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Stock Rating
Overweight

Industry View
In-Line

Chimerix Inc

4Q Earnings Update; Increasing Our PT to \$34

What's Changed

Price Target **\$29.00 to \$34.00**

Chimerix provided 4Q updates. Our price target increase is driven by a change in our discount rate, in line with our updated valuation framework across our coverage universe (see below for details).

Ph 3 SUPPRESS Trial: Chimerix continues to expect data mid-15 with enrollment completion by year end 2014. We are encouraged by initial reports around the early time of initiation of drug or placebo dosing in Ph 3, with the company estimating that half the pts should begin drug within the first week and 90% within the first two weeks. In the Ph 2 trial patients on average began drug ~1 mo post-transplant. Given the propensity for CMV to reactivate early, we see the earlier initiation of dosing as a key Ph 2 to 3 change that should increase the chances of success for SUPPRESS. Updates on EMEA discussions and a finalized pediatric plan will also be important steps for the CMV stem cell program.

Solid Organ Trial: A confirmatory trial, likely in renal transplants, to support traditional approval is expected to be underway by the time of NDA filing. The company expects to reach agreements with the FDA on some key trial aspects in 1H14 and finalize the study during 2014.

2014 Catalysts: Chimerix expects to present data from their expanded access program in solid organ transplants and other dsDNA viruses over the course of 2014. We see these data as providing a key differentiating factor vs. CMV focused drugs.

Updates to the Model: We changed our discount rate from 15% to 12.5%, based on our recently updated valuation framework, to better match Chimerix's risk. Given clear proof of concept for brincidofovir, similar to other covered cos. who have shown proof of concept for their lead asset, we now use a 12.5% discount rate which is between our 15% rate for less derisked dev't stage companies and 10% rate for commercial cos.

Key Ratios and Statistics

Reuters: CMRX.O Bloomberg: CMRX US

Biotechnology / United States of America

Price target	\$34.00
Shr price, close (Mar 10, 2014)	\$19.60
Mkt cap, curr (mm)	\$507
52-Week Range	\$27.00-12.96

Fiscal Year ending	12/13	12/14e	12/15e	12/16e
ModelWare EPS (\$)	(1.55)	(1.45)	1.19	(1.97)
Prior ModelWare EPS (\$)	(1.26)	(1.65)	1.26	(1.71)
P/E	NM	NM	16.5	NM
Consensus EPS (\$)\$	(2.76)	(1.91)	(0.73)	(1.67)
Div yld (%)	-	-	-	-
EPS (\$)**	(3.65)	(1.45)	1.19	(1.97)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).

\$ = Consensus data is provided by Thomson Reuters Estimates.

** = Based on consensus methodology
e = Morgan Stanley Research estimates

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Risk-Reward Snapshot: Chimerix (CMRX, OW, PT \$34)

CMX001 Drives Risk-Reward



Source: Morgan Stanley Research estimates, Thomson Reuters

Price Target \$34	We derive our PT from a discounted cash flow analysis that uses a WACC of 12.5% and a 0% terminal growth rate. The main revenue driver in our model is the launch of CMX001 in the US in 2016 and in the ROW in 2017.	
Bull Case \$45	DCF WW 2022 Sales: HSCTs: ~\$770mn (~\$540mn to Chimerix) SOTs: ~\$210mn (~\$170mn to Chimerix)	CMX001 success in HSCTs and SOTs with dominant share of the prophylaxis and treatment HSCT mkt. We assume (2022): 1) ~70% share of addressable US prophylaxis HSCT mkt, 2) ~60% share of addressable US 1 st line treatment HSCT mkt, 3) ~95% share of addressable US 2 nd line treatment HSCT mkt, 4) ~40% of prophylaxis patients receive prolonged prophylaxis, 5) HSCT prophylaxis competitor share is <20%, and 6) ~60% share of the addressable SOT mkt.
Base Case \$34	DCF WW 2022 Sales: HSCTs: ~\$620mn (~\$430mn to Chimerix) SOTs: ~\$140mn (~\$110mn to Chimerix)	CMX001 success in HSCTs and SOTs with solid share in the prophylaxis and treatment HSCT market. We assume (2022): 1) ~60% share of addressable US prophylaxis HSCT mkt, 2) ~50% share of addressable US 1 st line treatment HSCT mkt, 3) ~75% share of addressable US 2 nd line treatment HSCT mkt, 4) ~30% of prophylaxis patients receive prolonged prophylaxis, 5) HSCT prophylaxis competitor share is <25%, and 6) ~40% share of the addressable SOT mkt.
Bear Case \$8	DCF WW 2022 Sales: HSCTs: ~\$157mn (~\$110mn to Chimerix) SOTs: ~\$35mn (~\$30mn to Chimerix)	CMX001 fails to gain sig. share in treatment or prophylaxis for HSCTs or SOTs. We assume (2022): 1) ~15% share of addressable US prophylaxis HSCT mkt, 2) ~15% share of addressable US 1 st line treatment HSCT mkt, 3) ~20% share of addressable US 2 nd line treatment HSCT mkt, 4) ~10% of prophylaxis patients receive prolonged prophylaxis, 5) HSCT prophylaxis competitor share is <10%, and 6) ~10% share of the addressable SOT mkt. Ultra-bear case: If CMX001 fails in Ph 3, we see the stock trading down to the low single digits.

