



Rating
Buy

North America
United States

Health Care
Biotechnology

Company
Tesaro

Reuters
TSRO.OQ

Bloomberg
TSRO US

Exchange
NMS

Ticker
TSRO

Date
13 May 2013

Forecast Change

Price at 10 May 2013 (USD)	28.44
Price target	45.00
52-week range	29.41 - 11.25

Raising TP to \$45 on PARP OPP'Y

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Tesaro's Parp program is underappreciated by the street. New tp \$45

The company recently announced their phase 3 plan for their parp inhibitor, Niraparib, in both ovarian and breast cancer. We believe Niraparib has the potential to take some share of these markets, despite facing competition from biomarin's parp BMN-673. We now assign 50% probability to sales and reiterate our buy rating.

Our modeling suggests that 100 % probability to Niraparib is worth \$45/share

Following the co's recent clarity on what markets they are developing niraparib in, we have built detailed rev builds. Our market assumptions: 1) gBRCA ovarian- US:40%, ex-US: 30%, duration 8.5mos. 2) Non-gBRCA ovarian- US: 25%, ex-US: 20%, duration 7 mos. 3) gBRCA breast- US:40%, ex-US: 30%, duration 6mos. We model gBRCA ovarian opp'y at \$180M, non-gBRCA ovarian at \$280M and gBRCA Breast at \$660M. For TSRO, we assume 50% share in PARPs and assign 50% probability in gBRCA ovarian and Breast cancer & 25% probability to Non-gBRCA ovarian & see adjusted peak revs at ~\$250M.

Many view bmn-673 more potent vs niraparib. In ph3 they could look similar.

Biomarin's parp so far has higher responses at lower doses vs. Niraparib (66% va. 37%), but we caution reading too much into ph2 data. Niraparib's dose limiting tox was on-target myelosuppression and we would expect bmn-673's to likely be the same at ASCO 2013. In addition, baseline characteristics of patients in niraparib ph2 studies could be different vs bmn-673 and this could influence outcomes. Biomarin studies enrolled during a time when parps were known to be effective post Olaparib data vs. when tesaro enrolled this was in question. Tesaro had sicker patients (mean 4 lines of therapy).

Stat-Sig nausea benefit for Rolapitant to provide further upside

Roapitant data in 2H'13 remains key catalyst to watch. We are not modeling stat sig nausea benefit in our model and value company at \$45/sh in base case. We see ~\$35/sh upside to our base case if Rolapitant shows stat sig nausea benefit and see value at \$80/sh. Overall in super bull case, at 100% probability to PARP with bull case for Rolapitant we see FV at \$107/sh.

Raising TP to \$45. Our valuation assumptions

Out TP of \$45 is based on DCF (12.5% disc rate in line with small cap peers and 2% terminal growth as we see value beyond terminal year). Risks: 1) Rolapitant trial fails and it never reaches markets & 2) Niraparib fails in Ph 3.

Price/price relative



Performance (%)	1m	3m	12m
Absolute	14.5	52.6	-
S&P 500 INDEX	2.9	7.6	20.3

Forecasts And Ratios

Year End Dec 31	2012A	2013E	2014E
FY EPS (USD)	-4.53	-2.85	-3.44

Source: Deutsche Bank estimates, company data

¹ Includes the impact of FAS123R requiring the expensing of stock options.

² This is the 2nd footnote

³ This is the 3rd footnote

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Model updated: 10 May 2013

Running the numbers

North America

United States

Biotechnology

Tesaro

Reuters: TSRO.OQ

Bloomberg: TSRO US

Buy

Price (10 May 13) USD 28.44

Target Price USD 45.00

52 Week range USD 11.25 - 29.41

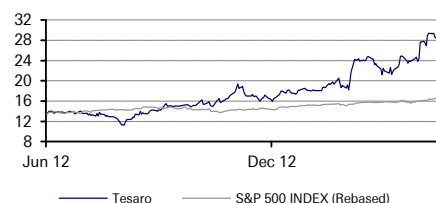
Market Cap (m) USDm 904

EURm 696

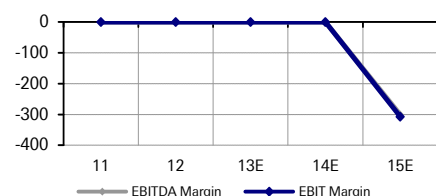
Company Profile

Developing.

