

ThromboGenics – QuickView

21 March 2012

Event	Alcon deal for ocriplasmin
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Investment summary: Vision to deliver

Securing Alcon (Novartis) as an ex US partner for eye drug ocriplasmin is a significant milestone in ThromboGenics' path to becoming a fully-integrated pharmaceutical company. Shares in the Belgian company have gained 9% since the deal and now trade at record highs. With burgeoning expectations comes increasing pressure to deliver. The Alcon deal, with €165m in near-term payments, provides ocriplasmin with the best possible start in Europe and lends significant financial support to ThromboGenics' own launch plans in the US.

Partner of choice

Alcon, acquired by Novartis in 2010 for \$51bn, is a global leader in the eye care market and emerged the winner from a competitive partnering process. Alcon is paying €75m upfront and €90m upon European approval and launch, expected by Q113. Further milestones up to €210m are possible on successful development of ocriplasmin for new indications, as well as estimated 25% royalties on net sales.

Retaining US interests

US partnering rights were "never on the table", emphasising ThromboGenics' desire to build commercial infrastructure; a US HQ recently opened in New Jersey. BLA filing under priority review is expected by end April 2012, an FDA advisory committee review is likely in early H212 with US launch due in Q113.

Pipeline in a product

Ocriplasmin, a truncated form of human plasmin, is injected into the eye to treat vitreomacular adhesion (VMA), a serious cause of vision distortion and blindness. An estimated 500,000 patients have VMA in the US and the five biggest EU markets. The pan-EU market opportunity is estimated at €600m based on 300,000 VMA patients at €2,000 per treatment with ocriplasmin. Further studies are ongoing in retinal vein occlusion, diabetic macular oedema and age-related macular degeneration (AMD). Phase II data in AMD are due H212 and ocriplasmin could be a complementary therapy to Lucentis/Eylea; 30% of AMD patients have VMA.

Valuation: Fair EV of €650m

Based on estimated latest cash of €155m (including €75m deal upfront), ThromboGenics' EV of €650m seems fair while offering upside upon regulatory approvals and successful commercial launches of ocriplasmin.

Consensus estimates (pre Alcon deal)

Year End	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/10	6.18	(13.9)	(0.47)	0.0	N/A	N/A
12/11	2.48	(21.6)	(0.67)	0.0	N/A	N/A
12/12e	4.90	(33.5)	(1.03)	0.0	N/A	N/A
12/13e	35.5	(4.77)	0.14	0.0	N/A	N/A

Price €24.85

Market Cap €805m

Share price graph



Share details

Code	THR
Listing	Euronext, Brussels
Sector	Biotechnology
Shares in issue	32.4m

Business

ThromboGenics is a Belgian biopharmaceutical company focused on developing and commercialising the eye drug ocriplasmin; EU (via Alcon) and US launches are due in Q113. Antibody candidates targeting cardiovascular disorders and cancer are in mid-stage clinical trials.

Bull

- Ocriplasmin close to US/EU approval as first drug treatment for VMA.
- Alcon to commercialise ex. US and pay significant milestones and royalties.
- 100% of US profits retained.

Bear

- US commercialisation of ocriplasmin still likely to require fresh funds.
- Significant development costs remain through 50:50 cost share with Alcon.
- EU and US reimbursement hurdles likely to slow product uptake.

Analysts

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