



# **Momenta Pharmaceuticals**

## 2015 could still be a transformational year

Momenta's strategy offers a balance between development of its own novel drugs, complex generics and biosimilars with partners including Sandoz and Baxter. An FDA decision on Momenta's generic Copaxone is pending. However, in the latest legal twist, the Supreme Court recently ruled that the Court of Appeals' decision to invalidate Teva's Copaxone patents needs further review; Copaxone's last patent expires in Sept 2015.

## Necuparanib in Phase II for pancreatic cancer

Momenta's most advanced 'novel' product is necuparanib, a heparin derivative engineered to reduce natural anticoagulation and enhance antitumor activity. Phase I results in 37 pancreatic cancer patients were encouraging and further data are expected in mid-2015. The Phase II Part B continues looking at the effect of adding necuparanib to Abraxane + gemcitabine treatment with data expected H117. Momenta has three further autoimmune candidates; hsIVIg in active partnering discussions and SIF3 and anti-FcRn, which could both start clinical trials in 2016.

### Humira biosimilar starts clinical trials

Momenta's 2011 collaboration with Baxter includes M923, a biosimilar version of Humira (adalimumab), which recently started clinical trials in Europe, triggering \$12m in milestone payments. As part of a strategic review, Baxter recently returned rights to M834, a biosimilar version of Orencia, which Momenta will continue to develop and will seek a new partner. Momenta's biosimilar portfolio also includes six further products, with four targeted to reach the clinic by 2017.

## The Copaxone story should unfold in 2015

The launch of generic enoxaparin (a Lovenox generic) in 2010 by partner Sandoz is testament to Momenta's technical expertise. A second product in the deal, generic 20mg Copaxone should be more profitable but approval has been stalled by legal wrangles with Teva. The case is to be heard again by the Court of Appeals, possibly within a year; the remaining Copaxone patent will expire 1 September 2015. Meanwhile, Teva is rapidly switching patients to its 40mg version. Sandoz filed a 3x weekly 40mg version in Aug 2014 and could gain 180-day exclusivity.

## EV \$550m; Copaxone clarity could provide uplift

Momenta had cash of \$191m at end FY14 and is guiding for \$30m burn in Q115, with an aim to reduce this going forwards through partnering activity. Clarity on the generic Copaxone launch could provide a valuation uplift.

Consensus forecasts							
Year end	Revenue (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)	
12/13	35.5	(108.4)	(2.13)	0.0	N/A	N/A	
12/14	52.3	(98.6)	(1.91)	0.0	N/A	N/A	
12/15e	111.8	(32.9)	(0.65)	0.0	N/A	N/A	
12/16e	156.6	22.3	0.28	0.0	49.8	N/A	

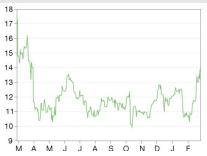
Source: Company data, Bloomberg

### Pharma & biotech

27 February 2015



## Share price graph



#### Share details

Code	MNTA
Listing	NASDAQ
Shares in issue	53.1m

### **Business description**

Momenta Pharmaceuticals is a biotechnology company based in Cambridge, MA. It employs technologies to 'biocharacterise' complex drugs and develop generic, biosimilar versions of existing drugs as well as novel products. It has developed generic Lovenox (marketed) and Copaxone (filed) with partner Sandoz, and has a partnership with Baxter.

#### Bull

- Generic Copaxone offers access to a potentially lucrative MS market (Copaxone sales were \$4bn in 2014) and would bridge the revenue gap until the pipeline matures.
- Once fully 'biocharacterised', biosimilars may offer a shorter clinical pathway to approval.
- Biosimilar Humira recently entered the clinical with partner Baxter.

### Bear

- Appeals Court decision (second round) upholds Teva's Copaxone patents, potentially delaying generic Copaxone launch.
- Sandoz may not get first-to-file status with 3x weekly Copaxone (Dr Reddy and Mylan also claiming FTF status for the 40mg dose).
- Own novel pipeline (necuparanib and IVIg products) is relatively early stage.

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