

## Clovis Oncology, Inc. (CLVS)

DECREASE TARGET PRICE

Rating	<b>OUTPERFORM*</b> [V]
Price (12 Nov 12, US\$)	12.50
Target price (US\$)	(from 21.00) 10.00 <sup>1</sup>
52-week price range	26.50 - 11.70
Market cap. (US\$ m)	326.74
Enterprise value (US\$ m)	177.00

\*Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.

<sup>1</sup>Target price is for 12 months.

[V] = Stock considered volatile (see Disclosure Appendix).

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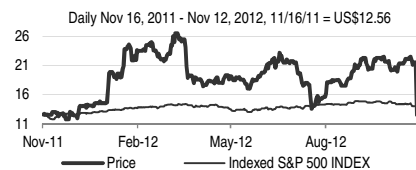
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## Negative readout from LEAP Phase III Trial for CO-101

- **LEAP unambiguously negative – development halted:** Pre-market today CLVS announced negative results from its pivotal “LEAP” Phase III trial for its lead clinical-stage asset, CO-101. CLVS has decided to stop all clinical development of CO-101. Recall, this study was designed to show that CO-101 had a survival benefit over the current standard-of-care, gemcitabine, in metastatic pancreatic cancer patients with a low levels of a biomarker called hENT1. The key data from the LEAP Phase III trial are: (1) There was no difference in survival between CO-101 and gemcitabine. The median OS was 6 months for both CO-101 and gemcitabine. The hazard ratio was 0.99. (2) hENT1 does not have an impact on survival in patients treated with gemcitabine.
- **Investor focus now on other pipeline assets:** CLVS still has other pipeline assets that are likely to read out over next 12 months: (1) CO-1686 is an EGFR mutant inhibitor. We expect proof-of-concept data in non-small cell lung cancer with the T790M+ mutation in H2'13. If this trial is positive, then CLVS could initiate a registrational trial in 2014. (2) Rucaparib is a PARP inhibitor. CLVS plans to expand an ongoing PI/II trial in breast and ovarian cancer (with germline BRCA mutations) and initiate a registrational trial in platinum-sensitive ovarian cancer with deficiencies in BRCA and other DNA repair genes in 2013.
- **Lowering TP to \$10.** Most of the value in CLVS was CO-101, as was our previous \$21 TP. There is still clearly some investor interest, and value, within CLVS two early pipeline assets, albeit with catalysts in H2:13. Our \$10 TP represents a company value of around \$250m, which we think is warranted for interesting but early stage assets. We note Y/E cash balance of around \$6/share.

### Share price performance



On 11/12/12 the S&P 500 INDEX closed at 1380.03

Quarterly EPS	Q1	Q2	Q3	Q4
2011A	—	—	—	-1.30
2012E	-0.86	-0.61	-0.71	-0.83
2013E	—	—	—	—

### Financial and valuation metrics

Year	12/11A	12/12E	12/13E	12/14E
EPS (CS adj.) (US\$)	-14.42	-2.99	-3.61	—
Prev. EPS (US\$)	—	—	—	—
P/E (x)	-0.9	-4.2	-3.5	—
P/E rel. (%)	-5.7	-29.3	-26.9	—
Revenue (US\$ m)	—	—	—	—
EBITDA (US\$ m)	-54.4	-73.9	-103.7	—
OCFPS (US\$)	-10.33	-2.44	-3.13	—
P/OCF (x)	-1.4	-5.1	-4.0	—
EV/EBITDA (current)	-6.0	-4.4	-3.2	—
Net debt (US\$ m)	-138	-150	-139	—
ROIC (%)	847.63	610.00	615.77	—
Number of shares (m)	26.14	IC (current, US\$ m)	—	-6.44
BV/share (Next Qtr., US\$)	—	EV/IC (x)	—	—
Net debt (Next Qtr., US\$ m)	—	Dividend (Next Qtr., US\$)	—	—
Net debt/tot cap (Next Qtr., %)	—	Dividend yield (%)	—	—

Source: Company data, Credit Suisse estimates.

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**Companies Mentioned** (Price as of 12 Nov 12)  
 Clovis Oncology, Inc. (CLVS, \$12.50, OUTPERFORM [V], TP \$10.00)

## Disclosure Appendix

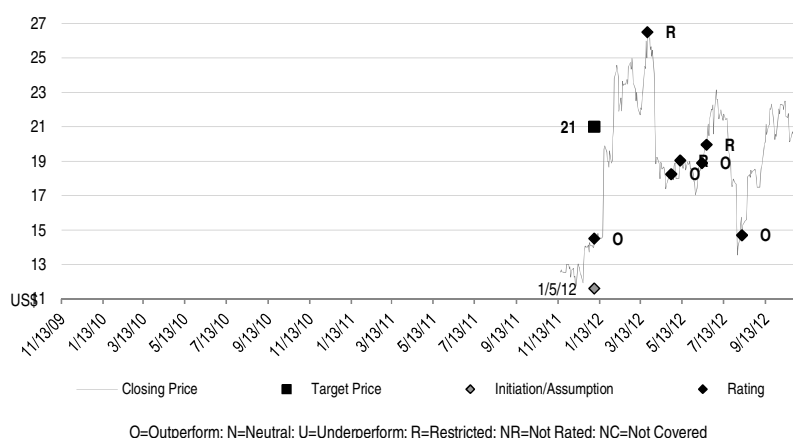
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### 3-Year Price, Target Price and Rating Change History Chart for CLVS

CLVS	Closing Price	Target Price	Initiation/
Date	(US\$)	(US\$)	Rating Assumption
1/5/12	14.5	21	O X
3/23/12	26.5		R
4/27/12	18.24		O
5/10/12	19.03		R
6/11/12	18.89		O
6/18/12	19.95		R
8/9/12	14.7		O



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**Price Target:** (12 months) for (CLVS)

**Method:** Our \$10 TP represents a company value of around \$250m, which we think is warranted for interesting but early stage assets.

**Risks:** Key risks to our \$10 target price for CLVS are (1) CO-1686 and/or Rucaparib is not approved in the U.S. and/or EU, (2) Clovis fails to raise funds in 2013 to continue operations, and (3) Dilution from anticipated financing in 2013 is worse than expected.

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