Immunomedics (IMMU)
R&D Day: Making Its Case to Investors Ahead of 2/16/17 Shareholder Meeting

Key Takeaway
R&D day highlighted IMMU-132’s promise in urothelial, lung, and TNBCs, a $7.5B global revenue opportunity by 2025 in four tumor types, an interesting early pipeline and technology platform, and a deep dive into '132's CMC activities (a recent concern for some investors). In our view, '132 in TNBC continues to look approvable in the U.S. based on Ph. II data and IMMU has made good CMC progress, keeping '132 on track for an early Q3 2017 BLA filing.

Licensing/Partnership Update: Not surprisingly few details were provided on the ongoing licensing discussions. Independent board members Markison, Aryeh, and two other directors are working with an advisor on this process, independent of IMMU management involvement. Multiple companies are interested in '132, and IMMU and board directors are happy with the level of interest and progress. Timing of a potential licensing announcement remains unclear, though IMMU re-iterated its desire to announce it prior to initiation of the Ph. III study, estimated to start in late Q1/early Q2 2017.

Upcoming Regulatory/CMC Milestones: IMMU is completing the CMC briefing book (BB) and plans to submit it to the FDA by the end of January. A meeting to review the BB is planned for the end of February. CEO Sullivan and Director Markison noted IMMU is unlikely to issue a release following the meeting (barring some sort of negative outcome based on FDA feedback, which would push out timelines, etc.) and would likely only discuss it at the Q3 2017 earnings call in early May. They noted "no news" (and no press release) in early March should be interpreted as "good news."

"IMMU-132 in TNBC: extra-ordinary...never seen these types of responses before...if there was no alopecia, this would be a perfect therapy." These are a few of the comments made by Dr. Linda Vahdat (Weill Cornell Medical College) in her presentation on the updated data in 85 assessable patients. N=103 have been enrolled. Consistent with the 2016 SABCS update (n=69; please see Chart 1 on page 2), confirmed ORR is 29%, PFS remains steady at 6.0 months, and DOR ticked up to 10.8 months in responders. Three PR’s are awaiting a confirmatory CT analysis, and, if positive, would increase ORR to 32%. Impressively OS increased to 19 months, as compared to 1st Line TNBC where median OS is ~12 months. Safety remains unremarkable with 39% and 13% Gr3+ neutropenia and diarrhea. In summary, Dr. Vahdat believes '132 is a highly active and well-tolerated therapy. IMMU maintaining its BLA filing timeline of "mid-2017." IMMU enrolled the last TNBC patient in early/mid-December. Confirmatory scans for all 100+ assessable patients (taking into account some drop-outs) should be completed by early to mid-April if scans are completed every 8 weeks (vs. 12 weeks). The independent 3rd party laboratory has begun reviewing ORR scans in a blinded fashion, and IMMU noted these assessments to date suggest "high concordance" with reported ORR. IMMU did not indicate how many of the 85 assessable patients have had their scans reviewed by the lab.

No apparent "smoking gun" for CMC. IMMU provided extensive insight into the '132 CMC activities dating back to Q2 2016. Dr. Rossi, Associate VP Process Development and Manufacturing at IMMU, noted there has been excellent comparability between Ph. II clinical and the Ph. III/commercial-scale batches. The major change was switching to a new cell line for the Ph. III mAb, which yields 4-5x fold more mAb. IMMU has manufactured eight Ph. III lots with no statistically significant differences noted (vs. Ph. II lots). CMO Johnson Matthey has produced four lots of the Ph. III SN-38 payload/linker. BSP Pharma (Italy) is the Ph. III/ commercial CMO for the ADC conjugation and fill and lyophilization, and manufactured the 1st Ph. III lot in 12/2016. Documentation by BSP should be complete later in January. This lot will provide sufficient '132 for the Ph. III TNBC study. Dr. Rossi noted results to date suggest the Ph. III '132 ADC from BSP are also within specifications. The documentation is to be included in the CMC BB and reviewed by FDA in February.