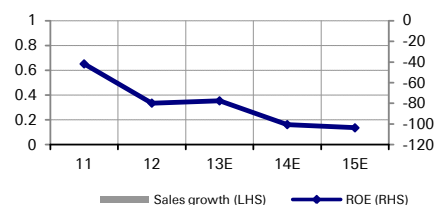
Price Performance



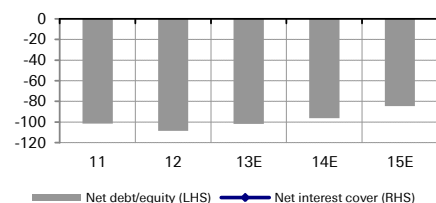
Margin Trends



Growth & Profitability



Solvency



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Fiscal year end 31-Dec

Financial Summary

	2011	2012	2013E	2014E	2015E
DB EPS (USD)	-31.90	-4.53	-2.85	-3.44	-3.91
Reported EPS (USD)	-31.90	-4.53	-2.85	-3.44	-3.91
DPS (USD)	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	76.43	8.49	3.72	3.71	3.83

Valuation Metrics

Price/Sales (x)	nm	nm	nm	nm	22.1
P/E (DB) (x)	nm	nm	nm	nm	nm
P/E (Reported) (x)	nm	nm	nm	nm	nm
P/BV (x)	0.0	2.0	7.6	7.7	7.4
FCF yield (%)	na	nm	nm	nm	nm
Dividend yield (%)	na	0.0	0.0	0.0	0.0
EV/Sales	nm	nm	nm	nm	19.6
EV/EBITDA	nm	nm	nm	nm	nm
EV/EBIT	nm	nm	nm	nm	nm

Income Statement (USDm)

Sales	0	0	0	0	49
EBITDA	-15	-62	-91	-131	-146
EBIT	-15	-62	-91	-131	-149
Pre-tax profit	-16	-62	-91	-130	-148
Net income	-16	-62	-91	-130	-148

Cash Flow (USDm)

Cash flow from operations	-14	-43	-95	-125	-147
Net Capex	0	0	-2	-10	-15
Free cash flow	-14	-43	-97	-135	-162
Equity raised/(bought back)	52	136	92	150	150
Dividends paid	0	0	0	0	0
Net inc/(dec) in borrowings	0	0	0	0	0
Other investing/financing cash flows	0	-8	0	0	0
Net cash flow	38	86	-5	15	-12
Change in working capital	0	9	-6	2	-5

Balance Sheet (USDm)

Cash and cash equivalents	40	125	120	135	123
Property, plant & equipment	0	0	2	12	23
Goodwill	0	0	0	0	0
Other assets	3	2	2	3	13
Total assets	43	127	125	150	159
Debt	0	0	0	0	0
Other liabilities	4	12	6	9	14
Total liabilities	4	12	6	9	14
Total shareholders' equity	39	116	118	140	145
Net debt	-40	-125	-120	-135	-123

Key Company Metrics

Sales growth (%)	nm	nm	nm	nm	nm
DB EPS growth (%)	na	85.8	37.1	-20.6	-13.6
Payout ratio (%)	nm	nm	nm	nm	nm
EBITDA Margin (%)	nm	nm	nm	nm	-300.0
EBIT Margin (%)	nm	nm	nm	nm	-307.1
ROE (%)	-41.7	-79.7	-77.5	-100.5	-103.6
Net debt/equity (%)	-101.4	-108.5	-101.7	-96.2	-84.7
Net interest cover (x)	nm	nm	nm	nm	nm

