Biotechnology

IMMP - NASDAQ April 29, 2020

Intraday Price 4/29/20	**$1.23**
Rating:	Buy
12-Month Target Price:	$2.00
52-Week Range:	$0.53 - $3.10
Market Cap (M):	48.2
Shares O/S (M):	39.2
Float:	NA
Avg. Daily Volume (000):	557.4
Debt (M):	$6.2
Dividend:	$0.00
Dividend Yield:	0.0%
Risk Profile:	Speculative
Fiscal Year End:	June

Total Expenses ('000)

	2019A	2020E	2021E
H1	8,364	9,572A	9,184
H2	8,525	8,651	9,949
FY	16,889	18,222	19,133

The company is domiciled in Australia and reports in A$. All financial data is converted into USD, unless noted.

Jason McCarthy, Ph.D.
(212) 895-3556
jmccarthy@maximgrp.com

Immutep Limited

Buy

Data From TACTI-002 Continues to be Positive, Activity In the Space Bodes Well for Immutep

Summary

- **Immutep reported further positive interim data on 4/27 from its ongoing TACTI-002 trial (from Parts A and C) at this year's American Association for Cancer Research (AACR) Virtual Annual Meeting.**
- **Recall, TACTI-002 is a collaboration with Merck (MRK - NR), evaluating efti in combination with Keytruda (pembrolizumab) in a multicenter, open-label P2 study in two cancer types (lung and head and neck).**
- **TACTI-002 is looking at all patient tumor types (low, medium, and high PD-L1 expression). While small in patient number, efti + pembro continue to demonstrate overall response rates (ORR) that are numerically greater than historical pembro alone in both lung and head and neck cancers. We remain encouraged by the combination data. Given the challenge of demonstrating durability and survival benefit in these cancers, combination will be key to address the void, in our view.**

Details

AACR data presented. Key to remember is that responses observed in TACTI-002 to date are regardless of PD-L1 expression.

- **1L non-small cell lung cancer (NSCLC, Part A):** Albeit in a relatively small patient size (N=17), ORR was 53%; thus deepening from the earlier reported ORR of 47% in February and 41.2% ORR reported in September, with 71% of patients exhibiting tumor shrinkage. The data compares favorably to (historical) Keytruda monotherapy where response rates with high PD-L1 expressors are ~40%, whereas responses with all-comers (varying PD-L1 distribution) are even lower at ~20%-25%. Additionally, although median progression free survival (PFS) has not yet been reached, PFS reported is 8+ months.
- **2L head and neck (HNSCC, Part C):** 33% ORR was seen in head and neck, which is consistent with a prior interim look. For reference, Keytruda was approved based on an ORR of 16% lasting for ≥6 months for 82% of patients and chemo in the same patient type has an ORR of 10.1%. Furthermore, 44% of patients had observable target tumor shrinkage. Median PFS has not yet been reached.
- **Activity in the space:** Coincidentally, **Regeneron (REGN - NR)** and **Sanofi (SNY - NR)** also announced on 4/27 that its P3 trial comparing Libtayo (PD-1) monotherapy to platinum doublet chemotherapy in 1L lung cancer was stopped early, having met the primary endpoint of overall survival. Although this would make Libtayo only the second PD-1 inhibitor to show survival benefit in 1L lung cancer other than pembro and is positive news for the space, the study enrolled patients that had high PD-L1 expression (i.e. positive for PD-L1 in ≥50% of tumor cells). As such, there remains an unmet need for the treatment of >60% of patients where PD-1/PD-L1 inhibitors are not effective.

