

## Sector View

## Pharmaceuticals

## A quick look into J&amp;J Q1 numbers

	1 M	3 M	6 M	31/12/15
Healthcare	6.0%	0.8%	-5.2%	-8.1%
DJ Stoxx 600	0.7%	4.7%	-5.2%	-5.9%

\*Stoxx Sector Indices

From J&J's Q1 numbers we extract positive piece of news for Bayer as US sales for Xarelto were very strong in the quarter in the US. It also seems that the Cosentyx does not come at the expense of Stelara but that injectable drugs are gaining share in psoriasis across the board.

## ANALYSIS

## Companies covered

ACTELION	BUY	CHF163
ASTRAZENECA	BUY	5360p
BAYER	NEUTRAL	EUR108
GLAXOSMITHKLINE	BUY	1670p
IPSEN	BUY	EUR60
NOVARTIS	NEUTRAL	CHF95
NOVO NORDISK	NEUTRAL	DKK400
ROCHE HOLDING	BUY	CHF293 vs. 294
SANOFI	NEUTRAL	EUR87
UCB	NEUTRAL	EUR80

- Apart comment about Darzalex (see Genmab's note), the key take-away from J&J's quarterly numbers for our European covered stocks is that Xarelto went up by 28.6% in Q1 in the US to USD567m, which is a very healthy sequential growth vs Q4 2015 too. At the heart of a controversy about clinical data in atrial fibrillation and with the idea that Eliquis is gaining share, those numbers are very reassuring for Bayer's main growth engine. We then expect Bayer to book about a quarter of this number i.e. EUR129-130 for Q1, compared to EUR78m in Q1 2015. All geographies combined, Xarelto should come up at around EUR650m, up from EUR482m in the same quarter last year. This bodes well for Bayer's Q1 numbers expected next Tuesday with core EPS of EUR1.15 for both CS and ourselves. Should CropScience and Covestro be ok and Bayer could confirm its come-back despite lack of newsflow in R&D.
- The second product we would pick up from J&J's release is Stelara, up 36% in the quarter whereas we would have expected the drug to show some impact from competition. Actually it looks like Cosentyx is expanding the market for injectable drugs in psoriasis rather than taking share from Stelara. This is good for Novartis and all new players in the field.
- Lastly, after mentioning that Diabetes Care shows tough US market conditions like Roche (although not by the same magnitude), we would stress mixed performance of Invokana in the US, up only 11.7%. It would be fair to expect Farxiga to be in the same ball pack.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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