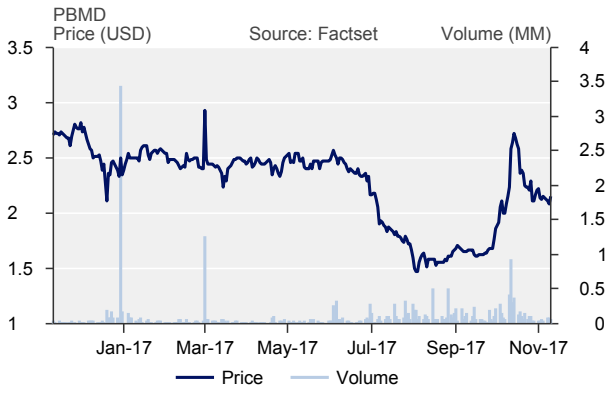
Biotechnology

PBMD - NASDAQ November 9, 2017

Intraday Price 11/9/2017	**$2.15**
Rating:	Buy
12-Month Target Price:	$7.00
52-Week Range:	$1.40 - $3.26
Market Cap (M):	50
Shares O/S (M):	23.4
Float:	0.0%
Avg. Daily Volume (000):	133
Debt (M):	$0.0
Dividend:	$0.00
Dividend Yield:	0.00%
Risk Profile:	Speculative
Fiscal Year End:	June

Total Expenses ('000)

	2017A	2018E	2019E
H1	3,716	6,437	6,759
H2	6,917	6,974	7,322
FY	10,633	13,411	14,081



Society for Immunotherapy of Cancer (SITC)

November 10-12th, 2017

Gaylord National Hotel and Convention Center, National Harbor, Maryland.

Prima Biomed Ltd.

Buy

IMP321 + Keytruda: Positive Data in Melanoma to be Presented at SITC

Summary

- **Prima announced data that will be presented at the upcoming SITC Meeting (Society for Immunotherapy of Cancer, 11/10-11/12) from the ongoing study of IMP321 (Eftilagimod Alpha, LAG-3Ig) + Keytruda in melanoma.**
- **The combination of IMP321 + Keytruda so far has demonstrated tumor reductions in 58% of patients (7/12). Importantly, the patients in this study have had no response or poor responses to Keytruda monotherapy. The data suggest that IMP321, as an antigen presenting cell (APC) activator (key for T cell responses) is enhancing the immune response for Keytruda to be more effective.**
- **The data will be presented as a poster titled "Pushing the accelerator and releasing the break: Testing the soluble LAG-3 protein (IMP321), an antigen presenting cell activator, together with pembrolizumab in unresectable or metastatic melanoma." (LINK to POSTER).**
- **Why the spike in valuation? Valuation rose significantly in late Sept to mid-Oct, almost in harmony with the immune oncology and gene therapy space.**
- **Prima updated its cash position as of Sept-30, reporting $13M. We estimate there is sufficient runway into 2H18 at the current $6M-$7M per half burn rate.**
- **Conclusion: Checkpoint monotherapies have been successful in melanoma and other cancers though only in the minority of patients, leaving the larger market opportunity (non-responders) yet to be unlocked. Driving positive clinical outcomes in the larger populations is likely to require combination approaches with approved checkpoints. IMP321 has demonstrated early positive data in non-responder patients. The trial is now enrolling the third cohort of patients, more data to come.**

Details

IMP321 (Review/Update presented 10/31/17 at the World Immunotherapy Congress- PRESENTATION LINK): is Prima Biomed's lead LAG-3 candidate, and it is in development as an immune adjuvant or immune stimulator. IMP321 is a soluble dimeric recombinant form of LAG-3Ig, a fusion protein used to increase the immune response to tumors by stimulating dendritic cells through high affinity binding to MHC class II molecules on the dendritic cell surface. LAG-3 is one of two proteins shown to be able to properly condition dendritic cells (and monocytes) to undergo maturation and step up the stimulation of antigen targeting T cells (the other is CD40 ligand). What's important to note is that both LAG-3 and CD40 can do this without inflammation. IMP321 was developed by Dr. Frédéric Triebel in the late 1990s as a dendritic-cell activator. IMP321 has been shown to be highly efficacious as a vaccine adjuvant to inhibit tumor growth in a number of models of both cancer and infectious disease. The protein is safe and non-immunogenic, and has already shown efficacy in humans. When used at low doses, it can be used as a T-cell adjuvant for cancer vaccines. At higher doses, IMP321 can be combined with cancer chemotherapy to ramp up the immune response.

