Biotechnology

IMMP - NASDAQ April 30, 2019

Intraday Price 04/30/2019	**$1.95**
Rating:	Buy
12-Month Target Price:	$7.00
52-Week Range:	$1.77 - $4.21
Market Cap (M):	65.1
Shares O/S (M):	33.4
Float:	NA
Avg. Daily Volume (000):	265
Debt (M):	$6.2
Dividend:	$0.00
Dividend Yield:	0.0%
Risk Profile:	Speculative
Fiscal Year End:	June

Total Expenses ('000)

	2018A	2019E	2020E
H1	7,058	8,364A	8,515
H2	7,032	8,531	9,225
FY	14,090	16,895	17,739

Immutep Limited

Buy

Immutep Provides Corporate Update, Data Points Ahead in 2019

Summary

- **Immutep provided a corporate update on its ongoing clinical programs. We estimate the company has ~$15M in cash, providing runway into 2020.**
  - **AIPAC Phase 2b - metastatic breast cancer: efti + paclitaxel combination; >90% now enrolled (211 of N=226); full recruitment expected end of 2Q19; Primary endpoint PFS data potentially to report in 4Q19.**
  - **TACTI-002 Phase 2 – 1L & 2L lung and 2L head & neck cancer study (N=109) of efti + Keytruda combination; 11 patients enrolled; first data expected mid-19.**
  - **Insight-004 Phase 1 - solid tumor: efti + avelumab; trial to initiate 2Q19 with initial data in 4Q19.**
- **We are also watching two of Immutep's key partners: GlaxoSmithKline (GSK - NR) is initiating a P2 study with GSK'781 (derived from Immutep's IMP731) in ulcerative colitis; Novartis (NVS - NR) now has 5 ongoing programs with LAG525 (derived from Immutep's IMP701).**
- **Conclusion. The next chapter of checkpoints likely hinges on combinations, and investment in LAG-3 continues to build among biopharma and biotechs. With four LAG-3 related product candidates (in immune-oncology and autoimmune disease) in development and five partnerships, Immutep is poised to emerge as a leader in the LAG-3 space, in our view.**

Details

Eftilagimod, AIPAC study: The randomized, multinational, double-blind Phase 2b registration study (N=226) of efti is an adjuvant therapy in combination with frontline paclitaxel therapy in metastatic breast cancer. Progression-free survival (PFS) is the primary endpoint. In the safety run-in phase (n=15), the overall response rate with the combination was 47%, which is substantially greater than the historical 22-33% with paclitaxel monotherapy. To date, 211 patients have enrolled out of the N=226 target. With full recruitment now expected by end of 2Q19, the first PFS readout is expected within the next 11 months, though initial data could be reported as soon as 4Q19.

Eftilagimod, TACTI-002 study. The multicenter, open-label P2 **collaboration with Merck (MRK – NR)** in NSCLC (PD-X naïve,1L and PDX-refractory,2L) and recurrent H&N cancer (2L) will enroll up to N=110, across ~15 sites in US, EU and Australia, and evaluate efti in combination with pembrolizumab. The primary endpoint of the study is objective response rate (ORR) according to iRECIST. Key secondary endpoints include: safety and tolerability of the combo; response rate according to RECIST 1.1; disease control rate (DCR); progression free survival (PFS); overall survival (OS); and pharmacokinetic and immunogenicity profile of efti. Patient recruitment initiated in 1Q19. 11 patients enrolled to date; data in mid-19.

Eftilagimod, INSIGHT-004 Trial, collaboration with Merck KGaA (MKKGY - NR) / Pfizer (PFE - NR). The P1 INSIGHT trial of the efti + avelumab in solid tumors continues to enroll (N=13 so far). With the trial expansion (INSIGHT-004) in collaboration with Merck and Pfizer recently approved, the study is expected to recruit its first patient in 2Q19 with target enrollment of N=12, data updates potentially by YE19.

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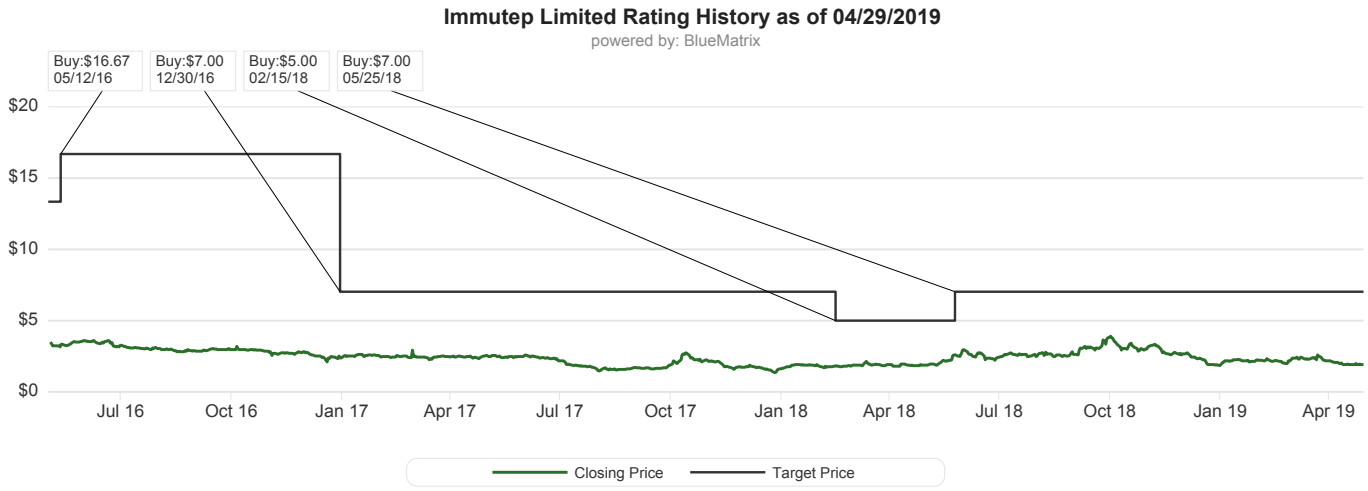
DISCLOSURES



Maxim Group LLC Ratings Distribution		As of: 04/29/19	
		% 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%**	**38%**
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%**	**31%**
Sell	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months.	**1%**	**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.

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