goetzpartners SECURITIES

FLASH NOTE

Immutep Limited (IMM-AU)

Key takeaways from investor meetings in London

OUTPERFORM
Price target AUD0.078
Price AUD0.047

KEY TAKEAWAY

In this flash note we summarise key areas of focus at investor meetings we hosted in London and further take the opportunity to flag the clinical trial collaboration and supply agreement Immutep signed with Merck KGaA / Pfizer focused on evaluating anti-PD-L1 Bavencio (avelumab) with Immutep's lead asset eftilagimod alpha ("efti"). 2019 will be a decisive year rich in pipeline events and we see room for significant upside from our conservative AUD0.078 target price. The company is burning c.AUD10m / year and is fully funded until YE2019E in the absence of income from a potential licensing deal. We maintain and reiterate our OUTPERFORM recommendation.

Broadest LAG-3 targeted pipeline including four distinct mechanisms of action
Since its discovery by IMM CMO / CSO Frédéric Triebel in the early 1990's, LAG-3 has been gaining increasing attention from industry due to its potential to become the 3rd pillar in the immune checkpoint arsenal, with >10,000 patients now enrolled in clinical trials involving a LAG-3 targeted therapy. IMM's pipeline includes two oncology-focused assets, (1) efti (Ph IIb solid cancers), a LAG-3 Ig fusion protein that binds to MHC class II on antigen-presenting cells ("APCs") and (2) IMP701 (Ph II solid tumours), an anti-LAG-3 mAb that blocks the negative signalling on T cells thus releasing the breaks on the immune system (similar to anti-PD-1 / L1 and anti-CTLA-4 mAbs); and two assets for auto-immune disease, (3) IMP731 (Ph II ulceratice colitis), an anti-LAG-3 depleting mAb that kills auto-reactive T cells, and (4) IMP761 (preclinical), a LAG-3 stimulating mAb that down-modulates auto-reactive T cells.

Efti is the only LAG-3 targeted therapy that acts via APC stimulation
The vast majority of the LAG-3 targeted therapies in clinical development are LAG-3 blocking mAbs, such as BMS's relatlimab and IMM's own IMP701. Efti is the only molecule in this field that acts on the ligand, i.e. MHC class II on dendritic cells ("DC") rather than the receptor, i.e. LAG-3 on T cells, leading to DC maturation and activation into professional APCs. This in turn leads to T cell activation via normal physiological processes and is therefore a process that can and has been shown to complement the immuno-modulatory functions of chemotherapy and blockade of other immune checkpoints. A key benefit of being used to stimulate APCs rather than to block LAG-3 on T cells means that only 2% - 3% receptor occupancy is necessary to achieve the desired effect, which has translated into a low dose of up to 30mg / patient and hence excellent safety (only transient erythema at the injection site has been observed in treated patients so far), as potentially a low cost of goods.

New clinical trial collaboration & supply agreement adds pharma partners
On 24 Sep IMM announced that it would work with Merck KGaA / Pfizer to test efti plus avelumab in advanced solid malignancies. This collaboration is similar to the one IMM already has with Merck & Co for efti, consisting in the pharma partner(s) supplying clinical trial material for a Phase I trial, which in this case will be an amendment of the ongoing investigator-led INSIGHT trial and focus on safety. Importantly, IMM retains all rights to efti and hence the ability to sign a potential licensing deal with any bidding company following Phase IIb data (AIPAC trial) for efti in HR +ve / HER2 -ve metastatic breast cancer ("mBC") in 2019E. We remind investors that IMM already has *bona fide* licensing deals with Novartis (IMP701), GSK (IMP731) and EOC (efti, China only).

2019 is a decisive year rich in news flow across all pipeline assets
The most important catalyst for IMM shares is Phase IIb data from the AIPAC trial testing efti in combination with chemo (paclitaxel), which could form the basis of a conditional approval and an attractive licensing deal. The combination already led to encouraging overall response rates ("ORR") of 47% in the 15-patient safety run-in and 50% in the 30-patient Phase I/II trial. Other pipeline events in 2019E include: (1) final data from the TACTI-mel Phase I trial in melanoma (combo with anti-PD-1 Keytruda), (2) first data from the TACTI-002 Phase II trial in lung and head & neck cancer (combo with Keytruda),

EQUITY RESEARCH

BRIGITTE DE LIMA, PHD, CFA
Analyst
T +44 (0) 203 897 6663
brigitte.delima@goetzpartners.com

GOETZPARTNERS HEALTHCARE RESEARCH TEAM
Research Team
T +44 (0) 203 859 7725
healthcareresearch@goetzpartners.com

ERLAND STERNBY
Marketing Sales
T +44 (0) 203 859 7725
erland.sternby@goetzpartners.com

and (3) first data from the Phase I INSIGHT trial. We maintain and reiterate both our OUTPERFORM recommendation and AUD0.078 target price.

