

## OncoMed Pharmaceuticals, Inc. (OMED)

## Overweight

### OMP-54F28 Progressing; Reiterate Overweight

#### CONCLUSION

This week, OncoMed initiated 2 Phase Ib trials of OMP-54F28 in combination with Nexavar in hepatocellular carcinoma and in combination with carboplatin and paclitaxel in ovarian cancer. We look for meaningful clinical validation this year including multiple scientific abstracts on tap for the American Association of Cancer Research (AACR) meeting in early April and trial read-outs at ASCO in June. OncoMed holds cash of \$326 million to advance this rich cancer antibody pipeline. We reiterate our Overweight rating and \$48 price target.

- OMP-54F28 Progressing.** This week, OncoMed initiated 2 Phase Ib trials evaluating OMP-54F28, which targets the Wnt signaling pathway and is partnered w/ Bayer. The first study examines OMP-54F28 with Nexavar (sorafenib) in metastatic first-line hepatocellular cancer patients. The second Phase Ib trial is evaluating OMP-54F28 with carboplatin and paclitaxel in platinum sensitive ovarian cancer. These two trials follow the recent initiation of a Phase Ib trial for OMP-54F28 in combination with Abraxane and gemcitabine in pancreatic cancer. Each study is dose escalating and is intended to assess safety and tolerability as well as to determine optimal combo doses for Phase II trials.
- Demcizumab and OMP-59R5 Active in Pancreatic Cancer.** Based on positive Phase Ib data presented for both drugs at ASCO-GI in January, OncoMed is set to initiate two Phase II trials. OncoMed will begin the Phase II portion of the ALPINE trial examining OMP-59R5 (anti-notch2/3) with gemcitabine and abraxane in pancreatic cancer in 2Q:14. OncoMed will initiate a Phase II trial of demcizumab + gemcitabine + abraxane in 1st-line pancreatic cancer in 2H:14. Celgene could opt in to co-promote Demcizumab at any point after the Phase II trials.
- Transformative Alliance with Celgene.** In November, OncoMed signed a transformative alliance with Celgene covering demcizumab, the bi-specific anti-DLL/VEGF antibody, plus 4 preclinical antibodies targeting either RSPO-LGR and/or an undisclosed CSC pathway. OncoMed received \$177 million upfront and stands to receive up to \$3.15 billion in milestones. Importantly, OncoMed maintained development control. If Celgene opts in, OncoMed retains a 50/50 profit split in the U.S. with healthy double-digit OUS royalties.

#### COMPANY DESCRIPTION

OncoMed is developing therapeutic antibodies to treat cancer.

PRICE: US\$35.01

TARGET: US\$48.00

Proj EV of \$1.15 billion + YE:14E cash

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#### RISKS TO ACHIEVEMENT OF PRICE TARGET

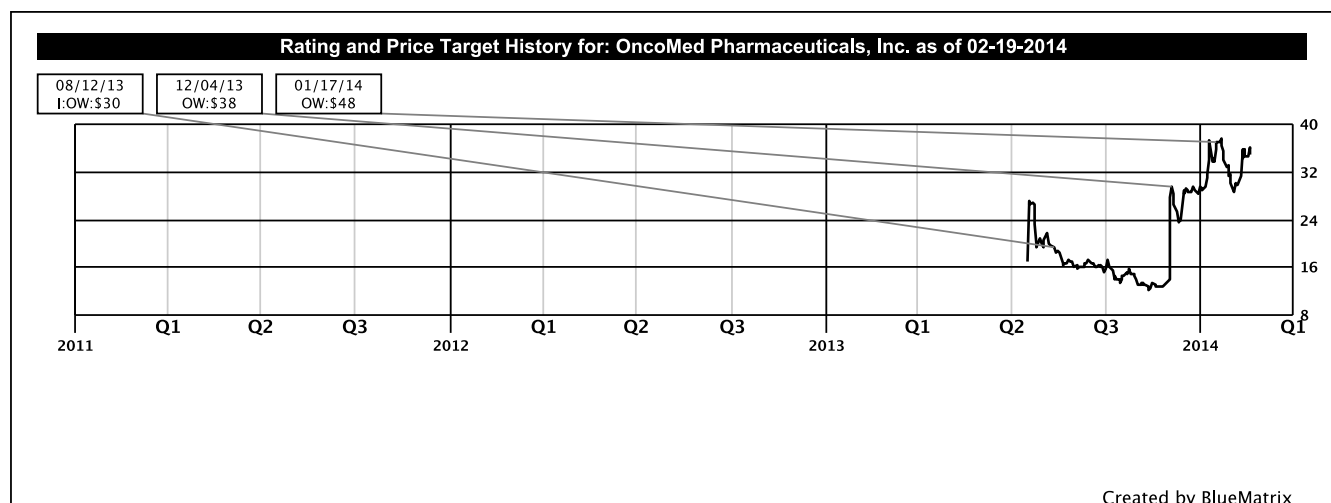
Cancer is a competitive space. Demcizumab or OncoMed's other antibodies may fail in the clinic. OncoMed may not sign new partnerships and will likely require future cash.

#### Price Performance - 1 Year



Source: Bloomberg

## IMPORTANT RESEARCH DISCLOSURES



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D: Discontinuing Coverage  
S: Suspending Coverage  
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N: Neutral  
UW: Underweight  
NA: Not Available  
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			Count	Percent
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### Analyst Certification — Edward A. Tenthoff, Sr Research Analyst — David N. Lebowitz, CFA, Research Analyst

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