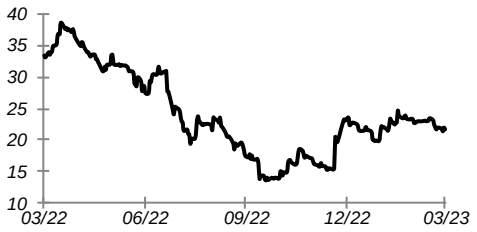
PORTZAMPARC
BNP PARIBAS GROUP

BIOCORP

Medtech



20 March 2023

Price: €21.70

Target Price: €38.00

STRONG BUY (1)

Opinion unchanged

1 : Strong Buy 2 : Buy 3 : Hold 4 : Reduce 5 : Sell

Price at 17/03/2023

Source : FactSet Research

Market	**Euronext GROWTH**
ISIN / Mnemonic	FR0012788065 / ALCOR
Reuters / Bloomberg	ALCOR.PA / ALCOR:FP
Index	Euronext GROWTH

Research partially paid by the issuer

PEA-PME	Yes
Market Cap (€m)	**94.66**
Float (%)	53.9%
Nbre of shares (Mio)	4.362
Closing	31-Dec

	21	**22e**	**23e**
PER	**ns**	**ns**	**ns**
PCF	ns	ns	ns
EV/Sales	12.0	8.3	6.7
EV/EBIT	ns	ns	ns
PB	ns	29.4	22.7
Yield	0.0%	0.0%	0.0%
Free Cash Flow Yield	-1.2%	-1.2%	-1.9%
ROACE	-	-	-
Sales	**10.2**	**11.7**	**14.7**
Previous Sales	10.2	11.7	14.7
chge y/y-1	*20.9%*	*14.8%*	*25.3%*
EBITDA	0.9	0.9	2.2
Underlying EBIT	0.1	0.0	0.9
% Sales	*1.3%*	*-0.2%*	*6.4%*
EBIT	0.2	0.0	0.9
% Sales	*1.8%*	*-0.2%*	*6.4%*
Decl.Net inc Group Sh	0.3	0.1	0.9
% Sales	*2.9%*	*0.8%*	*6.4%*
EPS	**0.07**	**0.02**	**0.22**
Previous EPS	0.07	0.02	0.22
chge y/y-1	*ns*	*-67.0%*	*875.3%*
Restated EPS	**0.07**	**0.02**	**0.22**
Net Asset per Share	0.7	0.7	1.0
Net Dividend	0.00	0.00	0.00
NFD	2.1	5.6	7.4

Calendar :
2022 Full year results on 6 April

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Insulin: Industry no longer sweetens on its patients

The Inflation Reduction Act (IRA) signed in August 2022 by President Biden offers a new opportunity for the US pharmaceutical industry to differentiate itself from its European competitors.

Strong political pressure

The IRA will cap the out-of-pocket cost of insulin therapy at $35 per month for all Medicare patients. Echoing President Biden's desire to apply this measure to all patients, Lilly was the first company to initiate price convergence of its consumer therapies to the levels required by the IRA, effective 1 March. Novo and Sanofi responded on 14 March and 16 March, but with effect from 1 January 2024.

Cascading announcements

For example, Lilly's two insulins Humalog and Humulin, whose patents date back to the last century, have had their list price cut by 70%, while Rezovgal, a recently launched biosimilar of Sanofi's Lantus, has benefited from a 78% reduction, which the French laboratory has subsequently matched. On the other hand, Basaglar, an insulin developed with Boehringer Ingelheim, is not affected by the new price scale

Novo's Levemir and Novolin insulins are down by 65% and Novolog and Novolog Mix insulins by 75%, all of which have patents dating back to the 2000s. However, Novo does not indicate any cap on out-of-pocket expenses, referring patients to programmes already in place. More recent insulins such as Tresiba or Xutolphy are not concerned.

