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Advicenne

Le OK du CHMP pour le Sibnayal (ADV7103) dans les ATRd

Jeudi dernier, Advicenne, a reçu notification de l'opinion positive du CHMP à l'égard du Sibnayal (ADV7103) pour le traitement des acidoses tubulaires rénales distales (ATRd). Achat Fort avec un objectif de cours de 27,35 €.

CHMP says Ok for Sibnayal (ADV7103) in dRTA

Last Thursday, Advicenne, was notified of the positive opinion of CHMP toward ADV7103 (Sibnayal) for the treatment of distal renal tubular acidosis (dRTA). Strong Buy with a TP of € 27.35.

Recommendation	**1. Strong buy**
Closing price on 14 Dec. 2020	**11,15 €**
Target price	**27,35 € (+145,3 %)**

Le CHMP de l'EMA a rendu une opinion positive recommandant l'enregistrement de l'ADV7103 (Sibnayal) pour le traitement des acidoses tubulaires rénales distales (ATRd). C'est une étape essentielle dans le processus d'enregistrement de la molécule phare d'Advicenne.

Jeudi dernier, le CHMP de l'EMA, à l'issue de son processus décisionnel de 210 jours, a reconnu l'intérêt scientifique, clinique de l'ADV7103 dans le traitement des ATRd, une pathologie orpheline particulièrement débilitante chez les jeunes enfants et pour laquelle les besoins médicaux sont patents. L'ADV7103 ou Sibnayal devrait donc être le premier traitement à obtenir une autorisation de mise sur le marché pour cette pathologie. Les prochains objectifs de la société sont la finalisation de l'AMM (retour de la Commission Européenne), puis l'initiation de la commercialisation avec des partenaires de distribution, et en parallèle la poursuite de ses autres essais cliniques : Sibnayal aux USA dans l'ATRd, Sibnayal dans la cystinurie en Europe et aux USA, avec notamment des process simplifiés.

Nous maintenons notre opinion Achat Fort sur la valeur et notre TP est de 27,35 €.

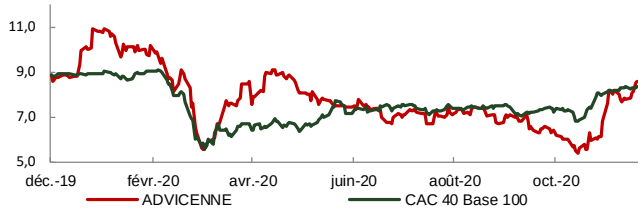
The EMA's CHMP has issued a positive opinion recommending the registration of ADV7103 (Sibnayal) for the treatment of Distal Renal Tubular Acidosis (dRTA). This is an essential step in the registration process of Advicenne's lead molecule.

Last Thursday, the EMA CHMP, at the end of its 210-day decision-making process, recognized the scientific, clinical interest of ADV7103 in the treatment of dRTA, a particularly debilitating orphan disease in young children for which there is a clear medical need. ADV7103, or Sibnayal, is expected to be the first treatment to obtain marketing authorization for this condition. The company's next objectives are the finalization of the market authorization (return of the European Commission), then the initiation of commercialization with distribution partners, and in the same time the continuation of its other clinical trials: Sibnayal in the USA in dRTA, Sibnayal in cystinuria in Europe and in the USA, with notably simplified processes.

We maintain our Strong Buy opinion on the stock and our Target Price is € 27.35.

Performances

Absolute perf.	1 month	6 months	12 months
	+ 81 %	+ 49,9 %	+ 25,8 %



Market Data

Reuters / Bloomberg ticker	ADVIC.PA / ADVIC.EN
Market Capitalisation (€m)	93,9 M€
Enterprise value (€m)	68,0 M€
Free float	10,3 M€ (11 %)
Number of shares	8 418 644
Daily volume	18 136 €
Capital turnover rate (1 year)	5,0%
High (52 weeks)	10,90 €
Low (52 weeks)	5,40 €

Currents shareholding structure

Free Float : 11 % ; Institutionals : 59 %; HNWI: 15% ; Managment and employees : 15%

Agenda

Q4 2020: CHMP decision ADV7103 ;
Q1 2021: EC decison MAA ADV7103 (Sibnayal)

Key figures

	2018	2019	2020E	2021E	2022E
Revenues (€m)	6,9	2,6	3,7	9,0	20,0
Change (%)	*1,7*	*-62.2%*	*42.9%*	*139.3%*	*123.9%*
EBITDA (€m)	-4,9	-17,2	-14,2	-12,5	-15,6
EBIT (€m)	-5,4	-17,4	-14,4	-13,0	-16,8
Ebit margin (%)	ns	ns	ns	ns	ns
Net profit gp sh. (€m)	-4,4	-12,8	-13,3	-11,9	-14,6
Net margin (%)	ns	ns	ns	ns	ns
EPS	-0,55	-1,52	-1,57	-1,41	-1,73

