

Immutep Ltd. ADR

NASDAQ: IMMP

Rating: BUY

Price Target: ↓\$5.00

Last (Mar. 25, 2020): \$0.89

AIPAC Setback Leaves a Mark on Efti's Otherwise Impeccable Clinical Report Card, but Don't Warrant a Failing Grade for Immutep

In a fairly disappointing turn of events, results presented from the Phase 2b AIPAC trial of eftilagimod alpha (efti) in combination with paclitaxel for patients with HR+, HER2- metastatic breast cancer (MBC) failed to demonstrate a statistically significant improvement in median progression-free survival (PFS) over paclitaxel monotherapy, as detailed in yesterday's press release and subsequent webcast. That being said, we do not believe that this topline dataset deserved the totality of the reaction observed in yesterday's trading session, given a number of positive takeaways therein which we believe open the door to a modified path forward in MBC – albeit in a somewhat lengthier and more costly fashion. The immediate reaction in shares would imply that investors have written off the MBC program entirely, and furthermore determined there is an increased risk to Immutep's broader pipeline, both of which do not appear to be the case in our view. Our full analysis of AIPAC's topline results follows below, but in brief we expect a delay to European approval of efti + paclitaxel in MBC and no read through to the odds of success for efti and other pipeline assets in the remainder of Immutep's currently pursued indications. As such, we maintain our BUY rating but reduce our 12-month price target to \$5.00/ADS from \$7.00/ADS.

Unpacking AIPAC's topline, expectations for OS results ahead, and ramifications for Immutep as a whole.

The headline takeaway that prompted yesterday's sell-off was inarguably the fact that the efti + paclitaxel arm of AIPAC did not demonstrate a statistically significant improvement in median PFS relative to paclitaxel monotherapy (HR=0.93), despite showing a numerical improvement of 7.16-7.29 months median PFS compared to 6.70-7.16 months for paclitaxel monotherapy. This result clearly rules out the hopes of AIPAC serving as a registrational trial for the efti combination as far as the EMA is concerned, but closer examination of survival curves presented in yesterday's webcast (Exhibit 1) does justify Immutep's decision to continue clinical development of efti in MBC in our view. Per AIPAC's protocol, all patients received paclitaxel for six months in addition to either efti or placebo every two weeks, followed by the removal of paclitaxel at this timepoint and reduced dosing of efti or placebo every four weeks for the remainder of the trial. We believe it is very telling that this reduction in the dosing frequency of efti coincided almost exactly with the survival curves of both arms coming together and ultimately determining their respective median PFS results. This suggests to us that, outside of the higher than expected ORR of 38% for paclitaxel monotherapy (ORR for efti + paclitaxel was 48%, marginally higher than the previously observed 47%), reduced dosing of efti at this timepoint may have contributed to a prematurely short median PFS for the investigational arm. Further justification for this hypothesis may come from the fact that, with continued dosing of efti every four weeks, survival curves eventually began to separate again between months eight and ten of treatment. These observations indicate to us that, given the largely tolerable safety profile of efti across trials, Immutep may be able to explore higher doses of efti in combination with paclitaxel, or remove the tapering of dosing at six months in subsequent testing. Overall survival (OS) data is yet to be reported from AIPAC (and is expected later this year), but we believe odds of demonstrating a statistically significant improvement on this measure remain somewhat feasible based upon these longer-term trends in PFS. In addition to potential dosing protocol tweaks in planned Phase 3 testing of efti in MBC, adjustments to the number of patients enrolled in this next phase of testing may increase the odds of success on PFS and OS assessments from a powering perspective, taking into consideration that AIPAC enrolled a mid-stage population of approximately 113 patients per arm. (Continued on next page).

STOCK DATA (\$ USD)

Market Cap (Mil)	34.8
ADR Shares Outstanding (Mil)	39.2
Float (Mil)	35.8
52-Week Range	\$0.53- \$3.10
3-Month Avg. Daily Vol.	293,530
Short Interest (Mil)	0.97
Short Interest (% of Float)	2.7%
Institutional Holdings	0.5%
Insider Holdings	0.0%

BALANCE SHEET DATA (\$ AUD)

Cash & Cash Eq. (Mil)	\$20.5
Securities, Short & Long (Mil)	\$0.0
Total Assets (Mil)	\$43.0
Total Debt (Mil)	\$8.2
Cash/Share	\$0.52
Est. Fiscal 2020 Cash Burn (Mil)	\$19.8
Fiscal Year End	June