Investment Thesis

- We are OW Chimerix as we believe CMX001 has \$750+mn sales potential in HSCT and SOT patients.
- CMX001 has shown solid early data in a Ph 2 CMV adult HSCT prophylaxis trial vs. pre-emptive standard of care.
- We do not view CMX001's safety profile (GI toxicities, GVHD, ALT increases) as limiting, and the drug is differentiated vs. standard of care given the absence of myelosuppression or nephrotoxicity
- Commercially, the opportunity in HSCT CMV infections is compelling as 1) current therapies for CMV have sig. limiting bone marrow or kidney tox., 2) docs prefer prophylaxis over pre-emption in some pts, 3) high risk transplants are growing, and 4) transplant centers are concentrated.
- CMX001 may have potential value for the prevention and/or treatment of other dsDNA viruses in a broad set of immunocompromised patients. This is upside to our base case model.
- CMX157 for HBV and HIV infections is too early for us to value.
- See **Ex. 3** for upcoming catalysts.

Risks to our price target

- 1) CMX001 fails in Ph 3 CMV adult trial,
- 2) Ph 3 program takes sig. longer to run than we expect leading to a financing gap,
- 3) toxicity (primarily GI) is a larger problem in Ph 3 than we anticipate.

Valuation

Exhibit 1

DCF Drives Valuation

(\$ in mn)	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Free Cash Flow	(33)	(36)	29	(38)	28	116	128	169	211	258	287	303	311	316	32
YoY growth	1527%	9.2%	-181%	-234%	-173%	312%	10.2%	32.1%	24.9%	22.2%	11.1%	5.5%	2.8%	1.4%	-90.0%
Net Cash Proxy for Dilution	-\$0.3	-\$0.3	-\$0.3	-\$0.4	-\$0.4	-\$0.4	-\$0.5	-\$0.5	-\$0.6	-\$0.6	-\$0.6	-\$0.6	-\$0.6	-\$0.6	-\$0.6
Free Cash Flow for DCF	-\$32.9	-\$35.9	\$28.4	-\$38.8	\$27.8	\$115.8	\$127.6	\$168.7	\$210.9	\$257.7	\$286.3	\$302.2	\$310.6	\$314.9	\$31.0
PV of Free Cash Flow		-36	25	-31	20	72	71	83	92	100	99	93	85	77	7

Source: Company data, Morgan Stanley Research estimates

Exhibit 2

DCF Valuation Suggests Significant Upside

Valuation Date	2014
Discount Rate	12.5%
Terminal Growth Rate	0%
Terminal Value Year	2027
Sum of Discounted FCF	\$758.0
Discounted Terminal Value	\$53.6
Net Cash	\$100.1
Equity Value	\$912
Equity Value/Sh	\$34
Shares Outstanding (Basic)	26.4

Source: Company Data, Morgan Stanley Research estimates

\$34 PT includes CMX001 in HSCT patients and some use in SOTs.

We derive our PT from a discounted cash flow (DCF) analysis that uses a WACC of 12.5% and a terminal growth rate of 0% post 2027. We incorporate the cash cost of stock options

Valuation Methodology: We use a DCF to value Chimerix as well as most other companies under coverage. We believe a DCF best captures the longer term nature of drug development and commercialization. We do not feel that a multiples analysis accomplishes the same goal, as it only evaluates a company during a snapshot in time.

Discount Rate: We typically apply a discount rate of 12.5% to development stage companies that have shown clear proof of concept for a value driving asset.

