

4th October 2016

Healthcare

QIAGEN

Price EUR24.51

Surprising twist in Oxford Immunotec/QIAGEN lawsuit

Fair Value EUR26 (+6%)

BUY-Top Picks

Bloomberg	QIA GR
Reuters	QGEN.DE
12-month High / Low (EUR)	25.3 / 17.8
Market Cap (EURm)	5,874
Avg. 6m daily volume (000)	395.7

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.1%	23.5%	22.6%	-2.4%
Healthcare	-1.7%	-4.3%	4.9%	-9.1%
DJ Stoxx 600	-2.1%	3.3%	3.0%	-6.2%

	2015	2016e	2017e	2018e
P/E	26.2x	25.3x	22.0x	19.8x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Yesterday evening, Oxford Immunotec (OXFD) which appealed the recent motion to dismiss allowed to QIAGEN in the context of the QuantiFERON-TB lawsuit, announced that **the US district court reinstated the kit claims**. As a reminder, in August, Oxford Immunotec filed a patent infringement lawsuit against QIAGEN asserting that the QuantiFERON-TB test infringes six OXFD patents (in-vitro method of diagnosing TB). In September, QIAGEN filed a motion to dismiss in front of the US District court of Massachusetts based on the argument that OXFD patents are drawn to laws of nature. This motion to dismiss has been allowed with regards to the kit claims (description of a panel peptide not involving an “innovative concept”) but denied in other aspects (methods claims, patents ‘211, ‘902 and ‘821) as they are potentially drawn to patentable subject matter. The latter decision was appealed by OXFD which announced yesterday evening that the US district court reinstated the kit claims.
- This is a surprising twist in a surprising lawsuit as both companies have been selling their products for more than nine years. We would now expect a trial date to be announced. Regarding the recent preliminary injunction issued against QIAGEN in its lawsuit against Illumina, we would highlight that a preliminary injunction cannot be issued against QIAGEN in this specific lawsuit as the company has been selling its product for over nine years on the US market. Ultimately, if the trial judge holds in favour of the plaintiff (OXFD), we do not believe that this would translate into a withdrawal of the product from the market but more likely into potential royalties to be paid.

VALUATION

- The QIAGEN share price could well be down on opening following this decision from the US District Court.
- We reiterate our BUY rating and EUR26 fair value.

NEXT CATALYSTS

- 2nd November 2016: Q3 results
- 15th November 2016: IR DAY

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Distribution of stock ratings

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NEUTRAL ratings 0%

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