

11th January 2016

Healthcare

**Actelion**

Price CHF134.50

Small update on macitentan's developments beyond PH

Fair Value CHF166 (+23%)

BUY-Top Picks

Bloomberg	ATLN VX
Reuters	ATLN.VX
12-month High / Low (CHF)	146.2 / 93.5
Market Cap (CHFm)	15,350
Avg. 6m daily volume (000)	376.3

	1 M	3 M	6 M	31/12/14
Absolute perf.	-2.7%	13.9%	0.4%	16.7%
Healthcare	-3.1%	2.2%	-3.5%	10.6%
DJ Stoxx 600	-7.0%	-4.0%	-7.0%	1.2%

  

	2014	2015e	2016e	2017e
P/E	24.1x	22.4x	24.5x	19.9x
Div yield (%)	1.0%	1.0%	1.0%	1.0%

#### ANALYSIS

- As Actelion will be presenting at three consecutive broker conferences over the next few days, starting this week with the JP Morgan Healthcare Conference in the US, the company is delivering a press release today in which it is obviously confirming its core EPS growth guidance for 2015, i.e. an increase over 20%, which is well flagged by the market and should not be of a major surprise except that the magnitude of the 20% beat is unknown. We are expecting a circa 21% growth, therefore translating into a reported 17% performance once negative currency impacts are factored in. There is room for a slight beat to these numbers in our view, although Actelion has no reason to make 2015 too high for the performance in 2016 and beyond.
- That said, what is really new in today's press release is the small update made with macitentan's clinical development programme beyond PAH. Two clinical studies were expected to report in late 2015 and Actelion is sharing the headlines with the financial community this morning. On one hand, the initial results from the phase II MELODY are reporting good tolerability in patients with CpcPH (left heart disease). The company is also mentioning "encouraging haemodynamic effects". However it is also suggesting that it may want to wait for the other new ERA that started phase II in 2015 in "speciality cv disorders" to pick up the best to move in phase III. This may delay slightly the development of an ERA in CpcPH. The other study was in glioblastoma and macitentan did not deliver good enough efficacy data to support further development; and as a consequence it is dropped.

#### VALUATION

- In terms of valuation, today's news has little impact on our FV as final 2015 numbers could offset minor negative adjustments to macitentan's PoS-adjusted new indications. PoS was 20% for both glioblastoma and CpcPH and represented CHF0.8 and CHF2.4 in the SoTP calculation. The first is removed but the second is left unchanged until further investigation about the optimal compound to move ahead in phase III with.
- So in the end, considering the limited impact on our FV, we make no change and will wait for the final FY 2015 results and 2016 guidance to make adjustments.

#### NEXT CATALYSTS

- 9 February 2016: FY 2015 results

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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