WILSONS

Date 29 November 2022

Theme Alert

Sector Healthcare

Company

Immutep Limited (IMM)

Keytruda isn't the only kid in the Efti sandbox

Recommendation OVERWEIGHT

12-mth target price (AUD) $0.91

Dr Melissa Benson
melissa.benson@wilsonsadvisory.com.au
Tel. +61 2 8247 6639

Dr Shane Storey
shane.storey@wilsonsadvisory.com.au
Tel. +61 7 3212 1351

Madeleine Williams
madeleine.williams@wilsonsadvisory.com.au
Tel. +61 3 9640 3834

Announcement Highlights

Immutep have announced entering into a new Clinical Trial Collaboration and Supply agreement with Merck Germany (Merck KGaA) and Pfizer in a new oncology indication, metastatic Urothelial Carcinoma (UC) – a type of bladder cancer. This marks the second agreement with Merck and Pfizer combining Efti with their anti-PD-L1 agent avelumab (marketed as BAVENCIO®) - which was previously trialled in IMM's INSIGHT-004 study showing good initial efficacy signals. The extension of this relationship does two key things; 1) it validates the clinical and potential market benefits of Efti from dominant big pharma with oncology franchises; and 2) it provides a further opportunity to show the "pan anti-PD-1/L1" applicability of Efti, with the new INSIGHT-005 trial combining with something other than Keytruda (being avelumab). This second point is of course critical to demonstrate to both strategic players, as well as investors, that the value to be unlocked by acquisition of Efti is broad, and extends beyond its demonstrated actions with Keytruda alone.

Wilsons' View

Initial analysis

INSIGHT-005. The new INSIGHT-005 trial will explore the combination of Efti plus anti-PD-L1 BAVENCIO (avelumab) in 30 patients with metastatic UC. First patient dosing is anticipated 1H CY23. This trial builds upon preliminary efficacy data from the INSIGHT-004 trial with the same combination in varied solid tumours. The prior trial data (albeit from a tiny sample size n=12) showed good efficacy signals with a response rate (ORR) of 41.7% - higher than current IO in a post-chemotherapy/2L setting (anti-PD-1/L1 monotherapy trials – 15-30% range ORR)[1].

BAVENCIO is Merck/Pfizer's answer to Keytruda. BAVENCIO is currently approved in major markets (>50 countries) as a 2L maintenance treatment of advanced/metastatic UC, as well as for treatment of Merkel cell carcinoma (MCC) and 1L advanced renal cell carcinoma (RCC). Annual revenues are on track to hit A$980M (€630M) for CY22e, and have been on a rapid growth trajectory since first approvals (2017). Of course, the key battle remains with Keytruda/Opdivo, and competing for share, hence why strategic portfolio assets such as Efti to strengthen a relatively fledgling BAVENCIO franchise hold such immense potential value.

Demonstrates Efti interest and appeal extends beyond MSD. Whilst this agreement is relatively early, and in a relatively smaller cancer indication (vs NSCLC), it demonstrates that MSD are not the only players in town keeping an eye on Efti development, and willing to invest in its progression (noting that the INSIGHT-005 trial in UC will be co-funded by Immutep and Merck/Pfizer). This announcement combats the argument that Efti has lost appeal outside of MSD.

Earnings implications

No changes, noting we do not currently model any of IMM's pipeline assets other than their TACTI-002 (lung), TACTI-003 (head and neck) and AIPAC (breast) programs with Efti.

Investment view

We maintain our OVERWEIGHT rating and $0.91/sh risked PT on Immutep. Our unrisked PT is $2.50 per share.

[1]Tassinari E *et al*. (2022) Treatment Options for Metastatic Urothelial Carcinoma after First-Line Chemotherapy. *Cancer Manag Res*. 14: 1945-1960.

Disclaimers and Disclosures

Recommendation structure and other definitions

Definitions at wilsonsadvisory.com.au/disclosures.

