

16th November 2016

Healthcare

Morphosys

Price EUR48.24

Positive Phase II for guselkumab in psoriatic arthritis + EUR115m in a private placement

Fair Value EUR64 (+33%)

BUY

Bloomberg	MOR GR
Reuters	MORG.DE
12-month High / Low (EUR)	60.8 / 33.2
Market Cap (EURm)	1,280
Avg. 6m daily volume (000)	113.3

	1 M	3 M	6 M	31/12/15
Absolute perf.	16.7%	20.0%	6.6%	-16.3%
Healthcare	-3.1%	-8.7%	-3.2%	-13.6%
DJ Stoxx 600	-0.2%	-2.0%	1.3%	-7.3%

	2015	2016e	2017e	2018e
P/E	84.6x	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- **Janssen yesterday presented some very positive Phase IIa data regarding guselkumab (an anti-IL23p19) in psoriatic arthritis** (n=149 patients). The efficacy data are very encouraging, and appear to be very competitive with some of the most recent mechanisms of action (i.e. NVS' Cosentyx) in this disease (1/ ACR20 of 58% vs 18.4% for the placebo (p<0.001); 2/ PASI100 of 39.8% vs 6.3% (p<0.001)). We will see how the pivotal studies will perform, but overall these data tend to confirm that guselkumab could be as potent and safe as IL-17 blockers while benefitting from a more flexible administration schedule (once every two months) in a range of auto-immune diseases.
- **The company also announced they raised EUR115m in a private placement last night** (via an accelerated book building; 2.6m of new shares issued at a price of EUR44, implying a 9% discount compared to yesterday's closing). The proceeds are to be used to fund the advancement of its proprietary pipeline (e.g. MOR202, MOR208 and MOR209)... But also some potential in-licensing of acquisitions of product candidates. Note that 1/ BFV Partners was said to have placed an order of 1.2m shares (EUR52.8m) in the very first press release; 2/ the new shares will be subject to a customary lock-up of up to 90 days.

VALUATION

- **BUY reiterated with a FV of EUR64** knowing that 1/ we have raised our PoS for guselkumab in psoriatic arthritis (50% vs 35%); and 2/ included the discounted new shares in our SOTP.

NEXT CATALYSTS

- Q4 2016: Janssen to submit a BLA for guselkumab in plaque psoriasis.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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