



FLASH NOTE

Immutep Limited (IMM-AU)

BMS study identifies LAG-3 - PD-1 as potential 'key strategy'

KEY TAKEAWAY

Bristol Myers Squibb just announced that RELATIVITY-047 evaluating combination of its anti-LAG-3 Relatlimab with Opdivo had met its primary endpoint. The Phase 2 / 3 trial in patients with untreated or unresectable melanoma showed a benefit of relatlimab comb compared Opdivo alone; full data to be presented at up-coming meetings. These data are clearly positive for Immutep's partnered anti-LAG-3 LAG525 currently in Phase II with Novartis. With Immutep's Eftilagimod alpha ("efti") also showing positive benefits in combination with PD-1 in HNSCC (head and neck cancer) and non-small cell lung cancer ("NSCLC"), these new data highlight the potential of Immutep's in-house and partnered programme. With the prospect of further HNSCC and NSCLC data from TACTI-002, final AIPAC survival data expected over the course of 2021E, we reiterate our OUTPERFORM recommendation and AUD\$ 0.9 target price.

LAG525 anti-LAG-3 in multiple trials with Novartis Out-licensed as IMP701 to CoStim Pharmaceuticals Inc. now owned by Novartis ("NVS") LAG525 is in 5 clinical trials encompassing both solid tumours, including mBC and melanoma, and blood cancers. These studies involve the use of a variety of drugs in combination with LAG525, including chemotherapy, immune-oncology biologics, and small molecules.

Impressive HNSCC and NSCLC data with efti - pembro combo - Immutep recently announced an extension of its randomised controlled trial TACTI-003 trial involving 160 patients builds on impressive Phase 2 TACTI-002 data (also with MSD), which showed a doubling of overall response rate with efti-pembro in normally unresponsive PD-1-PD-L1 second line HNSCC patients, including 3 complete responses. Immutep has also seen encouraging data in first- and second-line NSCLC (non-small cell lung cancer).

Further upside - Our risk adjusted SoTP valuation of efti and other pipeline assets, indicates that there is substantial upside from current levels. With the prospect of more data from both TACTI-002 and AIPAC we see at least 2 - fold upside from current levels.

OUTPERFORM

Target Price AUD0.900

Current Price AUD0.345

EQUITY RESEARCH

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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 efitlagimod 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

Immutep generates further clinical data on efti and secures an outlicensing deal over the next 12 - 18 months.

Bluesky Scenario

N/A

Downside risk

Company is unable to generate further positive data on efti and fails to achieve licensing deal.

Peer Group Analysis

SWOT

Strengths: Increasing data supports use of efti in oncology combos. 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 (efitlagimod 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 \$16.8bn in 2018 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, Dr. Chris Redhead, 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.

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- (BRISTOL MEYERS SQUIBB)
- (BIOTECHNOLOGY)
- (BIOTECH)
- (MERCK & CO)
- (COSTIM PHARMACEUTICALS)
- (NOVARTIS)
- Immutep Limited (IMM-AU)

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

IMM-AU

AUD0.900 | Company Update
25 March 2021

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