

Morphosys

Price EUR37.23

Guselkumab shows strong Phase III data in plaque psoriasis. FV lifted.

Fair Value EUR64 vs. EUR62 (+72%)

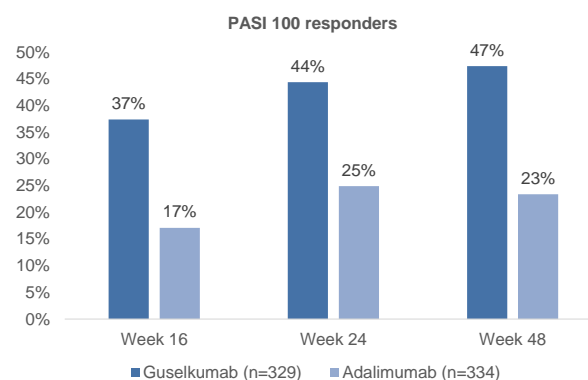
BUY

Bloomberg	MOR GR
Reuters	MORG.DE
12-month High / Low (EUR)	61.8 / 33.2
Market Cap (EUR)	988
Ev (BG Estimates) (EUR)	749
Avg. 6m daily volume (000)	111.6
3y EPS CAGR	

JNJ and MOR announced that the VOYAGE 1 study (Phase III evaluating guselkumab in plaque psoriasis vs both a placebo and adalimumab) met all its co-primary endpoints. Efficacy data (and notably the PASI 100 at week 48) were very competitive with Cosentyx's (NVS), therefor confirming our positive bias on this candidate. We have lifted our FV from EUR62 to EUR64 as we have slightly increased the associated PoS (70% vs 60%).

ANALYSIS

- JNJ and MOR announced some very positive data from the VOYAGE 1 Phase III study involving Guselkumab (anti-IL23p19) as a treatment for patients with plaque psoriasis. All co-primary endpoints were met as a larger proportion of patients receiving the compound achieved higher PASI 90 (85.1% vs 6.9%, p<0.001) and IGA scores (73.3% vs 2.9%, p<0.001) at week 16 vs placebo...
- Guselkumab also proved to be superior to adalimumab (anti-TNF- α) across all major endpoints through 48 weeks of treatment. Among others, we would note that 47.4% of patients receiving guselkumab were considered as PASI 100 responders (i.e. achieved a complete response skin clearance) at week 48... vs 23.4% for adalimumab (p<0.001). We believe this data is very competitive with the ones from NVS' Cosentyx in a similar setting (PASI 100 of 45.9% at 52 week).



- Safetywise, we would say that adverse events were very similar within the guselkumab and adalimumab arms... Whether for opportunist infections, cancer cases or cardiovascular events.

	Placebo	Guselkumab	Adalimumab
Treated patients, n	174	329	333
≥1 AE	49.4%	51.7%	51.1%
≥1 SAE	1.7%	2.4%	1.8%
Discontinued to ≥1 AE	1.1%	1.2%	0.9%
Infections	25.3%	25.8%	25.5%
Infections treated with antibiotics	7.5%	6.1%	7.2%
Serious infections	0.0%	0.0%	0.6%
MACE	0.0%	0.3%	0.3%
Non-melanoma skin cancer (NMSC)	0.0%	0.3%	0.0%
Malignancy other than NMSC	0.0%	0.0%	0.0%
≥1 Injection site reaction (ISR)	0.0%	2.4%	7.5%
Total number of injections	0	975	3,262
Injections with ISR	0.0%	1.1%	1.6%

- As a reminder, guselkumab's main competitive advantage vs IL-17 inhibitors (e.g. NVS's Cosentyx or LLY's Taltz) should be its administration schedule (knowing that this study assessed its ability to administered once every two months, while its different competitors are known to be given on a once-a-month basis at best).



VALUATION

- We have raised our PoS assumption for guselkumab (70% vs 60% previously) thereby prompting us to lift our FV from EUR62 to EUR64 . Note that we might further increase our PoS to 80% should the VOYAGE 2 study be positive (another Phase III study evaluating the compound in plaque psoriasis). BUY reiterated.

NEXT CATALYSTS

- H2 2016/H1 2017: Results from the VOYAGE 2 Phase III study (guselkumab in plaque psoriasis).
- H2 2016/H1 2017: Read-across from Lilly's solanezumab (anti- β -amyloid mAb) in prodromal Alzheimer's disease

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Distribution of stock ratings

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