

UBS Investment Research

Puma Biotechnology

Bumping PT on Neoadjuvant Opportunity

■ What's changed? We update our model for a large neoadjuvant market

We have reassessed our prior neoadjuvant assumptions and updated our model to reflect the larger market opportunity for neoadjuvant treatment based on (1) the recent Roche filing; (2) the upcoming data from iSPY and NSABP for neratinib; and (3) our increased confidence that most adjuvant patients will be offered neoadjuvant treatment if there are approved therapies.

■ Our analysis: neratinib still likely minority player, but we see \$2B market

We have updated our assumptions based on our new market model to reflect: (1) ~30% peak share for neratinib (~\$700M in peak sales); (2) a 2016E US launch and a 2017E EU launch; (3) pricing in-line with Herceptin. We acknowledge that our peak-sales assumption could be higher given the pricing of Perjeta+Herceptin (Roche's filed combination), but we prefer to remain conservative at this point, especially given that the neoadjuvant market has yet to develop.

■ Impact on the stock: Bumping PT to \$61

As a result of our more bullish stance on the neoadjuvant market, our PT moves to \$61. The key data we await are from iSPY (due this summer; we look for neratinib to be non-inferior to Herceptin) and NSABP (due late 4Q, early 1Q; we look for neratinib+Herceptin to be materially better than Tykerb+Herceptin).

■ Valuation: We maintain our Buy and update PT to \$61 (prior \$49)

Our valuation is based on our sum-of-the-parts analysis.

Highlights (US\$m)	12/11	12/12	12/13E	12/14E	12/15E
Revenues	0	0	0	0	19
EBIT (UBS)	(10)	(74)	(47)	(53)	(47)
Net Income (UBS)	(10)	(74)	(46)	(51)	(44)
EPS (UBS, US\$)	(1.32)	(3.42)	(1.58)	(1.64)	(1.27)
Net DPS (UBS, US\$)	0.00	0.00	0.00	0.00	0.00
Profitability & Valuation	5-yr hist av.	12/12	12/13E	12/14E	12/15E
EBIT margin %	-	-	-	-	-240.7
ROIC (EBIT) %	-	>500	366.9	308.1	296.7
EV/EBITDA (core) x	-	-3.4	-30.8	-28.0	-31.6
PE (UBS) x	-	NM	NM	NM	NM
Net dividend yield %	-	0.0	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$54.05 on 19 Jul 2013 19:38 EDT

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Global Equity Research

Americas

Biotechnology

12-month rating **Buy**
Unchanged

12m price target **US\$61.00**
Prior: US\$49.00

Price **US\$54.05**

RIC: PBVI.N BBG: PBVI US

22 July 2013

Trading data

52-wk range	US\$56.00-12.00
Market cap.	US\$1.55bn
Shares o/s	28.7m (COM)
Free float	95%
Avg. daily volume ('000)	54
Avg. daily value (m)	US\$2.4

Balance sheet data 12/13E

Shareholders' equity	US\$0.09bn
P/BV (UBS)	18.2x
Net Cash (debt)	US\$0.11bn

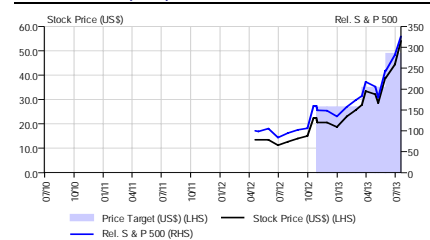
Forecast returns

Forecast price appreciation	+12.9%
Forecast dividend yield	0.0%
Forecast stock return	+12.9%
Market return assumption	5.3%
Forecast excess return	+7.6%

EPS (UBS, US\$)

	12/13E		12/12	12/15
	From	To	Cons.	Actual
Q1	(0.41)	(0.41)	(0.41)	(0.59)
Q2E	(0.39)	(0.39)	(0.43)	(0.73)
Q3E	(0.39)	(0.39)	(0.47)	(1.29)
Q4E	(0.39)	(0.39)	(0.51)	(0.83)
12/13E	(1.58)	(1.58)	(1.82)	
12/14E	(1.64)	(1.64)	(2.35)	

Performance (US\$)



Source: UBS

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Table 1: Puma – Income Statement (2011-2020E)