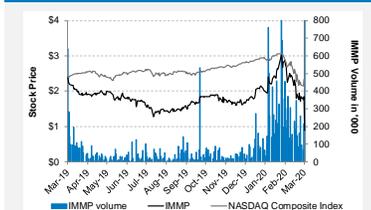
REVENUE (\$ AUD, MIL)

	2019	2020	2021
1H	0.00A	7.37A	0.00E
2H	0.14A	0.00E	0.00E
FY	0.14A	7.37E	0.00E

EPS (\$ AUD)

	2019	2020	2021
1H	(0.28)A	(0.16)A	(0.32)E
2H	(0.29)A	(0.32)E	(0.40)E
FY	(0.57)A	(0.49)E	(0.71)E

STOCK CHART - 1 Year History


Matthew Cross

Research Analyst

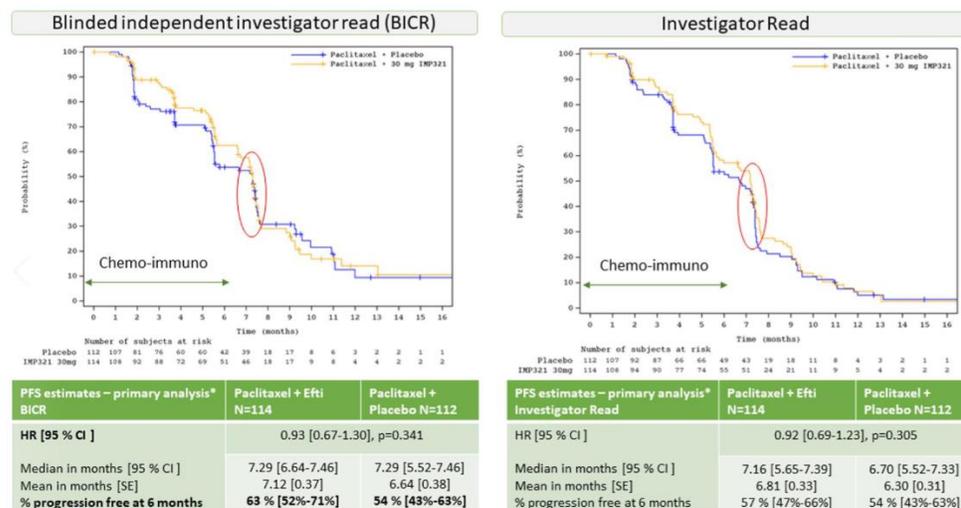
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In terms of the impact to our estimates for Immutep, the company did emphasize that select patient subgroups exhibited greater PFS improvements relative to the overall study population: those with low monocyte counts at baseline (7.29 months median PFS for the combo vs. 5.45 for paclitaxel monotherapy, HR=0.61), those with luminal B immunogenic tumors (7.29 months median PFS for the combo vs. 5.45 for paclitaxel monotherapy, HR=0.65), and those with lower performance status (7.13 months median PFS for the combo vs. 6.67 for paclitaxel monotherapy, HR=0.76). Though Immutep may opt to focus on one or more of these subgroups in Phase 3 testing and potential commercialization, we believe results for the broader population show significant enough merit to avoid positioning efi as a more niche adjuvant for patient treated with paclitaxel that would reduce the addressable market for efi by roughly 50% per company estimates and observed patient characteristics in AIPAC (Exhibit 2). As a result, we have pushed back our projected launch for efi in Europe from fiscal 2022 to fiscal 2023 (in conjunction with the conclusion that AIPAC will not be registrational for this geography), but have not altered the addressable population in this region at this time.

While prior guidance suggested that the combined datasets from AIPAC and a planned bridging study in the US would be sufficient for FDA approval, we had already incorporated expenses and timelines for US approval to hinge upon a larger Phase 3 study, and consequently have not materially revised our forecasts for this market. In order to reflect the increased risk and uncertainty of the path forward for efi in MBC we have increased our discount rate for revenues associated with this indication from 32% to 40%, bringing our overall blended discount rate for all modeled indications to 39%. We reiterate that we believe these results have no discernible impact on the development of efi for other indications pursued internally or with large pharma partners, including melanoma, head and neck carcinomas, and NSCLC (we do not currently include revenues or expenses for development in head and neck or NSLC in our estimates) and that the MBC program appears likely to advance with the aforementioned modifications. Cash constraints will likely present an increasing overhang for shares as clinical trials move forward, but the company's current cash balance of \$20.5M AUD is expected to carry it through several noteworthy catalysts, including additional data from TACTI-002 in NSCLC (1st and 2nd line), head and neck carcinomas, and OS data from AIPAC later in 2020.