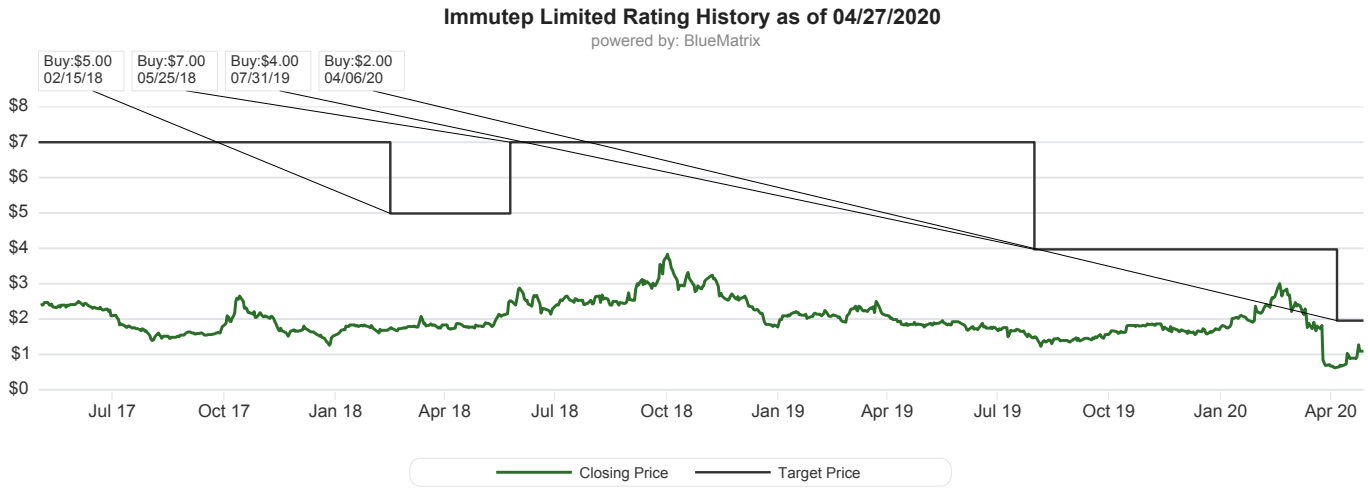
The Phase 2 TACTI-002 study (collaboration with Merck) is evaluating efti in combination with PD-1 inhibitor, Keytruda (pembrolizumab) in two cancer types, enrolling N=109 (74 enrolled to date) across 12 sites in the US, EU, and Australia. The primary endpoint of the P2 study is an objective response rate (ORR) in accordance with iRECIST. The study design has three cohorts (Parts A, B, C): **Part A:** 1L NSCLC in PDX naive - Stage 1 is fully enrolled (17/17); Stage 2 is recruiting; **Part B:** 2L NSCLC in PDX refractory - Stage 1 is nearing enrollment completion (17/23 last reported); Stage 2 to begin enrollment thereafter; **Part C:** 2L in head and neck (HNSCC) in PDX naive - Stage 1 is fully enrolled (18/18); Stage 2 recruitment is ongoing.

Financial update. Immutep completed a ~$7.8M (A$12M) equity financing on 4/28; 96M shares at 12.5c (A$) per share, representing 960K ADSs. Immutep expects the additional funds to extend its runway to the end of CY21.