Terminal Growth Rate: Our modeled cash flows extend to 2022. Beyond this, we grow free cash flow from 2023-2025 at 25% of the prior year's growth rate. We decline cash flows by 90% in 2027 due to the Dec. 2020 composition of matter patent expiry (we assume 5 yrs of Hatch Waxman). Beyond 2027, we use a terminal growth rate of 0%.

Revenue: The revenue driver in our model is CMX001 in HSCT and SOT patients.

Economics: Chimerix currently has full rights to CMX001, but we model Chimerix partnering CMX001 ex-US with a 22.5% royalty. Chimerix pays a small royalty (we est. 2.5% of WW sales) to UCSD for patent rights for CMX001 and CMX157. CMX157 is partnered with Merck.

COGS: We model COGS of 6% of US and Canada sales. The UCSD royalty is accounted for through COGS as well.

Operating Expenses:

R&D: We model R&D decreasing from 2014 through 2022 as trial expenses for CMX001 decrease.

SG&A: We model SG&A increasing significantly in 2016 as Chimerix begins building out a US and Canadian sales force. Post 2016, SG&A increases modestly.

Financings: We model a \$75mn raise in 2015.

Key Risks To Our Price Target Include: 1) CMX001 fails in Ph 3 CMV adult trial, 2) Ph 3 program takes sig. longer to run than we expect leading to a financing gap, 3) toxicity (primarily GI) is a larger problem in Ph 3 than we anticipate

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Exhibit 3

Catalyst Calendar

Drug	Type	Event	Expected Timing
CMX001	Clinical Data	Study 350 data in dsDNA viruses	2014
CMX001	Product Advancement	Submit pediatric plan to FDA and EMEA	2014
CMX001	Product Advancement	Update on CMV confirmatory trial design	1H14
CMX001	Product Advancement	Finalize commercial formulation for pediatric patients	1H14
CMX001	Clinical Data	International Society for Heart and Lung Transplantation (ISHLT) SOT data - Apr. 10-13	2Q14
CMX001	Clinical Data	Ph 3 SUPPRESS study in CMV	Mid-15

Source: Company Data, Morgan Stanley Research

Exhibit 4

Variance Analysis

	3Q13 Actual	4Q13 MS Est	4Q13 Actual	Var. from est	Q/Q % chg
Collaboration and Licensing Revenue	\$0	\$0	\$0		
Contract and Grant Revenue	\$1	\$1	\$1		
Total Revenues	\$1	\$1	\$1		
R&D	\$5	\$8	\$6	-24.0%	18.9%
SG&A	\$2	\$2	\$2	18.7%	29.8%
Total Operating Expenses	\$7	\$10	\$8	-15.4%	21.7%
Operating Income (Loss)	(\$6)	(\$9)	-\$8	-16.7%	25.6%
Net Income (Loss)	(\$7)	(\$10)	-\$8	-15.5%	21.9%
EPS - Diluted (GAAP)	(\$0.26)	(\$0.37)	(\$0.31)	-16.9%	19.4%
Consensus EPS		(\$0.38)			
Basic Shares Outstanding	26	26	26	1.6%	2.1%

