

Newron Pharmaceuticals

US partner on board ahead of PDUFA date

Commercial partner, Zambon, has announced a sublicense agreement with US WorldMeds for the US commercialisation of Parkinson's disease (PD) therapy Xadago (safinamide). Under the agreement's terms Zambon will give Newron a share of undisclosed, upfront milestone and royalty payments made by US WorldMeds, in addition to a milestone payment on FDA approval (we estimate €9m, not included in our forecasts). Importantly Xadago's US PDUFA date is looming (29 March 2016) and a positive decision will clearly bode well for Newron's share price. Our valuation of Newron remains unchanged at CHF504m or CHF35.5/share.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/14**	1.6	(8.6)	(0.63)	0.0	N/A	N/A
12/15	2.4	(18.3)	(1.17)	0.0	N/A	N/A
12/16e	4.0	(21.4)	(1.51)	0.0	N/A	N/A
12/17e	12.2	(5.5)	(0.39)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items. **FY14 PBT is restated.

US WorldMeds is a Kentucky-based pharmaceutical company that markets a number of specialty products including a treatment for PD (notably APOKYN for the acute treatment of intermittent 'off' episodes). If approved Xadago would therefore fit neatly into its portfolio as it would be indicated for use as add-on to Levodopa in mid- to late-stage Parkinson's disease. US WorldMeds plans to focus more than 60 sales representatives on launching Xadago in the US, which we assume in H216 on the basis of an approval at end March 2016.

Our forecasts and valuation assume Xadago is priced broadly in line with Azilect, leading to peak global sales of c €450m (US represents c 65% of this estimate) based on a 10% penetration of the PD patient market. If Xadago can achieve premium pricing to Azilect across Europe and the US, as it has in Germany so far, then all else being equal our peak sales forecast would be closer to €660m. This would contribute a further CHF160m to our valuation, or CHF12/share. Until pricing is agreed, particularly in the US, we make no changes to our forecasts.

Product partnering news

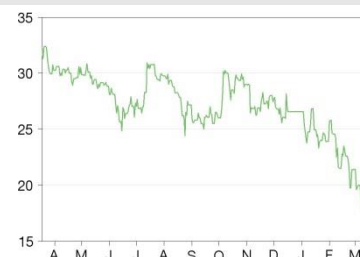
Pharma & biotech

18 March 2016

Price CHF20.20
Market cap CHF287m

Net cash (€m) at 31 December 2015	40.2
Shares in issue	14.2m
Free float	77%
Code	NWRN
Primary exchange	SIX
Secondary exchange	N/A

Share price performance



Business description

Newron Pharmaceuticals is an Italian CNS-focused biotechnology company. Xadago (safinamide) for Parkinson's disease has been launched in Europe; the US PDUFA date is 29 March 2016. Xadago is partnered with Zambon (EU), Meiji Seika (Japan); and US WorldMeds (US).

Analysts

Dr Susie Jana	+44 (0) 20 3077 5700
Lala Gregorek	+44 (0) 20 3681 2527

healthcare@edisongroup.com

[Edison profile page](#)

Newron Pharmaceuticals
Pharmaceuticals is a research
client of Edison Investment
Research Limited

Edison, the investment intelligence firm, is the future of investor interaction with corporates. Our team of over 100 analysts and investment professionals work with leading companies, fund managers and investment banks worldwide to support their capital markets activity. We provide services to more than 400 retained corporate and investor clients from our offices in London, New York, Frankfurt, Sydney and Wellington. Edison is authorised and regulated by the [Financial Conduct Authority](#). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

DISCLAIMER

Copyright 2016 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Newron Pharmaceuticals and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2016. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.