DuPont Analysis

EBIT margin (%)	nm	nm	nm	nm	-307.1
x Asset turnover (x)	0.0	0.0	0.0	0.0	0.3
x Financial cost ratio (x)	1.1	1.0	1.0	1.0	1.0
x Tax and other effects (x)	1.0	1.0	1.0	1.0	1.0
= ROA (post tax) (%)	-38.2	-72.6	-71.9	-94.8	-95.9
x Financial leverage (x)	1.1	1.1	1.1	1.1	1.1
= ROE (%)	-41.7	-79.7	-77.5	-100.5	-103.6
annual growth (%)	na	-91.0	2.8	-29.7	-3.1
x NTA/share (avg) (x)	76.4	5.7	3.7	3.4	3.8
= Reported EPS	-31.90	-4.53	-2.85	-3.44	-3.91
annual growth (%)	na	85.8	37.1	-20.6	-13.6

Source: Company data, Deutsche Bank estimates



Investment Thesis

Outlook

We rate Tesaro shares Buy because we believe that their lead asset, rolapitant (an NK-1 antagonist), is clinically differentiated from the current therapy on market for chemotherapy induced nausea and vomiting (CINV). We believe that management has material experience in executing launches & building sales forces in CINV. We believe that the CINV market is underpenetrated, and we believe that with mgmt expertise and a differentiated drug that the NK-1 market will grow. We also see value in company's PARP inhibitor, Niraparib, based on encouraging early data. We assign 50% probability to Niraparib in BRCA +ve breast and ovarian cancer & 25% probability to success in Non-gBRCA ovarian cancer.

Valuation

Our target price for Tesaro is based on our discounted cash flow analysis (DCF). In our DCF, we extend our estimates to 2025 and apply a 2% terminal growth rate as we do assign some value to future earlier stage assets. We derive our discount rate of 12.5% by applying a 2.1% premium to the company WACC of 10.4%. The WACC calculation is based on a 2 year weekly Beta of 1.0 from Bloomberg, risk free rate of 2%, and equity risk premium of 8.4%.

Risks

Downside risks include: 1) Lack of efficacy with Ph3 asset rolapitant or earlier stage assets 2) Negative safety surprise with rolapitant or earlier assets 3) Inability to complete Phase 3 program for rolapitant 4) Core leadership management turnover 5) NK-1 market growth is less than expected 6) Failure of Niraparib in Ovarian and Breast cancer.



PARP – Model: Charts

Figure 1: DB PARP Model Summary

US Unadjusted sales	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Ovarian Cancer gBRCA	\$5	\$12	\$25	\$34	\$45	\$47	\$48	\$50	\$52	\$54
Ovarian Cancer non-gBRCA	\$7	\$18	\$38	\$53	\$69	\$72	\$75	\$78	\$81	\$84
Breast cancer gBRCA	\$13	\$43	\$100	\$146	\$174	\$181	\$188	\$196	\$204	\$212
Niraparib unadjusted sales - US	\$25	\$73	\$163	\$234	\$288	\$299	\$311	\$324	\$337	\$350

ROW Unadjusted sales	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Ovarian Cancer gBRCA	\$5	\$11	\$21	\$28	\$35	\$35	\$35	\$35	\$35	\$35
Ovarian Cancer non-gBRCA	\$7	\$16	\$34	\$46	\$58	\$58	\$58	\$58	\$58	\$58
Breast cancer gBRCA	\$3	\$30	\$71	\$95	\$115	\$119	\$119	\$120	\$120	\$120
Niraparib unadjusted sales - EU	\$14	\$57	\$126	\$169	\$208	\$212	\$212	\$213	\$213	\$213

Probability of success										
Ovarian Cancer gBRCA	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Ovarian Cancer non-gBRCA	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Breast cancer gBRCA	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%