In response to Lilly, Sanofi is lowering the price of Lantus by 78% and Apidra by 70%. It should be recalled that in June 2022, Sanofi launched its own biosimilar of Lantus with a 60% reduction of the list price. Like Lilly, Sanofi will cap the out-of-pocket expenses at $35 per month.

A risk of shortage?

With Lilly's announcements taking immediate effect, it is not impossible that there will be a rush to buy its treatments at the expense of Novo and Sanofi, although it remains to be seen whether Lilly's logistical capacity will follow. Indeed, Novo is already stretching the limits of its capacity in the face of the success of Wegovy, and Ozempic, GLP-1 analogues in different concentrations prescribed for obesity and weight loss, and which are upstream of insulin in the therapeutic arsenal for diabetes.

This sharp drop in insulin prices follows strong pressure from Washington, initiated under the Trump presidency, and from public opinion, frequently reported in the press. The market had little reaction to these announcements, which were expected and Lilly simply imposed the timing. We do not anticipate any effect on Mallya's initial orders at this stage, as these are mainly conditional on public reception of the device. Also, the need to connect the diabetes eco-system remains important and Mallya is progressively moving out of its R&D investment phase to begin commercialization. **Pending further management contact with Eric Dessertenne, we maintain our scenarios for Biocorp, and our Strong Buy(1) recommendation for a target price of €38.**

The investment recommendation in this document was issued on 20/03/2023 - 09:36 (GMT+1) and published for the first time on 20/03/2023 - 10:33 (GMT+1).

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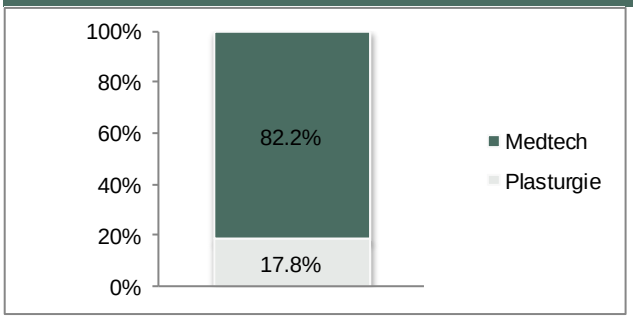
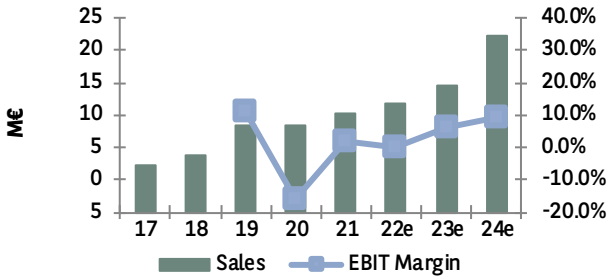
P&L Account	17	18	19	20	21	22e	23e	24e
Sales	2.3	3.9	8.4	8.5	10.2	11.7	14.7	22.2
chge y/y-1	*-21.3%*	*67.6%*	*+/++*	*0.1%*	*20.9%*	*14.8%*	*25.3%*	*50.9%*
organic chge	*-21.3%*	*67.6%*	*117.1%*	*0.1%*	*20.9%*	*14.8%*	*25.3%*	*50.9%*
EBITDA	-4.6	-4.3	1.6	-0.9	0.9	0.9	2.2	3.9
Underlying EBIT	-7.8	-5.3	0.9	-1.6	0.1	0.0	0.9	2.1
chge y/y-1	*-/--*	*- -/-*	*-/+*	*+/-*	*-/+*	*+/-*	*-/+*	*+/++*
EBIT	-7.9	-5.4	1.0	-1.3	0.2	0.0	0.9	2.1
RCAI	-7.9	-5.6	0.8	-1.5	0.1	-0.1	0.7	1.9
Tax Rate	0.4	0.3	0.2	0.3	0.2	0.2	0.2	0.1
Declared Group Net income	-7.5	-5.3	1.0	-1.2	0.3	0.1	0.9	2.0
Restated Group Net income	-7.5	-5.3	1.0	-1.2	0.3	0.1	0.9	2.0
chge y/y-1	*-/--*	*- -/-*	*-/+*	*+/-*	*-/+*	*-67.0%*	*+/++*	*+/++*
AACR Sales 2019 / 2023e	14.9%							
Gross Margin (%)	81.8%	85.4%	94.2%	91.8%	95.9%	91.7%	84.0%	67.1%
Operating Margin (%)	ns	ns	11.3%	-15.8%	1.8%	-0.2%	6.4%	9.4%
Net margin (%)	ns	ns	11.4%	-14.7%	2.9%	0.8%	6.4%	8.9%
Tax Rate (%)	4.7%	5.9%	-20.2%	16.8%	-205.5%	194.6%	-26.7%	-4.7%
Cost of personnel / Sales (%)	146.7%	97.1%	41.6%	52.5%	49.4%	50.0%	42.0%	29.7%
Sales/employees (K€)	48	85	184	146	157	-	-	-
chge y/y-1	*-/+*	*74.9%*	*+/++*	*-20.6%*	*7.9%*	-	-	-
Avg nb of staff	48	46	46	58	65	-	-	-
chge y/y-1	*-/+*	*-4.2%*	*0.0%*	*26.1%*	*12.1%*	-	-	-