Analyst certification

Each analyst of Wilsons Advisory and Stockbroking Limited (ACN 010 529 665: AFSL 238375) ("Wilsons") whose name appears in this research certifies that (1) the recommendations and opinions expressed in this research accurately reflect the analyst's personal, independent and objective views about any and all of the subject securities or issuers; (2) no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the analyst in the research; and (3) to the best of the analyst's knowledge, he/she is not in receipt of material non-public information about the issuer.

Disclaimer

This document has been prepared by Wilsons. This communication is not to be disclosed in whole or part or used by any other p arty without Wilsons' prior written consent. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wilsons. None of the material, its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of Wilsons. This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Wilsons to any registration or licensing requirement within such jurisdiction.

This document is being supplied to you solely for your information and no action should be taken on the basis of or in reliance on this document. To the extent that any information prepared by Wilsons contains any financial product advice, it is general advice only and has been prepared by Wilsons without reference to your objectives, financial situation or needs. You should consider the appropriateness of the advice in light of your own objectives, financial situation and needs before following or relying on the advice. You should also obtain a copy of, and consider, any relevant disclosure document before making any decision to acquire a financial product. Please refer to Wilsons' Financial Services Guide for more information: wilsonsadvisory.com.au/disclosures. Any person, before acting on any advice contained within this communication, should first consult with a Wilsons investment adviser to assess whether the advice within this communication is appropriate for their objectives, financial situation and needs. Those acting upon such information without advice do so entirely at their own risk.

This document provided by Wilsons is current as at the date of the issue but may be superseded by future publications. Wilsons assumes no obligation to update the information or advise on further developments relating to the company or companies covered in this document ("Companies") or relevant financial products. Wilsons has not independently verified all of the information given in this document which is provided at a point in time and may not contain all necessary information about the Companies. Wilsons makes no warranty, express or implied, concerning any information prepared by Wilsons. Wilsons expressly disclaims (1) any implied warranty of merchantability or (2) fitness for a particular purpose, including any warranty for the use or the results of the use of any information prepared by Wilson s with respect to their correctness, quality, accuracy, completeness, reliability, performance, timeliness, or continued availability. Wilsons' research content should be viewed as an additional investment resource, not as your sole source of information. To the fullest extent permitted by law Wilsons, its related bodies corporate and their respective officers, directors, employees or agents, disclaim any and all liabilities for any loss or damage howsoever arising in connection with the use of this document or its contents. Past performance does not necessarily indicate a financial product's likely future performance.

This document may contain "forward-looking statements". Forward-looking statements, opinions and estimates provided in this document are based on assumptions and contingencies which are outside the control of Wilsons and are subject to change without notice (including but not limited to economic conditions, market volatility and company-specific fundamentals), and therefore may not be realised in the future.

This report does not constitute an offer or invitation to purchase any securities and should not be relied upon in connection with any contract or commitment whatsoever.

Regulatory disclosure

Wilsons restricts research analysts from trading in securities for which they write research. Other Wilsons employees may hold interests in the company, but none of those interests are material. Wilsons further advises that at the date of this report, neither Wilsons Advisory and Stockbroking Limited or Wilsons Corporate Finance Limited have any material interests in the company.

Wilsons Advisory and Stockbroking Limited may have a conflict of interest which investors should consider before making an investment decision. Wilsons Advisory and Stockbroking Limited, Wilsons Corporate Finance Limited and its related bodies corporate trades or may trade as principal in the securities that are subject of the research report. Wilsons further advises that at the date of this report, neither Wilsons Advisory and Stockbroking Limited or Wilsons Corporate Finance Limited have any material interests in the company. Wilsons restricts research analysts from trading in securities for which they write research. Other Wilsons employees may hold interests in the company, but none of those interests are material.

Wilsons contact

For more information please phone: 1300 655 015 or email: publications@wilsonsadvisory.com.au