

ThromboGenics – QuickView

25 October 2012

Investment summary: All eyes on Jetrea launch

Jetrea's US approval is a significant milestone for ThromboGenics and its recent share price performance reflects this. With a first-pass FDA endorsement in the broadest possible indication and EU approval due in Q113, shares are trading at c 3% off an all-time high. Investor interest should now turn to the US launch, due in January 2013. Jetrea's pricing could, however, offer near-term upside, with suggestions that prior guidance could be overly conservative.

Seeing the way to a commercial organisation

Jetrea (ocriplasmin) received US approval in the US on 18 October for treatment of symptomatic vitreomacular adhesion (VMA). ThromboGenics intends to commercialise the product itself in the US and anticipates the launch in January 2013. The approved label is broad, with no restrictions on use in either macular hole or macular pucker/epiretinal membrane (scarring of the back of the eye). EU marketing is in partnership with Alcon and formal approval is due in H113.

Price could offer upside

Management's previous pricing guidance has been c €2,000 in EU and \$3,000 per injection in the US. However, management indicates this could be conservative, although further details will not be available until launch in January 2013.

Focus on US launch dynamics

The c 30 US sales reps will initially target retina physicians that treat VMA. This is a condition where an abnormally sticky vitreous gel pulls on the back of the eye as it naturally shrinks, causing visual disturbances. Until now, the only treatment was invasive surgery. A permanent J-code will not be available until January 2014, with the temporary Q-code potentially increasing the administrative burden for use in the first 12 months. Longer term, clinical data in AMD and DME could increase the market potential.

Valuation: Enterprise value of €1.2bn

ThromboGenics's shares have gained and its end June €186m cash suggests an enterprise value of €1.174m. This seems fair for now, despite Jetrea's blockbuster potential. Details on pricing could provide near-term upside. Beyond this, initial launch dynamics are likely to dictate share price performance.

Price €38.00

Market cap €1,360m

Share price graph



Share details

Code THR
Listing Brussels
Sector Pharma & biotech
Shares in issue 35.81m

Business

ThromboGenics is a Belgian biotechnology company focused on ophthalmology. The lead product, Jetrea, for treatment of back-of-the-eye disorders has been approved in the US, with launch due Q113. In Europe, Jetrea is partnered with Alcon with potential approval due H113.

Bull

- Jetrea EU approval process de-risked.
- Potential upside from pricing.
- Alcon to commercialise in EU.

Bear

- Temporary US reimbursement code.
- Lack of late-stage pipeline products.
- Cost share with Alcon could put pressure on R&D spend.

Analyst

Robin Davison +44 (0)20 3077 5737
healthcare@edisoninvestmentresearch.co.uk

EDISON QUICKVIEWS ARE NORMALLY ONE-OFF PUBLICATIONS WITH NO COMMITMENT TO WRITING ANY FOLLOW UP. QUICKVIEW NOTES USE CONSENSUS EARNINGS ESTIMATES.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/10	6.2	(13.9)	(0.47)	0.0	N/A	N/A
12/11	2.5	(21.6)	(0.67)	0.0	N/A	N/A
12/12e	75.1*	20.0*	0.6*	0.0	N/A	N/A
12/13e	130.8	67.1	2.0	0.0	N/A	N/A

Note: * per guidance, assumes €35m of pre-launch costs that do not feature in consensus.

EDISON INVESTMENT RESEARCH LIMITED

Edison Investment Research is a leading investment research company. It has won industry recognition, with awards in the UK and internationally. The team of 95 includes over 60 analysts supported by a department of supervisory analysts, editors and assistants. Edison writes on more than 400 companies across every sector and works directly with corporates, fund managers, investment banks, brokers and other advisers. Edison's research is read by institutional investors, alternative funds and wealth managers in more than 100 countries. Edison, founded in 2003, has offices in London, New York and Sydney and is authorised and regulated by the Financial Services Authority (www.fsa.gov.uk/register/firmBasicDetails.do?sid=181584).

DISCLAIMER

Copyright 2012 Edison Investment Research Limited. All rights reserved. This report has been prepared and issued by Edison Investment Research Limited for publication in the United Kingdom. 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 Investment Research Limited at the time of publication. The research in this document is intended for professional advisers in the United Kingdom for use in their roles as advisers. It is not intended for retail investors. This is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment. A marketing communication under FSA 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 Investment Research Limited has a restrictive policy relating to personal dealing. Edison Investment Research Limited is authorised and regulated by the Financial Services Authority for the conduct of investment business. The company does not hold any positions in the securities mentioned in this report. However, its directors, officers, employees and contractors may have a position in any or related securities mentioned in this report. Edison Investment Research Limited 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. This communication is intended for professional clients as defined in the FSA's Conduct of Business rules (COBs 3.5).

London +44 (0)20 3077 5700
Lincoln House, 296-302 High Holborn
London, WC1V 7JH, UK

New York +1 646 653 7026
245 Park Avenue, 24th floor
NY 10167, New York, US

Sydney +61 (0)2 9258 1162
Level 33, Australia Square, 264 George St,
Sydney, NSW 2000, Australia