

## US Biopharmaceuticals

Day 3 Key Highlights from SF conference:  
KRYX XNCR YMAB

## Industry Overview

We summarize key takeaways of important presentations from the SF conference for our coverage companies including KRYX XNCR YMAB ([see our 2024 outlook report](#)).

**KRYX: Vyjuvek launch taking shape, clarity likely in 2H24e**

We met with the company and highlight our key takeaways. Vyjuvek launch continues to be main focus for many investors. We expect some early launch variability in 4Q (growing cadence of conversion to drug, seasonal effects on new starts, j-code coming online), which could impact shares in the near-term. That said, we continue to like the commercial setup looking to the balance of 2024, with true shape of the launch curve likely beginning to come into focus in 2H24e. Additional upside levers include approvals in EU/JP and FDA guidance around label expansion studies for ocular manifestations in DEB (roughly 50% of DEB patients) over the course of 2024. We also look to data updates in CF, oncology, and aesthetics this year to help move the narrative for the pipeline, with a positive readout in CF being particularly derisking to lung applications of Krystal's technology, if positive, given compromised nature of tissues in these patients. We continue to like the KRYX storyline into 2024, with value for Vyjuvek and especially the company's broader pipeline still not fully reflected. Maintain Buy and \$140 PO.

**XNCR: 2024 shaping up to be big, unlocking potential**

XNCR shares (-3.26%; NBI: -0.56%) continue to trade in-line with the broader biotech sector primarily. We listened in on XNCR's conference presentation and summarized key takes: **1)** vudalimab phase 2 monotherapy prostate data (expected at 2024 medical conference) especially important to drive shares, after a quiet 2023, and partnership with OMERS Life Sciences weighing on shares near-term ([see our thoughts on the deal](#)). **2)** we also see the company directing attention to the vudalimab phase 1b/2 1L NSCLC chemo combo study expected to start imminently. With upcoming catalysts expected in 2024, we believe the company could unlock additional value for shares next 12-18 months. Maintain Buy and \$34 PO.

**YMAB: Danyelza ex-US can add upside, SADA IND 24/25e**

We met with new CEO and team and summarized our key takes. YMAB (+6.5%; NBI: -0.56%) used 2023 as a year of recovery after omburtamab CRL. With essentially a "gap" in the pipeline between Danyelza and SADA (more IND filings 2024/2025e), we see 2024 also lackluster in terms of catalysts (GD2-SADA part A dose escalation readout (2024e), unlikely to drive shares significantly). With recent sales for Danyelza plateauing (~\$20M quarterly), announcement of a new 4Q23 campaign can invigorate sales in our view. SADA programs are still early (GD2-SADA phase 1 progressing, CD38-SADA IND cleared), but we think that SADA can bring longer-term value. Ex-US Danyelza expansion/label expansion into 1L pediatric neuroblastoma/osteosarcoma can add market opportunity but with little near-term catalysts, we maintain Neutral, \$10 PO.

10 January 2024

Equity  
United States  
Biopharmaceuticals

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**Abbreviations:**

**NBI:** Nasdaq biotech index  
**DEB:** dystrophic epidermolysis bullosa  
**CF:** cystic fibrosis  
**FDA:** Food and drugs administration  
**1L:** front-line  
**NSCLC:** non-small cell lung cancer  
**SADA:** Self-assembling and de-assembling  
**r/r:** relapse/refractory  
**2L:** Second line  
**GD2:** disialoganglioside  
**NB:** Neuroblastoma  
**PK:** pharmacokinetics  
**CRL:** complete response letter  
**IND:** investigative new drug

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**Refer to important disclosures on page 5 to 8. Analyst Certification on page 3. Price Objective Basis/Risk on page 2.**

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Timestamp: 10 January 2024 10:15PM EST

**Exhibit 1: Stocks mentioned**

Prices and ratings for stocks mentioned in the report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
KRYS	KRYS US	Krystal	US\$ 128.32	C-1-9
XNCR	XNCR US	Xencor	US\$ 20.48	C-1-9
YMAB	YMAB US	Y-mAbs	US\$ 7.18	C-2-9

Source: BofA Global Research

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## Price objective basis & risk

### Krystal Biotech (KRYS)

Our \$140/share price objective is based on a probability-adjusted net present value (NPV) for rare dermatology (\$107/share), respiratory, including cystic fibrosis (CF) and AATD (\$9/share), aesthetics through the Jeune subsidiary (\$6/share), the discovery pipeline (\$4/share), and cash (\$14/share). We apply probabilities of success from 9% (aesthetics) to 100% (Vyjuvek), a weighted-average cost of capital (WACC) of 10-13%, and -3% (rare derm) to 2% (early pipeline) terminal growth rate.