Exhibit 1: Kaplan-Meier PFS Curves for Phase 2b AIPAC Trial Total Population



Source: Company presentation (March 2020).

Exhibit 2: Baseline Patient Characteristics for Phase 2b AIPAC Trial

	Paclitaxel + Efti N=114	Paclitaxel + Placebo N=112
Median age (range)	58 yrs (24-87)	61 yrs (35-79)
ECOG 0	60.5 %	62.5 %
% visceral disease	90.4 %	92.9 %
% pre-treated with CDK4/6 for met disease	43.9 %	42.9 %
One or more systemic therapies for metastatic disease	68.4 %	71.4 %
Tumor type (central pathology)		
Luminal A	34.1 %*	36.7 %*
Luminal B	48.8 %*	49.4 %*
Monocytes at baseline < 0.25 x 10 ⁹ /L	21.9 %	19.8 %

Source: Company presentation (March 2020).

Valuation and risks. Our new, one-year price target of \$5.00/ADS is derived from a standard DCF valuation analysis in which we project cash flows out to fiscal 2028 with an assumed 2% terminal growth rate, discounted back at 39% over 8 years (please refer to our Discounted Cash Flow analysis on page 7 of this report), now reflecting the increase in our discount rate associated with revenues in metastatic breast cancer to 40% from 32%. Risks include: failure to demonstrate positive results in ongoing and future clinical trials, failure to secure regulatory approval for one or more product candidates, and/or failure to secure sufficient funding from partnerships or the capital markets necessary to complete development of product candidates.

FINANCIAL TABLES

IMMP Income Statement, with Projections		Projections are shaded light gray																
(\$ AU, in thousands; FY end June)	2017A	2018A	1H:19A	2H:19A	2019A	1H:20A	2H:20E	2020E	1H:21E	2H:21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Operating Revenue																		
Product Sales	-	-	-	-	-	-	-	-	-	-	-	-	49,630	237,066	474,702	701,085	910,422	1,095,935
Milestone Revenues	-	2,630	-	140	140	7,366	-	7,366	-	-	-	-	-	-	-	-	-	-
TOTAL Revenue	-	2,630	-	140	140	7,366	-	7,366	-	-	-	-	49,630	237,066	474,702	701,085	910,422	1,095,935
Operating costs and expenses																		
Cost of products sold	-	-	-	-	-	-	-	-	-	-	-	-	7,444	35,560	71,205	98,152	118,355	131,512
Depreciation and amortization	1,702	1,809	943	936	1,879	965	1,373	2,338	1,530	1,695	3,226	4,099	5,369	6,917	8,818	11,166	14,078	17,698
Research and development	7,526	9,990	7,582	9,009	16,591	11,899	8,924	20,823	9,817	13,743	23,560	28,272	24,879	27,367	34,209	47,893	71,840	104,167
Selling, general and administrative	4,347	7,242	3,254	3,112	6,366	3,088	2,625	5,714	2,835	3,402	6,237	6,861	10,292	13,379	16,055	22,477	33,716	50,574
TOTAL Operating Expenses	14,326	20,098	11,544	13,328	24,872	15,905	13,576	29,480	14,860	19,669	34,529	41,082	50,258	86,017	133,721	183,907	243,172	310,322
TOTAL Operating Income (Loss)	(14,326)	(17,467)	(11,544)	(13,188)	(24,732)	(8,538)	(13,576)	(22,114)	(14,860)	(19,669)	(34,529)	(41,082)	(628)	151,049	340,982	517,178	667,250	785,613
Other income (expense):																		
Grant income	3,316	3,214	2,124	2,218	4,342	2,152	-	2,152	-	-	-	-	-	-	-	-	-	-
Interest income	104	177	198	199	397	137	170	307	254	149	403	1,249	422	272	2,714	8,629	18,105	29,798
Interest expense	-	-	-	-	-	(6)	-	(6)	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	800	1,009	157	998	1,155	79	-	79	-	-	-	-	-	-	-	-	-	-
Total Other Income (Expenses)	4,222	4,723	2,871	3,518	6,388	2,159	170	2,329	254	149	403	1,249	422	272	2,714	8,629	18,105	29,798
Profit or Loss Before Taxes	(10,105)	(12,744)	(8,674)	(9,670)	(18,344)	(6,379)	(13,406)	(19,785)	(14,606)	(19,520)	(34,126)	(39,833)	(206)	151,321	343,696	525,807	685,355	815,410
Income tax (expense) / gain	(737)	2	5	(5)	-	0	-	-	-	-	-	-	-	-	65,301	144,597	188,473	224,238
Net Profit or Loss	(9,367)	(12,746)	(8,678)	(9,665)	(18,344)	(6,379)	(13,406)	(19,785)	(14,606)	(19,520)	(34,126)	(39,833)	(206)	151,321	278,395	381,210	496,882	591,172
Basic weighted average common shares	2,072,450	2,608,328	3,099,461	3,351,691	3,225,576	388,798	418,798	403,798	455,530	490,039	483,307	516,962	542,810	569,951	598,448	628,371	659,789	692,779
Diluted weighted average common shares	2,072,450	2,608,328	3,099,461	3,351,691	3,225,576	388,798	418,798	403,798	455,530	490,039	483,307	516,962	542,810	569,951	598,448	628,371	659,789	692,779
Basic net (loss) / income per common share \$	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.03)	(0.05)	(0.03)	(0.04)	(0.07)	(0.08)	(0.00)	0.27	0.47	0.61	0.75	0.85
Diluted net (loss) / income per common share \$	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.03)	(0.05)	(0.03)	(0.04)	(0.07)	(0.08)	(0.00)	0.27	0.47	0.61	0.75	0.85
Basic net (loss) / income per ADR \$	(0.45)	(0.49)	(0.28)	(0.29)	(0.57)	(0.16)	(0.32)	(0.49)	(0.32)	(0.40)	(0.71)	(0.77)	(0.00)	2.65	4.65	6.07	7.53	8.53
Diluted net (loss) / income per ADR \$	(0.45)	(0.49)	(0.28)	(0.29)	(0.57)	(0.16)	(0.32)	(0.49)	(0.32)	(0.40)	(0.71)	(0.77)	(0.00)	2.65	4.65	6.07	7.53	8.53