	2011	2012	1Q13	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Neratinib revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	202.1	391.6	530.2	670.1	771.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	202.1	391.6	530.2	670.1	771.5
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	30.3	68.7	95.2	122.2	143.5
Gross Profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.6	171.8	323.0	435.0	548.0	628.0
SG&A	9.3	24.8	2.3	2.3	2.3	2.3	9.1	9.4	9.8	56.2	78.7	107.5	121.5	127.3
R&D	0.8	49.6	9.5	9.3	9.3	9.5	37.5	43.3	53.6	49.0	29.4	24.8	25.3	25.8
Operating Income	-10.1	-74.4	-11.8	-11.5	-11.5	-11.7	-46.6	-52.7	-46.9	66.6	214.9	302.6	401.1	474.9
Total Non-operating Income	-0.1	0.1	0.0	0.1	0.1	0.1	0.2	1.9	3.3	3.4	7.3	9.6	16.2	23.5
Pretax Income	-10.2	-74.4	-11.8	-11.5	-11.5	-11.6	-46.4	-50.8	-43.6	70.0	222.2	312.2	417.3	498.4
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income	-10.2	-74.4	-11.8	-11.5	-11.5	-11.6	-46.4	-50.8	-43.6	70.0	222.2	312.2	417.3	498.4
Diluted EPS	-1.32	-3.42	-0.41	-0.39	-0.39	-0.39	-1.58	-1.64	-1.27	1.95	5.94	8.02	10.32	11.89
Basic shares outstanding														
Diluted shares outstanding	7.7	21.7	28.7	29.2	29.7	30.2	29.4	30.9	34.4	35.9	37.4	38.9	40.4	41.9
Margin Analysis														
Gross Margin		NA	NA	NA	NA	NA	NA	NA	85.0%	85.0%	82.5%	82.0%	81.8%	81.4%
SG&A (% of Revenue)		NA	NA	NA	NA	NA	NA	NA	50.4%	27.8%	20.1%	20.3%	18.1%	16.5%
R&D (% of Revenue)		NA	NA	NA	NA	NA	NA	NA	275.4%	24.2%	7.5%	4.7%	3.8%	3.4%
Operating Margin		NA	NA	NA	NA	NA	NA	NA	-240.7%	33.0%	54.9%	57.1%	59.9%	61.6%
Pretax Margin		NA	NA	NA	NA	NA	NA	NA	-223.8%	34.6%	56.7%	58.9%	62.3%	64.6%
Net Margin		NA	NA	NA	NA	NA	NA	NA	-223.8%	34.6%	56.7%	58.9%	62.3%	64.6%
Year-over-Year Growth														
Revenue		NA	NA	NA	NA	NA	NA	NA	NA	938%	94%	35%	26%	15%
COGS		NA	NA	NA	NA	NA	NA	NA	NA	938%	126%	39%	28%	17%
Gross Profit		NA	NA	NA	NA	NA	NA	NA	NA	938%	88%	35%	26%	15%
SG&A	166%	84%	34%	-72%	-83%	-63%	4%	4%	473%	40%	37%	13%	5%	5%
R&D	5906%	-10%	-29%	-48%	14%	-24%	15%	24%	-9%	-40%	-16%	2%	2%	2%
Operating Income	634%	0%	-22%	-55%	-47%	-37%	13%	-11%	-242%	223%	41%	33%	18%	18%
Pretax Income	627%	0%	-22%	-56%	-47%	-38%	10%	-14%	-261%	217%	41%	34%	19%	19%
Net Income	627%	0%	-22%	-56%	-47%	-38%	10%	-14%	-261%	217%	41%	34%	19%	19%
EPS	159%	-30%	-46%	-70%	-54%	-54%	4%	-23%	-254%	205%	35%	29%	15%	15%
Diluted shares outstanding	180%	43%	46%	48%	14%	35%	5%	11%	4%	4%	4%	4%	4%	4%

Source: UBS estimates, company reports

Table 2: Puma – Balance Sheet (2011-2020E)

