

UCB

Price EUR59.06

Cimzia lifecycle product management in a highly competitive space

Fair Value EUR80 (+35%)

NEUTRAL

Bloomberg	UCB BB
Reuters	UCBBT.BR
12-month High / Low (EUR)	85.6 / 58.8
Market Cap (EURm)	11,488
Avg. 6m daily volume (000)	280.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.5%	-19.8%	-12.4%	-29.0%
Healthcare	0.1%	-9.3%	-10.9%	-16.1%
DJ Stoxx 600	4.2%	-0.8%	0.4%	-5.0%

	2014	2015e	2016e	2017e
P/E	35.0x	27.2x	18.8x	13.4x
Div yield (%)	1.5%	1.9%	2.8%	3.9%

ANALYSIS

- UCB and Dermira reported positive results from CIMPASI-1, the second (out of three) phase III trial for Cimzia in moderate chronic plaque psoriasis. The study which enrolled 234 patients evaluated the efficacy of 16 weeks of treatment with SC certolizumab pegol at either 1/ the 400mgQ2W dose (n=88; arm 1) or 2/ the 400mg at week 0, 2 and 4 followed by 200mgQ2W (n=95; arm 2) against placebo. Both co-primary endpoint have been met at the end of the period. 75.8% and 66.5% of patients achieved PASI75 in arm 1 and 2 respectively vs 6.5% for placebo. 57.9% and 47% of patients in both active arms had an improvement of at least 2 points on the PGA scale (five-point scale representing clear or almost clear skin) vs. 4.2% for the placebo group. On the safety side, the profile of Cimzia was in-line with the one observed in already approved indications. Note that result from a first trial with a similar design, CIMPASI-2, have already been communicated in Q3 and that the results from a third one, CIMPACT (NCT02346240) carried out in 559 patients against Amgen's Enbrel (etanercept) should read out in Q1 2017. We would expect filing by Dermira in H2 2017 and potential approval in H2 2018.
- These results are a good news for Cimzia's lifecycle management and does not cast doubt on the ability of the product to continue to grow towards 2020. However, they should be put in the context of 1/ a highly competitive field with Cosentyx (Novartis) mainly and brodalumab (Valeant /LEO Pharma) to a lesser extent, both having reported higher responder rate and rapid onset of action; 2/ economics that may not fully benefit to UCB as Dermira retains exclusive US and Canadian commercialisation rights to dermatologists.

VALUATION

- We reiterate our NEUTRAL rating

NEXT CATALYSTS

- Q1 2017: results from the third study of Cimzia in Psoriasis (CIMPACT)
- Feb. 23rd, 2017: FY2016 results

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Distribution of stock ratings

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