

## Onconova Therapeutics, Inc. (ONTX)

Overweight

## PC Results Unsurprisingly Sharpen Focus

## CONCLUSION

Onconova announced the failure of rigosertib in advanced pancreatic cancer based on an planned interim analysis that indicated little likelihood of success for the Phase III study. We are not surprised by the outcome, given the difficulty in developing effective drugs for this indication, and lack of a compelling putative mechanism that we believed to have positive predictive value for success. Given that PC was not included in our valuation and we continue to anticipate more favorable results in MDS following our diligence at ASH'13, we reiterate our Overweight rating and \$38 price target. Most investors, in our view, are likely focused on data from the Phase III study of rigosertib in int-2/high risk MDS, which we believe could be foreshadowed at the upcoming Analyst meeting on Dec 19.

- **Rigosertib outlook in MDS more convincing.** The most recently presented data for rigosertib in hematology was an update on the Phase II in low/int-1 MDS presented at ASH and which demonstrated an encouraging level of activity. The low/int-1 study is looking at single-agent oral rigosertib while the int-2/high study in 2nd-line patients is using I.V. Prior data in the 2nd-line setting indicated an encouraging suggestion of a survival advantage, however that is in comparison to historical controls. We anticipate final data from this study in early 2014, and our recent KOL outreach at ASH'13 was supportive.

## COMPANY DESCRIPTION

Onconova focuses on cancer and radiation injury therapies

PRICE: US\$16.38

TARGET: US\$38.00

DCF of projected free cash flows for 2015-2026, with a 10% discount rate

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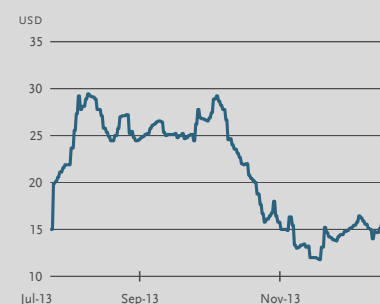
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## RISKS TO ACHIEVEMENT OF PRICE TARGET

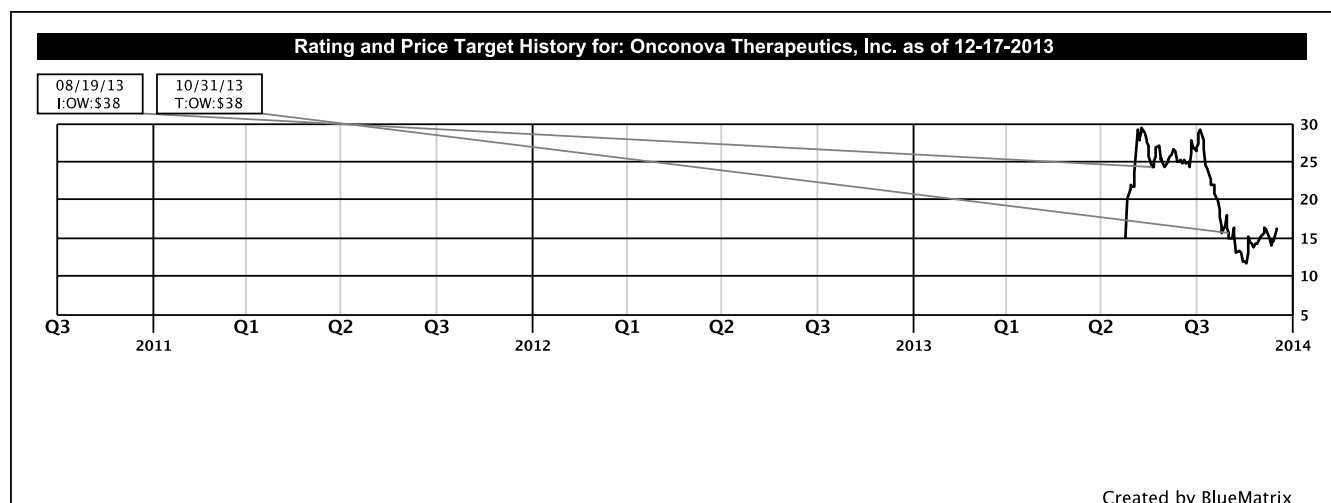
Principal risks include 1) failure of rigosertib to differentiate itself in clinical trials, 2) delay of rigosertib in reaching the market, 3) increased competition from similar drugs in development, including Celgene's oral Vidaza and Astex Pharmaceuticals' SGI-110.

## Price Performance - 1 Year



Source: Bloomberg

## IMPORTANT RESEARCH DISCLOSURES



Notes: The boxes on the Rating and Price Target History chart above indicate the date of the Research Note, the rating, and the price target. Each box represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first Note written during the past three years.

### Legend:

I: Initiating Coverage  
R: Resuming Coverage  
T: Transferring Coverage  
D: Discontinuing Coverage  
S: Suspending Coverage  
OW: Overweight  
N: Neutral  
UW: Underweight  
NA: Not Available  
UR: Under Review

Distribution of Ratings/IB Services Piper Jaffray				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
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<b>HOLD [N]</b>	227	38.09	18	7.93
<b>SELL [UW]</b>	23	3.86	1	4.35

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### Analyst Certification — Charles C. Duncan, PhD, Sr. Research Analyst — Roy Buchanan, Ph.D., Research Analyst

The views expressed in this report accurately reflect my personal views about the subject company and the subject security. In addition, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

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