step in the digital service space.
- As a result, we expect the number of Mallya units sold to reach 300k vs 160k (in our previous estimates) by 2024.
- In order to sustain this growth, we expect the company's SG&A to grow by 10-15% this year and to ramp up its assembly lines.
- We are expecting top line sales of pharmaceutical devices to remain flat in the next coming years.

Recurrent high single-digit milestones in the next two years

- With Sanofi and Novo Nordisk launching first Mallya sales in Q4 2022, we believe that Biocorp should cash in around EUR9m as part of development milestones in 2022 and 2023.

We re-iterate BUY and increases our TP to EUR36 vs EUR33

- Taking into account the aforementioned statements, we can reasonably expect the number of Mallya units to reach 50k, 150k and 300k in 2022, 2023 and 2024 respectively.
- Our TP is therefore increased to EUR36 vs EUR33.
- Furthermore, we anticipate Biocorp to pursue its portfolio diversification with new players especially in the growth hormone franchise.
- We are therefore expecting potential new partnership deals in the near future. Altogether, these events could further fuel the stock price.

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Target price EUR36 vs. EUR33

Share price EUR31.90

Market Cap. EUR137m

EPS 3Y CAGR NM

Fiscal year end 31/12	2020	2021	2022e	2023e	2024e
Financial Summary					
EPS (EUR)	-0.28	0.07	0.40	0.59	1.58
Restated EPS (EUR)	-0.28	0.07	0.40	0.59	1.58
% change	-223%	-	487%	48%	170%
FCF (EUR)	-0.60	0.15	0.43	0.69	1.71
Net dividend (EUR)	-0.06	0.01	0.08	0.12	0.32
Average yearly Price	21.3	-	-	-	-
Avg. Number of shares, diluted (m)	4164.00	4.36	4.36	4.36	4.36
Historical Enterprise value (EURm)	-	-	-	-	-
Valuation (x)					
EV/Sales	0.0x	0.0x	9.95x	7.18x	4.80x
EV/EBITDA	0.0x	0.0x	62.70x	41.73x	14.71x
EV/EBIT	0.0x	0.0x	62.70x	41.73x	14.71x
P/E	-74.8x	0.0x	80.51x	54.39x	20.15x
FCF yield (%)	-2.8%	-	1.35%	2.17%	5.35%
Net dividend yield (%)	-0.3%	-	0.2%	0.4%	1.0%
Profit & Loss Account (EURm)					
Revenues	8.48	10.55	13.62	18.59	26.47
Change (%)	-8.6%	24.5%	29.0%	36.5%	42.4%
Adjusted EBITDA	-1.605	0.137	2.161	3.198	8.632
EBIT	-1.605	0.137	2.161	3.198	8.632
Change (%)	-283.4%	-	1472.4%	48.0%	169.9%
Financial results	-0.16	-0.09	0.00	0.00	0.00
Pre-Tax profits	-1.24	0.29	2.16	3.20	8.63
Tax	0.00	0.00	0.43	0.64	1.73
Net profit	-1.24	0.29	1.73	2.56	6.91
Restated net profit	-1.24	0.29	1.73	2.56	6.91
Change (%)	-229.4%	-	487.5%	48.0%	169.9%
Cash Flow Statement (EURm)					
Operating cash flows	-0.17	-0.45	2.43	3.76	8.51
Change in working capital	0.43	-1.51	0.00	0.00	0.00
Capex, net	-2.43	-1.00	-0.54	-0.74	-1.06
Free Cash flow	-2.60	0.66	1.88	3.01	7.45
Financial investments, net	-0.03	-0.03	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00
Capital increase	4.01	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00
Change in net debt	1.38	0.64	1.88	3.01	7.45
Net debt (+)/cash (-)	0.81	0.18	-1.70	-4.72	-12.17
Balance Sheet (EURm)					
Tangible fixed assets	3.49	3.55	3.40	2.94	2.40
Intangibles assets	0.09	0.06	0.06	0.06	0.06
Cash & equivalents	3.38	4.02	5.90	8.92	16.36
current assets	2.60	4.35	0.00	0.00	0.00
Other assets	0.54	0.56	0.56	0.56	0.56
Total assets	10.09	12.54	9.92	12.48	19.38
L & ST Debt	4.20	4.20	4.20	4.20	4.20
Others liabilities	2.97	2.96	0.00	0.00	0.00
Shareholders' funds	2.84	3.12	4.85	7.41	14.32
Total Liabilities	10.01	10.29	9.05	11.61	18.51
Ratios					
Gross margin	100.2%	103.2%	102.5%	86.5%	85.0%
EBITDA margin	-11.1%	6.5%	21.0%	23.7%	38.7%
Net debt/EBITDA (x)	-0.87	0.26	-0.60	-1.07	-1.19
Operating margin	-18.9%	1.3%	15.9%	17.2%	32.6%
Tax rate	20.0%	20.0%	20.0%	20.0%	20.0%
Net margin	-14.7%	2.8%	12.7%	13.8%	26.1%
ROE	-43.8%	9.4%	35.6%	34.5%	48.2%
ROCE	-40.1%	3.0%	50.0%	85.2%	280.7%
Gearing	29%	6%	-35%	-64%	-85%
Dividend payout	20.0%	20.0%	20.0%	20.0%	20.0%

Source: Company Data; Bryan, Garnier & Co ests.

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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%.
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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.
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Distribution of stock ratings

Conviction BUY ratings 4.7% BUY ratings 63.3% NEUTRAL ratings 22% SELL ratings 10% 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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London	Paris	Munich	New York
16 Old Queen Street London SW1H 9HP United Kingdom	92 Avenue des Champs-Élysées 75008 Paris France	Widenmayerstrasse 29 80538 Munich Germany	Bryan Garnier Securities LLC 750 Lexington Avenue 16th floor New York, NY 10022 United States
+44 207 332 2500	+33 1 56 68 75 20	+49 89 2422 62 11	+1 212 337 7000
Oslo	Stockholm	Reykjavik	
Beddingen 8, Aker Brygge Postbox: 0117 Oslo Oslo 0250 Norway	Nybrokajen 5 111 48 Stockholm Sweden	Höfðatorg, Katrínartún 2 105 Reykjavik Iceland	
+47 908 45 025	+46 722 401 080	+354 554 78 00	

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