

June 19, 2014

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MacroGenics (MGNX - OUTPERFORM): MGD006 Becomes First DART to Enter Clinic, Reiterate OUTPERFORM

Price: \$22.54

12-Month Price Target: \$52

- **The first patient has been treated in a Phase I dose-escalation trial of MGD006 in relapsed/refractory AML.** The CD123/CD3 dual affinity re-targeting protein (DART) is partnered with Servier, which has licensed development and commercialization rights to the DART in all areas outside of North America and certain Asian nations.
- **Due to the requirement to enroll and treat patients in a sequential manner, MacroGenics does not anticipate providing a study update until late FY:14.** The study is expected to enroll 58 patients, and we would expect no news to be good news with respect to the safety results of the first DART clinical trial.
- **We expect MGD007 (gpA33xCD3) to be the next DART to enter Phase I testing in H2:14 in colorectal cancer.** Both MGD006 and MGD007 have demonstrated similar preclinical efficacy that supports the mechanism of action and potential efficacy of the DART program. Two other preclinical DART candidates are also expected to enter the clinic in 2015.
- **Reiterate OUTPERFORM rating and \$52 price target.** Our PT is derived from the sum of multiples of sales and royalties from margetuximab and the Servier-partnered programs (MGA271, MGD006 and MGD007), each discounted back to YE:14.
- Risks to achievement of our price target include clinical failures and product advancement and development success rates for MacroGenics's licensees below that for which we have modelled.

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Neutral: 43%	Neutral: 2%
Underperform: 3%	Underperform: 0%

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Company	Disclosure
MacroGenics	1,3,4,5,7

Research Disclosure Legend

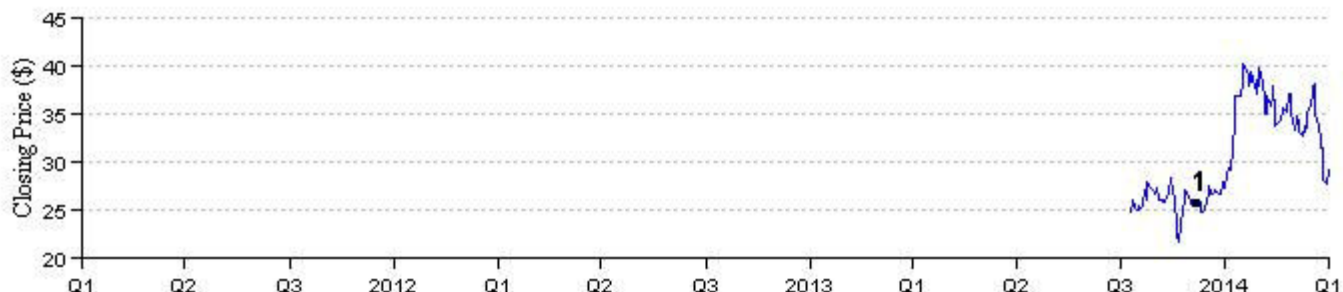
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MGNX

1) 12/03/13
OUTPERFORM \$70



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