Please see analyst certifications, important disclosure information, and information regarding the status of non-US analysts on pages 3 to 6 of this report.
## Chart 1: IMMU-132 TNBC Longitudinal Data

<table>
<thead>
<tr>
<th>Medical Meeting</th>
<th>Investor Day 2017 (January)</th>
<th>SABCS 2016 (Data cut off August)</th>
<th>ASCO 2016 (June)</th>
<th>PEGS 2016 (April)</th>
<th>SABCS 2015 (December)</th>
<th>AACR Tri</th>
<th>WORLD ADC 2015 (October)</th>
<th>ASCO 2015 (June)</th>
<th>ACR 2015 (April)</th>
<th>SABCS 2014 (December)</th>
<th>EORTC 2014 (November)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;N&quot; Assessable</td>
<td>85</td>
<td>69</td>
<td>66</td>
<td>60</td>
<td>58</td>
<td>58</td>
<td>56</td>
<td>56</td>
<td>49</td>
<td>46</td>
<td>23</td>
</tr>
<tr>
<td>Median priors</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Disease Control Rate</td>
<td>44%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
<td>45%</td>
<td>76%</td>
<td>76%</td>
<td>74%</td>
<td>41%</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>CBR &gt; 6 months</td>
<td>33%</td>
<td>34%</td>
<td>34%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>29%</td>
<td>31%</td>
<td>26%</td>
<td>30%</td>
<td>29%</td>
</tr>
<tr>
<td>ORR</td>
<td>29.4% (2 CR and 23 PR)</td>
<td>30% (2 CR and 19 PR)</td>
<td>29% (2 CR and 17 PR)</td>
<td>28% (17 of 20 PR/CR)</td>
<td>26% (15 of 20 PR/CR)</td>
<td>24% (14 of 18 PR/CR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirmed ORR</td>
<td>IMMU did not start presenting confirmed ORRs until after the 2015 Triple Meeting in November 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duration of Response (months)</td>
<td>10.8 (95% CI: 6.8 to 12.7)</td>
<td>8.9 (95% CI: 6.1 to 11.3)</td>
<td>11.5 (95% CI: 7.6 to 12.7)</td>
<td>11</td>
<td>11.5 7.4 (for SD+)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median PFS (months)</td>
<td>6.0 (95% CI: 5.0 to 7.1)</td>
<td>6.0 (95% CI: 5.0 to 7.3)</td>
<td>5.6 (95% CI: 3.6 to 7.1)</td>
<td>5.6</td>
<td>5.7</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>Not reached for 10mg</td>
<td>6 at 10mg/kg</td>
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<tr>
<td>PFS Maturity</td>
<td>62%</td>
<td>62%</td>
<td>58%</td>
<td>55%</td>
<td>46%</td>
<td>32%</td>
<td>33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median OS (months)</td>
<td>18.8 (95% CI: 11.5 to 20.6)</td>
<td>16.6 (95% CI: 11 to 20.6)</td>
<td>14.3 (95% CI: 10.5 to 18.8)</td>
<td>14</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OS Maturity</td>
<td>48% still alive</td>
<td>83% still alive</td>
<td>83% still alive</td>
<td>83% still alive</td>
<td>83% still alive</td>
<td>87% still alive</td>
<td>86% still alive</td>
<td>21%</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: CBR= clinical benefit rate of complete response + partial response + stable disease of 6+ months. Empty cells= data not reported.

Source: Company reports and Jefferies estimates

IMMU did not start presenting DOR results until Spring 2016 after meeting with FDA as part of the BTD process. FDA expressed interest in understanding DOR.
Company Description

Immunomedics, Inc. is a biotechnology company focused on developing antibody-based therapeutics for the treatment of cancers and autoimmune disease. IMMU’s key, value-driving asset, sacituzumab govitcan (formerly IMMU-132) is an antibody-drug conjugate (ADC) which has demonstrated objective responses in multiple solid tumor cancers. The most encouraging and robust results have been in triple-negative breast and urothelial cancers. IMMU’s strategy is to initiate a Phase III study in TNBC in conjunction with a partner by early Q2 2017. IMMU’s ADC and Dock-and-lock platform could also product additional pipeline products within the immuno-oncology space.

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**Rating and Price Target History for: Immunomedics, Inc. (IMMU) as of 01-17-2017**

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Legend:

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D: Dropped Coverage
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H: Hold
UP: Underperform

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<td>8.31%</td>
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