

Sector View

Pharmaceuticals

PCSK9: Pfizer ends development of bococizumab

	1 M	3 M	6 M	31/12/15
Healthcare	-7.5%	-13.5%	-6.3%	-16.1%
DJ Stoxx 600	-2.2%	-1.3%	-1.8%	-8.3%

*Stoxx Sector Indices

Considering the reasons behind it, the decision to end the clinical development of bococizumab by Pfizer is good news for Amgen and Regeneron/Sanofi because it takes a third player in this field out of the race, which should result in less pricing pressure by payers. Now clinical data from the outcome studies will tell how big the opportunity could be.

Companies covered

ACTELION	NEUTRAL	CHF180
ASTRAZENECA	BUY	5220p
BAYER	NEUTRAL	EUR98
GLAXOSMITHKLINE	BUY	1930p
GRIFOLS	NEUTRAL	EUR20
IPSEN	BUY	EUR72
NOVARTIS	NEUTRAL	CHF81
NOVO NORDISK	NEUTRAL	DKK270
ROCHE HOLDING	BUY	CHF285
SANOFI	NEUTRAL	EUR84
SHIRE PLC	BUY	6900p
SOBI	SELL	SEK90
UCB	NEUTRAL	EUR80

ANALYSIS

- In connection with the third-quarter results, Pfizer took the market by surprise by announcing that it would take the appropriate provisions to end the clinical development of its PCSK9 inhibitor bococizumab. Earlier in the year Pfizer released new positive data though but recently it demonstrated that its candidate, due to be the third in the class after already-marketed Repatha (Amgen) and Praluent (Regeneron/Sanofi), was not only showing no differentiation but also had two potential drawbacks: a lack of efficacy – on LDL-c reduction – over time (due to neutralizing antibodies?) but also “a higher level of immunogenicity and higher rate of injection-site reactions” than shown with other members in the class.
- In short, Pfizer sees no value in bococizumab compared to more advanced compounds in the class and has therefore decided to stop investing in it. The good thing for competitors is that concerns are drug-related. When assessing the impact for Amgen and Sanofi/RGN, we see more positive than negative factors. Indeed, while Pfizer would have helped create a larger market, this will be permitted by good cv outcome data mainly whereas the absence of a third player is likely to ease pressure on prices by payers.

VALUATION

- No change to our numbers.

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Distribution of stock ratings

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NEUTRAL ratings 0%

SELL ratings 28%

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