

EQUITY RESEARCH

ABIONYX PHARMA

RESULTS REVIEW

BUY, TP 8.1€
Up/Downside: 390%

Iris Pharma Synergies Exceeding Expectations

During H1, R&D efforts continued for a number of indications with promising results without deteriorating the company's operating performance, in particular thanks to the synergies achieved with Iris Pharma.

Thanks to revenue of €2.6m (Iris Pharma's CRO activity consolidated since December 2021, 0 revenue in H1 2021) and the reduction of R&D costs linked to the 100% financing by a consortium of the CER-001 study for septic shock in Italy, on the one hand, and the neutralisation of intra-group costs with Iris Pharma, and on the other hand, (historical CRO in ophta), the H1'22 operating loss amounted to -€2.5m, stable compared to H1 2021 (-€2.6m) despite the acceleration of research programmes (LCAT, septic shock, Covid, ophta, etc.). The performance surpassed expectations: forecasted operating loss of -€3.5m after underestimated the synergies linked to the merger with Iris Pharma. After financial expenses and in the absence of taxes, H1 net revenue stood at €2.6m, vs. an estimated €3.6m. Cash and cash equivalents at the end of June were €4m, vs. €7.9m on 31 Dec 2021.

Research programmes around the HDL biomolecule CER-001 are continuing for the following indications: 1) LCAT (orphan drug designation obtained in Europe in Sept. 21 and in the US in March 2022), 2) septic shock (Racers Study: start of patient enrolment in June 2021, first results published in April 2022, finalisation of the enrolment of the 20 targeted patients and publication of the final results expected before the end of 2022), 3) Covid (ATU obtained at the beginning of the year and promising first results published in March), and 4) in the ophthalmological field (uveitis, corneal opacification, and other indications). The research newsflow should remain strong.

To take into account the strong synergy surprise in H1, we are reducing our 2022 operating loss forecast to €5m (€6.7m in 2021 pro forma) vs. the previous forecast of €7.8m. For the coming years, however, in view of the diversification of research programmes around CER-001 (new Covid indication) and related expenses, we maintain our scenario of increasing losses, even if revenue should continue to grow (contribution from CRO activity, sales in the LCAT indication, then Ophta, etc.): EBIT estimated at €12.6m in 2023 and -€12.1m in 2024.

With a cash position of €4.0m at the end of June, plus the financing for the Racers study, the group will continue to invest in R&D, which should help fuel the newsflow in the coming months (ophta strategic plan, new patients for LCAT, results of the Racers study, etc.). Thus, we are reiterating both our Buy rating and TP of €8.1.

Key data

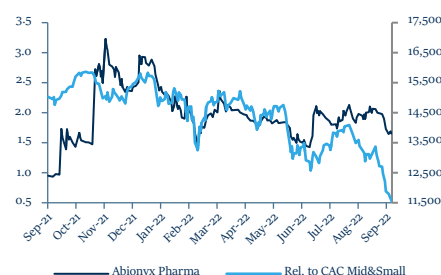
Price (€)	1.7
Industry	Healthcare
Ticker	ABNX-FR
Shares Out (m)	30.821
Market Cap (m €)	50.9
Average trading volumes (k shares / day)	66.156
Next event	RN 2021 : 28/04/2022

Ownership (%)

Domundi (E. Huynh)	11.8
Cyrille Tupin	3.3
Luc Demarre	4.5
Sadok Belmokhtar	6.8
Free float	63.2

EPS (€)	12/22e	12/23e	12/24e
Estimates	-0.17	-0.38	-0.32
Change vs previous estimates (%)	na	na	na

Performance (%)	1D	1M	YTD
Price Perf	-2.2	-15.3	-32.4
Rel CAC Mid&Small	-0.4	-2.9	-9.3



TP ICAP Midcap Estimates	12/21	12/22e	12/23e	12/24e	Valuation Ratio	12/22e	12/23e	12/24e
Sales (m €)	0.7	6.7	7.8	11.3	EV/Sales	7.3	6.4	4.4
Current Op Inc (m €)	-6.0	-5.0	-12.6	-12.1				
Current op. Margin (%)	na	na	na	na				
EPS (€)	-0.21	-0.17	-0.38	-0.32				
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-6.9	-6.0	-12.8	-12.1				

Consensus FactSet - Analysts:1	12/22e	12/23e	12/24e
Sales	7.8	11.3	na
EBIT	-12.6	-12.1	na
Net income	-12.8	-12.4	na

