

2nd November 2016

Healthcare

Morphosys

Price EUR39.79

Inking of a collaboration agreement with LEO Pharma to address the skin disease field

Fair Value EUR64 (+61%)

BUY

Bloomberg	MOR GR
Reuters	MORG.DE
12-month High / Low (EUR)	60.8 / 33.2
Market Cap (EURm)	1,056
Avg. 6m daily volume (000)	106.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.9%	0.1%	-8.9%	-31.0%
Healthcare	-7.5%	-13.5%	-6.3%	-16.1%
DJ Stoxx 600	-2.2%	-1.3%	-1.8%	-8.3%

	2015	2016e	2017e	2018e
P/E	69.8x	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Morphosys has announced the inking of a collaboration agreement with LEO Pharma, the objective being to develop and potentially commercialise several treatments for skin diseases using MOR's Ylantha platform (which among others is said to generate more cost-effective antibodies against hard-to-access antigens).
- MOR will receive R&D funding as well as milestone payments (up to EUR111.5m per programme) and royalties on sales (which we believe are likely to be mid/high-single digit). But note that the company 1/ will have options to co-develop and co-promote candidates in skin cancers (e.g. melanoma?), and 2/ will have certain options to develop/commercialise further molecules in other cancer indications.

VALUATION

- We leave our FV unchanged at EUR64 pending clinical data from the different projects that might emerge from this new agreement. BUY reiterated.

NEXT CATALYSTS

- 7th November: Q3 2016 results.
- Q4 2016: Further Phase III data involving guselkumab for the treatment of plaque psoriasis.

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Distribution of stock ratings

BUY ratings 72%

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