

Five Prime Therapeutics, Inc.

FPRX - BUY - Collaboration with Adimab Accelerates FPRX's Cancer Immunotherapy Program

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FLASH NOTE

SECTOR: Biotechnology

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On 1/9, FPRX (BUY, \$16.50) announced a collaboration with Adimab, LLC focused on the discovery of antibody therapeutics for cancer immunotherapy. Under the agreement, Adimab will identify fully-human antibodies against FPRX's proprietary targets, with FPRX retaining clinical and commercialization rights for all identified drug candidates. Although specific terms were not disclosed, Adimab will be eligible to receive preclinical funding, milestone payments, and royalties from resulting products. Based on the timing of the deal, with FPRX's most advanced cancer immunotherapy targets in research stage, we suspect FPRX's overall financial obligations to Adimab are modest. We view the deal as an incremental positive for FPRX, as it should accelerate progress of the company's cancer immunotherapy programs toward the clinic. We believe FPRX is attractive at current levels and would add to positions ahead of Ph.Ib results for FP-1039 in FGFR1+ NSCLC and initial Ph.I safety results for FPA008 in 2H14.

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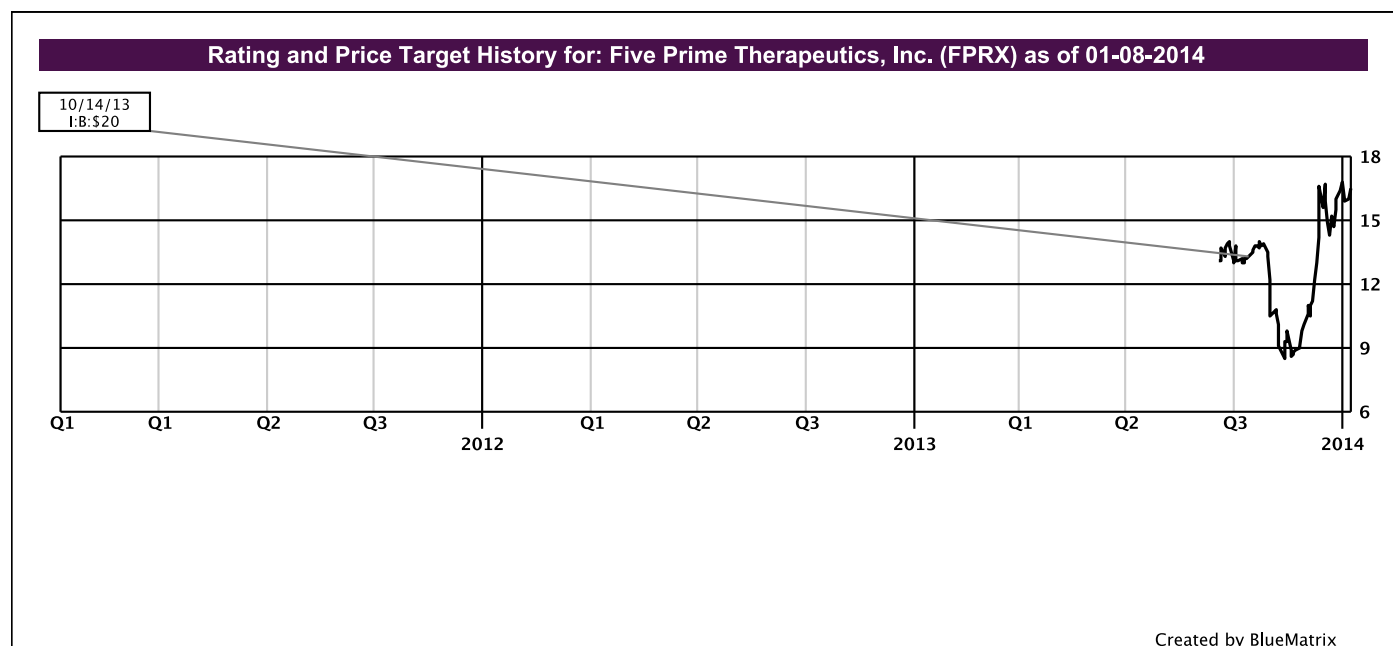
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