Income Statement ($'000, USD)				July-Dec	Jan-Jun					
Immutep I: YE June 30	**2017A**	**2018A**	**2019A**	**1H-2020A**	**2H-2020E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
Revenue (000's)											
Total Revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
License revenue		1,947	95	4,420		4,420					
Miscellaneous income	616	746	785	48		48					
Grant Income	2,553	2,379	2,953	1,291		1,291					
Milestones and Royalties:											
IMP321 (Melanoma)					-	-	-	-	10,580	20,652	30,732
IMP731 (Psoriasis)					893	893	2,761	4,741	22,518	35,902	47,798
IMP701 (Solid tumors)					1,541	1,541	4,669	8,016	18,996	24,462	30,241
CVac											
Total Revenues	3,169	5,072	3,833	5,759	2,434	8,193	7,430	12,756	52,094	81,016	108,770
Expenses											
Cost Of Goods Sold											
COGS % Sales											
Research & Development	5,585	7,392	11,282	7,139	6,000	13,139	13,796	14,486	15,211	15,971	16,770
R&D % Rev's											
General & Administrative Expense	3,347	5,359	4,329	1,853	1,950	3,803	3,993	4,193	4,402	4,622	4,853
SG&A %											
Depreciation and amortization	1,702	1,339	1,278	579	701	1,280	1,344	1,411	1,482	1,556	1,634
Total expenses	**10,633**	**14,090**	**16,889**	**9,572**	**8,651**	**18,222**	**19,133**	**20,090**	**21,095**	**22,149**	**23,257**
Oper. Inc. (Loss)	(7,464)	(9,019)	(13,056)	(3,813)	(6,217)	(10,029)	(11,704)	(7,334)	31,000	58,867	85,514
Other income and expenses											
Interest income	80	131	270	79		79					
Loss on foreign exchange	333	239	336	135		135					
Finance cost											
Changes in fair value of comparability milestone											
Net Change in fair value of financial liability	(579)	(641.47)	(678)	(343)		(343)					
Gain/Loss on fair value change of warrants		(141)	654	372		372					
Loss on disposal of assets											
Exchange differences on the translation of foreign operations											
Total other income	(165)	(412)	582	243	-	243	-	-	-	-	-
Pre-tax income	**(7,629)**	**(9,431)**	**(12,474)**	**(3,570)**	**(6,217)**	**(9,787)**	**(11,704)**	**(7,334)**	**31,000**	**58,867**	**85,514**
Pretax Margin											
Taxes (or benefits)	738	(1)		(0)		(0)		-	-	2,943	8,551
Tax Rate										5%	10%
Exchange differences on the tranasations of foreign operations	209	1,329	558	(257)		(257)					
GAAP Net Income (loss)	**(7,101)**	**(9,432)**	**(12,474)**	**(3,570)**	**(6,217)**	**(9,787)**	**(11,704)**	**(7,334)**	**31,000**	**55,923**	**76,962**
Total Comprehensive Income (loss)	**(7,101)**	**(8,103)**	**(11,915)**	**(3,827)**	**(6,217)**	**(9,787)**	**(11,704)**	**(7,334)**	**31,000**	**55,923**	**76,962**
GAAP -EPS	**(0.32)**	**(0.40)**	**(0.49)**	**(0.09)**	**(0.16)**	**(0.25)**	**(0.27)**	**(0.17)**	**0.70**	**1.26**	**1.74**
Wgtd Avg Shrs (Bas) - '000s	22,111	23,799	25,414	38,880	38,919	38,899	43,980	44,068	44,156	44,244	44,333
Wgtd Avg Shrs (Dil) - '000s	22,111	23,799	25,414	38,880	38,919	38,899	43,980	44,068	44,156	44,244	44,333

Source: Company reports and Maxim

DISCLOSURES



Maxim Group LLC Ratings Distribution			As of: 04/28/20
		% of Coverage Universe with Rating	% of Rating for which Firm Provided Banking Services in the Last 12 months
Buy	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to outperform its relevant index over the next 12 months.	**83%**	**54%**
Hold	Fundamental metrics are currently at, or approaching, industry averages. Therefore, we expect this stock to neither outperform nor underperform its relevant index over the next 12 months.	**17%**	**41%**
Sell	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months.	**0%**	**0%**
	**See valuation section for company specific relevant indices*		

I, Jason McCarthy, Ph.D., attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

Maxim Group makes a market in Immutep Limited

Maxim Group expects to receive or intends to seek compensation for investment banking services from Immutep Limited in the next 3 months.

IMMP: For Immutep, we use the BTK (Biotechnology Index) as the relevant index.

Valuation Methods

IMMP: Our therapeutic model assumes a royalty structure for each LAG-3 product, initially with IMP701 and IMP731 in 2020 and followed by IMP321 in 2023 (breast cancer). Our models assume risk adjustments for each product based on the stage(s) of development. Our therapeutic models assume a risk adjustment. We then apply a 30% discount to our free-cash-flow, discounted EPS, and sum-of-the-parts models, which are equally weighted to derive a price target.