Balance Sheet	17	18	19	20	21	22e	23e	24e
Equity value (group's share)	-1.3	-1.8	0.0	2.8	3.1	3.2	4.2	6.2
Net Financial Debt	3.0	3.8	1.8	0.7	2.1	5.6	7.4	7.3
Other	-0.3	-0.2	-0.4	-0.5	-0.6	-3.0	-3.0	-3.0
Invested Capital	**1.4**	**1.7**	**1.5**	**3.0**	**4.7**	**5.8**	**8.6**	**10.4**
Net Fixed Assets	2.2	1.6	2.0	3.9	4.2	6.8	9.1	9.8
o/w goodwill	-	-	-	-	-	-	-	-
o/w financial assets	0.3	0.2	0.4	0.5	0.6	3.0	3.0	3.0
WCR	-0.5	0.3	-0.1	-0.4	1.1	2.0	2.5	3.7
Capital employed	**1.4**	**1.7**	**1.5**	**3.0**	**4.7**	**5.8**	**8.6**	**10.4**
Gearing (%)	-237.2%	-207.5%	5794.1%	23.6%	67.2%	174.4%	178.0%	118.8%
WCR/Sales (%)	-21.3%	8.1%	-1.5%	-4.9%	10.3%	17.2%	17.0%	16.7%
Net Financial Debt/EBITDA (x)	ns	ns	1.2	ns	2.3	6.2	3.4	1.9
ROE (%)	ns	ns	ns	ns	9.4%	3.0%	22.8%	32.2%
ROACE (%) after normative tax	-	-	-	-	-	-	-	-

Cash Flow statement	17	18	19	20	21	22e	23e	24e
Cash Flow	-4.2	-4.3	1.6	-0.6	1.1	1.0	2.2	3.8
Change in WCR	0.2	-0.8	0.3	0.4	-1.5	-1.0	-0.5	-1.2
Capital expenditures	-0.9	-0.4	-1.0	-2.4	-1.0	-1.2	-3.5	-2.5
% of Sales	40.8%	10.5%	11.5%	28.7%	9.8%	10.3%	23.8%	11.3%
Free Cash Flow	**-5.0**	**-5.5**	**0.9**	**-2.6**	**-1.5**	**-1.2**	**-1.8**	**0.1**
Asset disposal	0.3	0.3	0.5	2.3	2.1	0.1	0.0	0.0
Financial Investments	-0.3	-0.4	-0.5	-2.4	-2.1	-2.5	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	0.0	4.7	0.9	4.0	0.0	0.0	0.0	0.0
Other	-0.1	0.1	0.1	-0.2	0.0	0.0	0.0	0.0
Change in Net Financial Debt	5.0	0.8	-1.9	-1.2	1.4	3.5	1.8	-0.1
Net Financial Debt	**3.0**	**3.8**	**1.8**	**0.7**	**2.1**	**5.6**	**7.4**	**7.3**