COMPANY DESCRIPTION

Immutep (known as Prima BioMed until November 2017) is an Australian clinical-stage biotechnology company that develops immunotherapies for cancer and autoimmune diseases. Immutep is the global leader in the understanding of and in developing therapeutics that modulate Lymphocyte Activation Gene-3 ("LAG-3"). LAG-3 was discovered in 1990 at the Institut Gustave Roussy by Dr Frédéric Triebel, Immutep's Chief Scientific Officer and Chief Medical Officer. The company has three assets in clinical and one asset in preclinical development. The lead product candidate is eftilagimod alpha ("efti"), a first-in-class antigen presenting cell ("APC") activator being investigated in combination with chemotherapy or immune therapy for advanced breast cancer and melanoma. Immutep is dual-listed on the Australian Stock Exchange ("IMM") and on the NASDAQ Global Market ("IMMP") in the US (American Depository Receipts), and has operations in Europe, Australia, and the US. The company has licensing deals with Novartis, GSK and EOC (China only), and clinical trial collaboration and supply agreements with Merck & Co. and Merck KGaA / Pfizer, the latter for lead asset efti.

SCENARIOS

Base Case - GP Investment Case

Eftilagimod alpha completes the Phase IIb AIPAC trial in mBC in 2019, Immutep signs a $1bn licensing deal with a large pharma partner in H2/2019E, and efti receives conditional approval in 2020E in Europe. US launch follows one year later. Immutep has sufficient cash to fund operations until Q4/2019E. Revenue from the expected efti licensing deal means that Immutep does not need to raise further funds.

Bluesky Scenario

Immutep signs a more lucrative licensing deal for efti than the $1bn reflected in our forecasts, including a substantially larger upfront payment (we model $50m).

Downside risk

Efti fails to shows a benefit in the Phase IIb AIPAC trial. Conditional approval is not granted based on Phase IIb data. Immutep is unable to sign a licensing deal for efti by Q4/2019E.

SWOT

Strengths: Leader in the understanding of LAG-3; broadest LAG-3 focused pipeline; validation from large pharma partners (Novartis, GSK, Merck & Co.); funded for >12 months.

Weaknesses: One single asset (eftilagimod alpha) accounts for the lion share of value; efti has not demonstrated convincing efficacy in monotherapy settings; efti is protected mainly by use and formulation patents, as the composition of matter patent has already expired.

Opportunities: LAG-3 could become the third pillar in immune checkpoint therapy and efti is the most advanced LAG-3 focused asset; efti could be the first immuno-oncology drug to be approved for metastatic breast cancer; oncology drugs addressing high unmet needs often enjoy shorter development and approval timelines than therapeutics in other disease areas; significant M&A activity in the immuno-oncology space.

Threats: EMA and FDA raise the hurdles for immunotherapy drugs.

INDUSTRY EXPECTATIONS

Immutep is developing immunotherapies for cancer, with a focus on the immune checkpoint LAG-3. The immune checkpoint inhibitor ("ICI") class has experienced rapid adoption since the launch of BMS's Yervoy (ipilimumab) in 2011, owing to their ability to elicit durable responses in 20 - 50% of patients for up to 10 years. The global ICI market was worth $10.5bn in 2017 and is expected to nearly triple by 2022E, driven largely by expanding use of existing therapies both in approved and new indications. The race is on to develop novel compounds with complementary mechanisms of action for combination therapy able to augment response rate without increasing toxicity, which, if successful, are expected to enjoy rapid uptake.

Important Disclosures: Non-Independent Research

Analyst Certification

I, Brigitte de Lima, PhD, CFA, hereby certify that the views regarding the companies and their securities expressed in this research report are accurate and are truly held. I have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this research report.

Meaning of goetzpartners Research Ratings

goetzpartners securities Limited ("GPSL") publishes investment recommendations, which reflect the analyst's assessment of a stock's potential relative return. Our research offers 4 recommendations or 'ratings':

OUTPERFORM - Describes stocks that we expect to provide a relative return (price appreciation plus yield) of 15% or more within a 12-month period.

NEUTRAL - Describes stocks that we expect to provide a relative return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

UNDERPERFORM - Describes stocks that we expect to provide a relative negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NON-RATED – Describes stocks on which we provide general discussion and analysis of both up and downside risks but on which we do not give an investment recommendation.

