Today's Changes	Annual EPS	Annual Revenue
	2014E $(1.37) from $(2.18) 2015E $0.75 from $0.77	2014E $3.6 from $2.6M

Chimerix

CMRX : NASDAQ : US$18.73

BUY

Target: US$34.00

Ritu Baral - Canaccord Genuity Inc. (US)
rbaral@canaccordgenuity.com 1.212.849.3917

COMPANY STATISTICS:

Forecast Return:	82%
Shares Out (M):	27.9
Market Cap (M):	US$523.1
52-week Range:	US$12.96 - 27.00

EARNINGS SUMMARY:

FYE Dec		2013A	2014E	2015E
Revenue:		4.4	3.6	80.0
EPS:		(3.65)	(1.37)	0.75
Revenue:	Q1	1.8	0.9	--
	Q2	0.8	0.9	--
	Q3	0.9	0.9	--
	Q4	0.9	0.9	--
Total		4.4	3.6	80.0
EPS:	Q1	(22.58)	(0.32)	--
	Q2	(0.91)	(0.34)	--
	Q3	(0.26)	(0.35)	--
	Q4	(0.31)	(0.36)	--
Total		(3.65)	(1.37)	0.75

SHARE PRICE PERFORMANCE:

Source: Interactive Data Corporation

COMPANY DESCRIPTION:

Chimerix focuses on novel, oral antiviral therapeutics in areas of high unmet need. Its proprietary lipid technology has given rise to CMX001, which is in Phase 3 and could become the first broad-spectrum antiviral against double-stranded DNA (dsDNA) viruses, and CMX157, a Phase 1 candidate for the treatment of HIV, licensed to Merck.

All amounts in US$ unless otherwise noted.

Life Sciences -- Biotechnology

Q4/14: EXECUTING ON SUPPRESS WITH AN EYE TO FUTURE TRIALS

Investment recommendation

BUY rated, $34 target on brincidofovir potential as a game-changer for post-transplant viral infections. We think brincidofovir could greatly improve post-transplant care for patients at risk for CMV and other double stranded DNA viral infections like ADV and BKV. We think the Ph3 SUPPRESS trial has a high chance of success, and US approval. Further, given the drug's profile, including lack of bone marrow suppression and kidney toxicity and activity against ADV and BKV, we think brincidofovir could become standard of care for bone marrow and select solid organ transplants.

Investment highlights

- Q4 EPS: $(0.31) diluted compared to $(0.41) consensus, our $(0.49) estimate.
- **SUPPRESS enrollment on track as additional analysis of Ph2 CMV and ADV data are presented and well received by KOLs**. The Ph3 CMV prophylaxis trial is on-track for mid-'15 although CMRX did not provide much granularity on progress, understandable for this early stage in trial conduct. Meanwhile transplant MD reception at BMT of study 202 ADV non-relapse survival post-hoc analysis (see our March 4 note) and pediatric safety meta-analysis was well-received.
- **More talks with regulators to start: US post-approval trial ideally to look like SUPRESS; support EU filing**. We expect clarity on the design of a US Ph4/EU registration trial, and a potential separate EU post-approval trial. We think FDA and EMA recognize the need for better CMV prophylaxis options.

