

20th October 2016

Healthcare

Ablynx

Price EUR10.91

ABBVIE opts-out... best-in-class and free!

Fair Value EUR18 (+65%)

BUY

Bloomberg	ABLX.BB
Reuters	ABLX.BR
12-month High / Low (EUR)	16.1 / 10.4
Market Cap (EURm)	665
Avg. 6m daily volume (000)	187.2

ANALYSIS

- Abbvie has decided to opt out of the deal inked with Ablynx on vobarilizumab, following what we considered as a good set of phase IIb results, clouded however by a high placebo rate. Hence, Ablynx is not eligible for a USD75m milestone payment.
- Additional data provided this morning bodes well with our view on the best-in-class profile of vobarilizumab and its differentiation in both dosing and efficacy. The company should now engage in re-partnership discussions. We believe that a new partner could be found within 12 to 18 months. This timeframe could be explained by 1/ no partnership discussions already engaged and 2/ a separate licensing option based on a trial in SLE due to read out in 2018, hence a potential partner might want to wait for these results.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.3%	-12.6%	-18.5%	-31.4%
Healthcare	-3.6%	-6.3%	-3.5%	-10.5%
DJ Stoxx 600	0.7%	1.9%	-1.6%	-6.1%

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

VALUATION

- We reiterate our BUY rating and EUR18 Fair Value.
- While the share price is likely to be under pressure at opening, additional data communicated by the company increases our confidence on the best-in-class profile of vobarilizumab.
- We consider the share price does not take into account vobarilizumab, hence, the news should provide an attractive entry point. However, a share price recovery is likely to depend on the granularity given by management on the next steps for both phase III and discussions with potential partners.

NEXT CATALYSTS

- Today 4.00pm: conference call on opt out decision and next steps

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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