

Esperion Therapeutics, Inc. (ESPR)

ACC Reaffirms Our View on the Need for New Therapies for Statin Intolerant Patients

MARKET DATA

Price	\$14.95
52-Week Range:	\$10.90 - \$20.10
Shares Out. (M):	15.4
Market Cap (\$M):	\$230.2
Average Daily Vol. (000):	67.0
Cash (M):	\$78
Cash/Share:	\$5.04
Enterprise Value (M):	\$141
LT Debt (M):	\$0

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$14.95 | Target Price: \$34.00

INVESTMENT HIGHLIGHTS

PCSK9 data presented at ACC support approval and KOL commentary reinforces our conviction in the statin intolerant opportunity; reiterate Market Outperform rating and \$34 price target on Esperion Therapeutics. This weekend at the American College of Cardiology annual meeting, new data were presented for multiple drugs in the PCSK9 class, including five Phase 3 trials for Amgen's evolocumab. In our view, these data were positive and should remove any debate for the class regarding neurocognitive adverse events. We believe the Phase 3 data available for evolocumab support regulatory approval, with primary remaining debates being breadth of label and adoption prior to the availability of cardiovascular outcomes data. Our key take away from the conference, relevant to ETC-1002, was reinforcement by physicians of the significant unmet medical need in statin intolerant patients. Additionally, at the conference, we had the opportunity to gain an update from Esperion management who reiterated timelines for clinical and preclinical data readouts for ETC-1002 in 2014. Our \$34 price target is derived through a risk-adjusted NPV analysis of ETC-1002.

Focus on statin intolerance and need for alternative therapies. A key take away from ACC for us was the consistent reinforcement from physicians that muscle intolerance is a real limitation of statin therapy and represents an important unmet medical need. There is more debate on the size of addressable patient population. Estimates for the proportion of patients on statins who experience muscle-related adverse events range from 10-20% and approximately two million patients have discontinued statins due to muscle intolerance. We also note that in Amgen's GAUSS-2 trial evaluating evolocumab in statin intolerant patients, 50-60% of patients had been treated with three or more statins and 20-25% had been treated with at least four statins. Moreover, the baseline LDL-C in this trial was ~190-195mg/dL, further supporting the unmet medical need in this at-risk patient population. We believe that this supports the limitations of statins in a population of patients and the need for alternative therapies given the high LDL-C levels and implied increased risk of adverse CV outcomes.

ETC-1002 Phase 2b trials on track for results in 2H14. Esperion is conducting two Phase 2b trials, evaluating ETC-1002 in statin intolerant patients (NCT01941836) and those that remain inadequately controlled on statin therapy (NCT02072161). Management reiterated to us that results from both trials are still anticipated in 2H14.

Preclinical toxicology data expected in 2Q14. Esperion is expected to have final results from the 12-month preclinical toxicology study in 2Q14. Management stated to us that it intends to discuss any relevant findings from this trial on its 1Q14 earnings call in May and include any material disclosures in the accompanying quarterly 10-Q SEC filing. We note that the company has already disclosed that the in-life portion of this study has been completed and no lethality was reported.

FY DEC	2012A	2013A	2014E
Revenue (\$M) 1Q	--	\$0.0	\$0.0
2Q	--	\$0.0	\$0.0
3Q	--	\$0.0	\$0.0
4Q	--	\$0.0	\$0.0
FY	\$0.0	\$0.0	\$0.0
EPS 1Q	--	(\$0.84)	(\$0.64)
2Q	--	(\$19.82)	(\$0.64)
3Q	--	(\$0.34)	(\$0.64)
4Q	--	(\$0.63)	(\$0.64)
FY	(\$3.13)	(\$21.64)	(\$2.55)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE



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FOR DISCLOSURE AND FOOTNOTE INFORMATION, REFER TO JMP FACTS AND DISCLOSURES SECTION.

Company Description

Esperion Therapeutics is a biopharmaceutical company focused on the discovery, development, and commercialization of novel treatments for patients with elevated levels of low-density lipoprotein cholesterol (LDL-C) and other cardiometabolic risk factors. The company's lead development candidate is ETC-1002, an orally available small molecule therapy being developed for patients with elevated levels of LDL-C. The drug acts in the liver to: 1) inhibit ATP-citrate lyase, a key enzyme that supplies substrate for cholesterol and fatty acid synthesis, as well as glucose production, and 2) activate AMP kinase. The initial development focus for ETC-1002 is in patients who are not able to tolerate therapy with statins (the standard of care treatment for elevated LDL-C) and as an add-on to statins in patients who remain inadequately controlled on therapy. ETC-1002 is a wholly owned asset with an issued composition-of-matter patent providing protection in the U.S. at least through December 2025.