Analyst

Claire Deray - Sponsor Finance for TPICAP Midcap

FINANCIAL DATA

Income Statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
Sales	0.0	0.0	0.7	6.7	7.8	11.3
Changes (%)	-100.0	na	na	890.7	16.9	44.9
Gross profit	0.0	0.0	0.3	0.7	1.4	3.9
% of Sales	na	na	38.4	9.9	18.5	34.7
EBITDA	-2.5	-2.9	-5.8	-4.4	-12.0	-11.5
% of Sales	na	na	-864.1	-66.4	-152.9	-101.2
Current operating profit	-2.5	-3.0	-6.0	-5.0	-12.6	-12.1
% of Sales	na	na	-881.8	-75.4	-160.6	-106.5
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-2.5	-3.0	-6.0	-5.0	-12.6	-12.1
Net financial result	4.4	1.2	0.1	-0.0	-0.0	-0.0
Income Tax	-0.0	-0.1	0.0	-0.3	-0.2	-0.3
Tax rate (%)	2.0	-6.4	0.0	-5.7	-1.9	-2.1
Net profit, group share	1.8	-1.9	-5.8	-5.4	-12.8	-12.4
EPS	0.08	na	na	na	na	na
Financial Statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
Goodwill	0.0	0.0	5.4	5.4	5.4	5.4
Tangible and intangible assets	0.0	0.1	0.4	0.3	0.1	-0.0
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.1	0.1	3.0	2.7	2.3	1.9
Working capital	0.5	-1.8	0.3	1.5	2.0	2.2
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets	0.5	-1.5	9.1	9.8	9.8	9.5
Shareholders equity group	6.7	6.6	10.7	10.3	9.5	9.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	1.0	1.0	1.4	1.4	1.4	1.4
Net debt	-7.1	-9.1	-3.0	-1.9	-1.1	-1.0
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	0.5	-1.5	9.1	9.8	9.8	9.5
Net debt excl. IFRS 16	-7.1	-9.1	-3.0	-1.9	-1.1	-1.0
Gearing net	-1.1	-1.4	-0.3	-0.2	-0.1	-0.1
Leverage	2.8	3.1	0.5	0.4	0.1	0.1
Cash flow statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
CF after elimination of net borrowing costs and taxes	1.7	-1.6	-4.8	-5.1	-12.5	-12.1
Δ WCR	-1.3	2.1	-1.7	-1.2	-0.5	-0.2
Operating cash flow	0.4	0.5	-6.6	-6.3	-13.0	-12.3
Net capex	0.0	-0.1	-0.2	-0.1	-0.1	-0.1
FCF	-4.0	-0.7	-6.9	-6.0	-12.8	-12.1
Acquisitions/Disposals of subsidiaries	0.0	-0.1	-0.2	-0.1	-0.1	-0.1
Other investments	0.0	0.0	1.5	0.0	0.0	0.0
Change in borrowings	-0.2	-0.2	-0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Others	1.0	1.8	4.0	5.0	12.0	12.0
Changes in exchange rates	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	-3.1	0.8	-1.4	-1.0	-0.8	-0.1
ROE (%)	27.7%	na	na	na	na	na
ROCE (%)	na	209.2%	na	na	na	na

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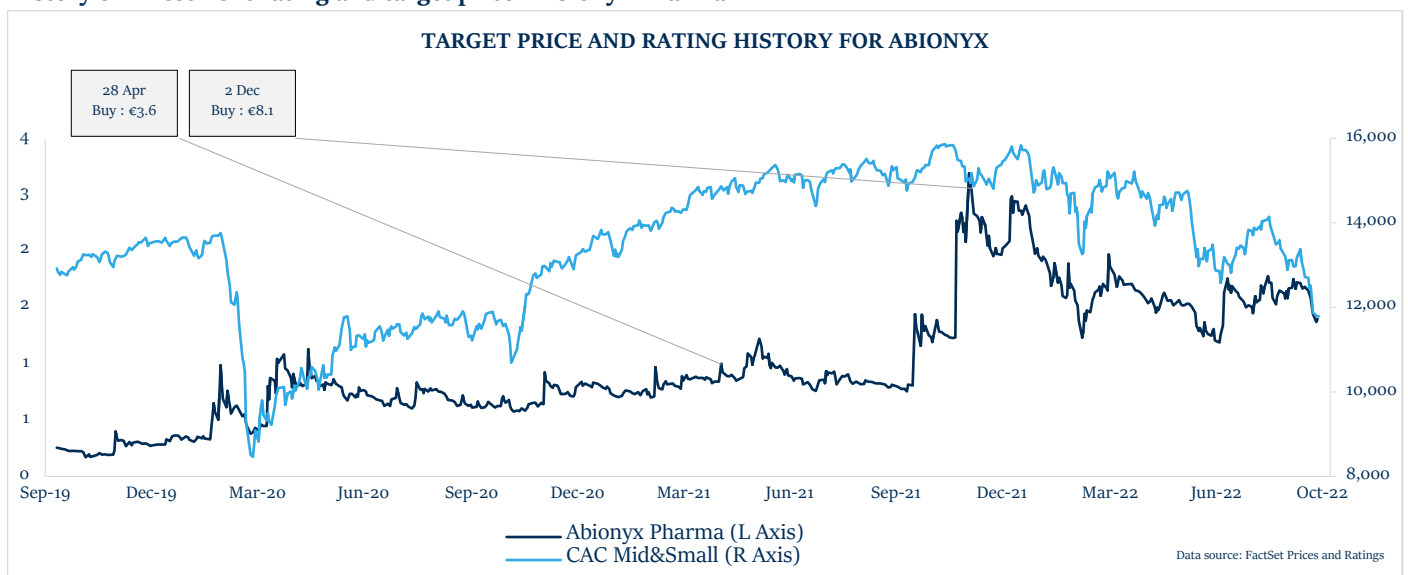
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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History of investment rating and target price - Abionyx Pharma



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	87%	63%
Hold	13%	35%
Sell	1%	0%
Under review	0%	

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Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

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