



BRYAN, GARNIER & CO

Healthcare & Life Sciences

Biocorp (ALCOR.PA)

Rating: CORPORATE | Close: \$15.5 | PT: \$36.0

7th December 2022 08:15AM

FDA 510(k) clearance for Mallya

BIOCORP announced that FDA has awarded Mallya a 510(k) FDA clearance. As a result, Sanofi could begin the commercial launch of Mallya in the US from 2023. With the diabetic space getting more digitized, we believe that BIOCORP could sign new partnerships with CGM players such as Dexcom, Medtronic and Abbott in the future.

BIOCORP receives 510(k) FDA clearance for Mallya

- This news bodes well for the company as Sanofi will be able to begin the large-scale commercial rollout of Mallya in the US in H2 2023E. We believe that most volumes (80%) will be sold through the agreement with Sanofi in the US.

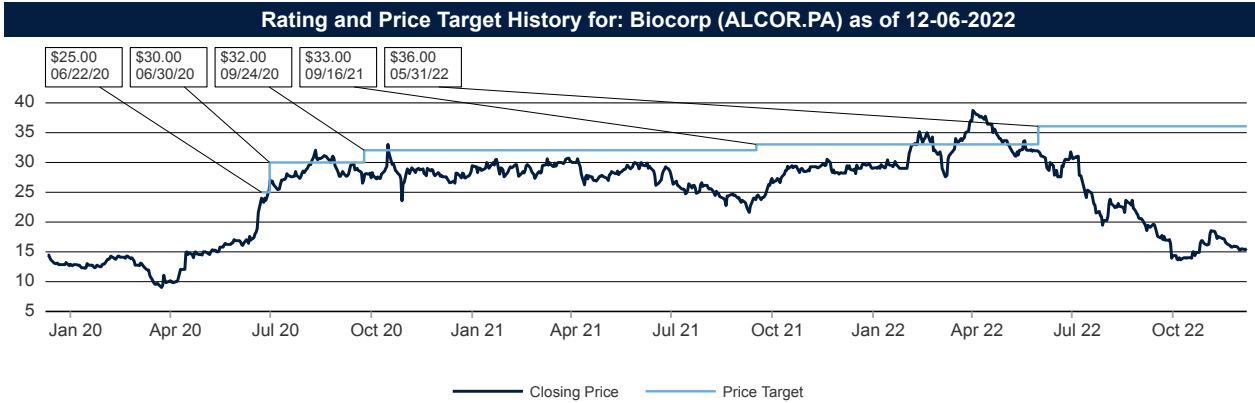
Further digitization of the diabetic space provides a tailwind for BIOCORP

- We predict the diabetic competitive landscape to evolve in the next coming years as disease monitoring gets more digitalized.
- Last month, Lilly announced it has begun rollout of Tempo, a personalized diabetes management platform to support diabetes self-management through medication reminders, education resources and insulin dose logging.
- As a reminder, Sanofi does not have connected solutions for its disposable pens. Being a major player in the field of metabolic diseases, we believe that the association of Mallya with one of Sanofi's injectable pens is a good strategy to preserve market share from players such as Lilly or Novo.
- All in all, we believe that the digitization of the diabetic space provides a tailwind for BIORCOP since the company is partnered with the biggest names in the space (Lilly, Novo Nordisk and Roche Diabetes Care). We believe that the human growth hormone will follow the same trend (BIOCORP has a partnership KGaA with Merck).

We look forward to potential new commercial partnerships with CGMs as catalysts

- We believe that the low stock valuation provides a good entry point for investors as Mallya sales are expected to ramp up as from H2 2023 (BG est. EUR 19.6m 2023 revenue vs EUR 13.6m in 2022).
- Moreover, we think that Mallya's 510K approval will accelerate the submission of Mallya's in the diabetes field as well as other therapeutic areas where the company has signed partnerships.

Khalid Deojee | +33 (0)670 391 082
kzdeojee@bryangarnier.com



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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 PT (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.

PRICE TARGET: PT is the analyst-derived theoretical value of a company over a standard 12-month period.

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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	Königinstraße 9 80539 Munich Germany	750 Lexington Avenue 16th floor New York, NY 10022 United States
+44 207 332 2500	+33 156 687 500	+49 892 422 62 11	+1 212 337 7000
Oslo	Stockholm		
Beddingen 8, Aker Brygge Postbox: 0117 Oslo Oslo 0250 Norway	Nybrokajen 5 111 48 Stockholm Sweden		
+47 908 45 025	+46 722 401 080		

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