

19th July 2016

Healthcare

Ipsen

Price EUR54.78

Telotristat on track for UE approval in 2017

Fair Value EUR64 (+17%)

BUY-Top Picks

Bloomberg	IPN.FP
Reuters	IPN.PA
12-month High / Low (EUR)	62.0 / 47.1
Market Cap (EURm)	4,560
Avg. 6m daily volume (000)	89.00

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.7%	3.0%	3.0%	-10.2%
Healthcare	9.0%	4.2%	5.0%	-4.2%
DJ Stoxx 600	4.0%	-1.6%	3.1%	-7.4%

	2015	2016e	2017e	2018e
P/E	19.7x	18.9x	16.1x	13.4x
Div yield (%)	1.6%	1.6%	2.0%	2.2%

ANALYSIS

- Ipsen announced yesterday after market close that the European dossier for telotristat etiprate had been accepted by the EMA to treat carcinoid syndrome in patients with NET, in combination with a somatostatin analogue. Actually, if approved, the drug will position itself in second-line of treatment when symptoms are not controlled with an SSA like Somatuline. In the TELESTAR phase III trial, the drug showed a statistical improvement in daily bowel movements over the first 12-week period with a three-times daily administration of the drug. This is therefore a perfect companion product to Somatuline for Ipsen that is likely to require very limited to no additional investment to promote it as the sales force is already in place to support Somatuline.
- The submission and acceptance in Europe for the NDA is in line with previously announced agenda that aims at getting approval and launching the drug in Europe in 2017. Note that Lexicon submitted in the US and received priority review status in May, opening the door to an approval by year-end.

VALUATION

- As a reminder, Ipsen acquired telotristat ex-US/Japan rights from Lexicon for a total of USD145m total milestones that were not split at the time of the agreement. We do expect however to have a meaningful part of the amount paid in connection with the approval in Europe.
- At the Investor Day in July 2015, Ipsen estimated sales to exceed EUR50m. We have peak sales in 2022 of EUR70m for telotristat but this will depend on price negotiations of course.

NEXT CATALYSTS

- 28 July 2016 : Half-year results

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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