Change in Sales and EBIT Margin



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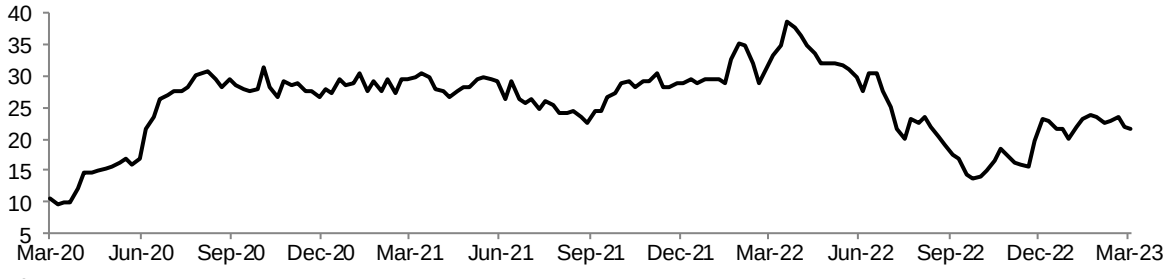
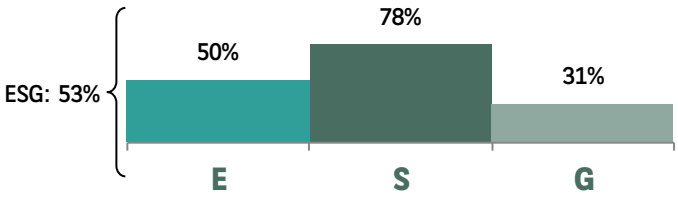
Data per Share	17	18	19	20	21	22e	23e	24e
EPS	-2.21	-1.32	0.23	-0.28	0.07	0.02	0.22	0.45
chge y/y-1	-/--	- -/-	-/+	+/-	-/+	-67.0%	+/++	+/++
CFPS	-1.2	-1.1	0.4	-0.1	0.2	0.2	0.5	0.9
NAPS	-0.4	-0.5	0.0	0.7	0.7	0.7	1.0	1.4
Net Dividend (distributed y+1)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payout (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AACR EPS 2019 / 2023e	-1.6%							
AACR CFPS 2019 / 2023e	6.6%							

Valuation	17	18	19	20	21	22e	23e	24e
PER (x)	ns	ns	48.4	ns	ns	ns	ns	47.8
PCF (x)	ns	ns	29.1	ns	ns	ns	ns	24.8
PNAV (x)	ns	ns	ns	ns	ns	29.4	22.7	15.4
EV/Sales (x)	15.4	10.9	5.7	11.1	12.0	8.3	6.7	4.5
EV/EBITDA (x)	ns	ns	ns	ns	ns	ns	ns	25.2
EV/EBIT (x)	ns	ns	ns	ns	ns	ns	ns	ns
Free Cash Flow Yield (%)	-15.1%	-14.2%	2.0%	-2.8%	-1.2%	-1.2%	-1.9%	0.1%
Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Market Cap (M€)	33.1	38.9	46.5	93.6	121.1	94.7	94.7	94.7
Enterprise Value (EV)	35.8	42.4	47.9	93.7	122.7	97.3	99.1	99.0
Reference Price (€)	**9.8**	**9.6**	**11.2**	**21.5**	**27.8**	**21.7**	**21.7**	**21.7**
Nb of shares (Mio)	3.390	4.033	4.147	4.362	4.362	4.362	4.362	4.362
Restated Nb of shares (Mio)	3.390	4.033	4.147	4.362	4.362	4.362	4.362	4.362
% dilution	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Listing Date	17/07/2015							
Adjusted Listing Price	5.8 €							