Source: Company Data, Morgan Stanley Research

Exhibit 5

Changes to Model

	2012	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
US CMX-001 Sales											
Current	0	0	0	0	36	118	200	264	316	376	444
Prior	0	0	0	0	36	118	200	264	316	376	444
WW CMX-001 Sales											
Current	0	0	0	0	36	151	303	434	538	641	759
Prior	0	0	0	0	36	151	303	434	538	641	759
Total Revenues (\$mn)											
Current	34	4	2	80	36	129	232	318	387	460	544
Prior	34	4	2	80	36	129	232	318	387	460	544
COGS (\$mn)											
Current	0	0	0	0	3	11	20	28	34	41	48
Prior	0	0	0	0	3	11	20	28	34	41	48
SG&A (\$mn)											
Current	7.7	7.3	8.0	13.2	48.7	51.0	53.6	56.4	59.5	61.7	64.0
Prior	7.7	7.0	7.3	12.2	47.2	49.1	51.1	53.3	55.7	57.9	60.2
R&D (\$mn)											
Current	27.4	22.3	30.0	30.0	31.5	28.4	25.5	23.0	23.0	23.0	23.0
Prior	27.4	24.2	34.0	30.0	26.0	24.0	22.0	22.0	22.0	22.0	22.0
Interest, Other Income, net											
Current	(0.8)	(1.2)	(0.8)	0.3	0.7	0.7	1.0	1.6	2.4	3.3	4.5
Prior	(0.8)	(1.2)	(0.0)	0.8	1.4	1.4	2.2	3.4	5.0	6.9	9.3
Net Income, non-GAAP, ex-ESO (\$mn)											
Current	(2.2)	(26.5)	(36.8)	37.0	(46.1)	38.7	127.9	137.9	177.2	220.1	268.8
Prior	(2.2)	(28.0)	(38.9)	38.6	(38.4)	45.8	128.1	141.7	182.0	225.5	275.0
GAAP EPS											
Current	(\$2.89)	(\$3.65)	(\$1.45)	\$1.19	(\$1.97)	\$1.14	\$4.34	\$4.66	\$6.04	\$7.58	\$9.29
Prior	(\$2.89)	(\$2.88)	(\$1.65)	\$1.26	(\$1.71)	\$1.42	\$4.42	\$4.87	\$6.31	\$7.89	\$9.66
Diluted EPS (w/out option expense)											
Current	(\$1.46)	(\$1.37)	(\$1.39)	\$1.33	(\$1.74)	\$1.39	\$4.59	\$4.95	\$6.36	\$7.90	\$9.65
Prior	(\$1.46)	(\$1.12)	(\$1.50)	\$1.41	(\$1.48)	\$1.67	\$4.67	\$5.17	\$6.63	\$8.22	\$10.02
Diluted Shares Outstanding											
Current	1.5	19.3	26.5	27.8	26.5	27.8	27.8	27.8	27.8	27.8	27.9
Prior	1.5	25.0	26.0	27.4	26.0	27.4	27.4	27.4	27.4	27.4	27.4

Source: Company Data, Morgan Stanley Research estimates

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Exhibit 6

Quarterly Income Statement

(\$ in millions except per-share data)	1Q13A	2Q13A	3Q13A	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Collaboration and Licensing Revenue										
Contract and Grant Revenue	1.8	0.8	0.9	0.9	4	1.0	1.0	0.0	0.0	2
Total Revenues	1.8	0.8	0.9	0.9	4.4	1.0	1.0	0.0	0.0	2.0
Costs & Expenses:										
COGS	0	0	0	0	0	0	0	0	0	0
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	0.0%
R&D	6	5	5	6	22	8	7	8	7	30
QoQ Growth		-26.3%	9.0%	18.9%			-12.5%	14.3%	-12.5%	
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	0.0%
SG&A	2	1	2	2	7	2	2	2	2	8
QoQ Growth		-14.1%	26.7%	29.8%			0.0%	0.0%	0.0%	
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	0.0%
Total Operating Expenses	8.1	6.1	6.9	8.5	29.6	10.0	9.0	10.0	9.0	38.0
Operating Income (Loss)	(6)	(5)	(6)	(8)	(25)	(9)	(8)	(10)	(9)	(36)
Operating Margin										
Other Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest (Expense) Income	(0.4)	(0.4)	(0.3)	(0.2)	(1.24)	(0.2)	(0.2)	(0.2)	(0.2)	(0.80)
Pretax Income (Loss)	(\$7)	(\$6)	(\$6)	(\$7.75)	(\$26)	(\$9)	(\$8)	(\$10)	(\$9)	(\$37)
Provision For Income Taxes	0	0	0	0	0	0	0	0	0	0
Effective Tax Rate										
Non-GAAP Net Income (Loss)	(\$7)	(\$6)	(\$6)	(\$8)	(26.5)	(\$9)	(\$8)	(\$10)	(\$9)	(36.8)
Stock Compensation Expense	\$0.3	\$2.3	\$0.4	\$0.4	\$3	\$0.4	\$0.4	\$0.4	\$0.4	\$2
% of Operating Expenses	3.3%	37.9%	5.8%	4.7%	11.4%	4.0%	4.4%	4.0%	4.4%	4.2%
Non-GAAP Net Income (incl. ESO)	(\$6.9)	(\$8.1)	(\$6.7)	(\$8.2)	(\$29.9)	(\$9.6)	(\$8.6)	(\$10.6)	(\$9.6)	(\$38.4)
GAAP Net Income (Loss)	(\$34.6)	(\$21.0)	(\$6.7)	(\$8.2)	(\$70.6)	(\$9.6)	(\$8.6)	(\$10.6)	(\$9.6)	(\$38.4)
EPS, Basic (Non-GAAP, Pre-ESO)	(\$4.33)	(\$0.25)	(\$0.24)	(\$0.29)	(\$1.37)	(\$0.35)	(\$0.31)	(\$0.38)	(\$0.35)	(\$1.39)
EPS, Diluted (Non-GAAP, Pre-ESO)	(\$4.33)	(\$0.25)	(\$0.24)	(\$0.29)	(\$1.37)	(\$0.35)	(\$0.31)	(\$0.38)	(\$0.35)	(\$1.39)
EPS - Diluted (GAAP, Post- ESO)	(\$22.58)	(\$0.91)	(\$0.26)	(\$0.31)	(\$3.65)	(\$0.36)	(\$0.32)	(\$0.40)	(\$0.36)	(\$1.45)
Shares Outstanding - Basic	1.53	23.07	25.87	26.42	19.31	26.44	26.47	26.50	26.52	26.48
Shares Outstanding - Diluted	1.53	23.07	25.87	26.42	19.31	26.44	26.47	26.50	26.52	26.48