Companies Mentioned in this report

- (GLAXOSMITHKLINE PLC (GSK LN))
- (MERCK KGAA (MRK GR))
- (NOVARTIS AG (NOVN SW))
- (PFIZER INC (PFE US))
- Biotechnology (BIO)
- Immutep Limited (IMM-AU)

Valuation Methodology

GPSL's methodology for assigning recommendations may include the following: market capitalisation, maturity, growth / value, volatility and expected total return over the next 12 months. The target prices are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Frequency

This research will be reviewed at a frequency of 3 months. Any major changes to the planned frequency of coverage will be highlighted in future research reports.

Conflicts of interest

GPSL is required to disclose any conflicts of interest which may impair the firm's objectivity with respect to any research recommendations contained herein. Please click on the link to view the latest version of our Conflicts of Interest policy.

We are also required to disclose any shareholdings of the firm or our affiliates in any relevant issuers which exceed 5% of the total issued share capital or any other significant financial interests held:

GPSL shareholdings in relevant issuers >5% - None.

GPSL wishes to disclose that it is party to a formal client agreement with Immutep Limited relating to the provision of advice and equity research services.

To avoid potential conflicts of interest arising, restrictions on personal account dealing are placed on analysts and other staff. The firm's personal account dealing policy expressly prohibits staff and / or relevant connected persons from dealing in the securities of a relevant issuer. Analysts must not trade in a manner contrary to their published recommendation or deal ahead of the publication of any research report.

To comply with the regulatory requirement to disclose. We disclose the monthly proportion of recommendations that are OUTPERFORM, NEUTRAL, UNDERPERFORM and NON-RATED. We also disclose a summary of the history of our analysts' investment recommendations (in accordance with EU MAR rules effective 3rd July 2016). goetzpartners publishes this information on the following link: Research Summary.

Country-Specific Disclosures

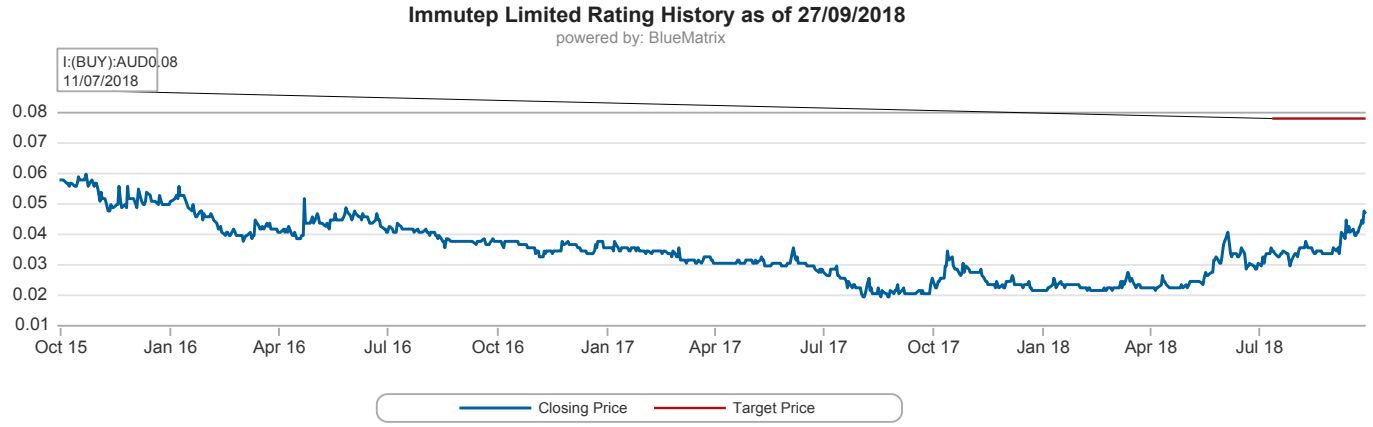
United Kingdom: goetzpartners securities Limited ("GPSL") is authorised and regulated by the Financial Conduct Authority ("FCA"); registered in England and Wales No. 04684144; registered office: The Stanley Building, 7 Pancras Square, London, N1C 4AG; telephone

+44 (0)20 3859 7725. GPSL's FCA Firm Reference Number is: 225563. In the United Kingdom and European Economic Area, this research report has been prepared, issued and / or approved for distribution by GPSL and is intended for use only by persons who have, or have been assessed as having, suitable professional experience and expertise, or by persons to whom it can be otherwise lawfully distributed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This marketing communication is classed as 'non-independent research' and, as such, has not been prepared in accordance with legal requirements designed to promote the independence of investment research. GPSL has adopted a Conflicts of Interest management policy in connection with the preparation and publication of research, the details of which are available upon request in writing to the Compliance Officer or on the web link above in the Conflicts of Interest section above. GPSL may allow its analysts to undertake private consultancy work. GPSL's conflicts management policy sets out the arrangements that the firm employs to manage any potential conflicts of interest that may arise as a result of such consultancy work.