Figure 1: CMRX P&L

	2011A	2012A	Q1/13A	Q2/13A	Q3/13A	Q4/13A	2013E	Q1/14E	Q2/14E	Q3/14E	Q4/14A	2014A	2015E	2016E
CMX001 US revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CMX157 royalties														
Product revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Collaboration and licensing revenue	0.1	17.5	-											
Contract and grant revenue	12.0	16.3	1.8	0.8	0.9	0.9	4.4	0.9	0.9	0.9	0.9	3.6	80.0	10.0
Total revenues	**12.1**	**33.7**	**1.8**	**0.8**	**0.9**	**0.9**	**4.4**	**0.9**	**0.9**	**0.9**	**0.9**	**3.6**	**80.0**	**10.0**
Cost of goods sold		-	-	-	-	-	-	-	-	-	-			
Gross Profit	**12.1**	**33.7**	**1.8**	**0.8**	**0.9**	**0.9**	**4.4**	**0.90**	**0.90**	**0.90**	**0.90**	**3.6**	**80.0**	**10.0**
R&D expense	27.7	27.8	6.5	6.3	5.3	6.2	24.6	6.5	6.8	7.1	7.4	27.8	30.0	25.0
SG&A expense	9.4	8.7	1.8	2.2	2.0	2.6	8.3	2.7	2.8	2.9	3.0	11.5	30.0	40.0
Other operating expense	-	0.0					-	-	-	-	-	-	-	-
Total operating expense	**37.1**	**36.5**	**8.3**	**8.5**	**7.3**	**8.8**	**32.9**	**9.2**	**9.6**	**10.0**	**10.4**	**39.3**	**60.0**	**65.0**
Operating income	**(25.0)**	**(2.8)**	**(6.5)**	**(7.7)**	**(6.4)**	**(7.9)**	**(28.6)**	**(8.3)**	**(8.7)**	**(9.1)**	**(9.5)**	**(35.7)**	**20.0**	**(55.0)**
Net Interest/Investment income	-	-					0.0					0.0	0.0	0.0
(interest expense)	(0.2)	(0.8)	(0.4)	(0.4)	0.3	(0.2)	(0.7)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	0.1	0.1
Fair value adjustment to warrant liability	(0.4)	(0.8)	(2.2)	(4.4)	-	-	(6.6)					-	-	-
Interest and other, Net	(0.6)	(1.6)	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax income	**(25.6)**	**(4.4)**	**(9.1)**	**(12.5)**	**(6.7)**	**(8.1)**	**(36.4)**	**(8.5)**	**(8.9)**	**(9.3)**	**(9.7)**	**(36.5)**	**20.1**	**(54.9)**
Accretion of redeemable convertible preferred stock	9.6	4.4	25.5	8.6	-	-	34.1					-	-	-
Net income (loss)	**(35.2)**	**(8.8)**	**(34.6)**	**(21.0)**	**(6.7)**	**(8.1)**	**(70.5)**	**(8.5)**	**(8.9)**	**(9.3)**	**(9.7)**	**(36.5)**	**20.1**	**(54.9)**
Basic EPS	**(23.20)**	**(5.72)**	**(22.58)**	**(0.91)**	**(0.26)**	**(0.31)**	**(3.65)**	**(0.32)**	**(0.34)**	**(0.35)**	**(0.36)**	**(1.37)**	**0.75**	**(2.04)**
Diluted EPS	**(23.20)**	**(5.72)**	**(22.58)**	**(0.91)**	**(0.26)**	**(0.31)**	**(3.65)**	**(0.32)**	**(0.34)**	**(0.35)**	**(0.36)**	**(1.37)**	**0.75**	**(2.04)**
Basic shares outstanding	1.5	1.5	1.5	23.0	25.8	26.4	19.3	26.5	26.7	26.8	26.9	26.7	26.9	27.0
Diluted shares outstanding	1.5	1.5	1.5	23.0	25.8	26.4	19.3	26.5	26.7	26.8	26.9	26.7	26.9	27.0

Source: Canaccord Genuity Estimates, Company reports

Figure 2: CMRX Valuation

Drug name	Indication	Status	Launch	Years to Launch	Years to Launch plus 7	Success	Sales (US$m)	Probability weighted Peak Sales (US$m)	Royalty	Profitability	Probability weighted Peak Profit (US$m)	Discount Factor	NPV (US$)
CMX001	Prevention of CMV infection in HSCT	Phase 3	2017	3	10	65%	536.0	348.4	100%	90%	313.53	9.31	19.11
CMX001	Prevention of CMV infection in SOT	Phase 3	2019	5	12	60%	716.1	429.7	100%	90%	386.72	14.55	15.09
										Total			**34.20**

Source: Canaccord Genuity Estimates

Investment risks

Clinical risk -- Chimerix's Phase 3 SUPPRESS trial may not be successful. While we view the SUPPRESS trial as well designed and powered for success based on the Phase 2 data, there is inherent risk to any clinical trial.

Clinical risk -- The SUPPRESS trial and other clinical may show brincidofovir to have an unacceptable safety and/or tolerability profile. While brincidofovir has not shown the immunosuppression and nephrotoxicity that is common with other CMV and AdV therapies, it has its own unique side-effect profile.

Clinical risk -- Chimerix may fail to generate additional positive supportive data for brincidofovir in AdV and BK, adversely impacting brincidofovir's ultimate commercial potential.

Regulatory risk -- FDA may change its mind on the appropriateness of conditional approval on a surrogate endpoint for brincidofovir. Chimerix plans to file for conditional approval for brincidofovir using viremia as a surrogate endpoint

Clinical/regulatory risk -- Chimerix may not be successful in meeting the post-approval data requirements required as part of a potential conditional approval.

Commercial risk -- Chimerix faces competition from cheap, generic well-established therapies as well as potential new therapies. Chimerix's operating results will suffer if they fail to successfully compete with the other biotech and pharma companies (Vical/Astellas, Merck, and Viropharma) that are also creating drugs for CMV and ADV.

Commercial risk -- Chimerix plans to hire its own small, specialized sales force. Chimerix currently does not have an organization for sales, marketing, and distribution of pharmaceutical products; the cost of establishing and maintaining such an organization may exceed the cost-effectiveness doing so.

Financing risk -- Chimerix has sufficient cash to reach SUPPRESS data but not enough to secure final US approval of the drug.

