

Sensorion

France | Pharma & biotech | MCAPEUR 13.6m

23 November 2018

Buy

Target Price	EUR 3.70
Current Price	EUR 1.05
Up/downside	252.4%
Change in TP	none
Change in EPS	none 18E / none 19E

Academic deal signed with Pasteur Institute

Sensorion entered into exclusive negotiations with the Pasteur Institute for its hearing loss gene therapy programme. The unit of the Pasteur Institute is led by Pr. Christine Petit, who also chairs Sensorion's scientific advisory board. Buy maintained, TP unchanged.

A new programme to revamp the pipeline

Following the disappointing announcement regarding delays in both the seliforant and SENS-401 programmes, Sensorion is refuelling its early-stage pipeline. The company has announced that it has entered into exclusive negotiations with the Pasteur institute for its hearing loss gene therapy programmes. Sensorion and Pasteur Institute will collaborate on different forms of hearing loss, including the Usher Syndrome type1 and otoferlin-deficiency. Of notice, the unit of the Pasteur institute that is in charge of the gene therapy development is led by Pr. Christine Petit, who also chairs Sensorion's scientific advisory board. No details on the type of collaboration have been disclosed. We note that the gene therapy applied to hearing loss is gaining interest from investors, as seen with the recent USD50m funding received by Akouos in August 2018.

Update on other programmes

The recent delays in both SENS-111 and SENS-401 have led to a drop in the share price. On seliforant, Sensorion has changed the design of its study, as it now aims to enroll just c. 100 patients versus 207 initially following a disappointing recruitment level. Results are now expected in H2 2019 versus Q4 2018 initially. Due to the small addressed population in the AUV, we barely factor in value for this programme. However, we focus our attention on the SENS-401 programme, which also saw a delay as interim results are now expected in Q4 2019 versus mid-2019 initially. Thus, Sensorion needs to fill a six-month gap, as the company has a cash runway until Q2 2019.

Valuation and TP

We value Sensorion based on the rNPV (WACC: 15%) of the two main projects seliforant and SENS-401 in their clinically studied indications. Buy maintained, TP unchanged.

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Market data

Bloomberg: ALSEN FP	Reuters: ALSEN.PA
Market cap (EURm)	14
Free float	46%
No. of shares outstanding (m)	13
Avg. daily volume (EURm)	0.2
YTD abs performance	-71.6%
52-week high/low (EUR)	4.10/1.01

FY to 31/12 (EUR)	12/16	12/17	12/18E
Sales (m)	1.8	0.1	0.0
EBITDA adj (m)	-8.1	-9.6	-10.6
EBIT adj (m)	-8.4	-10.0	-10.9
Net profit adj (m)	-8.8	-10.0	-8.2
Net fin. debt (m)	-8.4	-7.7	-8.0
FCF (m)	-7.7	-11.1	-8.3
EPS adj. and fully dil.	high	high	high
Consensus EPS	na	-0.90	na
Net dividend	0.00	0.00	0.00

FY to 31/12 (EUR)	12/16	12/17	12/18E
P/E adj and ful. dil.	0.0	0.0	0.0
EV/EBITDA	na	na	na
EV/EBIT	na	na	na
FCF yield	-20.1%	-26.0%	-61.5%
Dividend yield	0.0%	0.0%	0.0%
Net fin.debt/EBITDA	1.0	0.8	0.8
Gearing	-97.5%	-104.5%	-103.2%
ROIC	na	na	na
EV/IC	na	35.3	5.5