Downside risks: 1) Vyjuvek launch uptake slower than anticipated, 2) HSV-1 technology fails to yield compelling data in expanded chronic indications, 3) competitors produce more convincing data for competing therapies, 4) regulatory and/or reimbursement landscape changes unfavorably for gene therapies, and 5) funding is insufficient to move forward pipeline aspirations or further commercial/manufacturing build out.

### Xencor (XNCR)

Our \$34/share price objective is based on a probability-adjusted net present value (NPV) for vudalimab (\$7/sh), plamotamab royalties (\$0/sh), XmAb306 (\$2/sh), XmAB104 (-\$1/sh), XmAb564 (\$2/sh), XmAb819 (\$2/sh), XmAb808 (\$2/sh), XmAb968 (\$1/sh), XmAb662 (\$1/sh), XmAb541 (\$1/sh), partnered programs (\$9/sh), and cash and equivalents (\$9/sh). We apply probabilities of success ranging from 6% (XmAb968) to 20% (vudalimab), a weighted-average cost of capital (WACC) of 11-14%, and -5% to 0% terminal growth rate.

Downside risks: 1) Clinical studies fail to yield viable drug profiles or validate preclinical observations, 2) a decline in partnership royalties creates a near-term revenue trough, 3) Xencor therapies against historically challenging targets fail to be competitive, 4) licensed assets miss endpoints in clinical studies or are deprioritized by partners, 5) Xencor fails to strike new partnership/licensing deals for XmAb platform, and 6) funding is insufficient to move forward pipeline aspirations or further commercial/manufacturing build out.

### Y-mAbs Therapeutics, Inc (YMAB)

Our \$10 price objective is based on a probability-adjusted net present value (NPV) of lead assets omburtamab (\$0/share) and naxitamab (\$7/share), early pipeline, including GD2xCD3 and SADA platform (\$1/share), and cash approximately (\$2/share). We apply probability of approvals from 6%-16% (early platform) to 55% (Danyelza in 1L Neuroblastoma), a weighted average cost of capital (WACC) of 10-13%, and terminal growth rate of -1% to -3%.

Upside risks: 1) Danyelza sales outperform projections, 2) Danyelza label expansion successful, 3) SADA platform encouraging clinical data

Downside risks: 1) failure of late-stage clinical trials, 2) emergence of safety signals, 3) slow clinical adoption, and 4) commercialization failures.