	2011A	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
Cash and cash equivalents	53.4	137.4	105.8	59.6	100.4	173.0	396.1	711.2	1,131.9	1,635.2
Accounts receivable	0.0	10.6	0.0	0.0	0.0	12.1	33.3	48.7	64.6	77.3
Prepaid expenses and other current asset	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total current assets	53.7	149.0	106.8	60.5	101.4	186.0	430.3	760.9	1,197.5	1,713.4
Property, plant and equipment, net	0.7	1.5	2.4	3.4	4.5	5.7	7.1	8.6	10.3	12.2
Other assets	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total assets	55.4	151.7	110.4	65.1	107.1	193.0	438.7	770.7	1,209.0	1,726.8
Accounts payable	0.1	0.5	0.5	0.6	0.0	9.2	25.3	37.1	49.1	58.8
Accrued expenses	0.5	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2
Other accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	0.6	21.7	21.7	21.8	21.2	30.4	46.5	58.3	70.3	80.0
Long-term portion of deferred rent	0.4	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total long-term liabilities	0.4	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Total Liabilities	1.0	22.8	22.8	22.9	22.3	31.5	47.6	59.4	71.4	81.1
Preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	64.6	213.5	218.5	224.0	310.0	316.7	324.0	332.1	340.9	350.7
Accumulated other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated Income (deficit)	-10.2	-84.6	-131.0	-181.8	-225.4	-155.4	66.8	379.0	796.3	1,294.7
Total Equity	54.4	128.9	87.5	42.2	84.6	161.3	390.8	711.1	1,137.3	1,645.4
Total liabilities and equity	55.4	151.7	110.3	65.1	106.9	192.8	438.4	770.5	1,208.7	1,726.5

Source: UBS estimates, company reports

Table 3: Puma – Cash Flows (2011-2020E)

	2011A	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
Operating Activities										
GAAP Net Income (loss)	-10.2	-74.4	-46.4	-50.8	-43.6	70.0	222.2	312.2	417.3	498.4
Depreciation and amortization	0.0	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Share-based compensation	0.1	1.4	5.0	5.5	6.1	6.7	7.3	8.1	8.9	9.7
Anti-dilutive warrant	7.6	18.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in operating assets and liabilities:										
Accounts receivable	0.0	-10.6	10.6	0.0	0.0	-12.1	-21.2	-15.5	-15.9	-12.7
Prepaid expenses and other current assets	-0.3	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.6	0.4	0.0	0.1	-0.6	9.2	16.1	11.8	12.1	9.6
Other accrued liabilities	0.0	20.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred rent and other long term liabilities	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash produced (used in) operating activities	-2.3	-44.0	-30.5	-45.0	-37.8	74.1	224.8	316.9	422.7	505.5
Investing Activities										
Restricted Cash	-1.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditures	-0.3	-1.1	-1.2	-1.3	-1.4	-1.6	-1.7	-1.9	-2.1	-2.3
Net cash provided by (used in) investing activities	-1.3	-1.2	-1.2	-1.3	-1.4	-1.6	-1.7	-1.9	-2.1	-2.3
Financing Activities										
Proceeds from convertible note payable	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital contributions by stockholder	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net proceeds from issuances of common stock and 1	56.7	129.2	0.0	0.0	80.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities	57.0	129.3	0.0	0.0	80.0	0.0	0.0	0.0	0.0	0.0
Change in cash	53.4	84.0	-31.6	-46.2	40.8	72.6	223.1	315.1	420.7	503.3
Cash beginning of period	0.0	53.4	137.4	105.8	59.6	100.4	173.0	396.1	711.2	1,131.9
Cash at end of period	53.4	137.4	105.8	59.6	100.4	173.0	396.1	711.2	1,131.9	1,635.2

