

Morphosys

Price EUR41.82

Feedback from R&D Day

Fair Value EUR65 (+55%)

BUY

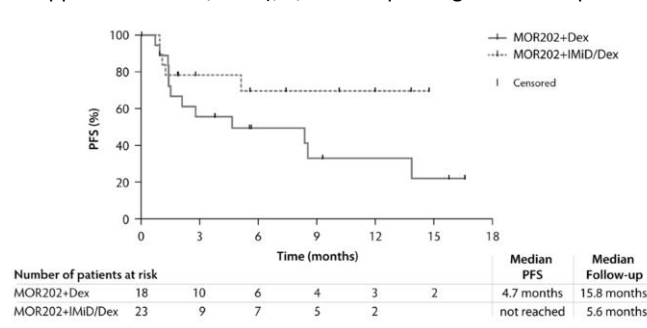
Bloomberg	MOR GR
Reuters	MORG.DE
12-month High / Low (EUR)	60.8 / 33.2
Market Cap (EURm)	1,219
Avg. 6m daily volume (000)	128.9

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.9%	7.4%	-15.6%	-27.5%
Healthcare	2.4%	-8.4%	-9.2%	-15.3%
DJ Stoxx 600	3.8%	-2.7%	0.0%	-6.7%

	2015	2016e	2017e	2018e
P/E	73.4x	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- **MOR yesterday held an R&D Day, during which they presented the updated data for MOR202 and MOR208 that were presented at the ASH congress.**
- **MOR202: increasingly encouraging data, but a tough context.** The ORR stood at 78% (of which 61% were partial) 1/ when combined with an IMiD (lenalidomide or pomalidomide) and dexamethasone, and 2/ irrespectively of the MOR202's dose (8 or 16 mg/kg). But remember that responses obtained tend to deepen over time, while being durable... So the updated dataset is quite competitive with other anti-CD38 antibodies, and PFS curves look promising as well (median not reached). Having said that, we remain cautious about the potential of this candidate, and even believe a licensing deal is increasingly unlikely as 1/ GEN/JNJ's daratumumab is likely to address an increasingly large part of the myeloma market, thanks to its recent label expansion (and its SC form is likely to be approved in 2019/2020); 2/ SAN is sprinting for second place with isatuximab.



- **MOR208: nothing material.** Presented data from the ongoing Phase II trial evaluating the compound as a single-agent in pre-treated NHL (26% ORR in DLBCL and 29% in iNHL, 12-month PFS of 39% for both) were not significantly different from the ones we saw at the ASCO Congress. Also, we expected some detailed preliminary efficacy results in CLL or Richter's transformation, including ibrutinib-resistant patients... Unfortunately, this was not the case.

VALUATION

- **We stick to our BUY rating with a FV of EUR65.**

NEXT CATALYSTS

- February 2017: Q4 16 results.

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Mickael Chane Du, mchanedu@bryangarnier.com



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Distribution of stock ratings

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BRYAN, GARNIER & CO

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

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