

Thursday, May 16, 2013

Tesaro (Outperform)

(TSRO-NASDAQ)

BMO Capital Markets
2013 Institutional Investor
All-America Research
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Significant Activity for Niraparib in Ovarian Cancer

Flash:

Abstracts for the American Society of Clinical Oncology (ASCO) meeting have been released ahead of the May 31–June 4 meeting. Tesaro will present final phase 1 data for oral PARP inhibitor niraparib in abstract #2513, on June 4th during the morning poster discussion session (display room E450a, presentation E354b). The phase 1 trial recruited 100 patients including 49 with ovarian cancer, 23 with castrate-resistant prostate cancer (CRPC), 12 with breast cancer, and 16 with other tumors, and evaluated 10 dose levels of niraparib from 30mg to 400mg qd. Grade 4 thrombocytopenia was dose limiting at 400mg/d and the MTD was established at 300mg/d. The half life was estimated to be 40 hours. At doses higher than 80mg/day >50% PARP inhibition was observed in PBMC and markers of DNA damage observed in circulating tumor cells. RECIST and/or CA125 partial responses (PRs) were observed in 9/20 (45%) of ovarian BRCA mutation carriers and 2/4 breast BRCA mutation carriers. In the BRCA mutation positive high grade serous ovarian cancer (HGSOC) subset, response rates of 60% and 33% were observed in platinum-sensitive and resistant disease.

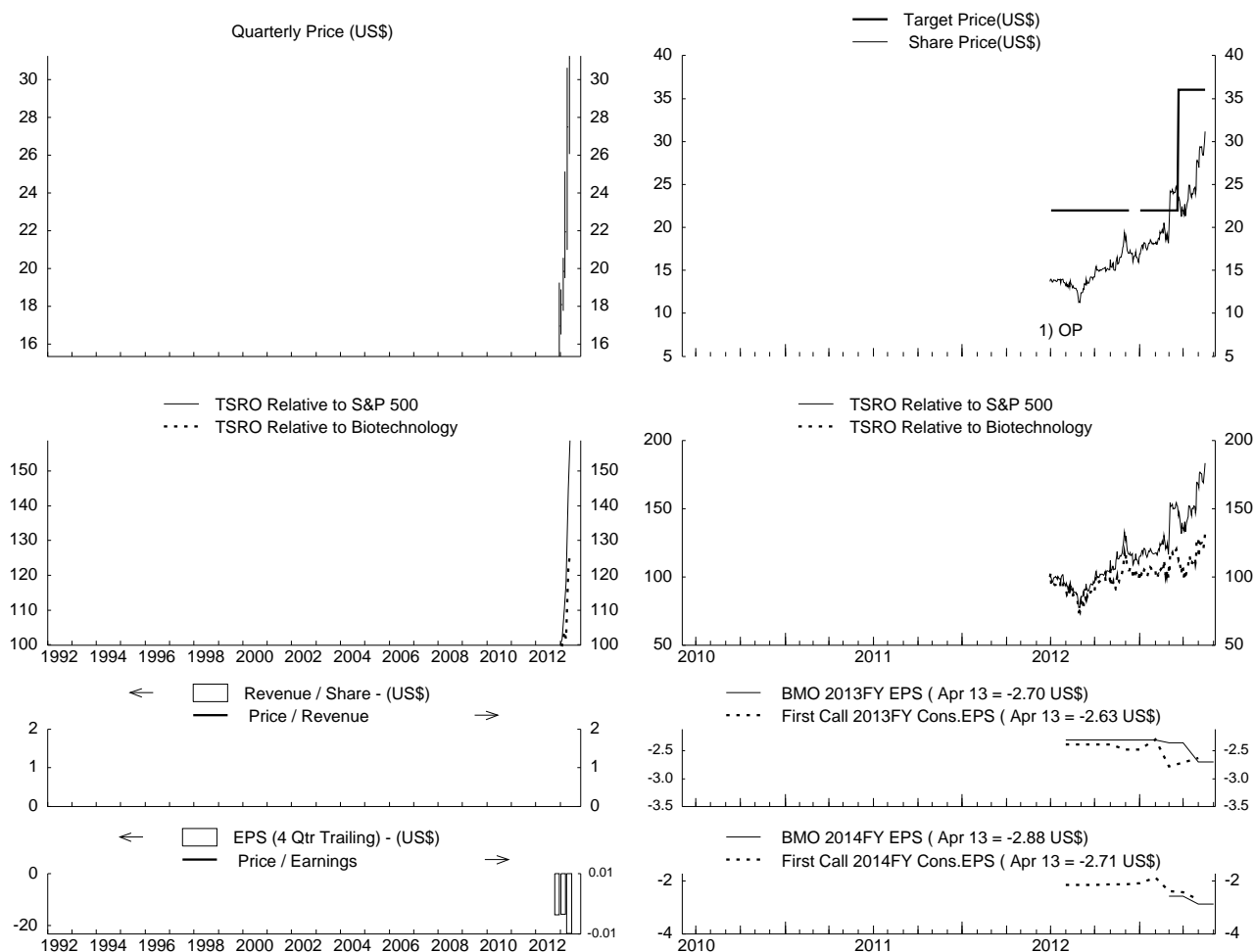
Our View:

- * The 60% overall response rate (ORR) with niraparib in BRCA+ high grade serous ovarian cancer appears competitive with other PARP inhibitors including AstraZeneca's (AZN, \$51.75, Not Rated) olaparib.
- * • While another competing PARP inhibitor from Biomarin (BMN, \$67.81, Not Rated), BMN-673, appears to be orders of magnitude more potent than niraparib, we believe that thrombocytopenia may be a greater problem and that dosing convenience favors niraparib for maintenance therapy.
- * • Overall, niraparib results should bode well for phase 3 development in high-grade serous ovarian cancer, expected to begin in mid-2013.

Company:	Tesaro (TSRO)
Price/Rating/Target:	\$31.45/Outperform/\$36.00
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Please refer to pages 2 to 5 for Disclosure Statements, including the Analyst's Certification.

Tesaro Inc. (TSRO)



FYE (Dec.)	EPS US\$	P/E		DPS US\$	Yield%		Payout %	BV US\$	P/B		ROE %
		Hi	Lo		Hi	Lo			Hi	Lo	
2012	-36.11	na	na	0.00	0.0	0.0	0	2.6	7.8	4.3	
Range*		na	na		0.0	0.0			7.8	4.3	
Current*	-23.19	ND		0.00	0.0		0	4.3	6.5		na

TSRO - Rating as of 23-Jul-12 = OP

Date	Rating Change	Share Price
1 23-Jul-12	NR to OP	\$13.90

* Current EPS is the 4 Quarter Trailing to Q1/2013.

* Valuation metrics are based on high and low for the fiscal year.

* Range indicates the valuation range for the period presented above.

Last Price (May 14, 2013): \$31.15
 Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

Important Disclosures

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Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	37.3%	16.5%	53.8%	38.2%	51.3%	53.2%
Hold	Market Perform	58.0%	8.8%	44.6%	56.8%	47.7%	41.1%
Sell	Underperform	4.7%	3.7%	1.5%	4.9%	1.0%	5.7%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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(S) = Speculative investment;

NR = No rating at this time; and

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http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

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