


ACHAT

TARGET PRICE : 4,4€ (vs 6€)  +293%

COMPANY UPDATE

SARONEOS ADVANCES IN SARCOPENIA AND DMD

Biophytis presented updates from the ongoing SARA-OBS and SARA-INT studies in sarcopenia, as well as preclinical studies in DMD, at multiple scientific conferences. Presented results covered the baseline characteristics of sarcopenic population and the efficiency of recruitment protocol in SARA-OBS study. Additionally, the preclinical results showed encouraging activity of Sarconeos in DMD, supporting the initiation of clinical studies in this indication. We updated our financial model to reflect pipeline updates and 2018 financial results. Due to the anticipated delays in Macuneos program, we lower our TP to €4.4 (vs €6.0). Reiterate BUY.

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Expecting the Phase 2 SARA-INT study to complete recruitment in 2019

Biophytis presented the updates from the ongoing clinical studies of its lead product, Sarconeos (BIO101) at the SCWD conference in December, 2018, and the ICFSR conference in February, 2019. Presented results from the observational SARA-OBS study, which was designed to characterize elderly patients with sarcopenia, provided detailed characteristics of the patient population and could serve as a baseline proxy for the ongoing interventional Phase 2 SARA-INT study. SARA-OBS was able to recruit 218 patients (out of 1911 prescreened) and the resulting 11% inclusion rate was in-line with other studies in sarcopenia. We note that the ongoing SARA-INT study is expected to recruit 334 sarcopenic patients and, according to management, nearly one third of the current recruits is expected to come from SARA-OBS study. We expect the completion of patient recruitment in SARA-INT by the end of 2019 and the topline results in 2020.

Anticipating MYODA program to move into clinic in 2020

Beyond sarcopenia, Sarconeos has a potential in treatment of Duchenne Muscular Dystrophy (DMD). DMD is a rare genetic disorder, characterized by progressive muscle degeneration and weakness. In March, 2019, the company presented new preclinical results in DMD at the Myology Congress. In our view, the presented preclinical data further support clinical development of Sarconeos in the treatment of muscular dystrophies. Biophytis also presented a proposed clinical development plan for clinical study in DMD (MYODA program), which could start in 2020 upon the approval of the trial design by the regulatory authorities. We expect the company to submit the IND for DMD in 2019. Additionally, Biophytis has another asset in the development pipeline, Macuneos (BIO201), which is a drug candidate against the dry form of age-related macular degeneration (AMD). We currently expect the company to initiate the clinical studies of Macuneos once it secures a partnership agreement, potentially in 2020.

Valuation

We made the following changes to our financial projections: i) postponed potential market launch and royalty revenue stream from Macuneos program to 2026; ii) updated WACC to account for changes in market volatility, which resulted in WACC of 14.2%, higher than previous 13.5%; iii) updated the model to reflect reported financial results. As a result of these changes and rolling our model forward, we change our TP to €4.4, lower than previous €6.0. Reiterate BUY.

In € / share	2018	2019e	2020e
Adjusted EPS	-0.95	-1.14	-0.24
chg.	n.s.	n.s.	n.s.
estimates chg.	n.s.	n.s.	n.s.
au 31/12	2018	2019e	2020e
PE	n.s.	n.s.	n.s.
EV/Sales	n.s.	n.s.	3.2x
EV/EBITDA	n.s.	n.s.	n.s.
EV/EBITA	n.s.	n.s.	n.s.
FCF yield*	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	n.s.

\* After tax op. FCF before WCR

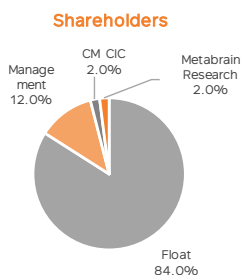
key points	1/12		
Share price (€)	1.1		
Number of Shares (m)	13.5		
Market cap. (€m)	15		
Free float (€m)	13		
ISIN	FR0012816825		
Ticker	ALBPS-FR		
DJ Sector	Health Technology		
	1m	3m	Ytd
Absolute perf.	-24.7%	-38.4%	-34.1%
Relative perf.	-26.6%	-45.7%	-41.8%

Source : Factset, Invest Securities estimates

## INVESTMENT CASE

Biophytis' drug-development platform utilizes natural substances that have favorable pharmacologic profile and promising biological activity. Company's is focusing its efforts on the lead asset, Sarconeos, which is a MAS receptor activator and could potentially preserve muscle function in muscle-wasting diseases. Sarconeos is being evaluated in the Phase 2b SARA-INT study in sarcopenia, with a potential readout in 2020. Additionally, Biophytis is planning to initiate MYODA clinical program in DMD in 2020 (subject to regulatory approval). When Sarconeos is successfully out-licensed, Biophytis is planning to pursue the development of its second asset, Macuneos, in the dry form of age-related macular degeneration (AMD).