Source: Company reports and JonesTrading projections.

IMMP Balance Sheet, with Projections

Projections are shaded light gray

(\$ AU, in thousands; FY end June)	2017A	2018A	1H:19A	2019A	1H:20A	2020E	1H:21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
ASSETS															
Cash and cash equivalents	12,237	23,476	26,002	16,568	20,516	30,581	17,971	52,036	17,577	11,343	113,049	359,372	754,031	1,241,014	1,835,593
Short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	1,488	1,736	669	1,780	1,596	2,089	2,423	2,608	3,103	3,796	6,479	10,100	13,891	18,367	23,375
Accounts receivable	2,194	3,432	3,665	5,194	4,745	4,335	5,448	6,561	9,930	16,317	58,295	91,039	96,039	124,715	149,718
Inventories	-	-	-	-	-	-	-	-	-	4,895	17,488	27,312	26,891	32,426	35,932
TOTAL current assets	15,919	28,643	30,336	23,542	26,858	37,005	25,842	61,205	30,610	36,350	195,312	487,823	890,851	1,416,523	2,044,619
Property and equipment, net	24	26	38	53	57	61	69	78	105	137	177	226	286	361	453
Intangibles	19,020	18,329	17,865	16,947	15,782	14,697	13,686	12,745	11,053	9,585	8,312	7,209	6,252	5,421	4,702
Long-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL long-term assets	19,045	18,356	17,903	17,000	15,838	14,757	13,755	12,823	11,158	9,723	8,490	7,435	6,538	5,782	5,155
TOTAL assets	34,964	46,999	48,239	40,541	42,955	52,022	39,857	74,288	42,028	46,333	204,061	495,517	897,649	1,422,565	2,050,033
LIABILITIES															
Accounts payable	2,589	3,664	3,970	5,060	3,615	3,120	3,378	4,545	5,407	6,615	11,291	17,600	24,206	32,007	40,733
Employee benefits	43	190	161	239	225	242	248	254	267	280	294	309	324	340	357
TOTAL current liabilities	2,632	3,853	4,131	5,299	3,966	3,488	3,752	4,925	5,800	7,021	11,711	18,035	24,656	32,473	41,217
Convertible note liability	5,779	6,646	7,143	7,643	8,214	8,830	9,493	10,205	11,793	9,434	3,774	-	-	-	-
Warrant liability	-	2,945	3,393	3,164	2,545	2,672	2,805	2,946	3,248	2,598	1,559	935	234	-	-
Employee benefits	20	32	42	48	55	55	55	55	55	55	55	55	55	55	55
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL liabilities	8,431	13,477	14,709	16,154	14,924	15,189	16,248	18,274	21,039	19,252	17,242	19,169	25,089	32,672	41,416
TOTAL stockholders' equity (deficit)	26,532	33,522	33,530	24,388	28,032	36,834	23,609	56,014	20,989	27,081	186,819	476,348	872,560	1,389,893	2,008,618
Total liabilities and stockholders' equity	34,964	46,999	48,239	40,541	42,955	52,022	39,857	74,288	42,028	46,333	204,061	495,517	897,649	1,422,565	2,050,033
End of period shares used in computation (thousands)	2,072,450	2,608,328	3,099,461	3,225,576	388,798	448,798	462,262	504,353	529,571	556,049	583,852	613,044	643,697	675,881	709,676
SELECTED METRICS															
Current ratio	6.05x	7.43x	7.34x	4.44x	6.77x	10.61x	6.89x	12.43x	5.28x	5.18x	16.68x	27.05x	36.13x	43.62x	49.61x
Working capital	\$13,287	\$24,790	\$26,205	\$18,243	\$22,892	\$33,518	\$22,091	\$56,281	\$24,810	\$29,329	\$183,601	\$469,788	\$866,195	\$1,384,050	\$2,003,402
Book value per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.07	\$0.08	\$0.05	\$0.11	\$0.04	\$0.05	\$0.32	\$0.78	\$1.36	\$2.06	\$2.83
Cash, cash equivalents and current investment	\$12,237	\$23,476	\$26,002	\$16,568	\$20,516	\$30,581	\$17,971	\$52,036	\$17,577	\$11,343	\$113,049	\$359,372	\$754,031	\$1,241,014	\$1,835,593
Cash, cash equivalents and all investment	\$12,237	\$23,476	\$26,002	\$16,568	\$20,516	\$30,581	\$17,971	\$52,036	\$17,577	\$11,343	\$113,049	\$359,372	\$754,031	\$1,241,014	\$1,835,593
Cash, cash equivalents/common share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.05	\$0.07	\$0.04	\$0.10	\$0.03	\$0.02	\$0.19	\$0.59	\$1.17	\$1.84	\$2.59
Debt															
Debt to (stockholder's) equity ratio															