Source: Company Data, Morgan Stanley Research estimates

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Exhibit 7

Annual Income Statement

(\$ in millions except per-share data)	2011A	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Sales												
US CMX-001 Sales				0	0	36	118	200	264	316	376	444
Canada CMX-001 Sales				0	0	0	4	12	20	26	32	38
EU CMX-001 Sales				0	0	0	29	92	150	195	233	277
WW CMX-001 Sales				0	0	36	151	303	434	538	641	759
Revenue to Chimerix												
US CMX-001 Revenue				0	0	36	118	200	264	316	376	444
Canada CMX-001 Revenue				0	0	0	4	12	20	26	32	38
EU CMX-001 Royalty				0	0	0	6	21	34	44	52	62
WW CMX-001 Revenue to Chimerix				0	0	36	129	232	318	387	460	544
Collaboration and Licensing Revenue	0	17			80							
Contract and Grant Revenue	12	16	4	2								
Total Revenues	12.1	33.7	4.4	2.0	80.0	36.5	128.6	232.1	317.7	386.7	460.4	543.9
Costs & Expenses:												
COGS	0	0	0	0	0	3	11	20	28	34	41	48
YoY Growth	-	-	-	-	-	-	257.7%	82.7%	37.6%	22.0%	19.1%	18.1%
% of Sales	-	-	-	-	-	8.5%	9.1%	9.6%	9.8%	9.9%	9.9%	9.9%
R&D	27	27	22	30	30	32	28	26	23	23	23	23
YoY Growth	43.2%	0.1%	-18.7%	34.7%	0.0%	5.0%	-10.0%	-10.0%	-10.0%	0.0%	0.0%	0.0%
% of Sales	-	-	-	-	-	86.3%	23.2%	12.1%	8.1%	6.7%	5.6%	4.8%
SG&A	9	8	7	8	13	49	51	54	56	60	62	64
YoY Growth	22.3%	-11.9%	-4.9%	9.2%	65.5%	268.0%	4.8%	5.0%	5.3%	5.5%	3.6%	3.8%
% of Sales	-	-	-	-	-	133.5%	41.8%	25.3%	19.9%	17.4%	15.1%	13.3%
Total Operating Expenses	36.1	35.1	29.6	38.0	43.2	83.3	90.5	99.4	107.3	116.5	125.1	134.9
Operating Income (Loss)	(24.026)	(1)	(25)	(36)	37	(47)	38	133	210	270	335	409
Operating Margin	(199%)	(4%)	(577%)	(1800%)	46%	(128%)	30%	57%	66%	70%	73%	75%
Other Income	0.0	0.0	0.0	0.0	0.5	0.7	0.7	1.0	1.6	2.4	3.3	4.5
Interest Expense, Net	(0.21)	(0.85)	(1.24)	(0.80)	(0.29)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pretax Income (Loss)	(\$24)	(\$2)	(\$26)	(\$37)	\$37	(\$46)	\$39	\$134	\$212	\$273	\$339	\$414
Provision For Income Taxes	0	0	0	0	0	0	0	6	74	95	119	145
Effective Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	35.0%	35.0%	35.0%	35.0%
Non-GAAP Net Income (Loss)	(\$24)	(\$2)	(\$26)	(\$37)	\$37	(\$46)	\$39	\$128	\$138	\$177	\$220	\$269
Stock Compensation Expense	\$1	\$1	\$3	\$2	\$4	\$6	\$7	\$7	\$8	\$9	\$9	\$10
% of Operating Expenses	2.67%	3.98%	11.45%	4.21%	9.25%	7.20%	7.74%	7.04%	7.46%	7.73%	7.19%	7.42%
Non-GAAP Net Income (incl. ESO)	(\$25)	(\$4)	(\$30)	(\$38)	\$33	(\$52)	\$32	\$121	\$130	\$168	\$211	\$259
GAAP Net Income (Loss)	(\$26)	(\$4)	(\$71)	(\$38)	\$33	(\$52)	\$32	\$121	\$130	\$168	\$211	\$259
EPS, Basic (Non-GAAP, Pre-ESO)	(\$16.20)	(\$1.46)	(\$1.37)	(\$1.39)	\$1.40	(\$1.74)	\$1.46	\$4.83	\$5.20	\$6.68	\$8.30	\$10.13
EPS, Diluted (Non-GAAP, Pre-ESO)	(\$16.20)	(\$1.46)	(\$1.37)	(\$1.39)	\$1.33	(\$1.74)	\$1.39	\$4.59	\$4.95	\$6.36	\$7.90	\$9.65
EPS - Diluted (GAAP, Post- ESO)	(\$17.10)	(\$2.89)	(\$3.65)	(\$1.45)	\$1.19	(\$1.97)	\$1.14	\$4.34	\$4.66	\$6.04	\$7.58	\$9.29
Shares Outstanding - Basic	1.50	1.53	19.31	26.48	26.44	26.46	26.47	26.49	26.50	26.51	26.53	26.54
Shares Outstanding - Diluted	1.50	1.53	19.31	26.48	27.84	26.46	27.84	27.84	27.85	27.85	27.85	27.86