Intermediate Data	17	18	19	20	21	22	23	24
Q1 Sales	-	-	-	-	-	-	-	-
Q2 Sales	-	-	-	-	-	-	-	-
H1 Sales	1.1	2.0	5.2	3.8	3.6	3.0		
H1 EBIT	-2.8	-2.8	1.2	-1.0	-1.3	-2.4		
H1 restated Net result Group share	-2.7	-2.7	1.2	-0.8	-1.2	-2.3		
H1 Operating Margin	ns	ns	22.9%	-25.2%	-37.0%	ns		
H1 Net Margin	ns	ns	23.6%	-20.4%	-34.1%	ns		
Q3 Sales			-	-	-	-	-	-
Q4 Sales			-	-	-	-	-	-
H2 Sales	1.3	1.9	3.2	4.6	6.6			
H2 EBIT	-5.1	-2.6	-0.2	-0.4	1.5			
H2 restated Net result Group share	-4.8	-2.6	-0.3	-0.5	1.5			
H2 Operating Margin	ns	ns	-7.6%	-8.1%	22.9%			
H2 Net Margin	ns	ns	-8.7%	-10.0%	22.9%			
Growth Rate (y/y-1)								
Q1 Sales	-	-	-	-	-	-	-	-
Q2 Sales	-	-	-	-	-	-	-	-
Q3 Sales			-	-	-	-	-	-
Q4 Sales			-	-	-	-	-	-
H1 Sales	-33.3%	83.8%	+/++	-27.4%	-5.7%	-16.2%		
H2 Sales	-7.2%	53.9%	65.8%	45.2%	42.7%			
H1 EBIT	-/--	-/--	-/+	+/-	-/--	-/--		
H2 EBIT	-/--	- -/-	- -/-	-/--	-/+			

Price History





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ESG Criteria				
ENVIRONMENT	**2019**	**2020**	**2021**	**Comments**
Carbon footprint				
GHG emissions in kteqCO2 (Scope 1 and 2) / Sales (€m)	NA	NA	NA	In progress
CO2 emissions offsetting policy	NA	NA	ND	In progress
Positive environmental impact identified	No	No	No	
Environmental Policy				
Publication of an environmental report	No	No	No	
Fines/environmental litigation over the last 3 years	No	No	No	
14001 certification	No	No	No	
SOCIAL	**2019**	**2020**	**2021**	**Comments**
Promoting diversity				
Share of women in company	35%	37%	38%	
Equal pay index women/men	NA	NA	NA	
Action plan for equal opportunities and diversity	ND	ND	ND	In progress
Share of the disabled	NA	NA	5.0%	
Training				
Part of employees who received training during the last year	NA	NA	60%	
Recruitment & Attraction				
Employment turnover rate	NA	NA	7.0%	
Certification Great place to work	ND	ND	ND	
Working conditions				
Presence of an HRD on the steering committee	No	No	No	
Encouraging employee shareholding	No	No	Yes	
Number of shares held by employees	NA	NA	104	
Absenteeism rate	NA	NA	3.0%	
Workplace accident frequency rate	NA	0	0	
GOVERNANCE & SHAREHOLDING	**2019**	**2020**	**2021**	**Comments**
Compliance with the Afep-Medef code	Yes	Yes	Yes	
Composition of governance bodies				
Separation of the functions of Chairman and Chief Executive Officer	Yes	Yes	Yes	
Number of members of the Board of Directors	5	5	5	
of which independent	2	2	2	
of which women	0	0	0	
Employee representative on the Board of Directors	No	No	No	
Attendance of Board members	NA	NA	90%	
Audit Committee	No	No	No	
Risk Committee	No	No	No	
Risk Committee: a section dedicated to cybersecurity	No	No	No	
CSR Committee	No	No	No	
Respect of minority shareholders				
Double/multiple voting rights	Yes	Yes	Yes	
Weight of the main shareholder	65%	62%	63%	Gardette Family
Executive compensation				
Transparency on the CEO's remuneration	ND	ND	ND	
Statement of the CEO's remuneration	ND	ND	ND	
Compensation of the CEO linked to CSR performance criteria	ND	ND	ND	
Fairness ratio	NA	NA	NA	
EXTERNAL STAKEHOLDERS	**2019**	**2020**	**2021**	**Comments**
Implementation of an ethics charter with its suppliers	ND	ND	ND	In progress
Implementation of customer satisfaction indicators	Yes	Yes	Yes	
Share of financial audit costs in audit costs	100%	100%	100%	

