

## UBS Investment Research

### Puma Biotechnology

#### 1Q13 Updates

##### ■ What's changed? EPS of -\$0.41

Operating expenses of \$11.8M (\$10.3M ex-stock comp and Pfizer reimbursement) were slightly ahead of our forecast. We have increased R&D spend for 2013E to ~\$38M from ~\$24M previously as we had not incorporated enough personnel expansion. This decreases our 2013E EPS to -\$1.58 from -\$1.03. Upcoming events remain the same with the iSPY neoadjuvant study the next data point.

##### ■ Our analysis: 2H13 catalyst heavy

We continue to see 2H as important for defining the potential commercial profile of neratinib. We will get data on CNS disease, two neoadjuvant studies, lung cancer and even HER2- breast cancer. In all, our key focus remains on CNS disease (where we believe activity is important to driving use in 1<sup>st</sup>/2<sup>nd</sup> line mBC) and neoadjuvant. On neoadjuvant we believe summer iSPY results will be helpful, but believe NSABP results around YE will be more important since that study will have a neratinib + Herceptin arm (recall Tykerb has the best profile w/ Herceptin).

##### ■ Impact on the stock: Solid range of catalysts to drive 2H13 momentum

We continue to see all of the 2H events as having very solid chances of success based upon the strong mechanistic rationale and intelligently designed studies. While we believe the iSPY results will be harder to interpret versus NSABP, we believe inferiority to Herceptin (just like Tykerb) is expected with non-inferiority the upside scenario. And on lung and breast we expect strong response rate data.

##### ■ Valuation: We maintain our Buy and \$35 PT

Our PT 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	-15.1	-14.1	-15.9
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\$28.61 on 09 May 2013 19:41 EDT

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## Global Equity Research

Americas

Biotechnology

12-month rating **Buy**  
**Unchanged**

12m price target **US\$35.00**  
**Unchanged**

Price **US\$28.61**

RIC: PBYI.N BBG: PBYI US

10 May 2013

#### Trading data

52-wk range	US\$34.65-11.00
Market cap.	US\$0.82bn
Shares o/s	28.7m (COM)
Free float	95%
Avg. daily volume ('000)	17
Avg. daily value (m)	US\$0.5

#### Balance sheet data 12/13E

Shareholders' equity	US\$0.09bn
P/BV (UBS)	9.6x
Net Cash (debt)	US\$0.11bn

#### Forecast returns

Forecast price appreciation	+22.3%
Forecast dividend yield	0.0%
Forecast stock return	+22.3%
Market return assumption	5.2%
Forecast excess return	+17.1%

#### EPS (UBS, US\$)

	12/13E			12/12
	From	To	Cons.	Actual
Q1	-	(0.41)	(0.63)	(0.59)
Q2E	-	(0.39)	(0.68)	(0.73)
Q3E	-	(0.39)	(0.70)	(1.29)
Q4E	-	(0.39)	(0.64)	(0.83)
12/13E	(1.03)	(1.58)	(2.74)	
12/14E	(1.58)	(1.64)	(1.86)	

