28th September 2016

Healthcare

# Genmab

Price DKK1,128

## Positive read-across from AMGN's Kyprolis failure as a first-line option for myeloma

**Fair Value DKK1600 (+42%)** **BUY**

| | |
|---|---|
| Bloomberg | GEN DC |
| Reuters | GEN.CO |
| 12-month High / Low (DKK) | 1,266 / 593.5 |
| Market Cap (DKKm) | 67,885 |
| Avg. 6m daily volume (000) | 400.8 |

| | 1 M | 3 M | 6 M | 31/12/15 |
|---|---|---|---|---|
| Absolute perf. | 3.1% | 4.6% | 31.8% | 22.9% |
| Healthcare | 0.2% | 3.6% | 5.8% | -8.1% |
| DJ Stoxx 600 | -1.0% | 10.2% | 1.5% | -7.0% |

| | 2015 | 2016e | 2017e | 2018e |
|---|---|---|---|---|
| P/E | NS | NS | NS | 54.6x |
| Div yield (%) | NM | NM | NM | NM |

### ANALYSIS

- **Amgen yesterday announced that its lead compound in multiple myeloma, Kyprolis failed as a first line option in combination with melphalan and prednisone** (vs JNJ's Velcade along with the same chemo regimen). More precisely, the Phase III CLARION trial failed to meet its primary endpoint of improving progression free survival, as the median stood at 22.3 months in the active arm vs 22.1 months for the control one (HR: 0.91). Looking at the key secondary endpoints, we note that the hazard ratio associated with overall survival (while not mature) was 1.21, meaning that there was no decrease in the risk of death, but rather an increase.
- **We see a positive read-across for GEN's daratumumab** as Kyprolis was basically one of its toughest late-stage competitors. With this failure the 1L segment of the myeloma market is a bit less crowded (although the largest part of it admittedly are patients treated with lenalidomide-based regimens).
- Some Phase III data involving Kyprolis in combination with len/dex in this setting should be published, and the outcome might be quite different. However 1/ it might take years before they are available with overall survival as a primary endpoint, 2/ we believe dara/len/dex will yield better efficacy/safety data, especially in light of the stronger synergies between an IMiD and a cytotoxic mAb with the ability to modulate the tumour microenvironment (see our previous reports for further details on this point). We expect a readout in 2018/19e.
- **Note that the very first Phase III data involving "dara" as a first line option for multiple myeloma is expected in H1 2017**. Contrary to Amgen's, here Dara will be tested as an add-on to Velcade/melphalan/prednisone vs Velcade/Melphalan/Prednisone. In our view this design 1/ might have the chance of showing a benefit from an efficacy standpoint; and 2/ is allowed by the relatively benign safety profile of CD38 mAbs.

### VALUATION

- BUY reiterated with a FV of DKK1,600.

### NEXT CATALYSTS

- Capital Market Day: 10th November.

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BRYAN, GARNIER & CO

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**Stock rating**

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NEUTRAL — Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

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**Distribution of stock ratings**

BUY ratings 72% NEUTRAL ratings 0% SELL ratings 28%

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