Source: Company Data, Morgan Stanley Research

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Exhibit 8

Balance Sheet

(\$ in millions)	2011A	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Assets												
Cash and Cash Equivalents	13.6	19.9	89.9	48.4	148.7	110.3	138.5	254.7	382.9	552.1	763.6	1,022.0
Short-term Investments, Available-For-Sale	5.9	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Grant Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Contract Receivable	4.2	0.8	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Current Assets	1.0	1.0	0.1	0.1	2.3	1.1	3.7	6.8	9.3	11.3	13.4	15.9
Loan Receivable From Officer	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Financing Costs, Current Portion	0.1	0.0	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	0.3	0.2	6.4	2.9	10.3	18.6	25.4	30.9	36.8	43.5
Total current assets	24.8	31.6	100.3	58.4	167.2	124.1	162.4	289.9	427.4	604.2	823.7	1,091.2
Property and Equipment, Net	0.6	0.4	0.9	0.7	0.9	1.8	2.9	4.1	5.2	6.5	7.9	10.2
Patents and Licenses	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.2	0.2	0.3	0.3	0.4
Deferred Financing Costs, Less Current Portion	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Total assets	25.4	32.0	101.1	59.1	168.2	125.9	165.4	294.1	432.8	610.9	831.9	1,101.7
Liabilities												
Accounts Payable	4.1	2.0	1.8	2.3	2.6	5.0	5.4	6.0	6.4	7.0	7.5	8.1
Accrued Liabilities	2.5	0.9	0.8	1.0	1.1	2.2	2.3	2.6	2.8	3.0	3.2	3.5
Loan Payable, Current Portion	0.2	4.8	-	-	-	-	-	-	-	-	-	-
Total current liabilities	6.8	7.6	2.5	3.3	3.7	7.1	7.8	8.5	9.2	10.0	10.7	11.6
Deferred Rent	-	-	-	-	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	-	0.3	0.3	0.4	0.4	0.8	0.9	1.0	1.0	1.1	1.2	1.3
Loan Payable, Less Current Portion	2.4	9.9	9.5	3.5	-	-	-	-	-	-	-	-
Redeemable Preferred Stock Warrant Liability	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Total Liabilities	15.7	25.3	19.8	14.6	11.6	15.5	16.1	17.0	17.7	18.6	19.5	20.4
Redeemable convertible preferred stock	103.4	107.7	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity												
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock (Plus APIC)	0.0	0.0	218.8	220.4	299.4	305.4	312.5	319.5	327.5	336.6	345.7	355.7
Accumulated Other Comprehensive Income	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Accumulated Deficit	(93.7)	(101.0)	(137.5)	(175.9)	(142.9)	(195.0)	(163.3)	(42.3)	87.5	255.7	466.8	725.6
Total Shareholder's Equity	(93.7)	(101.0)	81.3	44.5	156.5	110.4	149.2	277.1	415.0	592.3	812.5	1,081.3
Total Liabilities and Shareholder's Equity	25.4	32.0	101.1	59.1	168.2	125.9	165.3	294.1	432.8	610.9	831.9	1,101.7

