

**Actelion**

Price CHF169.90

**Actelion clarifies its strategy with ponesimod**

Fair Value CHF180 (+6%)

**NEUTRAL**

Bloomberg	ATLN.VX
Reuters	ATLN.VX
12-month High / Low (CHF)	173.8 / 115.9
Market Cap (CHFm)	18,309
Avg. 6m daily volume (000)	344.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.8%	10.4%	19.6%	21.7%
Healthcare	0.8%	1.6%	6.4%	-7.5%
DJ Stoxx 600	-0.3%	8.2%	2.2%	-6.4%

  

	2015	2016e	2017e	2018e
P/E	27.6x	22.2x	25.9x	23.5x
Div yield (%)	0.9%	0.9%	0.9%	0.9%

**ANALYSIS**

- Despite signs of confidence, Actelion has so far remained fairly secret about the full package of clinical trials it intended to conduct to try to bring ponesimod to the market. However, management clearly stated several times that it did not want to carry on with me-too drugs. That said, and although it may have some differentiating properties compared to Gilenya, ponesimod is an S1P agonist that should come third or fourth to market (considering the recent surprise from BAF312).
- A shorter half-life, a better safety profile, a different selectivity for S1P receptor sub-units can offer differentiation but may not be enough to position ponesimod as a better drug than Gilenya and a differentiated label is uncertain too. So the only way to try making an inroad into this segment of the MS market is through trial design. A head-to-head trial would have been too costly and too risky.
- So, last year, Actelion announced that it was starting the recruitment of a first phase III trial called OPTIMUM that planned to enrol 1,100 patients with RRMS to compare ponesimod to an oral drug and recently-approved drug i.e. Sanofi's Aubagio. Although efficacy is not impressive, the drug is safe and commercially very successful and so is a good comparator for ponesimod in our view. The second study, required by regulators, was more intriguing and was kept secret until today although our understanding was that it could be a first try in combination in order to take advantage from the good safety profile of ponesimod.
- Actelion is today presenting the design of a phase III study agreed under an SPA with the FDA (called POINT). The trial will start recruiting by year-end and targets 600 patients with RMS under Tecfidera, one of the most popular oral drugs, notably in the US. The objective is to test ponesimod as an add-on therapy to Tecfidera and measure efficacy based primarily on ARR (primary endpoint) and then on disability. Of course, as a first study combining two oral drugs, safety will be key too. If successful, it could then open a new paradigm in MS treatment although the cost might limit use of combinations. Hopefully data will be able to offer subgroup analysis.

**VALUATION**

- Actelion announces POINT will last at least two years and as recruitment starts end of 2016, we see no filing for ponesimod before early 2019. We are therefore delaying launch by one year although this has no impact on our FV (ponesimod accounts for CHF8/share).
- We think Q3 numbers will be strong. However, we are cautious about CS numbers for Opsumit and Uptravi and would like to see our payers react to Tracleer's generics still expected in 2017.

**NEXT CATALYSTS**

- 20th October 2016: Third-quarter results

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Eric Le Berrigaud, [eleberrigaud@bryangarnier.com](mailto:eleberrigaud@bryangarnier.com)



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## Distribution of stock ratings

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<b>London</b>	<b>Paris</b>	<b>New York</b>	<b>Munich</b>	<b>New Delhi</b>
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	The Imperial Hotel Janpath New Delhi 110 001 Tel +91 11 4132 6062 +91 98 1111 5119 Fax +91 11 2621 9062 <b>Geneva</b> rue de Grenus 7 CP 2113 Genève 1, CH 1211 Tel +4122 731 3263 Fax+4122731 3243 Regulated by the FINMA

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