Source: UBS estimates, company reports

Puma Biotechnology

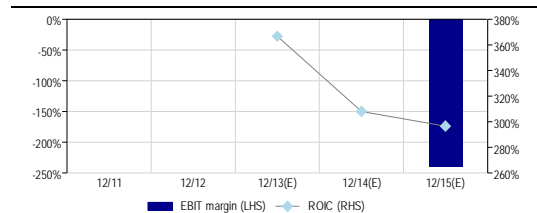
Income statement (US\$m)	-	-	-	12/11	12/12	12/13E	% ch	12/14E	% ch	12/15E	% ch
Revenues	-	-	-	0	0	0	-	0	-	19	-
Operating expenses (ex depn)	-	-	-	-	-	-	-	-	-	(66)	-
EBITDA (UBS)	-	-	-	(10)	(74)	(46)	-37.6	(52)	13.2	(47)	-11.2
Depreciation	-	-	-	0	0	0	5.0	0	5.0	0	5.0
Operating income (EBIT, UBS)	-	-	-	(10)	(74)	(47)	-37.4	(53)	13.2	(47)	-11.1
Other income & associates	-	-	-	0	0	0	-	0	-	0	-
Net interest	-	-	-	0	0	0	104.1	2	850.0	3	73.7
Abnormal items (pre-tax)	-	-	-	0	0	0	-	0	-	0	-
Profit before tax	-	-	-	(10)	(74)	(46)	-37.6	(51)	9.6	(44)	-14.3
Tax	-	-	-	0	0	0	-	0	-	0	-
Profit after tax	-	-	-	(10)	(74)	(46)	-37.6	(51)	9.6	(44)	-14.3
Abnormal items (post-tax)	-	-	-	0	0	0	-	0	-	0	-
Minorities / pref dividends	-	-	-	0	0	0	-	0	-	0	-
Net income (local GAAP)	-	-	-	(10)	(74)	(46)	-37.6	(51)	9.6	(44)	-14.3
Net Income (UBS)	-	-	-	(10)	(74)	(46)	-37.6	(51)	9.6	(44)	-14.3
Tax rate (%)	-	-	-	0	0	0	-	0	-	0	-
Pre-abnormal tax rate (%)	-	-	-	0	0	0	-	0	-	0	-
Per share (US\$)	-	-	-	12/11	12/12	12/13E	% ch	12/14E	% ch	12/15E	% ch
EPS (local GAAP)	-	-	-	(1.32)	(3.42)	(1.58)	-53.9	(1.64)	4.3	(1.27)	-23.0
EPS (UBS)	-	-	-	(1.32)	(3.42)	(1.58)	-53.9	(1.64)	4.3	(1.27)	-23.0
Net DPS	-	-	-	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	-	-	-	(1.32)	(3.41)	(1.57)	-54.0	(1.63)	4.3	(1.26)	-23.1
BVPS	-	-	-	2.71	4.68	2.97	-36.5	1.36	-54.2	2.46	80.3
Balance sheet (US\$m)	-	-	-	12/11	12/12	12/13E	% ch	12/14E	% ch	12/15E	% ch
Cash and equivalents	-	-	-	53	137	106	-23.0	60	-43.7	100	68.5
Other current assets	-	-	-	0	12	1	-91.8	1	0.0	1	0.0
Total current assets	-	-	-	54	149	107	-28.3	61	-43.3	101	67.4
Net tangible fixed assets	-	-	-	1	2	3	41.2	4	32.5	5	27.4
Net intangible fixed assets	-	-	-	0	0	0	-	0	-	0	-
Investments / other assets	-	-	-	1	1	1	0.0	1	0.0	1	0.0
Total assets	-	-	-	55	152	111	-27.1	66	-40.7	108	63.7
Trade payables & other ST liabilities	-	-	-	1	22	22	0.2	22	0.2	21	-2.7
Short term debt	-	-	-	0	0	0	-	0	-	0	-
Total current liabilities	-	-	-	1	22	22	0.2	22	0.2	21	-2.7
Long term debt	-	-	-	0	0	0	-	0	-	0	-
Other long term liabilities	-	-	-	0	1	1	0.0	1	0.0	1	0.0
Total liabilities	-	-	-	1	23	23	0.2	23	0.2	22	-2.5
Equity & minority interests	-	-	-	54	130	88	-31.9	43	-51.3	85	99.0
Total liabilities & equity	-	-	-	55	152	111	-27.1	66	-40.7	108	63.7
Cash flow (US\$m)	-	-	-	12/11	12/12	12/13E	% ch	12/14E	% ch	12/15E	% ch
Net income	-	-	-	(10)	(74)	(46)	-37.6	(51)	9.6	(44)	-14.3
Depreciation	-	-	-	0	0	0	5.0	0	5.0	0	5.0
Net change in working capital	-	-	-	0	10	11	2.1	0	-99.5	(1)	-
Other (operating)	-	-	-	8	20	5	-74.5	6	10.0	6	10.0
Net cash from operations	-	-	-	(2)	(44)	(30)	-30.8	(45)	47.7	(38)	-16.0
Capital expenditure	-	-	-	0	(1)	(1)	10.0	(1)	10.0	(1)	10.0
Net (acquisitions) / disposals	-	-	-	0	0	0	-	0	-	0	-
Other changes in investments	-	-	-	(1)	0	0	-	0	-	0	-
Cash from investing activities	-	-	-	(1)	(1)	(1)	-4.3	(1)	10.0	(1)	10.0
Increase/(decrease) in debt	-	-	-	0	0	0	-	0	-	0	-
Share issues / (repurchases)	-	-	-	57	129	0	-	0	-	80	-
Dividends paid	-	-	-	0	0	0	-	0	-	0	-
Other cash from financing	-	-	-	0	0	0	-	0	-	0	-
Cash from financing activities	-	-	-	57	129	0	-100.0	0	0.0	80	17777.8
Cash flow chge in cash & equivalents	-	-	-	53	84	(32)	-	(46)	-	41	-
FX / non cash items	-	-	-	-	0	0	-	0	-	0	-
Bal sheet chge in cash & equivalents	-	-	-	-	84	(32)	-	(46)	-	41	-
Core EBITDA	-	-	-	(10)	(74)	(46)	-37.6	(52)	13.2	(47)	-11.2
Maintenance capital expenditure	-	-	-	0	(1)	(1)	10.0	(1)	10.0	(1)	10.0
Maintenance net working capital	-	-	-	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	-	-	-	(10)	(75)	(47)	-36.9	(54)	13.1	(48)	-10.7