## Analyst Certification

I, Alec W. Stranahan, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## US - Biopharmaceuticals Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	89bio, Inc	ETNB	ETNB US	Geoff Meacham
	Acumen Pharma	ABOS	ABOS US	Geoff Meacham
	Agios Pharmaceuticals	AGIO	AGIO US	Greg Harrison, CFA
	Amylyx Pharmaceuticals	AMLX	AMLX US	Geoff Meacham
	BioMarin	BMRN	BMRN US	Geoff Meacham
	BioXcel Therapeutics	BTAI	BTAI US	Greg Harrison, CFA
	BridgeBio Pharma	BBIO	BBIO US	Greg Harrison, CFA
	Caribou	CRBU	CRBU US	Geoff Meacham
	CRISPR Therapeutics	CRSP	CRSP US	Geoff Meacham
	Eli Lilly and Company	LLY	LLY US	Geoff Meacham
	Gilead Sciences Inc.	GILD	GILD US	Geoff Meacham
	HUTCHMED	HCM	HCM US	Alec W. Stranahan
	Immatics	IMTX	IMTX US	Alec W. Stranahan
	Insmid Incorporated	INSM	INSM US	Jason Zemansky
	Intellia Therapeutics	NTLA	NTLA US	Greg Harrison, CFA
	Janux Therapeutics	JANX	JANX US	Geoff Meacham
	Keros	KROS	KROS US	Greg Harrison, CFA
	Kiniksa Pharmaceuticals, Ltd.	KNSA	KNSA US	Geoff Meacham
	Krystal Biotech	KRYS	KRYS US	Alec W. Stranahan
	Kura Oncology	KURA	KURA US	Jason Zemansky
	Liquidia Corporation	LQDA	LQDA US	Greg Harrison, CFA
	Lyell Immunopharma	LYEL	LYEL US	Geoff Meacham
	MeiraGTx	MGTX	MGTX US	Alec W. Stranahan
	Merck & Co.	MRK	MRK US	Geoff Meacham
	Mineralys Therapeutics	MLYS	MLYS US	Greg Harrison, CFA
	Neumora Therapeutics	NMRA	NMRA US	Geoff Meacham
	Rani Therapeutics	RANI	RANI US	Geoff Meacham
	Regenxbio, Inc.	RGNX	RGNX US	Alec W. Stranahan
	Revolution Medicines	RVMD	RVMD US	Alec W. Stranahan
	Rocket Pharmaceuticals, Inc.	RCKT	RCKT US	Greg Harrison, CFA
	Royalty Pharma	RPRX	RPRX US	Geoff Meacham
	Sana Biotechnology	SANA	SANA US	Geoff Meacham
	SpringWorks	SWTX	SWTX US	Alec W. Stranahan
	Syndax Pharmaceuticals	SNDX	SNDX US	Jason Zemansky
	Traverse Therapeutics Inc	TVTX	TVTX US	Greg Harrison, CFA
	Turnstone Biologics	TSBX	TSBX US	Geoff Meacham
	Vertex Pharmaceuticals Inc.	VRTX	VRTX US	Geoff Meacham
	Werewolf Therapeutics	HOWL	HOWL US	Jason Zemansky
	Xencor	XNCR	XNCR US	Alec W. Stranahan
<b>NEUTRAL</b>				
	AbbVie	ABBV	ABBV US	Geoff Meacham
	Alector, Inc	ALEC	ALEC US	Greg Harrison, CFA
	Amgen Inc.	AMGN	AMGN US	Geoff Meacham
	Arcus Biosciences	RCUS	RCUS US	Jason Zemansky
	Beam Therapeutics	BEAM	BEAM US	Greg Harrison, CFA
	Biogen Inc.	BIIB	BIIB US	Geoff Meacham
	Bristol-Myers Squibb	BMJ	BMJ US	Geoff Meacham
	Cytokinetics, Incorporated	CYTK	CYTK US	Jason Zemansky
	Editas Medicine	EDIT	EDIT US	Greg Harrison, CFA
	Erasca	ERAS	ERAS US	Alec W. Stranahan
	Esperion	ESPR	ESPR US	Jason Zemansky
	Exscientia	EXAI	EXAI US	Alec W. Stranahan
	IGM Biosciences	IGMS	IGMS US	Greg Harrison, CFA
	Johnson & Johnson	JNJ	JNJ US	Geoff Meacham
	Kymira Therapeutics	KYMR	KYMR US	Geoff Meacham
	Moderna	MRNA	MRNA US	Geoff Meacham
	Pfizer	PFE	PFE US	Geoff Meacham
	Recursion Pharmaceuticals, Inc.	RXR	RXR US	Alec W. Stranahan
	Tyra Biosciences	TYRA	TYRA US	Greg Harrison, CFA
	Vir	VIR	VIR US	Geoff Meacham
	Y-mAbs Therapeutics, Inc	YMAB	YMAB US	Alec W. Stranahan
<b>UNDERPERFORM</b>				
	AlloVir, Inc.	ALVR	ALVR US	Jason Zemansky



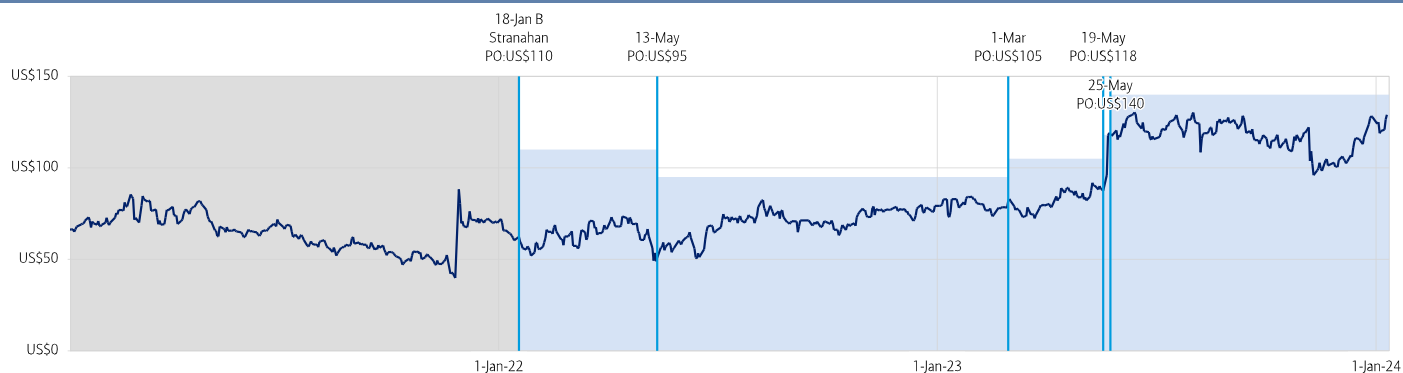
## US - Biopharmaceuticals Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	CureVac	CVAC	CVAC US	Geoff Meacham
	Day One Biopharmaceuticals	DAWN	DAWN US	Alec W. Stranahan
	LianBio	LIAN	LIAN US	Geoff Meacham
	Novavax	NVAX	NVAX US	Alec W. Stranahan
	Regeneron Pharmaceuticals Inc.	REGN	REGN US	Geoff Meacham
	Reneo Pharmaceuticals	RPHM	RPHM US	Jason Zemansky
	TG Therapeutics	TGTX	TGTX US	Alec W. Stranahan
	United Therapeutics Corporation	UTHR	UTHR US	Greg Harrison, CFA

