Healthcare

Morphosys

Price EUR44.85

Guselkumab filed for US approval. FV slightly revised up.

Fair Value EUR65 vs. EUR64 (+45%) **BUY**

Bloomberg	MOR GR
Reuters	MORG.DE
12-month High / Low (EUR)	60.8 / 33.2
Market Cap (EUR)	1,190
Avg. 6m daily volume (000)	119.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.7%	15.8%	1.0%	-22.2%
Healthcare	-1.3%	-6.2%	-2.2%	-12.9%
DJ Stoxx 600	0.9%	0.0%	1.8%	-6.9%

	2015	2016e	2017e	2018e
P/E	78.7x	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- **Guselkumab filed for approval.** MOR yesterday announced that Janssen has submitted a BLA to the FDA for guselkumab (anti-IL23p19) as a treatment for plaque psoriasis. The event has triggered a milestone payment that should amount to c.EUR5m in our view. Having said that, both MOR and Janssen have previously stated that a filing was scheduled by year end, so the news was widely expected.
- **Likely approval in late 2017.** Given the timing and the absence of a Priority Review (not specified in the press releases at any rate), an approval is therefore very likely in Q4 2017 or in Q1 2018 at the latest.
- **Diving into the details: all the other Phase III studies are probably positive**. Janssen's press release clearly stated that the dossier included the VOYAGE 1 study (see our previous comment here for further details) as well as other Phase III studies (VOYAGE 2, NAVIGATE), meaning the latter were arguably positive. And given data consistency from previous trials (VOYAGE 1 and XPLORE), we believe they are probably in line with what we saw earlier.

VALUATION

- **We stick to our BUY rating with a FV of EUR65 vs EUR64** (our PoS for guselkumab in plaque psoriasis being revised up from 70% to 80% to reflect 1/ the likely positive results from VOYAGE 2 and NAVIGATE; 2/ its filing for approval in the US).

NEXT CATALYSTS

- 2016 ASH meeting (3-6th December): Follow-up data for MOR202 in myeloma + MOR208 in DLBCL.
- Q4 2016: Read-across from Lilly's solanezumab for the treatment of Mild Alzheimer's Dementia (but note that we are cautious on this one, see our initiation report for additional details).

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Distribution of stock ratings

BUY ratings 55.4% NEUTRAL ratings 33.1% SELL ratings 11.5%

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