Compulsory disclosures

Stock recommendations

Our stock recommendations reflect the total return expected on the share over a 6-12 month investment horizon. They are based on target prices defined by the analyst and incorporate exogenous factors related to the market environment, which are subject to wide variations. Portzamparc's analysts use a fundamental multi-criteria approach when valuing a share (mainly, but not limited to, discounting of cash flows, comparable multiples, transaction multiples, sum of the parts and revalued net assets).

STRONG BUY (1): Expected return in excess of +15%

BUY (2): Expected return of between +5% and +15%

HOLD (3): Expected return of between -5% and +5%

REDUCE (4): Expected return of between -5% and -15%

SELL (5): Expected return of less than -15% or poor visibility on the fundamentals of the company.
All the disclaimers relating to Portzamparc's research (records of ratings, commitment to transparency, policy for handling conflicts of interest, rating system, rating breakdown, etc.) are available at **https://www.midcaps.portzamparc.fr/wp-content/fileadmin/pubt/avertissements.pdf** (institutional investors) or by contacting your usual adviser (private investors).

Unless otherwise specified, all prices are previous day's closing prices.

Ratings applied to the issuer in the past 12 months

The following table shows the changes of rating and target price made by the financial analysis department of Portzamparc over a 12-month period.

Recommendations are updated either when a comment is made in connection with an official or legal publication, or when an exceptional event occurs (external growth, significant agreements).

Date	Analyst	Target Price	Closing Price	Old Recommendation	New Recommendation
10/06/2022 8:30	Clément Bassat	€43.8	€30		STRONG BUY (1)

Potential conflicts of interest for PORTZAMPARC

Company	*Potential conflicts of interest*
Biocorp	6

1. Portzamparc holds or controls 5% or more of the issuer's share capital;
2. The issuer, or its main shareholders, hold or control, directly or indirectly, 5% or more of Portzamparc's share capital;
3. Portzamparc has been lead manager or co-lead manager in a public offering of financial instruments of the issuer in the past 12 months;
4. Portzamparc is market maker for the financial instruments of the issuer;
5. Portzamparc has entered into a liquidity agreement with the issuer;
6. Portzamparc and the issuer have signed an analysis service agreement whereby Portzamparc has undertaken to produce and disseminate investment research on the issuer;
7. Portzamparc has received payment from the issuer in consideration for the provision of investment services or financial advisory services in the last 12 months;
8. The author of this document or any person who has assisted in its preparation (or a member of their household), and any person who, while not involved in the preparation of the report, has had, or can be reasonably assumed to have had, access to material elements of this document prior to its dissemination, holds a net or short position representing more than 0.5% of the issuer's share capital;
9. The rating published in this document has been disclosed to the issuer prior to publication and dissemination and subsequently amended prior to its dissemination.

Potential conflicts of interest for BNP PARIBAS
Companies in which BNP Paribas holds interests: https://wealthmanagement.bnpparibas/en/conflict-of-interest.html

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