

13th June 2016

Healthcare

Shire PLC

Price 4,152p

Completion of decentralized procedure in Europe for Cuvitru (SGIG 20%)

Fair Value 6500p (+57%)

BUY

Bloomberg	SHP LN
Reuters	SHP.L
12-month High / Low (p)	5,730 / 3,480
Market Cap (GBPm)	37,309
Avg. 6m daily volume (000)	2,510

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.2%	9.7%	-4.0%	-11.6%
Healthcare	1.8%	2.8%	-6.8%	-9.2%
DJ Stoxx 600	-1.0%	-0.2%	-8.3%	-9.0%

	2015	2016e	2017e	2018e
P/E	15.3x	16.7x	12.2x	10.3x
Div yield (%)	0.4%	0.3%	0.4%	0.5%

ANALYSIS

- **Shire has announced the successful completion of the decentralized procedure supporting the approval of Cuvitru, a subcutaneous 20% IG (IGSC),** for the treatment of both paediatric and adult patients with primary and certain secondary immunodeficiency disorders. As such, 17 authorities have recognized the approvability of the compound... and local marketing authorizations are now expected in the coming months.
- **We believe Immunoglobulins will be one of the main growth driver over the 2015-2020 period (CAGR: +10%), and even beyond.** We have focused on Hyqvia (a subcutaneous IG with a once-monthly administration, which is the cheapest of its kind on an annualized basis) in our initiation report, as we see this compound as potentially the n°1 IGSC by the end of the decade. Cuvitru is still an asset to be considered, but we find it less attractive than CSL's Hizentra (another 20% IGSC offering a twice-a-month administration vs once-a-week for Cuvitru)... but it does have the merit of broadening Shire's portfolio.

VALUATION

- BUY reiterated with a FV of GBP6,500.
- We also take the opportunity to highlight Shire's significant valuation discount 1/ compared with the overall sector in Europe (30%); and 2/ vs CSL (45%!), even though the two companies have similarities (double-digit EPS growth, strong HAE, haemophilia, albumin and IG franchises, etc.).

NEXT CATALYSTS

- July, 22 2016: Potential US approval of lifitegrast as a treatment for dry eye disease.
- Q2 / Q3 16: Phase II results for SHP607 for the treatment of retinopathy of prematurity.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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