APPENDIX: IMPORTANT DISCLOSURES

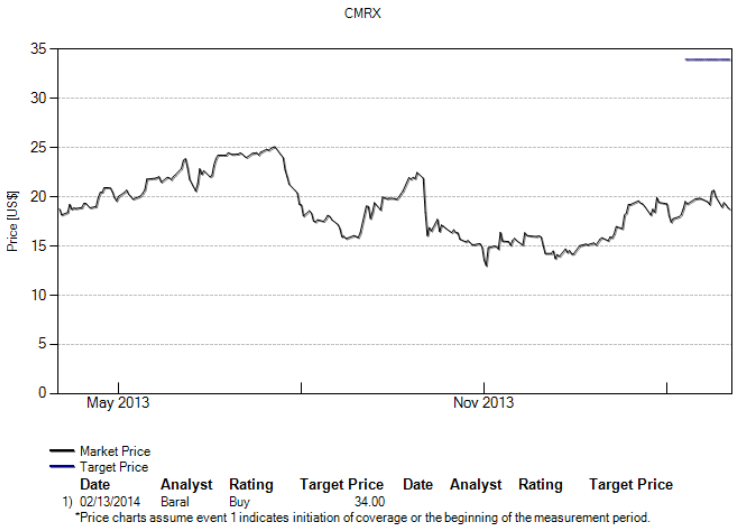
Analyst Certification: Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

Analysts employed outside the US are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity Inc. and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Compendium Report: If this report covers six or more subject companies, it is a compendium report and Canaccord Genuity and its affiliated companies hereby direct the reader to the specific disclosures related to the subject companies discussed in this report, which may be obtained at the following website (provided as a hyperlink if this report is being read electronically) http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx; or by sending a request to Canaccord Genuity Corp. Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2; or by sending a request by email to disclosures@canaccordgenuity.com. The reader may also obtain a copy of Canaccord Genuity's policies and procedures regarding the dissemination of research by following the steps outlined above.

Site Visit: An analyst has visited Chimerix' material operations in Durham, NC. No payment or reimbursement was received from the issuer for the related travel costs.

Price Chart:*



Distribution of Ratings:
Global Stock Ratings
(as of 31 December 2013)

	Coverage Universe		IB Clients
Rating	#	%	%
Buy	564	57.0%	38.1%
Speculative Buy	47	4.7%	42.6%
Hold	325	32.8%	11.4%
Sell	50	5.1%	6.0%
	990*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System:
BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.
HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.
SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.
NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier: SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

Canaccord Genuity Research Disclosures as of 10 March 2014

Company	Disclosure
Chimerix	5, 7

1	The relevant issuer currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided the following services to the relevant issuer: A. investment banking services. B. non-investment banking securities-related services. C. non-securities related services.
2	In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Corporate Finance/Investment Banking services from the relevant issuer.
3	In the past 12 months, Canaccord Genuity or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of the relevant issuer or any publicly disclosed offer of securities of the relevant issuer or in any related derivatives.
4	Canaccord Genuity acts as corporate broker for the relevant issuer and/or Canaccord Genuity or any of its affiliated companies may have an agreement with the relevant issuer relating to the provision of Corporate Finance/Investment Banking services.
5	Canaccord Genuity or one or more of its affiliated companies is a market maker or liquidity provider in the securities of the relevant issuer or in any related derivatives.
6	In the past 12 months, Canaccord Genuity, its partners, affiliated companies, officers or directors, or any authoring analyst involved in the preparation of this research has provided services to the relevant issuer for remuneration, other than normal course investment advisory or trade execution services.
7	Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Corporate Finance/Investment Banking services from the relevant issuer in the next six months.
8	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this research, has a long position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity increases.
9	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this research, has a short position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity decreases.
10	Those persons identified as the author(s) of this research, or any individual involved in the preparation of this research, have purchased/received shares in the relevant issuer prior to a public offering of those shares, and such person's name and details are disclosed above.
11	A partner, director, officer, employee or agent of Canaccord Genuity or its affiliated companies, or a member of his/her household, is an officer, or director, or serves as an advisor or board member of the relevant issuer and/or one of its subsidiaries, and such person's name is disclosed above.
12	As of the month end immediately preceding the date of publication of this research, or the prior month end if publication is within 10 days following a month end, Canaccord Genuity or its affiliated companies, in the aggregate, beneficially owned 1% or more of any class of the total issued share capital or other common equity securities of the relevant issuer or held any other financial interests in the relevant issuer which are significant in relation to the research (as disclosed above).
13	As of the month end immediately preceding the date of publication of this research, or the prior month end if publication is within 10 days following a month end, the relevant issuer owned 1% or more of any class of the total issued share capital in Canaccord Genuity or any of its affiliated companies.
14	Other specific disclosures as described above.

