

1st August 2016

Healthcare

Morphosys

Price EUR39.60

H1 2016 results below estimates due to corporate tax, but FY guidance reiterated

Fair Value EUR62 (+57%)

BUY

Bloomberg	MOR GR
Reuters	MORG.DE
12-month High / Low (EUR)	74.8 / 33.2
Market Cap (EURm)	1,051
Avg. 6m daily volume (000)	140.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.6%	-9.4%	-9.6%	-31.3%
Healthcare	3.4%	8.1%	3.9%	-3.1%
DJ Stoxx 600	4.7%	0.1%	-0.1%	-6.5%

	2015	2016e	2017e	2018e
P/E	69.5x	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- H1 2016 results were below estimates with net income at –EUR19.2m (vs BG: -EUR16m and consensus: -EUR-16m). Note however that 1/ the mismatch with anticipations was largely associated with the payment of EUR2.4m during Q2 2016 (vs BG: -EUR3.7m); 2/ more importantly, the company has reiterated its FY 2016 guidance for 1/ revenues in a range of EUR47-52m along with EBIT of –EUR58/68m (vs BG: -67m).
- Revenues fell from EUR82.6m to EUR24.3m on a year-on-year basis (vs BG: 24m), bearing in mind that Morphosys benefited from a significant non-recurrent effect last year (EUR59m associated with the termination of the collaboration agreement with Celgene that aimed to co-develop/promote MOR202).
- OPEX were widely in line with our expectations as 1/ R&D expenses increased from EUR33.9m to EUR36.7m (vs BG: 38m) as the company has made more efforts in developing certain proprietary compounds (e.g. MOR208), while 2/ G&A stood at EUR6.9m (vs BG: 8m).
- Note that cash & cash equivalents amounted to EUR279.7m (vs 298.4m at the end of 2015).

VALUATION

- BUY recommendation reiterated with a FV of EUR62.

NEXT CATALYSTS

- Conference call and webcast today at 02:00 p.m. CEST (01:00 p.m. BST, 08:00 a.m. EDT).
- H2 2016: Phase III results of Guselkumab (anti-IL23p19) for the treatment of moderate-to-severe plaque psoriasis.

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Distribution of stock ratings

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