US Adjusted sales	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Ovarian Cancer gBRCA	\$2	\$6	\$12	\$17	\$22	\$23	\$24	\$25	\$26	\$27
Ovarian Cancer non-gBRCA	\$2	\$4	\$10	\$13	\$17	\$18	\$19	\$19	\$20	\$21
Breast cancer gBRCA	\$6	\$22	\$50	\$73	\$87	\$90	\$94	\$98	\$102	\$106
Niraparib Adjusted sales - US	\$11	\$32	\$72	\$104	\$126	\$132	\$137	\$142	\$148	\$154

EU Adjusted sales	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Ovarian Cancer gBRCA	\$2	\$5	\$10	\$14	\$17	\$18	\$18	\$18	\$18	\$18
Ovarian Cancer non-gBRCA	\$2	\$4	\$9	\$12	\$14	\$14	\$14	\$14	\$14	\$15
Breast cancer gBRCA	\$2	\$15	\$35	\$48	\$58	\$60	\$60	\$60	\$60	\$60
Niraparib Adjusted sales - EU	\$6	\$24	\$55	\$73	\$90	\$92	\$92	\$92	\$92	\$92

Source: Deutsche Bank



Figure 2: DB PARP Breast cancer modeling assumptions

DB PARP Breast cancer modeling assumptions

Item	Value
Annually treated Breast cancer patients	Our Consultants indicate that there are annually ~ 470K breast cancer patients being treated. For EU and Japan they put this number at ~ 520K and ~ 120K respectively.
Number of patients treated with Non-Hormonal therapies	Our consultants suggest ~ 200K (43%) patients in the US get treated with Non-Hormonal therapies. We assume similar rate in Ex-US
Annually treated BRCA positive patients	Various sources put BRCA positive prevalence at 5-10% in breast cancer. We use mid-point 7.5% for modeling.
Patients treated in line 1-3 (Addressable Market)	Our checks indicate ~ 80% of treated breast cancer patients are treated in line 1-3. We only use line 1 - 3 as this is the inclusion criteria in TSRO phase III trial
Market share for PARP	We assume 40% market share for PARP inhibitors in the US and 30% in Ex-US
Duration	TSRO trial is powered to show a 6 month PFS over 3 month placebo. Given lack of data so far, we conservatively assume 6 month duration in Breast cancer
Price	We assume monthly price at \$10K in the US which is in-line with other targeted cancer therapies such as T-DM1 and Xalkori. We assume ex-US price at \$8K/month
Market split	We split market 50:50 between TSRO and BMRN compounds

Source: Deutsche Bank



Figure 3: US Breast cancer model

PARP - US Build	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annually Treated Breast cancer patients	484,241	489,084	493,975	498,914	503,904	508,943	514,032	519,172	524,364	529,608
Growth	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Treated on non-hormonal therapies	206,060	208,121	210,202	212,304	214,427	216,571	218,737	220,924	223,134	225,365
% Non-Hormonal	43%	43%	43%	43%	43%	43%	43%	43%	43%	43%
BRCA + Patients on Non Hormonal treatments	15,455	15,609	15,765	15,923	16,082	16,243	16,405	16,569	16,735	16,902
% BRCA + patients	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
# of patients treated in Line 1-3	12,364	12,487	12,612	12,738	12,866	12,994	13,124	13,255	13,388	13,522
% treated 1st line	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Chemo treated Later lines	3,091	3,122	3,153	3,185	3,216	3,249	3,281	3,314	3,347	3,380
% treated later line	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
PARP Target Patient population (1-3)	12364	12487	12612	12738	12866	12994	13124	13255	13388	13522
% of all BRCA + patients	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
% of pts going on PARP maintenance	7%	15%	25%	35%	40%	40%	40%	40%	40%	40%
Niraparib	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
BMN-623	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
# of Patients on Niraparib	433	937	1577	2229	2573	2599	2625	2651	2678	2704
Duration of Treatment (mos)	3.0	4.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Cost of treatment/Mo	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Price increase		3%	3%	3%	3%	3%	3%	3%	3%	3%
Revenues/Patient	\$30,000	\$46,350	\$63,654	\$65,564	\$67,531	\$69,556	\$71,643	\$73,792	\$76,006	\$78,286
Niraparib Sales	\$12.98	\$43	\$100	\$146	\$174	\$181	\$188	\$196	\$204	\$212

