

18th November 2016

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).

Mickael Chane Du, mchanedu@bryangarnier.com



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| | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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Distribution of stock ratings

BUY ratings 55.4%

NEUTRAL ratings 33.1%

SELL ratings 11.5%

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| | | | |
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BRYAN, GARNIER & CO

| London | Paris | New York | Munich | New Delhi |
|-----------------------------------|-------------------------------------------|--------------------------|----------------------|----------------------------|
| Beaufort House | 26 Avenue des Champs Elysées | 750 Lexington Avenue | Widenmayerstrasse 29 | The Imperial Hotel Janpath |
| 15 St. Botolph Street | 75008 Paris | New York, NY 10022 | 80538 Munich | New Delhi 110 001 |
| London EC3A 7BB | Tel: +33 (0) 1 56 68 75 00 | Tel: +1 (0) 212 337 7000 | Germany | Tel +91 11 4132 6062 |
| Tel: +44 (0) 207 332 2500 | Fax: +33 (0) 1 56 68 75 01 | Fax: +1 (0) 212 337 7002 | +49 89 2422 62 11 | +91 98 1111 5119 |
| Fax: +44 (0) 207 332 2559 | Regulated by the | FINRA and SIPC member | | Fax +91 11 2621 9062 |
| Authorised and regulated by the | Financial Conduct Authority (FCA) and the | | | Geneva |
| Financial Conduct Authority (FCA) | Autorité de Contrôle prudentiel et de | | | rue de Grenus 7 |
| | resolution (ACPR) | | | CP 2113 |
| | | | | Genève 1, CH 1211 |
| | | | | Tel +4122 731 3263 |
| | | | | Fax +4122731 3243 |
| | | | | Regulated by the FINMA |

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