Investment Risks

Clinical Risk. Esperion's product candidates may fail to demonstrate adequate efficacy, safety, and/or tolerability in one or more clinical studies.

Regulatory risk. The FDA and/or other ex-U.S. regulatory agencies could reject any of the firms', or its partners', future regulatory filings or require additional studies prior to granting approval.

Industry Risk. The biopharmaceutical industry is highly competitive, with many firms developing novel therapies that may address Esperion's target diseases. It is possible that breakthrough competitor products or therapies may render the company's products obsolete and affect the future survival of the company.

Balance Sheet Risk. The company has a history of losses, and has not yet established a track record of consistent profitability. While we project that the company will not need to raise additional capital to maintain profitability, it may be necessary to do so to fund the business model.

JMP FACTS AND DISCLOSURES

Analyst Certification:

The research analyst(s) who prepared this report does/do hereby certify that the views presented in this report are in accordance with my/our personal views on the securities and issuers discussed in this report. As mandated by SEC Regulation AC no part of my/our compensation was, is or will be directly or indirectly related to the specific views or recommendations expressed herein. This certification is made under the obligations set forth in SEC Regulation AC. Any other person or entity may not use it for any other purpose. This certification is made based on my/our analysis on the date of this report's publication. I/We assume no obligation to update this certification to reflect any facts, circumstances or events that may subsequently come to my/our attention. Signed Jason N. Butler and Christopher T. Radom

JMP Securities Disclosures:

JMP Securities currently makes a market in the security of Esperion Therapeutics, Inc.

JMP Securities was manager or co-manager of a public offering, and received compensation for doing so, for Esperion Therapeutics, Inc. in the past 12 months.

JMP Securities Investment Opinion Definitions:

Market Outperform (MO): JMP Securities expects the stock price to outperform relevant market indices over the next 12 months.

Market Perform (MP): JMP Securities expects the stock price to perform in line with relevant market indices over the next 12 months.

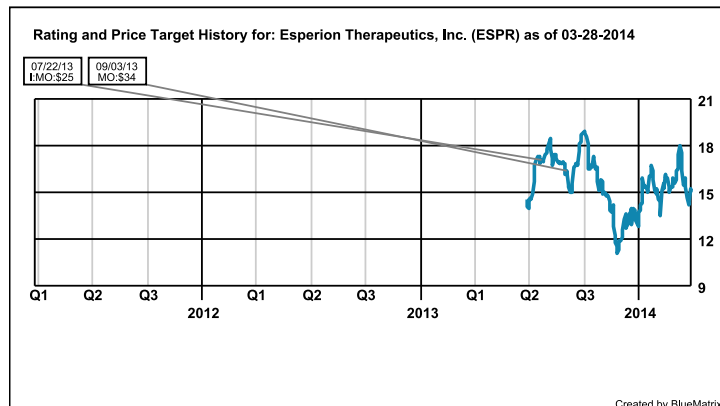
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

JMP Securities Research Ratings and Investment Banking Services: (as of March 30, 2014)

JMP Rating	Regulatory Equivalent	# Co's Under Coverage	% of Total	Regulatory Equivalent	# Co's Under Coverage	% of Total	# Co's Receiving IB Services in Past 12 Months	% of Co's With This Rating
MARKET OUTPERFORM	Buy	248	56.88%	Buy	248	56.88%	99	39.92%
MARKET PERFORM	Hold	138	31.65%	Hold	138	31.65%	15	10.87%
MARKET UNDERPERFORM	Sell	7	1.61%	Sell	7	1.61%	0	0%
COVERAGE IN TRANSITION		43	9.86%		43	9.86%	0	0%
TOTAL:		436	100%		436	100%	114	26.15%

Stock Price Chart of Rating and Target Price Changes:

Note: First annotation denotes initiation of coverage or 3 years, whichever is shorter. If no target price is listed, then the target price is N/A. In accordance with NASD Rule 2711, the chart(s) below reflect(s) price range and any changes to the rating or price target as of the end of the most recent calendar quarter. The action reflected in this note is not annotated in the stock price chart. Source: JMP Securities.



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