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## Important Disclosures

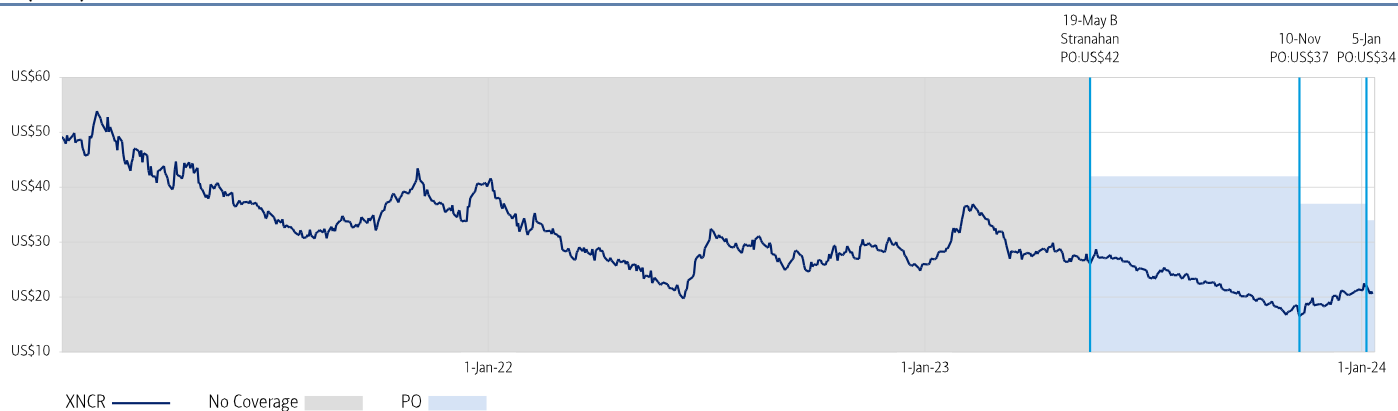
## Krystal (KRYS) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

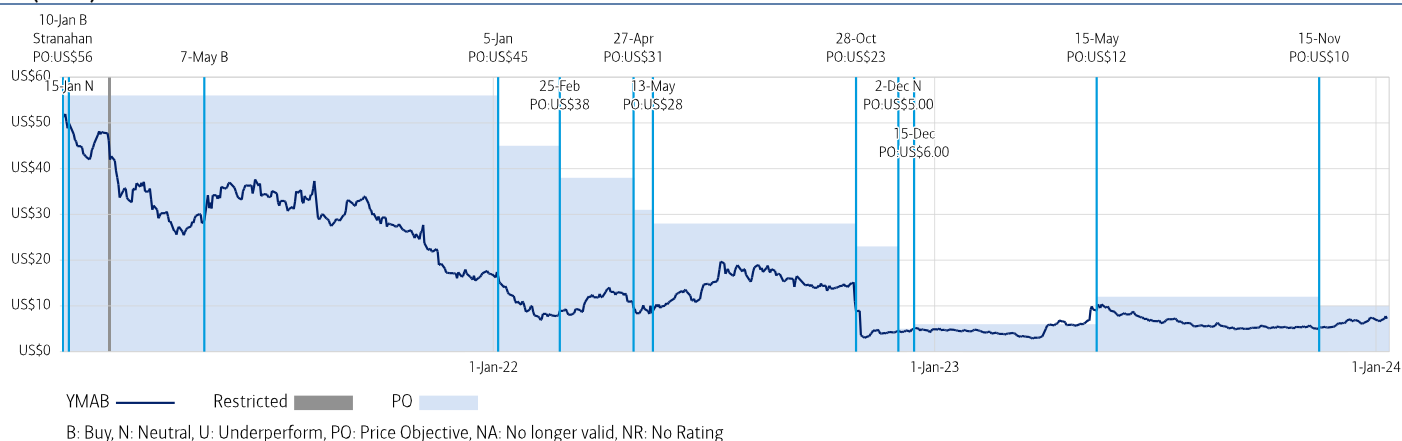
## Xencor (XNCR) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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## Y-mAbs (YMAB) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

## Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

## Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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