Ratios

	2018	2019	2020E	2021E	2022E
Ev / Revenues	ns	ns	ns	ns	ns
EV / EBITDA	ns	ns	ns	ns	ns
EV / EBIT	ns	ns	ns	ns	ns
P / E	ns	ns	ns	ns	ns
Gearing (%)	ns	ns	ns	ns	ns
Net debt / EBITDA	ns	ns	ns	ns	ns
ROCE (%)	ns	ns	ns	ns	ns

Le CHMP donne un feu vert à l'ADV7103 (Sibnayal)

Avec quelques semaines d'avance sur nos prévisions, le Comité des médicaments à Usage Humain (CHMP) a émis une recommandation positive sur l'autorisation de commercialisation de l'ADV7103 (Sibnayal) pour le traitement des acidoses tubulaires rénales distales. Les attendus de la décision du CHMP sont sans équivoque puisque le comité reconnaît que le Sibnayal, en formulation à libération retardée de 8 et de 24 mEq, corrige l'ATRd (acidose métabolique) de patients qu'ils soient des enfants, des adolescents ou encore des adultes : « *Sibnayal is indicated for the treatment of distal renal tubular acidosis (dRTA) in adults, adolescents and children aged one year and older* ». À la suite de cet avis du CHMP, la Commission Européenne (CE) devrait prendre quelques semaines pour rendre sa décision (délai maximum de 67 jours post avis du CHMP). Avec un accord préalable, ces délais peuvent, dans certaines circonstances, être accélérés. Advicenne devrait raisonnablement recevoir son AMM durant le Q1 2021 (d'ici la fin février). Toutefois, l'AMM devra être validée par le différentes pays membres de l'Union Européenne ainsi que l'Islande, le Liechtenstein et la Norvège dans un processus pouvant aller d'une simple reconnaissance à une publication dans des organes de presse administrative (comme le Journal Officiel en France).

ADV7103/Sibnayal sera certainement le premier médicament approuvé contre l'ATRd.

Le Sibnayal répond à certains besoins médicaux en apportant des avantages par rapport au standard de traitement de l'ATRd, notamment une augmentation du taux de réponse au traitement, une amélioration du métabolisme acido-basique reposant sur une normalisation de la kaliémie (taux de potassium dans le sang) et de la calciurie (taux de calcium dans les urines) et, ultimement une amélioration de l'observance. Des propriétés qui devraient pouvoir s'appliquer à d'autres pathologies rénales, elles aussi caractérisées par des Acidoses Métaboliques sévères à modérées pouvant ultimement conduire à une insuffisance rénale et à une maladie rénale terminale, comme la cystinurie ou encore la cystinose. Ainsi, l'approche thérapeutique proposée par Advicenne s'inscrit dans une stratégie plus globale.

Vendre le Sibnayal : des partenariats de commercialisation

On estime le nombre de patients atteints d'ATRd à 30 000 personnes en Europe et à 20 000 individus aux USA. Pour vendre le Sibnayal, la société a décidé de nouer des accords de distribution avec des acteurs (laboratoires pharmaceutiques, distributeurs) présents dans le domaine de la néphrologie et/ou des pathologies orphelines, qui vont assurer la commercialisation du Sibnayal. Dans le cadre de sa politique produits, Advicenne entend garder le contrôle des études post-inscriptions (phase IV ou de vie réelle), qui sont réalisées après la mise sur le marché. Cette phase de pharmacovigilance permet d'affiner la connaissance du médicament (risques, bénéfices, conditions optimales d'utilisation…). De plus, Advicenne avait signé un contrat de production pharmaceutique avec Elaiapharm, le CDMO de Lundbeck, qui assurera le suivi de la production des principes actifs et la fabrication du Sibnayal. En se positionnant ainsi, Advicenne devrait maximiser sa valeur à travers le contrôle de la fabrication et la collecte des informations d'utilisation en vie réelle du Sibnayal.

Nous confirmons notre opinion Achat Fort sur le titre avec un TP de 27,35 € qui offre donc un fort potentiel d'appréciation (+145%). Nous pourrions être amenés à revoir notre TP en fonction des contrats de distribution signés à l'avenir par la société, Advicenne qui se trouve à quelques semaines de l'AMM du Sibnayal (ADV7103).

