



PPIP

2/25/2020

Pharma Updates

FDA anticipates disruptions, shortages as China outbreak plays out

Sanofi to create massive standalone API producer by melding 6 sites in Europe; IPO to come

J&J offered doctors free services and profit-making advice to boost Remicade scripts: whistleblower suit

Eli Lilly's Trulicity nabs novel CV approval in patients with or without established disease

FiercePharmaPolitics—Grassley pushes for Senate drug pricing bill to pass by May

GlaxoSmithKline, Alcon switch 3 meds to OTC in play for big volume

Outlining the Spring

Timeline

- March 4th - each person submit 3 selected companies
 - Companies of interest, meet specified screener criteria
 - Submitted to group leader
 - We will sort through and eliminate duplicates
 - Companies finalized 3/6 - start due diligence
- 3/16 - check in with group lead
 - Ask questions, advice
 - Monitor progress
- 3/27 - completed DD forms due to group lead
- April - presentations/decisions

Screeners Criteria

ETF Sources: All companies should be on one of these indexes, which can be located by a simple google search

- IBB iShares Nasdaq Biotechnology
- XLV S&P Healthcare Index
- XBI SPDR S&P Biotech
- XHS SPDR S&P Health Care Services
- XHE SPDR S&P Health Care Equipment
- IHF iShares U.S. Healthcare Providers

Nonspecific Screening Criteria:

- Market Cap: >500M
- Share Price: >\$2.00
- Beta: < 1.5 - flexible
- IPO Date: >5 years

Revenue Generating Screeners (these can be discusses):

- P/E: <50
- Dividend Yield: >2%

Screeners for non-revenue companies:

- Stage 2 or above on most promising pipeline candidate
- One compound in the pipeline must have FDA designation: breakthrough therapy, orphan drug, fast track, priority review, accelerated approval process

Due Diligence

Template found here

<https://docs.google.com/document/d/1n-H5fDXblgTyV99aKYMoMd6O4QKJv2RLd47IM7PUqt8/edit>

Financials

- Do NOT just list financials without knowing what they are
 - Do a bit of digging
 - Compare to competitors
 - Ask for help
- Okay to keep it simple
 - Not the highlight of our research
 - STILL HAS VALUE

Launched Products

- Large companies
 - Focus on top selling products, disease states
 - Sales data - company 10K
 - News about drugs/disease states
- Small companies
 - Take a peak at all products
 - Same parameters as large companies, but each drug has larger impact
- DO NOT JUST STATE THE PRODUCTS THEY HAVE,
TELL US WHY WE SHOULD CARE

Pipeline Products

- Larger companies
 - Focus on phase 3, phase $\frac{2}{3}$ for onco
 - Look for unmet need, FDA designations, competition
- Small companies
 - If possible, look at all pipeline products
 - Look for unmet need, FDA designations, competition
 - If no current products, find and analyze lead candidate
- Look at clinical trials
 - We are pharmacists, need to evaluate clinical evidence
- Tell us the potential of the product and why we should care

Competitors

- Look for both company competitors and drug competitors
 - Competing companies will be in similar areas of focus
 - Usually similar size
- Tell us how certain drugs or companies are better/worse than others
- For larger companies: look at M&A targets

Company Leadership

- Found on simply wall street
- Keys to look for
 - Past experience of key leadership
 - Qualifications?
 - Salary vs company revenue?
 - Medical leadership vs business leadership?
- No true way to judge, good to look at for red flags

Litigation/ Patents

- Look for key drugs coming off patents
 - Is there something in the pipeline to offset the loss?
- Litigations affect smaller companies more than larger companies
 - Johnson & Johnson can afford the \$4.7 billion hit from the talc baby powder lawsuit. Could a company with a cap of \$6 billion survive that?

Recommendation

If we currently own - Sell, Hold, Buy more

If we do not own - Buy, Avoid

- Be decisive!
 - You are the expert on this company, help us make the decision
- Caveats
 - “If data improves, could become a buy”
 - “If price drops to a certain point, could become a buy”

Resources

- Simply Wall Street
 - UN: Pittpharmacyportfolio@gmail.com PW: PITT2020
- FinViz
- Yahoo Finance
- ClinicalTrials.gov
- Company 10K
- Fierce pharma
- Company website - investor presentations, pipeline, products
- BioPharm Catalyst