Source: Deutsche Bank

Figure 4: EU Breast cancer model

PARP - EU Build	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annually Treated Breast cancer patients	523126	524172	525221	526271	527324	528378	529435	530494	531555	532618
	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Treatable non-Hormonal BC	222607	223052	223498	223945	224393	224842	225292	225742	226194	226646
% Non-Hormonal	43%	43%	43%	43%	43%	43%	43%	43%	43%	43%
BRCA + Patients	16696	16729	16762	16796	16829	16863	16897	16931	16965	16998
% of Non-Hormonal Patients	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
# of patients treated in Line 1-3	13,356	13,383	13,410	13,437	13,464	13,491	13,517	13,545	13,572	13,599
% treated 1st line	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Chemo treated Later lines	3,339	3,346	3,352	3,359	3,366	3,373	3,379	3,386	3,393	3,400
% treated later line	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
PARP Target Patient population (1-3)	13356	13383	13410	13437	13464	13491	13517	13545	13572	13599
% of all BRCA + patients	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
% of pts going on PARP maintenance	2%	12%	20%	25%	30%	30%	30%	30%	30%	30%
Niraparib	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
BMN-623	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
# of Patients on Niraparib	140	803	1341	1680	2020	2024	2028	2032	2036	2040
Duration of Treatment (mos)	3.0	4.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Cost of treatment/Mo	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Price increase		0%	0%	0%	0%	0%	0%	0%	0%	0%
Revenues/Patient	\$24,000	\$36,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000
Niraparib Sales	\$3	\$29	\$64	\$81	\$97	\$97	\$97	\$98	\$98	\$98

Source: Deutsche Bank



Figure 5: DB PARP Ovarian cancer modeling assumptions

DB PARP Ovarian cancer modeling assumptions

Item	Value
Ovarian cancer incidence	We get ovarian cancer incidence at ~22.4K for US from SEER database. For EU Roche puts the number at ~22K. We assume incidence rate for Japan to be similar to US and arrive at incidence of ~8750 in Japan
Number of High-grade serous ovarian carcinoma (HGSOC) patients	Various sources put HGSOC at ~70% of all Ovarian cancer patients
% patients treated with Platinum based therapies in 1st line	Per Roche, ~70% US patients get treated by Chemo in first-line. We assume the rate to be higher at 80% in HGSOC patients. Treatment rates are higher in the EU hence we assume 90% ex-US.
% of platinum sensitive patients	Our consultants suggest that ~70% of platinum treated patients are generally sensitive to platinum in ovarian cancer.
Number of gBRCA+ patients	The company noted in 4Q'12 conference call that ~25% of platinum sensitive pts are BRCA+
Market share for PARP	We assume 40% market share for PARP inhibitors in the US and 30% in Ex-US in gBRCA patients. For Non-gBRCA we assume 20% share in the US and 15% share in ex-US
Duration	We conservatively assume duration in gBRCA patients to be in-line with PFS seen with Olaparib (8.5 months) study in similar patient population. For Non-gBRCA we assume lower duration at 7 months.
Price	We assume monthly price at \$10K in the US which is in-line with other targeted cancer therapies such as T-DM1 and Xalkori. We assume ex-US price at \$8K/month
Market split	We split market 50:50 between TSRO and BMRN compounds

