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 €1.174bn. 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.

Consensus estimates

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

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