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Note: For some companies, the data represents an extract of the full company accounts.

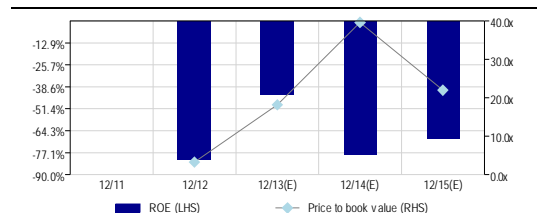
Company profile

Puma is a biotechnology company, focused on the development of small molecules for the treatment of cancer. Its key development compound is an agent for HER2+ disease called neratinib. Neratinib is currently being studied in metastatic breast cancer, CNS disease, neoadjuvant breast cancer and lung cancer. We expect key data in 2013.

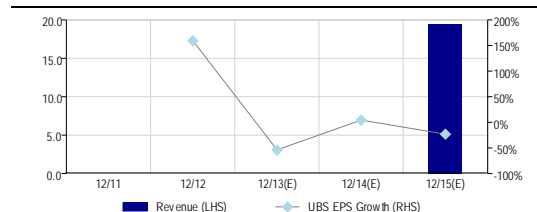
Profitability



ROE v Price to book value



Growth (UBS EPS)



Puma Biotechnology

Valuation (x)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
P/E (local GAAP)	-	-	NM	NM	NM	NM
P/E (UBS)	-	-	NM	NM	NM	NM
P/CEPS	-	-	NM	NM	NM	NM
Net dividend yield (%)	-	-	0.0	0.0	0.0	0.0
P/BV	-	-	3.2	18.2	39.6	22.0
EV/revenue (core)	-	-	-	-	-	NM
EV/EBITDA (core)	-	-	-3.4	-30.8	-28.0	-31.6
EV/EBIT (core)	-	-	NM	NM	NM	NM
EV/OpFCF (core)	-	-	NM	NM	NM	NM
EV/op. invested capital	-	-	NM	NM	NM	NM

Enterprise value (US\$m)	12/11	12/12	12/13E	12/14E	12/15E
Average market cap	-	344	1,550	1,550	1,550
+ minority interests	0	0	0	0	0
+ average net debt (cash)	(10)	(95)	(122)	(83)	(80)
+ pension obligations and other	0	0	0	0	0
- non-core asset value	0	0	0	0	0
Core enterprise value	-	249	1,428	1,467	1,470

Growth (%)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
Revenue	-	-	-	-	-	-
EBITDA (UBS)	-	-	NM	-37.6	13.2	-11.2
EBIT (UBS)	-	-	NM	-37.4	13.2	-11.1
EPS (UBS)	-	-	159.3	-53.9	4.3	-23.0
Cash EPS	-	-	158.7	-54.0	4.3	-23.1
Net DPS	-	-	-	-	-	-
BVPS	-	-	72.5	-36.5	-54.2	80.3