CHMP gives green light to ADV7103 (Sibnayal)

A few days ahead of schedule, the Committee for Medicinal Products for Human Use (CHMP) issued a positive recommendation for market authorization for ADV7103 (Sibnayal) for the treatment of distal renal tubular acidosis. The expectations of the CHMP decision are unequivocal as the Committee recognizes that Sibnayal, in delayed-release formulations of 8 and 24 mEq, corrects dRTA (metabolic acidosis) in patients whether they are children, adolescents or adults: " *Sibnayal is indicated for the treatment of distal renal tubular acidosis (dRTA) in adults, adolescents and children aged one year and older* ". Following this CHMP opinion, the European Commission (EC) is expected to take a few weeks to issue its decision (maximum 67 days after CHMP opinion). With prior agreement, these deadlines may, in certain circumstances, be accelerated. Advicenne should reasonably receive its market authorization during Q1 2021 (end of February). However, the market authorization will have to be validated by the various member countries of the European Union as well as Iceland, Liechtenstein and Norway in a process that can range from simple recognition to publication in administrative press organs (such as the Journal Official in France).

ADV7103/Sibnayal will certainly be the first drug approved for dRTA.

Sibnayal addresses certain unmet medical needs by providing advantages over the standard of care for dRTA, including an increased response rate to treatment, improved acid-base metabolism based on normalization of kalemia (potassium in the blood) and calcinuria (calcium in the urine) and ultimately improved compliance. These properties should be applicable to other renal pathologies also present severe to moderate Metabolic Acidosis, which can ultimately lead to renal failure and end-stage renal disease. Thus, the therapeutic approach proposed by Advicenne is part of a more global strategy.

Selling the Sibnayal: marketing partnerships

It is estimated that there are 30,000 patients with dRTA in Europe and 20,000 in the US. To sell Sibnayal, the company has decided to establish distribution agreements with players (pharmaceutical laboratories, distributors) present in the field of nephrology and/or orphan pathologies, which will ensure the marketing of Sibnayal. Within the framework of its product policy, Advicenne intends to keep control of the post-registration studies, which are carried out after the marketing of Sibnayal. This pharmacovigilance phase allows to refine the knowledge of the drug (risks, benefits, optimal conditions of use...). In addition, Advicenne had signed a pharmaceutical production contract with Elaiapharm, Lundbeck's CDMO, that will monitor the production of the active ingredients and the manufacture of Sibnayal. By positioning itself in this way, Advicenne should maximize its value through the monitoring of the manufacturing process and the collection of information on the real-life use of Sibnayal.

We confirm our opinion on the stock: Strong Buy, with a TP € 27.35, which therefore offers strong upside potential (+145%). We may have to revise our TP according to the distribution contracts to be signed in the future by the company, Advicenne which is a few weeks away from the Sibnayal 's market authorization.

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1. Strong buy	The absolute share price performance is expected to be at least +25 %
2. Buy	The absolute share price performance is expected to be comprised between +10 % and +25 %
3. Neutral	The absolute share price performance is expected to be comprised between +10 % et -10 %
4. Sell	The absolute share price underperformance is expected to be comprised between -10 % et -25 %
5. Strong Sell	The absolute share price underperformance is expected to be at least -25 %

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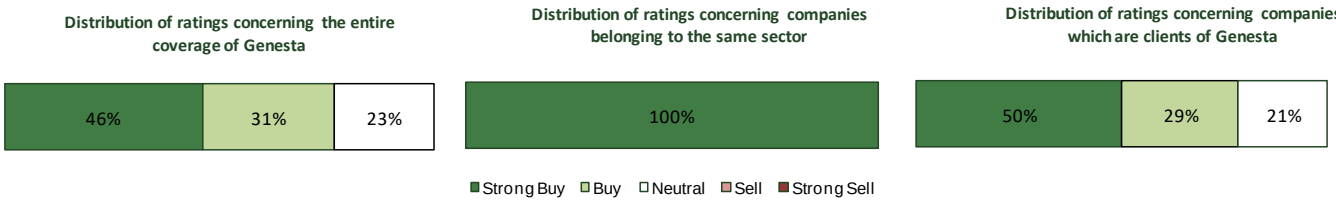
Rating and target price evolution throughout the last 12 months

Date of 1st publication	Rating	Target Price
16th December 2020	Equity Flash **Strong Buy**	**€ 27.35**
2nd December 2020	Equity Flash **Strong Buy**	**€ 27.35**
11th May 2020	Equity Flash **Suspended / Covid-19**	**Suspended / Covid-19**
27th March 2020	Coverage initiation **Strong Buy**	**€ 28.35**

Ratings distribution



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