



DAILY EQUITY RESEARCH UPDATE
Healthcare

Core News

ASTRAZENECA | Neutral | FV GBp7,440

A busy month of August with Lynparza and Farxiga leading the flow

- An unparalleled clinical and regulatory newsflow
- Lynparza and Farxiga strongly reinforced
- Imfinzi still struggling in stage IV NSCLC
- New upgrade to our forecasts

Analyst: Eric Le Berrigaud

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BONE THERAPEUTICS | Corporate | FV EUR7.3

H1 results highlights cost control. Financial runway to Q3 2020

- Good cost control in H1 2019
- Key readout and strengthening of the exec/non-exec teams
- Financial runway to Q3 2020

Analyst: Hugo Solvet

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MEDARTIS | Buy | FV CHF64 vs CHF74.5

Cutting our numbers following H1 2019 results

- Uncertainties ahead of EU MDR driving most of the downgrade
- US set to accelerate in the upcoming quarters

- A hint to upcoming M&A?
- Lower FV reflects FY19 guidance cut and weak EU until mid-2020

Analyst: Hugo Solvet

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Headlines

NOVARTIS | Buy - Top Picks | FV CHF106 | Very much as expected, ofatumumab beat Aubagio in trials

- In a short PR with no details, Novartis presents headline results from the two ASCLEPIOS phase III trials with ofatumumab. And with no surprise when considering the design of the study, the two trials met their primary endpoint which was the reduction in the annualized relapse rate over Sanofi's Aubagio in patients with RMS. Co. reports that other key secondary endpoints were also met, including the time to confirmed disability progression.
- The reason why we've been optimistic ahead of the publication is first of all because the anti-CD20 approach is now very well documented in RMS, already with rituximab and more recently with the still ongoing spectacular success of Ocrevus (Roche). This is also because Aubagio is not a very potent and risky drug to be compared to.
- For those reasons, the devil will be in the details and reaching endpoints is not enough. We need to see how ofa compares with Ocrevus on relapse rates but more importantly on disability progression and other secondary endpoints like brain volume loss or neurofilament density. Onset of action will also be closely monitored. If it is close then the convenience of the subcutaneous formulation will be a key commercial differentiating factor.
- In MS, good drugs usually become blockbusters and ofatumumab in Novartis' MS franchise has much higher chances to achieve this status than Mayzent in our view but the point is really how close it can be to Ocrevus because consensus trusts in the drug to be a decent one but clearly not to challenge Roche's product. This good piece of news also resonates for Genmab (BUY - FV DKK1,450) which will receive low double-digit royalties on ofa sales.

3Q 2019 Healthcare Top Picks

NOVARTIS (Buy, FV CHF106), ROCHE HOLDING (Buy, FV CHF340), KORIAN (Buy, FV EUR40), DBV TECHNOLOGIES (Buy, FV EUR46)

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