Source: Deutsche Bank



Figure 6: US Ovarian cancer model

US Ovarian model	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Incidence of Ovarian Cancer	22,914	23,143	23,374	23,608	23,844	24,083	24,324	24,567	24,812	25,061
Growth %	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
# of patients with HGSOC as% of all OC patients	16,040 70%	16,200 70%	16,362 70%	16,526 70%	16,691 70%	16,858 70%	17,026 70%	17,197 70%	17,369 70%	17,542 70%
# of pts treated with platinum in first line as% of all HGSOC pts	12,832 80%	12,960 80%	13,090 80%	13,221 80%	13,353 80%	13,486 80%	13,621 80%	13,757 80%	13,895 80%	14,034 80%
# of Platinum sensitive patients % of all 1st line treated patients	8,982 70%	9,072 70%	9,163 70%	9,254 70%	9,347 70%	9,440 70%	9,535 70%	9,630 70%	9,726 70%	9,824 70%
gBRCA										
Pts with gBRCA Mutation % of gBRCA + mutation	2,246 25%	2,268 25%	2,291 25%	2,314 25%	2,337 25%	2,360 25%	2,384 25%	2,408 25%	2,432 25%	2,456 25%
BRCA+ pts on PARP maintainance % of Platinum sensitive pts Ramp Curve	180 8% 20%	363 16% 40%	550 24% 60%	740 32% 80%	935 40% 100%	944 40% 100%	953 40% 100%	963 40% 100%	973 40% 100%	982 40% 100%
% Niraparib market share	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
# of patients on Niraparib	90	181	275	370	467	472	477	482	486	491
% share in all gBRCA patients	4%	8%	12%	16%	20%	20%	20%	20%	20%	20%
Duration of treatment	5.5	6.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Total Months of drug sold	494	1,179	2,337	3,147	3,972	4,012	4,052	4,093	4,134	4,175
Price/Mo	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Price growth	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Niraparib revenues - US (BRCA +)	\$5	\$12	\$25	\$34	\$45	\$47	\$48	\$50	\$52	\$54
Non-gBRCA										
Pts w/o gBRCA Mutation % of gBRCA - mutation	6,737 75%	6,804 75%	6,872 75%	6,941 75%	7,010 75%	7,080 75%	7,151 75%	7,223 75%	7,295 75%	7,368 75%
BRCA- pts on PARP maintainance % of Platinum sensitive pts Ramp Curve	337 5.00% 20%	680 10.00% 40%	1,031 15.00% 60%	1,388 20.00% 80%	1,753 25.00% 100%	1,770 25.00% 100%	1,788 25.00% 100%	1,806 25.00% 100%	1,824 25.00% 100%	1,842 25.00% 100%
% Niraparib market share	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
# of patients on Niraparib	168	340	515	694	876	885	894	903	912	921
% share in all Non - gBRCA patients	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Duration of treatment	4.0	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total Months of drug sold	674	1,701	3,608	4,859	6,134	6,195	6,257	6,320	6,383	6,447
Price/Mo	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Price growth	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Niraparib revenues - US (BRCA -)	\$7	\$18	\$38	\$53	\$69	\$72	\$75	\$78	\$81	\$84

