Enanta Pharmaceuticals

Breakout Session and Presentation Highlights - ALERT

Overweight

ENTA, ENTA US
Price: $31.63

13 January 2014

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Earlier today, Enanta's CEO Jay Luly presented at the J.P. Morgan Healthcare Conference, where he provided an overview of the pipeline with a particular focus on hep C, while the breakout session covered a range of topics (see below). Overall, while hep C has become an increasingly competitive market, Enanta's low cost structure and significant milestones / royalties provide for meaningful P&L leverage. As such, we reiterate our Overweight.

- **Highlights from the breakout session:** Enanta commented on their future cash strategy which includes continued investment in the current pipeline. Additionally, Enanta noted they will carefully consider whether to opt in on the next gen protease inhibitor program that would meaningfully increase the future spend. Of note, an opt-in decision would occur prior to starting phase 2b. Regarding the competitive hep C market, Enanta is confident in their current position given clinical data, timing and partnership with AbbVie.

- **More phase 3 data for 3D regimen expected through 1Q14:** The pivotal program for the 3D regimen of ABT-450/r + ABT-267 + ABT-333 consists of a total of six trials. Enanta recapped previously released top-line data from the SAPPHIRE-I and II studies that confirmed a high 96% SVR rate (w/ RBV) in both naïve and experienced GT1 hep C. Data from the remaining four studies will be available over next few months supporting a filing in 2Q14 .

- **Recap of hep C partnership:** Recall, AbbVie is responsible for all ABT-450 development costs. Enanta is eligible to receive up to an additional $195M in milestones ($40M filing) and double-digit royalties on WW sales. For the next generation protease inhibitor (ABT-493) Enanta is currently entitled to royalties, but has an option on US profits (fund 40% of costs in exchange for 40% of the US profits).

- **Next generation agents in hep C progressing:** Recall, the ultimate goal is to develop a more competitive once daily fixed dose combination of ABT-493 (next gen protease inhibitor) and ABT-530 (next gen NS5a). Of note, this regimen could potentially be available in 2017, but still remains in early development with 3 day dosing data for ABT-493 expected in early 2014.

- **Pipeline:** Enanta highlighted the recent start of a phase 1 trial of EDP-788 in MRSA, announced earlier this week. EDP-239 (NS5A), which is partnered with Novartis, is currently in a proof-of-concept study in GT1.

- **Reiterate Overweight rating.**

***AbbVie covered by J.P. Morgan analyst Chris Schott*

See page 2 for analyst certification and important disclosures.

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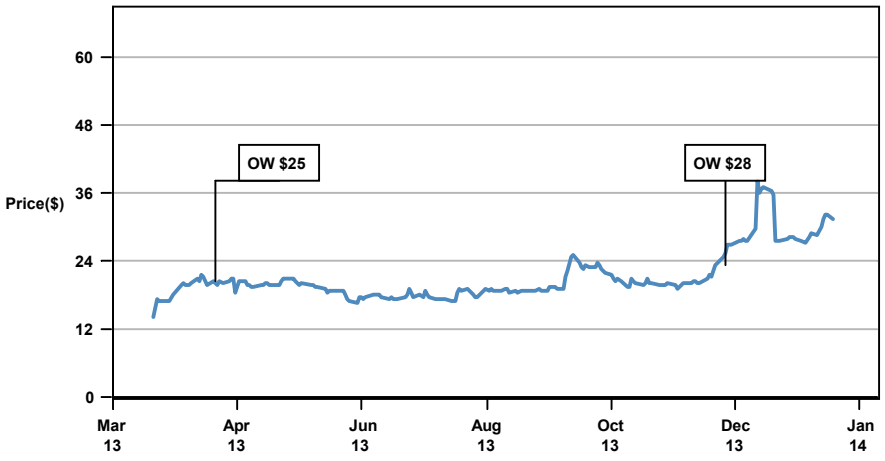
Enanta Pharmaceuticals (ENTA, ENTA US) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
15-Apr-13	OW	20.35	25.00
25-Nov-13	OW	23.40	28.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Apr 15, 2013.

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