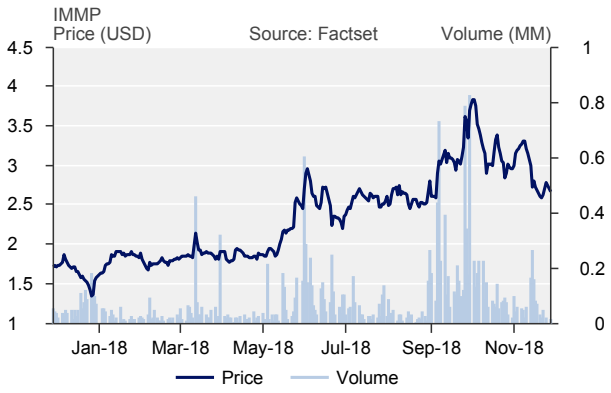
Biotechnology

IMMP - NASDAQ November 27, 2018

Closing Price 11/26/2018	**$2.66**
Rating:	Buy
12-Month Target Price:	$7.00
52-Week Range:	$1.25 - $4.21
Market Cap (M):	80
Shares O/S (M):	30.3
Float:	NA
Avg. Daily Volume (000):	155
Debt (M):	$6.2
Dividend:	$0.00
Dividend Yield:	0.00%
Risk Profile:	Speculative
Fiscal Year End:	June

Total Expenses ('000)

	2017A	2018A	2019E
H1	3,716	7,058	7,101
H2	6,917	7,032	7,693
FY	10,633	14,090	14,795



Immutep Limited

Buy

More TACTI-mel Data Presented at the Annual ICI Europe Summit

Summary

- **Immutep presented data from its P1 TACTI-mel combination study of eftilagimod (soluble LAG-3) with Merck's (MRK - NR) anti-PD1, Keytruda in metastatic melanoma at the 4th Annual ICI (Immune Checkpoint inhibitors) Europe Summit in Berlin.**
- **More mature data cut from Part A: The results from Part A of the study (3 cohorts, n=18 total), where efti is added at cycle 5 of Keytruda, continues to show durability (up to 27 months) with overall response rates (ORR) of 33%. Importantly, N=13 at 6 months were progression free, when the data are evaluated from cycle 1, day 1 of Keytruda treatment.**
- **Early data from part B (n=6), 30mg efti dose. Efti is given cycle 1, day 1 of Keytruda, building on the observation of patients being progression free when efti comes in at cycle 5 and PFS is calculated at Keytruda cycle 1, day 1. As an immune activator, efti may further enhance the therapeutic effects of Keytruda if given earlier.**
- **It's early, but this approach in part B yielded 50% ORR after 3 months. More data to follow but so far the change in drug schedule could potentially increase the therapeutic benefit already observed in part A with this combination, in our view, a positive for Immutep.**

Details

Eftilagimod (IMP321), TACTI-mel study: Phase 1 (N=24) is combining efti + Keytruda in patients with unresectable or metastatic melanoma. Part A, which is the dose-escalation part of the study, consists of a single injection of 1mg (cohort 1), 6mg (cohort 2) or 30mg (cohort 3) of efti administered every two weeks in addition to Keytruda (i.v. every three weeks). Imaging is performed every 12 weeks. In Part B, all patients will receive a single injection of 30mg of efti every two weeks in addition to Keytruda, starting at cycle 1 of Keytruda. TACTI-mel is now fully enrolled with the final patient in Part B recruited and dosed with treatment.

Updated results from Part A. Durable responses were seen (up to 27 months). Overall response rates of 33% and disease control rate of 66% remained consistent with previous disclosures for Part A (n=18). Of significance, one patient (6%) achieved an immune-related complete response. In addition, 5 (28%) partial responses (irPR), 6 (33%) stabilized disease (iRSD) and 6 (33%) progressive disease (irPD) were seen with the combination treatment. Tumor shrinkage was observed in 10 (56%) of patients, including two that had complete disappearance of all lesions. Four patients still remain on treatment after 12 months. No new safety signals were observed. While the data from Part A appears no different from those presented just recently at SITC, another cut at the data whereby response calculated from pre-Keytruda timepoint (cycle 1, day 1 of Keytruda monotherapy and following combination therapy) vs. start of combination treatment (cycle 5 of Keytruda treatment) reveals an "exploratory ORR" of 61% (11/18 patients).

Preliminary results from Part B (fourth cohort). With combination treatments initiated from the beginning of cycle day 1, day 1 of Keytruda, an ORR of 50% was seen at 3 months. One patient died prior to first staging (not related to drug). The disease control rate for this group is also 66%. No new safety signals have been observed with this cohort; 4 patients are still undergoing treatment.

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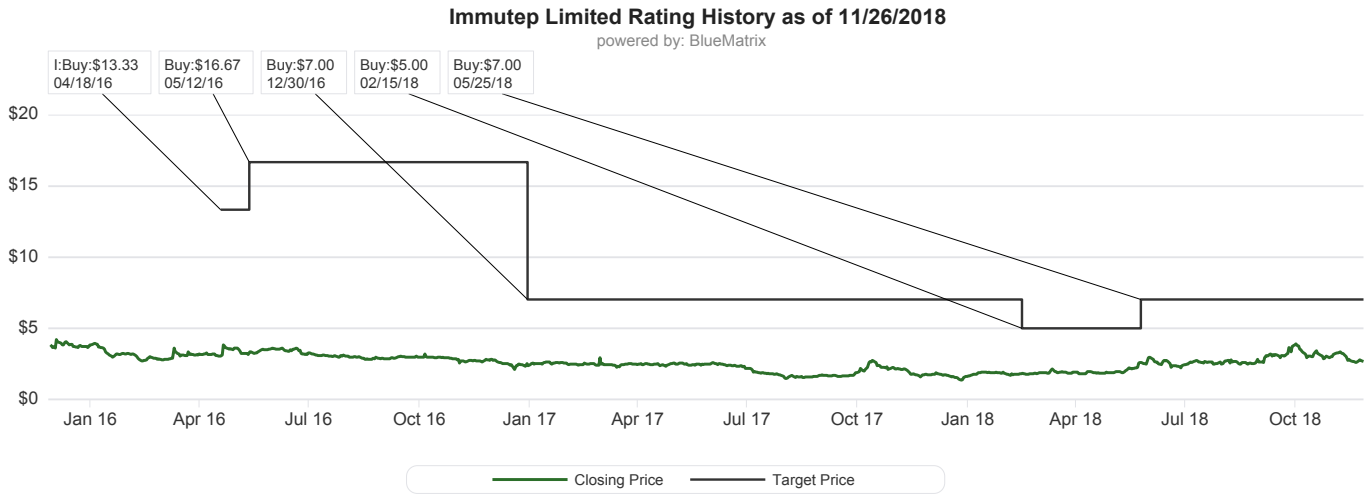
DISCLOSURES



Maxim Group LLC Ratings Distribution			As of: 11/26/18
		% 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.	**82%**	**35%**
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.	**16%**	**25%**
Sell	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months.	**2%**	**0%**
	**See valuation section for company specific relevant indices*		

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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.

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