Source: Company Data, Morgan Stanley Research

March 11, 2014

Chimerix Inc

Exhibit 9

Cash Flow Statement

(\$ in millions)	2011A	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
CASH FLOWS FROM OPERATING ACTIVITIES												
Net Income (Loss)	(25.6)	(4.4)	(36.4)	(38.4)	33.0	(52.1)	31.7	120.9	129.9	168.2	211.1	258.8
Depreciation	0.3	0.3	0.6	0.7	0.6	1.1	1.5	2.2	3.0	3.8	4.7	4.9
Amortization/accretion of premium/discount on investments	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Cash Interest Expense	0.05	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-Based Compensation Costs	1.1	1.4	3.4	1.6	4.0	6.0	7.0	7.0	8.0	9.0	9.0	10.0
Deferred Lease Obligations	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair Value Measurement of Redeemable Preferred Stock W	0.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in assets and liabilities:												
Accounts Receivable	(4.2)	3.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	(0.3)	0.2	(6.2)	3.5	(7.4)	(8.3)	(6.8)	(5.5)	(5.9)	(6.7)
Prepaid and Other Current Assets and Deposits	(0.4)	0.1	0.9	0.1	(2.3)	1.3	(2.7)	(3.1)	(2.6)	(2.1)	(2.2)	(2.5)
Accounts Payable and Accrued Liabilities	2.1	(3.8)	(0.4)	0.8	0.5	3.8	0.7	0.8	0.8	0.9	0.8	0.9
Net cash provided by (used in) operating activities	(26.3)	(1.9)	(31.6)	(35.1)	29.6	(36.5)	30.8	119.6	132.2	174.3	217.5	265.5
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchases of Property and Equipment	(0.3)	(0)	(1)	(1)	(1)	(2)	(3)	(3)	(4)	(5)	(6)	(7)
Purchases of Short-Term Investments	(13.6)	(9.9)	0	0	0	0	0	0	0	0	0	0
Sales of Short-Term Investments	0.5	0.0	0	0	0	0	0	0	0	0	0	0
Maturities of Short-Term Investments	7.1	5.9	0	0	0	0	0	0	0	0	0	0
Repayment of Loan to Officer	0.1	0	0	0	0	0	0	0	0	0	0	0
Net cash used in investing activities	(6.2)	(4.1)	(1.0)	(0.5)	(0.8)	(2.0)	(2.6)	(3.3)	(4.1)	(5.1)	(6.1)	(7.2)
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from Issuance of Redeemable Preferred Stock and '	45.0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from Issuance of Stock	0.0	0	108	0	75	0	0	0	0	0	0	0
Proceeds from Exercise of Stock Options	0.0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from Loan Payable	0.0	15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt discount	0.0	(0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of Loan Payable	(2.0)	(2.6)	(5.1)	(6.0)	(3.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock Offering and Deferred Financing Costs	(0.2)	(0.0)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities	42.8	12.3	102.6	(6.0)	71.5	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Change in Cash and Cash Equivalents	10.301	6.299	70.0	(41.6)	100.3	(38.4)	28.2	116.3	128.1	169.3	211.5	258.4
Cash and Cash Equivalents at Beginning of Year	3.3	13.607	19.9	89.9	48.4	148.7	110.3	138.5	254.7	382.9	552.1	763.6
Cash and Cash Equivalents at End of Year	13.6	19.9	89.9	48.4	148.7	110.3	138.5	254.7	382.9	552.1	763.6	1,022.0
Marketable Securities	5.9	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Cash and Marketable Securities at End of Year	19.5	29.8	99.8	58.2	158.5	120.1	148.3	264.6	392.7	562.0	773.4	1,031.8

Source: Company Data, Morgan Stanley Research



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Not-Rated/Hold	100	3%	24	3%	24%
Underweight/Sell	538	18%	90	11%	17%
Total	2,960		809		

