

Rovi

Enoxaparin biosimilars - natural evolution

Rovi, a Spain-domiciled, speciality pharma company, plans to launch an enoxaparin biosimilar (originator: Sanofi Clexane/Lovenox) into key European markets by year end. Rovi currently markets Hibor (bemiparin), its proprietary second-generation low molecular weight heparin (LMWH) anticoagulant, in Spain and select international markets. We expect Rovi to benefit from the vertical integration opportunities that an enoxaparin biosimilar launch would bring as it continues to evolve into a European leader in LMWH anticoagulants.

Hibor experience drives LMWH expertise

Hibor (bemiparin) is an internally developed LMWH that was launched by Rovi in 1998 and holds a c 28% share of the Spanish heparin market. It is available in c 55 countries (another four have approved registrations, with a further 15 pending registration) and generated 2016 sales of €79.7m (2015: €75.1m). Q117 revenue benefited from a seasonal sales increase to international partners (Q117: €20.1m. Q116: €17.7m). However, Sanofi's Clexane (enoxaparin) remains the dominant LMWH, both internationally and in Spain, due its substantial marketing presence.

Rovi ready for enoxaparin launch

Rovi has set out a clear strategy that will utilise its know-how and infrastructure to launch an enoxaparin biosimilar into key countries in the EU. Using the decentralised procedure for EU drug applications with Germany acting as a reference state, a commercial launch is possible by year end. Rovi has the infrastructure to manufacture the API, fill and pack and market its biosimilar. Initially we anticipate launch in Germany, followed by the UK, Italy and France within 18 months. In other regions we anticipate that Rovi will use marketing partners.

EU market holds opportunities

Clexane (worldwide sales in 2016 of €1.64bn) is off-patent and only one biosimilar has to date been launched in the EU. Neoparin is marketed by SciencePharma in Poland, but is not approved elsewhere. Two enoxaparin biosimilars are approved in the EU from Techdow and Pharmathen, but are currently not commercially available. High barriers to entry mean many companies may be reluctant to enter a market of shrinking value. Rovi's longstanding expertise in LMWH manufacturing and distribution should enable it to benefit in a genericised enoxaparin market.

Valuation: FY19 EPS hints at growth to come

Consensus estimates indicate that the market sees a growth in EPS in FY18 and FY19 after a flat FY17, likely driven in part by sales of the enoxaparin biosimilar.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/16	265.2	27.9	0.53	0.14	29.4	0.9
12/17e	278.3	19.8	0.35	0.15	44.5	1.0
12/18e	298.9	29.4	0.52	0.17	29.9	1.1
12/19e	320.0	44.0	0.82	0.20	19.0	1.3

Source: Bloomberg

Pharma & biotech

15 June 2017

Price €15.57
Market cap €779m

Share price graph



Share details

Code ROVI
 Listing BME
 Shares in issue 50.0m

Business description

Rovi is a fully integrated, Spain-domiciled, speciality pharma company, which researches, manufactures and markets a wide array of pharmaceuticals. It has 30 marketed products across nine core franchises. Its flagship product, Hibor (bemiparin), represented c 28% of 2016 revenues.

Bull

- Vertically integrated infrastructure and LMWH expertise give Rovi a lower barrier to an enoxaparin entry than any new participants in the market may achieve.
- Could be the first launched enoxaparin biosimilar in many countries.
- Stable revenues in Spain from diverse pharmaceutical portfolio and toll manufacturing.

Bear

- Enoxaparin competition likely to intensify in the long term.
- Pharma pipeline relies on in-licensing of new products.
- Limited free float.

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