Source: Deutsche Bank



Figure 7: EU Ovarian cancer model

EU Ovarian model	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Incidence of Ovarian Cancer	22,177	22,221	22,265	22,310	22,354	22,399	22,444	22,489	22,534	22,579
Growth %	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
# of patients with HGSOc as% of all OC patients	15,524 70%	15,555 70%	15,586 70%	15,617 70%	15,648 70%	15,679 70%	15,711 70%	15,742 70%	15,774 70%	15,805 70%
# of pts treated with platinum in first line as% of all HGSOc pts	13,971 90%	13,999 90%	14,027 90%	14,055 90%	14,083 90%	14,111 90%	14,140 90%	14,168 90%	14,196 90%	14,225 90%
# of Platinum sensitive patients % of all 1st line treated patients	9,780 70%	9,799 70%	9,819 70%	9,839 70%	9,858 70%	9,878 70%	9,898 70%	9,918 70%	9,937 70%	9,957 70%
Pts with gBRCA Mutation % of gBRCA + mutation	2,445 25%	2,450 25%	2,455 25%	2,460 25%	2,465 25%	2,470 25%	2,474 25%	2,479 25%	2,484 25%	2,489 25%
BRCA+ pts on PARP maintenance % of Platinum sensitive pts Ramp Curve	147 6.00% 20%	294 12.00% 40%	442 18.00% 60%	590 24.00% 80%	739 30.00% 100%	741 30.00% 100%	742 30.00% 100%	744 30.00% 100%	745 30.00% 100%	747 30.00% 100%
% Niraparib market share	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
# of patients on Niraparib	73 3%	147 6%	221 9%	295 12%	370 15%	370 15%	371 15%	372 15%	373 15%	373 15%
Duration of treatment	5.5	6.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Total Months of drug sold	403	955	1,878	2,509	3,142	3,149	3,155	3,161	3,168	3,174
Price/Mo	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Price growth	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Niraparib revenues - EU (BRCA +)	\$3	\$8	\$15	\$20	\$25	\$25	\$25	\$25	\$25	\$25
Non-gBRCA										
Pts w/o gBRCA Mutation % of gBRCA - mutation	7,335 75%	7,350 75%	7,364 75%	7,379 75%	7,394 75%	7,409 75%	7,423 75%	7,438 75%	7,453 75%	7,468 75%
BRCA- pts on PARP maintenance % of Platinum sensitive pts Ramp Curve	293 4.00% 20%	588 8.00% 40%	884 12.00% 60%	1,181 16.00% 80%	1,479 20.00% 100%	1,482 20.00% 100%	1,485 20.00% 100%	1,488 20.00% 100%	1,491 20.00% 100%	1,494 20.00% 100%
% Niraparib market share	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
# of patients on Niraparib	147	294	442	590	739	741	742	744	745	747
% share in all Non - gBRCA patients	2%	4%	6%	8%	10%	10%	10%	10%	10%	10%
Duration of treatment	4.0	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total Months of drug sold	587	1,470	3,093	4,132	5,176	5,186	5,196	5,207	5,217	5,228
Price/Mo	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Price growth	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Niraparib revenues - EU (BRCA -)	\$5	\$12	\$25	\$33	\$41	\$41	\$42	\$42	\$42	\$42

Source: Deutsche Bank



Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Tesaro	TSRO.OQ	28.44 (USD) 10 May 13	1,2,7

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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Historical recommendations and target price: Tesaro (TSRO.OQ)

(as of 5/13/2013)



Previous Recommendations

Strong Buy
Buy
Market Perform
Underperform
Not Rated
Suspended Rating

Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

*New Recommendation Structure
as of September 9,2002

- | | | | |
|----------------|--|----------------|-----------------------------------|
| 1. 02/05/2013: | Upgrade to Buy, Target Price Change USD27.00 | 2. 05/13/2013: | Buy, Target Price Change USD45.00 |
|----------------|--|----------------|-----------------------------------|

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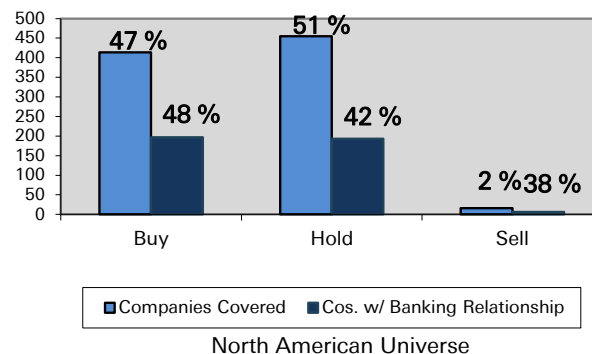
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