Margins (%)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
EBITDA / revenue	-	-	-	-	-	NM
EBIT / revenue	-	-	-	-	-	-240.7
Net profit (UBS) / revenue	-	-	-	-	-	NM

Return on capital (%)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
EBIT ROIC (UBS)	-	-	NM	NM	NM	NM
ROIC post tax	-	-	NM	NM	NM	NM
Net ROE	-	-	(81.1)	(42.9)	(78.4)	(68.7)

Coverage ratios (x)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
EBIT / net interest	-	-	-	-	-	-
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio (% , UBS EPS)	-	-	-	-	-	-
Net debt / EBITDA	-	5.3	1.9	2.3	1.1	2.2

Efficiency ratios (x)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
Revenue / op. invested capital	-	-	0.0	0.0	0.0	NM
Revenue / fixed assets	-	-	0.0	0.0	0.0	4.2
Revenue / net working capital	-	-	0.0	0.0	0.0	NM

Investment ratios (x)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
OpFCF / EBIT	-	1.0	1.0	1.0	1.0	1.0
Capex / revenue (%)	-	-	-	-	-	7.3
Capex / depreciation	-	NM	4.0	4.2	4.4	4.6

Capital structure (%)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
Net debt / total equity	-	(98.2)	NM	NM	NM	NM
Net debt / (net debt + equity)	-	NM	NM	NM	NM	NM
Net debt (core) / EV	-	-	(38.3)	(8.5)	(5.6)	(5.4)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.
Valuations: based on an average share price that year, (E): based on a share price of US\$54.05 on 19 Jul 2013 19:38 EDT Market cap(E) may include forecast share issues/buybacks.

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■ Puma Biotechnology

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■ Statement of Risk

Key risks associated with a development-stage biotechnology company include: (a) the ability to finance the company through debt and equity issuances; (b) the outcome of clinical trials and regulatory approvals; and (c) the ability of management to bring its development projects to the market.

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UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	46%	35%
Neutral	Hold/Neutral	44%	37%
Sell	Sell	10%	21%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	33%
Sell	Sell	less than 1%	20%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 June 2013.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

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UBS Securities LLC: Matthew Harrison; Matthew Roden, PhD.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Puma Biotechnology ^{2, 4, 6, 16}	PBYI.N	Buy (UR)	N/A	US\$54.05	19 Jul 2013

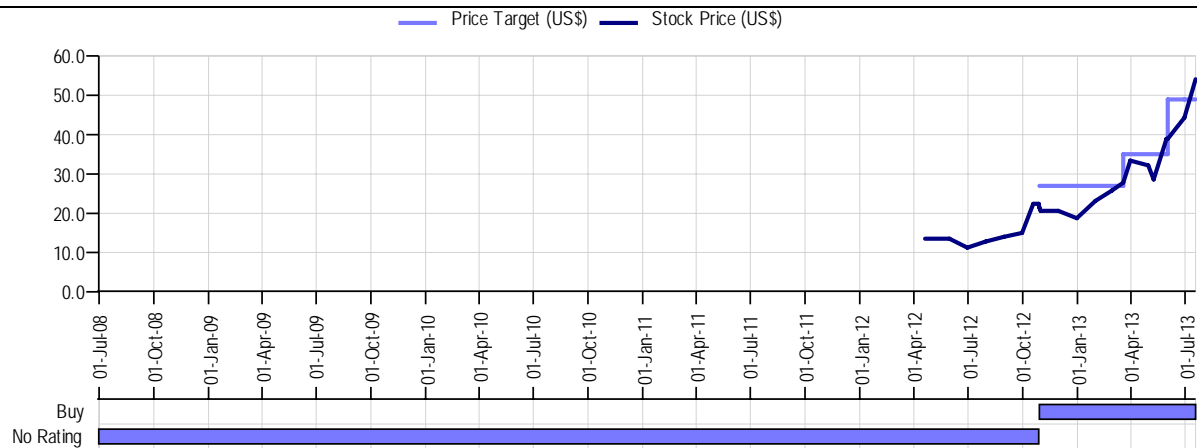
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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Puma Biotechnology (US\$)



Source: UBS; as of 19 Jul 2013

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