Other EU Investors: This research report has been prepared and distributed by GPSL. This research report is a marketing communication for the purposes of Directive 2004/39/EC (MiFID). It has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. GPSL is authorised and regulated in the United Kingdom by the FCA in connection with its distribution and for the conduct of its investment business in the European Economic Area. This research report is intended for use only by persons who qualify as professional investors or eligible counterparties (institutional investors) in the applicable jurisdiction, and not by any private individuals or other persons who qualify as retail clients. Persons who are unsure of which investor category applies to them should seek professional advice before placing reliance upon or acting upon any of the recommendations contained herein. The registered address of GPSL is The Stanley Building, 7 Pancras Square, London, N1C 4AG. Tel: +44 (0)20 3859 7725.

U.S. PERSONS: This research report has been prepared by GPSL, which is authorised to engage in securities activities in England and Wales and to conduct designated investment business in the European Economic Area. GPSL is not a registered broker-dealer in the United States of America and therefore is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution in the United States solely to "major U.S. institutional investors" as defined in Rule 15a-6 under the Securities Exchange Act of 1934.

Other countries: Laws and regulations of other countries may also restrict the distribution of this research report. Persons in possession of research publications should inform themselves about possible legal restrictions and observe them accordingly.



Risks

This is a marketing communication as defined by the Financial Conduct Authority ("FCA"). The information herein is considered an acceptable minor non-monetary benefit as defined under FCA COBS 2.3A19(5). Information relating to any company or security is for information purposes only and should not be interpreted as a solicitation to buy or sell any security or to make any investment. The information in this research report has been compiled from sources believed to be reliable, but it has not been independently verified. No representation is made as to its accuracy or completeness, no reliance should be placed on it and no liability is accepted for any loss arising from reliance on it, except to the extent required by the applicable law. All expressions of opinion are subject to change without notice. Opinions, projections, forecasts or estimates may be personal to the author and may not reflect the opinions of goetzpartners securities Limited ("GPSL"). They reflect only the current views of the author at the date of the research report and are subject to change without notice. GPSL's research reports are not intended for Retail Clients as defined by the FCA. This research report is intended for professional clients only. Research reports are for information purposes only and shall not be construed as an offer or solicitation for the subscription or purchase or sale of any securities, or as an invitation, inducement or intermediation for the sale, subscription or purchase of any securities, or for engaging in any other transaction. The analysis, opinions, projections, forecasts and estimates expressed in research reports were in no way affected or influenced by the issuer. The authors of research reports benefit financially from the overall success of GPSL. The investments referred to in research reports may not be suitable for all recipients. Recipients are urged to base their investment decisions upon their own appropriate investigations. Any loss or other consequence arising from the use of the material contained in a research report shall be the sole and exclusive responsibility of the investor and GPSL accepts no liability for any

such loss or consequence. In the event of any doubt regarding any investment, recipients should contact their own investment, legal and / or tax advisers to seek advice regarding the appropriateness of investing. Some of the investments mentioned in research reports may not be readily liquid investments which may be difficult to sell or realise. Past performance and forecasts are not a reliable indicator of future results or performance. The value of investments and the income derived from them may fall as well as rise and investors may not get back the amount invested. Some investments discussed in research publications may have a high level of volatility. High volatility investments may experience sudden and large falls in their value which may cause losses. Some of the information or data in this research report may rely on figures denominated in a currency other than that of GBP (the currency should be stated), the return may increase or decrease as a result of currency fluctuations. International investment includes risks related to political and economic uncertainties of foreign countries, as well as currency risk. To the extent permitted by applicable law, no liability whatsoever is accepted for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of research reports or their contents.

GPSL record electronic and phone communications in accordance with FCA and MiFID2 regulations, they are monitored for regulatory and training purposes.

Compensation

GPSL has received compensation from Immutep Limited for the provision of research and advisory services within the previous twelve months.

IMM-AU
AUD0.078 | Company Update
27 September 2018

goetzpartners securities Limited
The Stanley Building, 7 Pancras Square | London N1C 4AG | UK

www.goetzpartnerssecurities.com