

21st December 2016

Healthcare

Roche

Price CHF233.50

Ocrevus' potential approval delayed to end of Q1 17

Fair Value CHF285 (+22%)

BUY

Bloomberg	ROG VX
Reuters	ROG.VX
12-month High / Low (CHF)	278.5 / 220.1
Market Cap (CHFm)	164,048
Avg. 6m daily volume (000)	1,330

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.6%	-4.5%	-5.0%	-15.5%
Healthcare	3.1%	-4.4%	-0.7%	-10.8%
DJ Stoxx 600	6.5%	6.0%	7.0%	-1.2%

	2015	2016e	2017e	2018e
P/E	17.3x	15.0x	14.3x	14.2x
Div yield (%)	3.5%	4.0%	4.2%	4.2%

ANALYSIS

- **Ocrevus' potential approval in MS delayed by three months.** ROG yesterday announced that the FDA has extended the PDUFA date for its review of Ocrevus (ocrelizumab, CD20 mAb)' BLA to March 28, 2017. The extension is the result of the submission of additional data by the company regarding the manufacturing process of the compound... which required additional time for FDA review. So this is not related to eventual questions vis-à-vis the efficacy/safety profile of the antibody.
- **Strong newsflow expected in Q1 17.** While this is not great news, it does not change our perception of the equity story (we see Ocrevus as an important driver / line of defence against biosimilars in the next few years). Firstly, because "ocre" is still being evaluated by the regulator, and no fundamental question has so far been raised. Secondly, all eyes are on APPHINITY (Phase III trial evaluating the addition of Perjeta to the current SOC in HER2+ adjuvant breast cancer), and we believe the overall stock performance is highly dependent on its readout (somewhere in Q1 17).
- **Read-across for GEN/NVS's ofatumumab also delayed.** We remain quite positive about the prospect of ofatumumab (another CD20 mAb) from a fundamental standpoint (SC administration, strong Phase II data, etc.), and we could not wait to see which label would be attributed to "ocre"... and obviously the broader, the better. But in the end, we will have to wait.

VALUATION

- We stick to our BUY rating with a FV of CHF285.

NEXT CATALYSTS

- Q1 17: First phase III data for ACE910 in Haemophilia A with inhibitors + APPHINITY readout + Ocrevus approval in MS.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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