#### 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	149.8	265.6	353.9	444.8	503.8
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
<b>Total Revenue</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>19.5</b>	<b>149.8</b>	<b>265.6</b>	<b>353.9</b>	<b>444.8</b>	<b>503.8</b>
<i>Consensus Revenue</i>				0.0	0.0	0.0	0.0	25.0	37.5					
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	22.5	49.8	68.8	88.4	103.3
Gross Profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.6	127.3	215.8	285.1	356.5	400.5
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
<b>Operating Income</b>	<b>-10.1</b>	<b>-74.4</b>	<b>-11.8</b>	<b>-11.5</b>	<b>-11.5</b>	<b>-11.7</b>	<b>-46.6</b>	<b>-52.7</b>	<b>-46.9</b>	<b>22.2</b>	<b>107.7</b>	<b>152.8</b>	<b>209.6</b>	<b>247.4</b>
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	25.6	115.0	162.4	225.8	270.9
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%
<b>Net Income</b>	<b>-10.2</b>	<b>-74.4</b>	<b>-11.8</b>	<b>-11.5</b>	<b>-11.5</b>	<b>-11.6</b>	<b>-46.4</b>	<b>-50.8</b>	<b>-43.6</b>	<b>25.6</b>	<b>115.0</b>	<b>162.4</b>	<b>225.8</b>	<b>270.9</b>
<b>Diluted EPS</b>	<b>-1.32</b>	<b>-3.42</b>	<b>-0.41</b>	<b>-0.39</b>	<b>-0.39</b>	<b>-0.39</b>	<b>-1.58</b>	<b>-1.64</b>	<b>-1.27</b>	<b>0.71</b>	<b>3.07</b>	<b>4.17</b>	<b>5.58</b>	<b>6.46</b>
<i>Consensus EPS</i>				-\$0.68	-\$0.70	-\$0.64	-\$2.74	-\$1.86	-\$1.80					
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
<b>Margin Analysis</b>														
Gross Margin		NA	NA	NA	NA	NA	NA	NA	85.0%	85.0%	81.3%	80.6%	80.1%	79.5%
SG&A (% of Revenue)		NA	NA	NA	NA	NA	NA	NA	50.4%	37.5%	29.6%	30.4%	27.3%	25.3%
R&D (% of Revenue)		NA	NA	NA	NA	NA	NA	NA	275.4%	32.7%	11.1%	7.0%	5.7%	5.1%
Operating Margin		NA	NA	NA	NA	NA	NA	NA	-240.7%	14.8%	40.6%	43.2%	47.1%	49.1%
Pretax Margin		NA	NA	NA	NA	NA	NA	NA	-223.8%	17.1%	43.3%	45.9%	50.8%	53.8%
Net Margin		NA	NA	NA	NA	NA	NA	NA	-223.8%	17.1%	43.3%	45.9%	50.8%	53.8%
<b>Year-over-Year Growth</b>														
Revenue		NA	NA	NA	NA	NA	NA	NA	NA	669%	77%	33%	26%	13%
COGS		NA	NA	NA	NA	NA	NA	NA	NA	669%	121%	38%	28%	17%
Gross Profit		NA	NA	NA	NA	NA	NA	NA	NA	669%	69%	32%	25%	12%
SG&A		166%	84%	34%	-72%	-83%	-63%	4%	4%	473%	40%	37%	13%	5%
R&D		5906%	-10%	-29%	-48%	14%	-24%	15%	24%	-9%	-40%	-16%	2%	2%
Operating Income		634%	0%	-22%	-55%	-47%	-37%	13%	-11%	-147%	386%	42%	37%	18%
Pretax Income		627%	0%	-22%	-56%	-47%	-38%	10%	-14%	-159%	350%	41%	39%	20%
Net Income		627%	0%	-22%	-56%	-47%	-38%	10%	-14%	-159%	350%	41%	39%	20%
EPS		159%	-30%	-46%	-70%	-54%	-54%	4%	-23%	-156%	332%	36%	34%	16%
Diluted shares outstanding		180%	43%	46%	48%	14%	35%	5%	11%	4%	4%	4%	4%	4%

Source: UBS research, 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	128.5	244.5	409.7	638.9	914.7
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
<b>Total current assets</b>	<b>53.7</b>	<b>149.0</b>	<b>106.8</b>	<b>60.5</b>	<b>101.4</b>	<b>141.6</b>	<b>278.7</b>	<b>459.4</b>	<b>704.5</b>	<b>992.9</b>
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
<b>Total assets</b>	<b>55.4</b>	<b>151.7</b>	<b>110.4</b>	<b>65.1</b>	<b>107.1</b>	<b>148.5</b>	<b>287.0</b>	<b>469.3</b>	<b>716.0</b>	<b>1,006.3</b>
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
<b>Total current liabilities</b>	<b>0.6</b>	<b>21.7</b>	<b>21.7</b>	<b>21.8</b>	<b>21.2</b>	<b>30.4</b>	<b>46.5</b>	<b>58.3</b>	<b>70.3</b>	<b>80.0</b>
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
<b>Total long-term liabilities</b>	<b>0.4</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
<b>Total Liabilities</b>	<b>1.0</b>	<b>22.8</b>	<b>22.8</b>	<b>22.9</b>	<b>22.3</b>	<b>31.5</b>	<b>47.6</b>	<b>59.4</b>	<b>71.4</b>	<b>81.1</b>
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	-199.9	-84.8	77.6	303.4	574.2
<b>Total Equity</b>	<b>54.4</b>	<b>128.9</b>	<b>87.5</b>	<b>42.2</b>	<b>84.6</b>	<b>116.8</b>	<b>239.2</b>	<b>409.6</b>	<b>644.3</b>	<b>924.9</b>
<b>Total liabilities and equity</b>	<b>55.4</b>	<b>151.7</b>	<b>110.3</b>	<b>65.1</b>	<b>106.9</b>	<b>148.3</b>	<b>286.8</b>	<b>469.0</b>	<b>715.7</b>	<b>1,006.0</b>

Source: UBS research, 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
<b>Operating Activities</b>										
GAAP Net Income (loss)	-10.2	-74.4	-46.4	-50.8	-43.6	25.6	115.0	162.4	225.8	270.9
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
<b>Net cash produced (used in) operating activities</b>	<b>-2.3</b>	<b>-44.0</b>	<b>-30.5</b>	<b>-45.0</b>	<b>-37.8</b>	<b>29.6</b>	<b>117.6</b>	<b>167.1</b>	<b>231.2</b>	<b>277.9</b>
<b>Investing Activities</b>										
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
<b>Net cash provided by (used in) investing activities</b>	<b>-1.3</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.3</b>	<b>-1.4</b>	<b>-1.6</b>	<b>-1.7</b>	<b>-1.9</b>	<b>-2.1</b>	<b>-2.3</b>
<b>Financing Activities</b>										
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 '	56.7	129.2	0.0	0.0	80.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities</b>	<b>57.0</b>	<b>129.3</b>	<b>0.0</b>	<b>0.0</b>	<b>80.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Change in cash	53.4	84.0	-31.6	-46.2	40.8	28.1	116.0	165.2	229.2	275.7
Cash beginning of period	0.0	53.4	137.4	105.8	59.6	100.4	128.5	244.5	409.7	638.9
<b>Cash at end of period</b>	<b>53.4</b>	<b>137.4</b>	<b>105.8</b>	<b>59.6</b>	<b>100.4</b>	<b>128.5</b>	<b>244.5</b>	<b>409.7</b>	<b>638.9</b>	<b>914.7</b>

Source: UBS research, 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	177777.8
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.