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Key financials

FY to 31/12 (EUR)	na	12/12	12/13	12/14	12/15	12/16	12/17	12/18E
Income Statement (EURm)								
Sales	na	0.2	0.4	0.3	1.3	1.8	0.1	0.0
% Change	na	na	66.3%	-29.0%	349.1%	35.8%	-95.5%	-chg
EBITDA adjusted	na	-1.0	-1.5	-2.8	-4.6	-8.1	-9.6	-10.6
EBITDA margin (%)	na	-393.8%	-359.6%	-963.0%	-354.9%	-455.9%	-12,230.3%	na
EBIT adjusted	na	-1.0	-1.5	-2.9	-4.8	-8.4	-10.0	-10.9
EBIT margin (%)	na	-396.0%	-364.9%	-987.0%	-364.7%	-475.8%	-12,678.3%	na
Net financial items & associates	na	0.0	-0.2	-0.2	-0.1	-0.4	0.0	0.0
Others	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	na	0.0	0.0	0.0	0.0	0.0	0.0	2.7
Net profit from continuing operations	na	-1.0	-1.6	-3.1	-4.8	-8.8	-10.0	-8.2
Net profit from discontinuing activities	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	na	-1.0	-1.6	-3.1	-4.8	-8.8	-10.0	-8.2
Net profit reported	na	-1.0	-1.6	-3.1	-4.8	-8.8	-10.0	-8.2
Net profit adjusted	na	-1.0	-1.6	-3.1	-4.8	-8.8	-10.0	-8.2
Cash Flow Statement (EURm)								
Cash flow from operating activities	na	-0.8	-1.4	-2.3	-5.1	-7.2	-10.6	-7.8
Capex	na	0.0	-0.2	-0.7	-0.3	-0.5	-0.5	-0.5
Free cash flow	na	-0.8	-1.6	-3.0	-5.4	-7.7	-11.1	-8.3
Acquisitions & Divestments	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend paid	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	na	0.8	1.9	3.2	18.5	2.3	10.3	8.7
Change in net financial debt	na	0.0	0.3	0.3	13.2	-5.4	-0.8	0.3
Balance Sheet (EURm)								
Intangible assets	na	0.0	0.1	0.7	0.7	0.8	0.8	0.8
Tangible assets	na	0.0	0.1	0.1	0.2	0.3	0.4	0.4
Financial & other non-current assets	na	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Total shareholders' equity	na	0.0	-1.2	-0.3	12.8	8.6	7.4	7.8
Pension provisions	na	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Liabilities and provisions	na	0.3	2.3	2.5	3.6	3.1	3.8	3.8
Net financial debt	na	-0.1	-0.4	-0.1	-13.3	-8.4	-7.7	-8.0
Working capital requirement	na	0.0	-1.6	-0.6	-1.0	-0.3	0.6	0.6
Invested Capital	na	0.0	-1.5	-0.5	-0.8	0.0	1.0	1.0
Per share data								
EPS adjusted	na	high	high	high	high	high	high	high
EPS adj and fully diluted	na	high	high	high	high	high	high	high
% Change	na	na	high	high	high	high	high	high
EPS reported	na	high	high	high	high	high	high	high
Cash flow per share	na	high	high	high	high	high	high	high
Book value per share	na	high	high	high	high	high	high	high
Dividend per share	na	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of shares, YE (m)	na	0.10	0.12	0.28	6.13	6.83	8.92	12.91
Ratios								
ROE (%)	na	na	na	na	-77.5%	-82.4%	-124.6%	-108.5%
ROIC (%)	na	na	na	na	na	na	na	na
Net fin. debt / EBITDA (x)	na	0.1	0.3	0.0	2.9	1.0	0.8	0.8
Gearing (%)	na	-547.5%	na	na	-104.1%	-97.5%	-104.5%	-103.2%
Valuation								
P/E adjusted	na	na	na	na	0.0	0.0	0.0	0.0
P/E adjusted and fully diluted	na	na	na	na	0.0	0.0	0.0	0.0
P/BV	na	na	na	na	0.0	0.0	0.0	0.0
P/CF	na	na	na	na	0.0	0.0	0.0	0.0
Dividend yield (%)	na	na	na	na	0.0%	0.0%	0.0%	0.0%
Dividend yield preference shares (%)	na	na	na	na	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	na	na	na	na	-7.4%	-20.1%	-26.0%	-61.5%
EV/Sales	na	na	na	na	45.1	16.8	na	na
EV/EBITDA	na	na	na	na	na	na	na	na
EV/EBIT	na	na	na	na	na	na	na	na

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Companies mentioned

Stock	ISIN	Currency	Price
Sensorion	FR0012596468	EUR	1.05

Source: Factset closing prices of 22/11/2018

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Rating ratio Kepler Cheuvreux Q3 2018

Rating Breakdown	A	B
Buy	49%	47%
Hold	35%	43%
Reduce	13%	8%
Not Rated/Under Review/Accept Offer	3%	2%
Total	100%	100%

Source: KEPLER CHEUVREUX

A: % of all research recommendations

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Sensorion (EUR)	14/06/2018 07:35	Equity Research	Buy	4.00	3.21
	19/10/2018 07:20	Equity Research	Buy	3.70	2.77

Credit research does not issue target prices. Left intentionally blank.

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