## FINANCIAL DATA



Share Information	2015	2016	2017	2018	2019e	2020e	2021e
Published EPS (€)	-1.08	-1.28	-0.85	-1.04	-1.14	-0.24	-0.29
<b>Adjusted EPS (€)</b>	<b>-1.08</b>	<b>-1.28</b>	<b>-0.85</b>	<b>-0.95</b>	<b>-1.14</b>	<b>-0.24</b>	<b>-0.29</b>
<i>Diff. I.S. vs Consensus</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Dividend	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>

Valuation ratios	2015	2016	2017	2018	2019e	2020e	2021e
P/E	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
EV/Sales	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	3.21x	<i>n.s.</i>
VE/EBITDA	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
VE/EBITA	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Op. FCF bef. WCR yield	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Op. FCF yield	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Div. yield (%)	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>

NB : valuation based on annual average price for past exercise

Entreprise Value (€m)	2015	2016	2017	2018	2019e	2020e	2021e
Share price in €	12.1	4.8	1.1	1.1	1.1	1.1	1.1
Market cap.	59	30	15	15	15	27	39
Net Debt	-9	-2	-19	-6	9	5	4
Minorities	0	0	0	0	0	0	0
Provisions/ near-debt	0	0	0	0	0	0	0
+/- Adjustments	0	0	0	0	0	0	0
<b>Entreprise Value (EV)</b>	<b>50</b>	<b>28</b>	<b>-4</b>	<b>9</b>	<b>25</b>	<b>31</b>	<b>42</b>

Income statement (€m)	2015	2016	2017	2018	2019e	2020e	2021e
Sales	0	0	0	0	0	10	0
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
EBITDA	-5	-8	-10	-14	-15	-3	-10
<b>EBITA</b>	<b>-5</b>	<b>-8</b>	<b>-10</b>	<b>-14</b>	<b>-15</b>	<b>-3</b>	<b>-10</b>
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
EBIT	-5	-8	-10	-14	-15	-3	-10
Financial result	0	0	-2	0	-1	0	0
Corp. tax	0	0	0	0	0	-2	0
Minorities+affiliates	0	0	0	0	0	0	0
Net attributable profit	-5	-8	-11	-14	-15	-6	-10
<b>Adjusted net att. profit</b>	<b>-5.2</b>	<b>-8.0</b>	<b>-11.4</b>	<b>-14.0</b>	<b>-15.3</b>	<b>-5.6</b>	<b>-9.9</b>
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>

Cash flow statement (€m)	2015	2016	2017	2018	2019e	2020e	2021e
EBITDA	-5	-8	-10	-14	-15	-3	-10
Theoretical Tax / EBITA	0	0	0	0	0	-2	0
Capex	0	0	0	0	0	0	0
<b>Operating FCF bef. WCR</b>	<b>-5</b>	<b>-8</b>	<b>-10</b>	<b>-14</b>	<b>-15</b>	<b>-5</b>	<b>-10</b>
Change in WCR	-1	0	0	0	0	0	1
<b>Operating FCF</b>	<b>-6</b>	<b>-8</b>	<b>-10</b>	<b>-14</b>	<b>-15</b>	<b>-5</b>	<b>-9</b>
Acquisitions/disposals	0	0	0	0	0	0	0
Capital increase/decrease	0	0	22	0	0	10	10
Dividends paid	0	0	0	0	0	0	0
Other adjustments	0	0	-2	0	-1	0	0
<b>Published FreeCash Flow</b>	<b>-6</b>	<b>-8</b>	<b>10</b>	<b>-14</b>	<b>-15</b>	<b>5</b>	<b>1</b>

Balance Sheet (€m)	2015	2016	2017	2018	2019e	2020e	2021e
Assets	2.7	2.5	2.5	2.4	2.3	2.2	2.1
Intangible assets/GW	2.2	2.2	2.0	1.9	1.8	1.7	1.6
WCR	0.3	0.1	-0.1	-0.3	-0.2	-0.7	-1.4
Group equity capital	11.6	4.5	21.2	8.0	-7.3	-2.9	-2.8
Minority shareholders	0	0	0	0	0	0	0
Provisions	0.0	0.0	0.1	0.1	0.1	0.1	0.1
<b>Net financial debt</b>	<b>-8.6</b>	<b>-2.0</b>	<b>-18.8</b>	<b>-5.9</b>	<b>9.4</b>	<b>4.6</b>	<b>3.8</b>

Financial ratios	2015	2016	2017	2018	2019e	2020e	2021e
EBITDA margin	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
EBITA margin	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Adjusted Net Profit/Sales	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
ROCE	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
ROE adjusted	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Gearing	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
ND/EBITDA (in x)	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>