



Rating
Buy

North America
United States

Health Care
Biotechnology

Company
Tesaro Alert

Reuters
TSRO.OQ

Bloomberg
TSRO US

Exchange
NMS

Ticker
TSRO

Date
28 June 2013

Company Update

Price at 27 Jun 2013 (USD)	33.53
Price target	80.00
52-week range	46.22 - 11.25

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Takeaways from meeting with management

Timelines for Rolapitant data are on track, and co notes investor conference or eps call is place to provide more specificity on when to expect the P3 data

Mgmt notes that how to release, and what will be released is still in discussion (press release, investor conference or EPS call), and that will in part be dependent on when the data is available. We expect the full data presentation of the Ph3 data will be at ASCO 2014.

We remain confident that Rolapitant can show a nausea benefit. We think Helsinn's Netupitant data provides a good read thru for Rolapitant

Rolapitant's half life is longer (over 5 days vs. 3 days), over 90% of receptors are blocked at 5 days, and faster drug activity for Rolapitant. Nausea symptoms are usually worst in first 3 days which may have been why Netupitant hit on nausea since they have coverage over the 3 days.

Educating nurses of new CINV drugs is the key but this mgmt team has run the same playbook before with Aloxi (another CINV drug)

Doctor checks will likely suggest that there is no need for more CINV drugs and that nausea and vomiting are well controlled currently. Published survey papers around CINV suggest a large disconnect between doctors, patients, and caregivers also. Mgmt points out that this was exactly the same feedback as with Aloxi. Nurses typically manage the chemo centers so they are better point of checks than docs in this case. Contracting is also an important strategy that Tesaro mgmt used with Aloxi and will be used with Rolapitant.

Tesaro is pursuing aggressive timelines with their PARP program. We think enlisting cooperative groups will speed up not slow the timelines

They believe their ovarian pivotal design is the most de-risked development strategy, and have gotten very specific advice from FDA and EMA. They have signed up big cooperative groups like EGNOT and BIG. Typically working with these groups is perceived as cumbersome leading to slower enrollment. Tesaro maintains control of the trials and these groups are only used to identify sites and advise of how to best publish the info. The Olaparib study took about 16 months to enroll, and we think Tesaro can enroll the study a little quicker due to more sites open with the help of these cooperative groups.

Mgmt views their PARP data as highly competitive though in small numbers

Patients in the Tesaro study (5 prior lines) were sicker than BioMarin data (3 prior lines). Response rate was higher in Tesaro study than BioMarin but in 4 patients. Mgmt believes the PARP market will be at least 3 players, and remains an attractive opp'y even with sharing the market. Mgmt believes also that the PARP class can expand beyond indications.

Stock & option liquidity data

Market cap (USD)	1,066.2
Shares outstanding (m)	31.8
Free float (%)	100
Volume (27 Jun 2013)	84,742
Option volume (und. shrs., 1M avg.)	-

Key data

FYE 12/31	2012A	2013E	2014E
1Q EPS	-	-	-
2Q EPS	-	-	-
3Q EPS	-	-	-
4Q EPS	-	-	-
FY EPS (USD)	-4.53	-2.85	-3.44
P/E (x)	-	-	-

* Includes the impact of FAS123R requiring the expensing of stock options.

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