

24th March 2016

Healthcare

UCB

Price EUR71.85

Cimzia not superior to Humira in H2H phase III trial

Fair Value EUR82 (+14%)

NEUTRAL

Bloomberg	UCB BB
Reuters	UCBBt.BR
12-month High / Low (EUR)	85.6 / 61.5
Market Cap (EURm)	13,975
Avg. 6m daily volume (000)	337.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.6%	-11.5%	1.0%	-13.7%
Healthcare	-0.8%	-11.3%	-8.5%	-12.1%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

	2014	2015e	2016e	2017e
P/E	42.6x	33.1x	22.9x	16.3x
Div yield (%)	1.3%	1.5%	2.3%	3.2%

ANALYSIS

- UCB released today results from its head to head trial comparing certolizumab pegol to adalimumab on top of MTX which does not meet primary endpoint of superiority at three months and two years. 915 patients suffering from rheumatoid arthritis have been enrolled in the study and randomized to either Cimzia or Humira on top of MTX. Non-responders at 3 months were switched to the alternative treatment arm (DAS28<=3.2 or change from baseline >=1.2). While Cimzia failed to demonstrate superiority to Humira, efficacy results between the two treatment compares well with ACR20 responder rate at 3 months stands at 69.2% vs. 71.4% respectively and 35.5% and 33.5% patients achieving low disease activity at 2 years. The safety of the two drugs were comparable.
- While Cimzia is currently used as 2nd to 3rd line anti-TNF in patients suffering from severe rheumatoid arthritis, 1/ the launch of biosimilars alongside 2/ the rise of other classes such as JAK-inhibitors as well as anti-IL-6 might affect the product's ability to increase its market shares. Indeed, it is not to rule out that rheumatologists will favor therapeutic alternative that have been proven superior to Humira (baracitinib, sarilumab). The nonradiographic axial spondyloarthritis indication studied in phase III (readout expected in 2018) as well as a broad range of indication for Cimzia should support sales and enable the group to meet its EUR1.5bn latter could be topped.
- Following mixed results from the FRAME and BRIDGE study results for romosozumab, this is another setback for UCB's Rheumatism franchise which highlights the need for finding new sources of growth beyond CVN. Beyond 2018 and the group's guidance of recEBITDA representing 30% of sales (integrated in the consensus), this might also questioned the group's ability to leverage its sales force to maintain profitability.

VALUATION

- We reiterate our NEUTRAL rating and EUR82 fair value

NEXT CATALYSTS

- April 25th, 2016: Q1 results

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Distribution of stock ratings

BUY ratings 72%

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