

25th April 2016

Healthcare

UCB

Price EUR72.31

Q1 1 sales. Good trend from CVN but lack of newsflow for the remainder of 2016

Fair Value EUR80 (+11%)

NEUTRAL

Bloomberg	UCB BB
Reuters	UCBBt.BR
12-month High / Low (EUR)	85.6 / 61.5
Market Cap (EURm)	14,065
Avg. 6m daily volume (000)	346.7

ANALYSIS

- UCB has reported Q1 results of EUR991m, growing 11%CER (+2pp positive FX impact). These results were 3.3% ahead of consensus expectations at EUR959. CVN reported growth above 20%CER. The 10%CER decline in Keppra sales was more than offset by stable tail product sales while would have expected a ~7-10% decline yoy.

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.7%	-10.5%	6.4%	-13.1%
Healthcare	5.6%	-1.7%	-4.7%	-7.4%
DJ Stoxx 600	2.4%	3.0%	-5.8%	-4.7%

	2014	2015e	2016e	2017e
P/E	42.9x	33.3x	23.1x	16.4x
Div yield (%)	1.3%	1.5%	2.3%	3.2%

EURm	Q1 2015	Q1 2016	y/y	CS Q1 2016	Delta
Cimzia	227	283	25%	285	-0,7%
Vimpat	146	188	29%	183	2,7%
Neupro	60	73	22%	68	7,4%
Total CVN	433	544	26%	536	1,5%
Keppra	190	170	-11%	181	-6,1%
Revenue	895	991	11%	959	3,3%

Source: Company Data; Ellinghorst' consensus.

- Cimzia performed well in all regions with 24%CER growth (+25% reported; 29% of sales) to EUR283m. So did Vimpat for which Q1 2016 sales came in at EUR188m +28% CER (+29% reported; 19% of sales). Neupro outperformed expectations and grew 22% CER (22% reported; 7% of sales) to EUR73m. While Keppra sales more than resisted in 2015 (+11%) boosted by stocking effects, the product (which faces competition from generics) posted a 10%CER decline (11% reported) in the first quarter of 2016 to EUR170m (17% of sales).
- The company has reiterated its guidance for the year (Sales EUR4.0-4.1bn, rec. EBITDA EUR970-1010m and core EPS EUR2.9-3.2/share). While the good performance of CNV is already taken into account in the current valuation, lack of late stage clinical newsflow in 2016 following mixed romosozumab's phase III results might impact the performance of UCB's share price vs. peers. In terms of ongoing programmes, UCB initiated a phase IIa programme for UCB7665 (immune thrombocytopenia) in Q1 and bimekizumab (immunology) is expected to enter phase IIb in H2 2016 implying a phasing in R&D spending this year.

VALUATION

- We stick to our NEUTRAL and EUR80 fair value

NEXT CATALYSTS

- 28th July 2016: HY 2016 results

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