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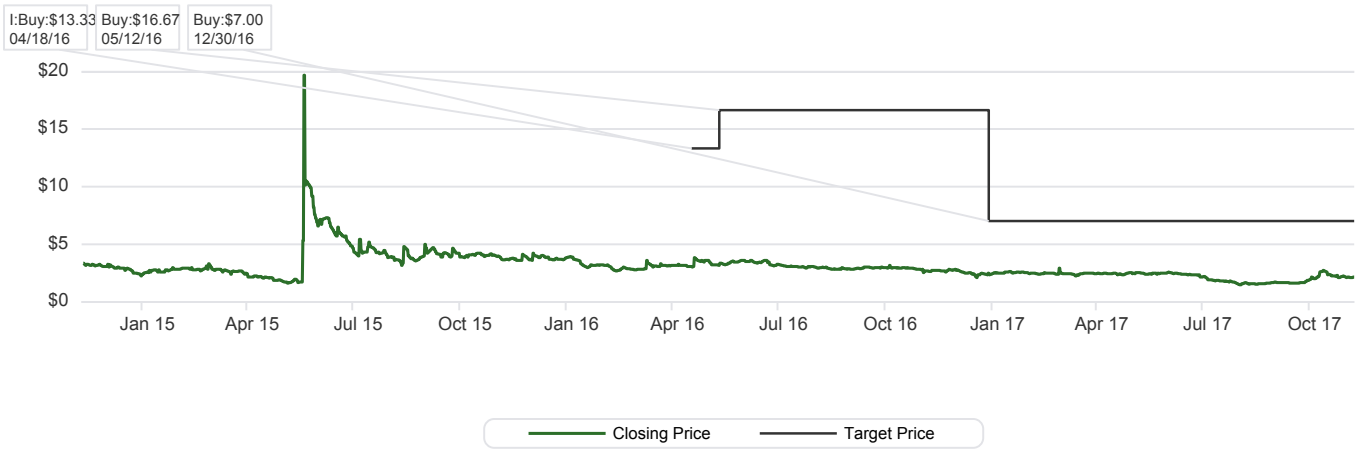
DISCLOSURES

Prima Biomed Ltd. Rating History as of 11/08/2017

powered by: BlueMatrix



Maxim Group LLC Ratings Distribution			**As of: 11/08/17**
		% 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.	**81%**	**38%**
Hold	Fundamental metrics are currently at, or approaching, industry averages. Therefore, we expect this stock to neither significantly outperform nor underperform its relevant index over the next 12 months.	**16%**	**19%**
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%**	**25%**
	**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 Prima Biomed Ltd.

Maxim Group managed/co-managed/acted as placement agent for an offering of the securities for Prima Biomed Ltd. in the past 12 months.

Maxim Group received compensation for investment banking services from Prima Biomed Ltd. in the past 12 months.

Maxim Group expects to receive or intends to seek compensation for investment banking services from Prima Biomed Ltd. in the next 3 months.

PBMD: For Prima Biomed, we use the BTK (Biotechnology Index) as the relevant index.

Valuation Methods

PBMD: Our therapeutic model assumes a royalty structure for each LAG-3 product, initially with IMP701 and IMP321 in 2020 and followed by IMP731 in 2023. 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

PBMD: Aside from general market and other economic risks, risks particular to our price target and rating for Prima Biomed 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.

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.

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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.

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