## 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	9.6	21.0	11.6
EV/revenue (core)	-	-	-	-	-	NM
EV/EBITDA (core)	-	-	-3.4	-15.1	-14.1	-15.9
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	820	820	820
+ minority interests	-	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	699	738	740

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

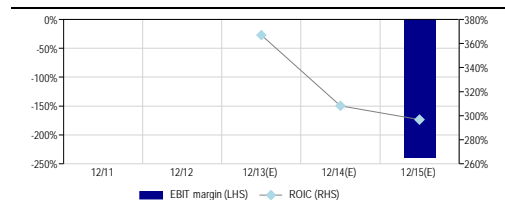
Investment ratios (x)	5Yr Avg	12/11	12/12	12/13E	12/14E	12/15E
OpFCF / EBIT	-	1.0	1.0	1.0	1.0	1.0
Capex / revenue (%)	-	-	-	-	-	7.3
Capex / depreciation	-	NM	4.0	4.2	4.4	4.6

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)	(17.4)	(11.2)	(10.8)

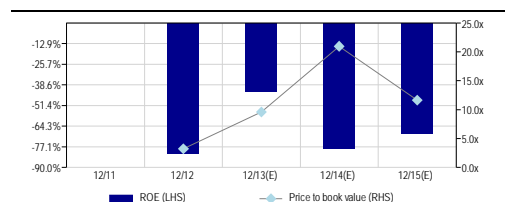
Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$28.61 on 09 May 2013 19:41 EDT Market cap(E) may include forecast share issues/buybacks.

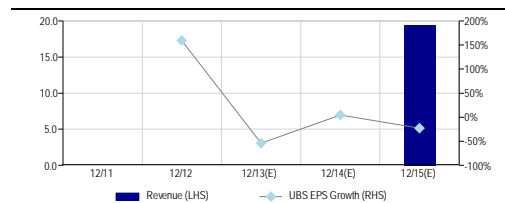
## Profitability



## ROE v Price to book value



## Growth (UBS EPS)



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## ■ Puma Biotechnology

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.

## ■ 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 Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage <sup>1</sup>	IB Services <sup>2</sup>
Buy	Buy	45%	36%
Neutral	Hold/Neutral	45%	36%
Sell	Sell	11%	19%
UBS Short-Term Rating	Rating Category	Coverage <sup>3</sup>	IB Services <sup>4</sup>
Buy	Buy	less than 1%	33%
Sell	Sell	less than 1%	0%

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 31 March 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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**UBS Securities LLC:** Matthew Harrison; Matthew Roden, PhD.

**Company Disclosures**

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
<b>Puma Biotechnology</b> <sup>2, 4, 6, 16</sup>	PBYI.N	Buy	N/A	US\$28.61	09 May 2013

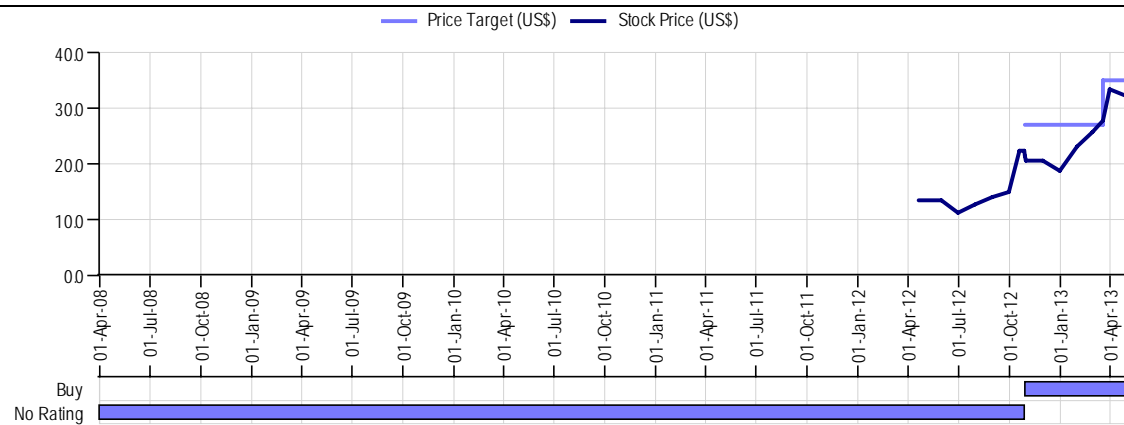
Source: UBS. All prices as of local market close.

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## Puma Biotechnology (US\$)



Source: UBS; as of 09 May 2013

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