

# Sensorion

France | Pharma & biotech | MCAPEUR 13.9m

14 December 2018

## Buy

|               |                     |
|---------------|---------------------|
| Target Price  | EUR 3.70            |
| Current Price | EUR 1.07            |
| Up/downside   | 244.5%              |
| Change in TP  | none                |
| Change in EPS | none 18E / none 19E |

## Positive phase IIa results for seliforant

Sensorion has announced positive top-line results for the phase IIa, comparing seliforant to meclizine during a vestibular conflict. This trial does not negate the fact that seliforant suffered a strong delay in its phase IIb in AUV, with top-line results now expected in H2 2019 (vs. Q4 2018 initially). Buy maintained. TP unchanged.

### Positive read-out on tolerability

Sensorion has announced the positive results for its phase IIa SENS-111-202 comparing the effect of seliforant (SENS-111) and meclizine during a vestibular conflict. Meclizine can prevent vestibular motion sickness and reduce the severity of symptoms even if taken after the onset of symptoms. However, a main side effect of meclizine is its sedative effect, which can potentially prevent patients from functioning during treatment of a vertigo attack. In SENS-111-202, 32 patients received four treatment regimens once (seliforant 100mg, 200mg, or meclizine 50mg, or a placebo), one week apart, in a random order. The top-line result has been reached in a statistical manner. Primary endpoints included repeated objective psychometric measures of vigilance and cognitive performance during a motion stimulus. The aim of the study was to confirm the preclinical data that have shown that seliforant, unlike meclizine, does not have a negative impact on the CNS such as sedation, memory impairment, and cognitive performance. It also aimed to demonstrate a better efficacy profile associated with a vestibular conflict (imbalance, impaired cognitive process, dizziness, and nausea).

### Seliforant is suffering delays

While interesting, these results do not negate the fact that the phase IIb of seliforant in AUV (acute unilateral vestibulopathy) has suffered from strong delays in patient recruitment. Thus, Sensorion announced in October a change in the design of this study. Sensorion intends to recruit c. 100 patients versus 207 initially. The company now expects a first readout of the leading seliforant clinical programme in H2 2019 versus Q4 2018 initially.

### Valuation and rating

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

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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           | -71.0%            |
| 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%  | -60.1%  |
| 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    | 5.9     |



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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  |
|--|----|---------|---------|---------|---------|---------|------------|---------|
| <b>Income Statement (EURm)</b>           |    |         |         |         |         |         |            |         |
| 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    |
| <b>Cash Flow Statement (EURm)</b>        |    |         |         |         |         |         |            |         |
| 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     |
| <b>Balance Sheet (EURm)</b>              |    |         |         |         |         |         |            |         |
| 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     |
| <b>Per share data</b>                    |    |         |         |         |         |         |            |         |
| 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   |
| <b>Ratios</b>                            |    |         |         |         |         |         |            |         |
| 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% |
| <b>Valuation</b>                         |    |         |         |         |         |         |            |         |
| 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%     | -60.1%  |
| 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      | 1.07  |

Source: Factset closing prices of 13/12/2018

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|--------------|--|
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|-------------------------------------|------|------|
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| Reduce                              | 13%  | 8%   |
| Not Rated/Under Review/Accept Offer | 3%   | 2%   |
| Total                               | 100% | 100% |

Source: KEPLER CHEUVREUX

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| Company Name    | Date             | Business Line   | Rating | Target Price | Closing Price |
|-----------------|------------------|-----------------|--------|--------------|---------------|
| 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          |

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