Price Target and Investment Risks

IMMP: Aside from general market and other economic risks, risks particular to our price target and rating for Immutep include: (1) Development—To date, LAG-3 checkpoint modulators have not been approved; (2) Regulatory—The company's ongoing and future studies may not be sufficient

to gain approval; (3) Commercial—The company lacks commercial infrastructure to support a launch if approved; (4) Financial—The company is not yet profitable and may need to raise additional capital to fund operations; (5) Collaborative—The company has ongoing collaborations with large pharmaceutical companies who could back out of the partnerships, setting back development on product lines and increasing costs; (6) High volatility of the company's stock price.

RISK RATINGS

Risk ratings take into account both fundamental criteria and price volatility.

Speculative – Fundamental Criteria: This is a risk rating assigned to early-stage companies with minimal to no revenues, lack of earnings, balance sheet concerns, and/or a short operating history. Accordingly, fundamental risk is expected to be significantly above the industry. Price Volatility: Because of the inherent fundamental criteria of the companies falling within this risk category, the price volatility is expected to be significant with the possibility that the investment could eventually be worthless. Speculative stocks may not be suitable for a significant class of individual investors.

High – Fundamental Criteria: This is a risk rating assigned to companies having below-average revenue and earnings visibility, negative cash flow, and low market cap or public float. Accordingly, fundamental risk is expected to be above the industry. Price Volatility: The price volatility of companies falling within this category is expected to be above the industry. High-risk stocks may not be suitable for a significant class of individual investors.

Medium – Fundamental Criteria: This is a risk rating assigned to companies that may have average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to approximate the industry average.

Low – Fundamental Criteria: This is a risk rating assigned to companies that may have above-average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to be below the industry.

DISCLAIMERS

Some companies that Maxim Group LLC follows are emerging growth companies whose securities typically involve a higher degree of risk and more volatility than the securities of more established companies. The securities discussed in Maxim Group LLC research reports may not be suitable for some investors. Investors must make their own determination as to the appropriateness of an investment in any securities referred to herein, based on their specific investment objectives, financial status and risk tolerance.

This communication is neither an offer to sell nor a solicitation of an offer to buy any securities mentioned herein. This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of Maxim Group, LLC (“Maxim”).

Information and opinions presented in this report have been obtained or derived from sources believed by Maxim to be reliable, but Maxim makes no representation as to their accuracy or completeness. The aforementioned sentence does not apply to the disclosures required by FINRA Rule 2241. Maxim accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to Maxim. This report is not to be relied upon in substitution for the exercise of independent judgment. Maxim may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and Maxim is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Maxim and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise. The value of securities is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities. Investors in securities such as ADRs, the values of which are influenced by currency volatility, effectively assume this risk. Securities recommended, offered or sold by Maxim: (1) are not insured by the Federal Deposit Insurance Company; (2) are not deposits or other obligations of any insured depository institution; and (3) are subject to investment risks, including the possible loss of principal invested. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support these losses.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

Corporate Headquarters

The Chrysler Building
405 Lexington Ave., 2nd FL
New York, NY 10174
Tel: 212-895-3500

Capital Markets/Syndicate: 212-895-3695
Corporate Finance: 212-895-3811
Corporate Services: 212-895-3631
Equity/Options Trading: 212-895-3790
Equity Research: 212-895-3736
Fixed Income Trading: 212-895-3875
Global Equity Trading: 212-895-3623
Institutional Sales: 212-895-3873
Institutional Sales Trading: 212-895-3873
Portfolio/Transition Trading: 212-895-3567
Prime Brokerage: 212-895-3723
Wealth Management: 212-895-3624

Woodbury, Long Island

20 Crossways Park Drive North
Suite 304
Woodbury, NY 11797
Tel: 516-393-8300

Red Bank, New Jersey

246 Maple Avenue
Red Bank, NJ 07701
Tel: 732-784-1900

Florida Offices

105 South Narcissus Avenue
Suite 222
West Palm Beach, FL 33401
Tel: 561-508-4433

20801 Biscayne Blvd
Suite 432 / 433
Aventura, FL 33180
Tel: 516-396-3120

San Rafael, California

4040 Civic Center Drive
Suite 200
San Rafael, CA 94903
Tel: 212-895-3670