"Canaccord Genuity" is the business name used by certain wholly owned subsidiaries of Canaccord Genuity Group Inc., including Canaccord Genuity Inc., Canaccord Genuity Limited, Canaccord Genuity Corp., and Canaccord Genuity (Australia) Limited, an affiliated company that is 50%-owned by Canaccord Genuity Group Inc.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Corp. a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto,

Montreal, or Canaccord Genuity Inc., a US broker-dealer with principal offices located in New York, Boston, San Francisco and Houston, or Canaccord Genuity Limited., a UK broker-dealer with principal offices located in London (UK) and Dublin (Ireland), or Canaccord Genuity (Australia) Limited, an Australian broker-dealer with principal offices located in Sydney and Melbourne.

The authoring analysts who are responsible for the preparation of this research have received (or will receive) compensation based upon (among other factors) the Corporate Finance/Investment Banking revenues and general profits of Canaccord Genuity. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Corporate Finance/Investment Banking activities, or to recommendations contained in the research.

Canaccord Genuity and its affiliated companies may have a Corporate Finance/Investment Banking or other relationship with the issuer that is the subject of this research and may trade in any of the designated investments mentioned herein either for their own account or the accounts of their customers, in good faith or in the normal course of market making. Accordingly, Canaccord Genuity or their affiliated companies, principals or employees (other than the authoring analyst(s) who prepared this research) may at any time have a long or short position in any such designated investments, related designated investments or in options, futures or other derivative instruments based thereon.

Some regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of research. This research has been prepared in accordance with Canaccord Genuity's policy on managing conflicts of interest, and information barriers or firewalls have been used where appropriate. Canaccord Genuity's policy is available upon request.

The information contained in this research has been compiled by Canaccord Genuity from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord Genuity, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity's judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

Canaccord Genuity's salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity's affiliates, principal trading desk, and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

For Canadian Residents: This research has been approved by Canaccord Genuity Corp., which accepts sole responsibility for this research and its dissemination in Canada. Canadian clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Corp. in their particular province or territory.

For United States Residents: Canaccord Genuity Inc., a US registered broker-dealer, accepts responsibility for this research and its dissemination in the United States. This research is intended for distribution in the United States only to certain US institutional investors. US clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Inc. Analysts employed outside the US, as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity Inc. and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

For United Kingdom and European Residents: This research is distributed in the United Kingdom and elsewhere Europe, as third party research by Canaccord Genuity Limited, which is authorized and regulated by the Financial Conduct Authority. This research is for distribution only to persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment

Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or elsewhere in Europe to retail clients, as defined under the rules of the Financial Conduct Authority.

For Jersey, Guernsey and Isle of Man Residents:

This research is sent to you by Canaccord Genuity Wealth (International) Limited (CGWI) for information purposes and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This research has been produced by an affiliate of CGWI for circulation to its institutional clients and also CGWI. Its contents have been approved by CGWI and we are providing it to you on the basis that we believe it to be of interest to you. This statement should be read in conjunction with your client agreement, CGWI's current terms of business and the other disclosures and disclaimers contained within this research. If you are in any doubt, you should consult your financial adviser.
CGWI is licensed and regulated by the Guernsey Financial Services Commission, the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. CGWI is registered in Guernsey and is a wholly owned subsidiary of Canaccord Genuity Group Inc.

For Australian Residents:

This research is distributed in Australia by Canaccord Genuity (Australia) Limited ABN 19 075 071 466 holder of AFS Licence No 234666. To the extent that this research contains any advice, this is limited to general advice only. Recipients should take into account their own personal circumstances before making an investment decision. Clients wishing to effect any transactions in any financial products discussed in the research should do so through a qualified representative of Canaccord Genuity (Australia) Limited. Canaccord Genuity Wealth Management is a division of Canaccord Genuity (Australia) Limited.

For Singapore Residents:

This research is distributed pursuant to 32C of the Financial Advisers under an arrangement between each of the Canaccord Genuity entities that publish research and Canaccord Genuity Singapore Pte. Ltd who are an exempt financial adviser under section 23(1)(d) of the Financial Advisers Act. This research is only intended for persons who fall within the definition of accredited investor, expert investor or institutional investor as defined under section 4A of the Securities and Futures Act It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity Singapore Pte. Ltd. (Contact Person: Tom Gunnersen's tel # is +852 3919 2561) in respect of any matters arising from, or in connection with, the [analyses or report].

For Hong Kong Residents:

This research is distributed in Hong Kong by Canaccord Genuity (Hong Kong) Limited who is licensed by the Securities and Futures Commission. This research is only intended for persons who fall within the definition of professional investor as defined in the Securities and Futures Ordinance. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity (Hong Kong). Ltd. (Contact Person: Tom Gunnersen's tel # is +852 3919 2561) in respect of any matters arising from, or in connection with, the research.

Additional information is available on request.