Source: Company reports and JonesTrading projections.

IMMP Cash Flow Statement, with Projections *Projections are shaded light gray*

(\$ AU, in thousands; FY end June)	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
OPERATING ACTIVITIES												
Net Profit / (Loss)	(9,367)	(12,746)	(18,344)	(19,785)	(34,126)	(39,833)	(206)	151,321	278,395	381,210	496,882	591,172
Reconciliation of net loss to net cash:												
Depreciation and amortization	1,702	1,809	1,879	2,685	3,226	4,099	5,369	6,917	8,818	11,166	14,078	17,698
Stock-based compensation expense	862	2,264	1,582	1,829	2,053	2,421	2,424	2,808	3,464	4,849	7,274	10,663
Change in fair value of convertible note liability	752	867	997	1,188	1,374	1,588	(2,359)	(5,660)	(3,774)	-	-	-
Change in fair value of warrants	-	190	(961)	(493)	274	302	(650)	(1,039)	(624)	(701)	(234)	-
Changes in operating assets and liabilities:												
Account receivables	(2,026)	(1,238)	(1,762)	859	(2,226)	(3,369)	(6,387)	(41,978)	(32,744)	(5,000)	(28,676)	(25,002)
Inventories	-	-	-	-	-	-	(4,895)	(12,593)	(9,823)	421	(5,535)	(3,506)
Prepaid expenses and other current assets	(865)	(247)	(44)	(309)	(519)	(495)	(693)	(2,683)	(3,621)	(3,791)	(4,476)	(5,008)
Accounts payable	1,377	1,075	1,397	(1,941)	1,425	863	1,208	4,676	6,310	6,606	7,801	8,727
Change in employee benefits	(7)	158	64	10	12	13	13	14	15	15	16	17
NET OPERATING CASH FLOWS	(8,507)	(7,777)	(15,286)	(15,957)	(28,507)	(34,411)	(6,175)	101,781	246,416	394,774	487,129	594,760
INVESTING ACTIVITIES												
Purchase of property and equipment	(7)	(12)	(41)	(30)	(38)	(48)	(59)	(74)	(93)	(116)	(145)	(181)
Purchases of investments	-	-	-	-	-	-	-	-	-	-	-	-
Maturities of investments	-	-	-	-	-	-	-	-	-	-	-	-
NET INVESTING CASH FLOWS	(7)	(12)	(41)	(30)	(38)	(48)	(59)	(74)	(93)	(116)	(145)	(181)
FINANCING ACTIVITIES												
Net proceeds from the issuance of common stock and options	0	16,968	4,871	30,000	50,000	-	-	-	-	-	-	-
Share issue transaction costs	(9)	(1,319)	(773)	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
NET FINANCING CASH FLOWS	(9)	18,405	8,013	30,000	50,000	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(8,522)	10,616	(7,315)	14,013	21,455	(34,459)	(6,235)	101,707	246,323	394,658	486,984	594,579
Cash and cash equivalents at beginning of year or period	20,880	12,237	23,476	16,568	30,581	52,036	17,577	11,343	113,049	359,372	754,031	1,241,014
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	12,237	23,476	16,568	30,581	52,036	17,577	11,343	113,049	359,372	754,031	1,241,014	1,835,593