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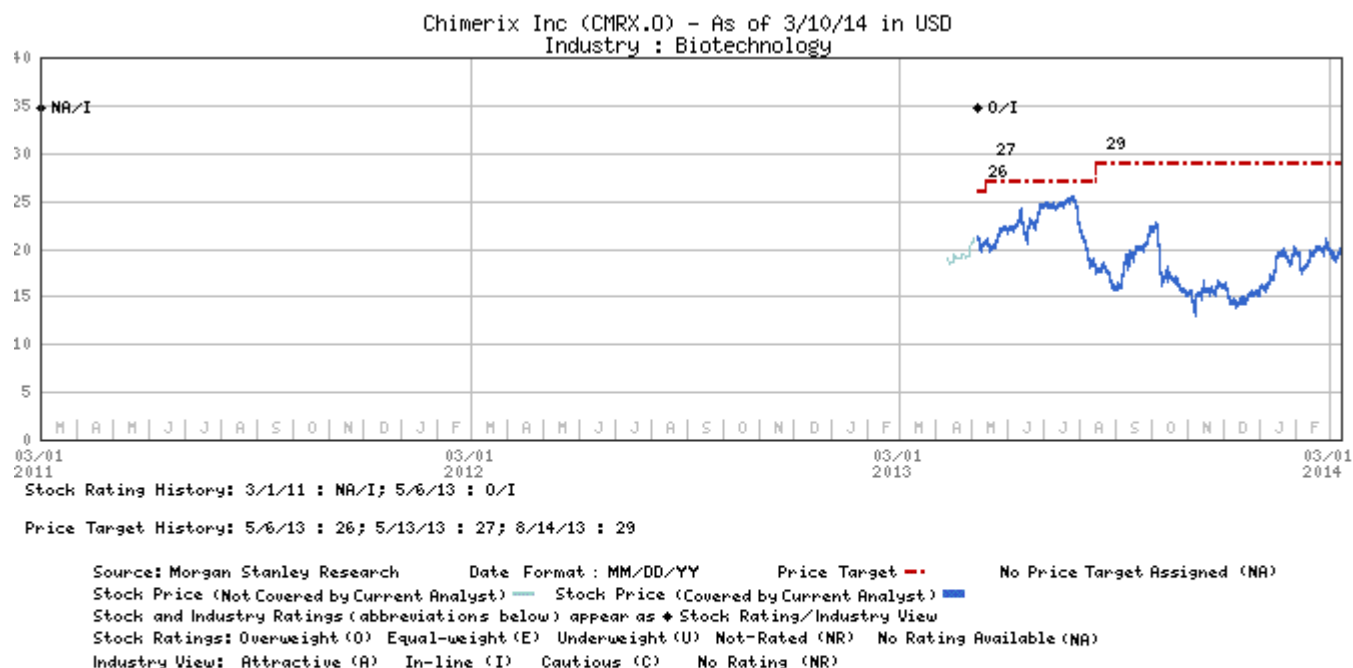
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March 11, 2014

Chimerix Inc



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Industry Coverage:Biotechnology

Company (Ticker)	Rating (as of)	Price* (03/10/2014)
David Friedman, M.D.		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$22.57
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$180
Alnylam Pharmaceuticals (ALNY.O)	E (01/14/2014)	\$72.79
Auxilium Pharmaceuticals (AUXL.O)	U (03/06/2014)	\$29.72
Chimerix Inc (CMRX.O)	O (05/06/2013)	\$19.6
Cubist Pharmaceuticals Inc. (CBST.O)	O (11/13/2013)	\$76.73
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$6.96
Incyte Corporation (INCY.O)	U (01/23/2013)	\$63.3
InterMune (ITMN.O)	E (09/07/2010)	\$33.64
Ironwood Pharmaceuticals, Inc. (IRWD.O)	E (04/24/2013)	\$14.15
Lexicon Pharmaceuticals, Inc. (LXRX.O)	U (06/11/2013)	\$1.79
NPS Pharmaceuticals (NPSP.O)	O (10/03/2012)	\$32.45
Neurocrine Biosciences Inc (NBIX.O)	E (01/08/2014)	\$17.61
Ophthotech Corp (OPHT.O)	O- (10/21/2013)	\$36.6
Portola Pharmaceuticals Inc (PTLA.O)	O (06/17/2013)	\$26.75
Relypsa, Inc. (RLYP.O)	O (12/10/2013)	\$42.19
Synageva Biopharma Corp (GEVA.O)	O (04/20/2012)	\$97.87
Tesaro Inc. (TSRO.O)	E (02/04/2014)	\$30.57
Theravance Inc (THRX.O)	U (07/22/2013)	\$34.53
Ultragenyx Pharmaceutical Inc (RARE.O)	O (02/25/2014)	\$61.97
Vertex Pharmaceuticals (VRTX.O)	E (05/08/2012)	\$79.65
XenoPort Inc (XNPT.O)	U (06/11/2013)	\$5.9

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.