

Orexo

Mundipharma to take Zubsolv global

Mundipharma has licensed exclusive global ex-US rights to Zubsolv. Deal terms include a €7m upfront payment, in addition to further undisclosed regulatory and commercial milestones and up to low double-digit net sales royalties. Ahead of Orexo's Q216 results on 12 July pending further disclosures, we make no changes to our current forecast and valuation. Nevertheless, this is an important deal for Orexo, which will significantly expand the Zubsolv market opportunity ex-US, where c 20 million people are estimated to be afflicted by opioid dependence. Access to the global opioid dependence market is a key growth driver for Orexo, in addition to the anticipated expansion in US prescribing rights and the currently undisclosed development pipeline.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/14	570	(53)	(1.6)	0.0	N/A	N/A
12/15	643	(191)	(5.7)	0.0	N/A	N/A
12/16e	674	(72)	(2.0)	0.0	N/A	N/A
12/17e	927	77	1.6	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments

Zubsolv is a complementary product for Mundipharma, a network of independent companies with a presence in 48 countries. Pain is one of Mundipharma's areas of focus, with significant research resources focused on opioid dependence, abuse and substitution therapy. Under this licensing deal, Orexo and Mundipharma will work together to complete the bioequivalence study vs Suboxone tablet (a different reference product to that in the US) to allow for an EMA filing. Orexo will be reimbursed for specific expenses related to necessary work undertaken to prepare Zubsolv for ex-US filings and commercialisation. Regulatory filings in additional territories are planned.

At end-June 2016, Zubsolv had a rolling four-week 5.5% market share by volume (and 5.4% by value) in the US. This deal with Mundipharma opens up the ex-US market opportunity to Zubsolv, with potential for significant revenue growth and also improvement in gross margin as production volumes increase.

Ex-US Zubsolv partnership

Pharma & biotech

4 July 2016

Price **SEK45.50**

Market cap **SEK1,574m**

SEK8.00/US\$

Net debt (SEKm) at end-March 2016 261.9

Shares in issue 34.6m

Free float 49%

Code ORX

Primary exchange NASDAQ OMX Stockholm

Secondary exchange N/A

Share price performance



Business description

Orexo is a Swedish speciality pharma company, with expertise in drug delivery/reformulation technologies (in particular sublingual formulations) and a US commercial infrastructure for opioid dependence therapy Zubsolv.

Analysts

Lala Gregorek +44 (0)20 3681 2527

healthcare@edisongroup.com

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