Source: Company reports and JonesTrading projections.

IMMP Discounted Cash Flow Analysis

(\$ AU, in thousands; FY end June)	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Terminal Value
EBIT	(22,114)	(34,529)	(41,082)	(628)	151,049	340,982	517,178	667,250	785,613	
Effective Tax Rate	0%	0%	0%	0%	0%	19%	28%	28%	29%	
Tax	-	-	-	-	-	65,301	144,597	188,473	224,238	
EBIT after tax	(22,114)	(34,529)	(41,082)	(628)	151,049	275,681	372,581	478,777	561,375	
Add: Depreciation and amortization	4,514	5,279	6,520	7,793	9,724	12,281	16,015	21,351	28,361	
Add: Changes in working capital	(1,381)	(1,308)	(2,989)	(10,754)	(52,565)	(39,864)	(1,749)	(30,871)	(24,773)	
Less: Capex	30	38	48	59	74	93	116	145	181	
Free cash flow to the firm (FCFF)	(19,011)	(30,596)	(37,598)	(3,649)	108,134	248,006	386,731	469,113	564,781	1,564,028
Time period (years)	-	1	2	3	4	5	6	7	8	8
PV Factor	1.000	0.720	0.519	0.374	0.269	0.194	0.140	0.101	0.072	0.072
Discounted FCFF	(19,011)	(22,038)	(19,507)	(1,364)	29,107	48,084	54,008	47,188	40,921	113,320

Terminal Value and NPV Worksheet (\$ AU, thousands)	
Discounted FCFF (Fiscal 2021-2028)	176,398
Terminal Value	113,320
Implied Enterprise Value	289,718
Less: Net Debt \ (Cash)	(21,751)
Add: Investments	-
Implied Market Cap (\$ USD)	205,570
NPV per ADR (target price)	\$5.00

Sensitivity Table		Terminal Growth Rate				
		0.0%	1.0%	2.0%	3.0%	4.0%
Discount Rate	29%	\$9.50	\$9.75	\$10.00	\$10.00	\$10.25
	34%	\$6.75	\$6.75	\$7.00	\$7.00	\$7.25
	39%	\$5.00	\$5.00	\$5.00	\$5.25	\$5.25
	44%	\$3.75	\$3.75	\$3.75	\$3.75	\$4.00
	49%	\$2.75	\$3.00	\$3.00	\$3.00	\$3.00

(Rounded to nearest \$0.25)

Current Market Price per ADR (Last Closing Price)	\$0.89
Upside/(Downside)	461.8%
Common shares outstanding (est. at fiscal year-end 2020)	403,797,604
Common share to ADR ratio	10:1
Discount Rate	39%
Terminal Growth Rate	2%

Source: Company reports and JonesTrading projections.

IMPORTANT DISCLOSURES APPENDIX

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Company Name	Disclosure(s)
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* *Ratings may be maintained as long as it is deemed appropriate by JonesTrading notwithstanding price fluctuations that cause the total return percentage to fall outside the specific rating definition.*

Rating	JonesTrading Company Coverage		Investment Banking Services Within Past 12 Months	
	Count	Percent	Count	Percent
BUY	39	87%	14	36%
HOLD	6	13%	2	33%
SELL	0	0%	0	0%

Date:	Action:	Target Price:
November 9, 2018	Initiation of Coverage with a BUY rating	\$9.00
September 3, 2019	Lower target price	\$7.00
March 26, 2020	Lower target price	\$5.00

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