

December 10, 2013

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## Stemline Therapeutics (STML - OUTPERFORM): ASH 2013: Durable response continues for SL-401 in BPDCN, positive preclinical data presented

Price: \$20.41

12-Month Price Target: \$49

- **Updated data from a Phase I/II trial of a single-cycle of SL-401 shows that one patient with relapsed/refractory blastic plasmacytoid dendritic cell neoplasm (BPDCN) has had an ongoing (as of August) CR duration of 11+ months.** All five evaluable BPDCN patients in the study have responded (4 CRs, 1 PR), and no serious adverse events have been observed. STML stated that they remain on track to scale up commercial grade manufacturing of SL-401 for a pivotal program in mid-14.
- **SL-401 was also shown to inhibit plasmacytoid dendritic cell (pDC)-induced myeloma cell growth in drug-resistant cell lines.** pDCs, which overexpress IL-3R (the target of SL-401), were shown to promote MM cell growth and survival. Exposure to SL-401 was found to decrease the viability of pDCs and MM cells, including samples from patients who were progressing while on bortezomib (Velcade), lenalidomide (Revlimid) and dexamethasone. SL-401 was also found to have synergistic anti-MM activity when combined with bortezomib, lenalidomide or melphalan (Alkeran), indicating that SL-401 could be combined with approved agents to improve outcomes in MM patients.
- **Separately, preclinical data showed that SL-101, an anti-CD123 antibody conjugate, cancelled IL-3 mediated cytoprotection in FLT3-ITD AML cell lines.** IL-3 protects FLT3 mutant cells from sorafenib (Nexavar)-induced cell killing, and the results indicate SL-101 may offer promise as a combination therapy with sorafenib for AML patients with the hard-to-treat FLT3-ITD mutation.
- **Reiterate OUTPERFORM and our price target of \$49.** We derive our \$49 price target by applying a 6x multiple to 2019 SL-401 sales in IL3-R+ cancers discounted annually by 30% (\$25 of PT). We add that to 6x 2019 estimated sales in AML discounted annually by 35% (\$15 of PT) and finally apply a 6x multiple to estimated 2019 sales of SL-701 discounted by 50% annually (\$9/share) due to our view that 701 is a higher-risk program.

Risks to the achievement of our price target include the clinical failure of SL-401 and/or SL-701 as well as failure to achieve regulatory approval and achieve sales estimates for either drug candidate.

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Company	Disclosure
Stemline Therapeutics	1

### Research Disclosure Legend

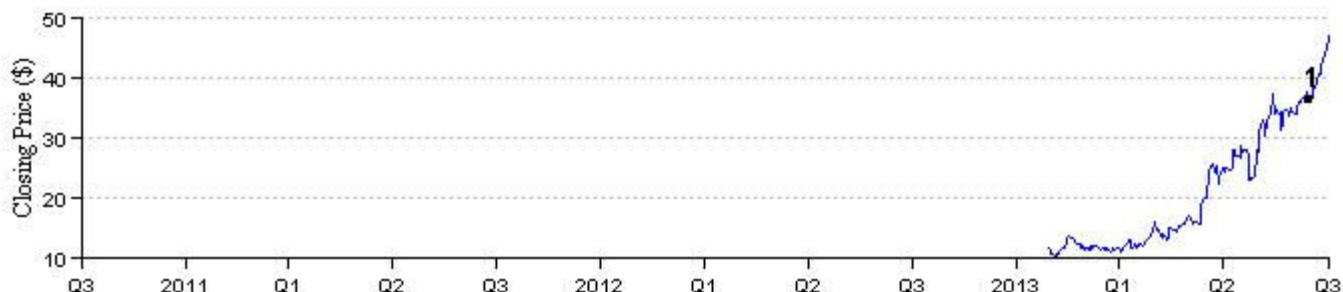
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STML

1) 09/11/13  
OUTPERFORM \$49



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