

Enanta Pharmaceuticals, Inc. (ENTA)

Timelines for Next Generation Protease Inhibitor Come into Focus

MARKET DATA

Price	\$17.72
52-Week Range:	\$14.31 - \$22.40
Shares Out. (M):	17.4
Market Cap (\$M):	\$308.3
Average Daily Vol. (000):	31.0
Cash (M):	\$45
LT Debt (M):	\$0

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$17.72 | Target Price: \$25.00

INVESTMENT HIGHLIGHTS

Timelines for next generation protease inhibitor come into focus; reiterate Market Outperform rating and \$25 price target on Enanta Pharmaceuticals based on a risk-adjusted, discounted cash flow analysis. Enanta provided an update on ABT-493, the next generation protease inhibitor partnered with AbbVie currently in Phase 1 development. Pending regulatory feedback, ABT-493 and the AbbVie next generation NS5a will be dosed in healthy volunteers in 3Q13 followed by a Phase 2 study in 2014. As a reminder, a two drug combination will bring in more revenue to Enanta compared to the first generation combination in Phase 3 development which is currently a three drug combo of protease inhibitor ABT-450 with two AbbVie compounds, ABT-267 and ABT-333.

Model adjustments. We have moved a Novartis milestone for initiation of a Phase 2 study for EDP-239 from FY13 to FY14 as the company is beginning a Phase 1 proof of concept study soon in GT1 IL28CC HCV patients with the primary endpoint of HCV viral load change after one dose. This changes our FY13 EPS estimate to (\$1.02) from \$0.04.

FY SEP	2012A	2013E	2014E
Revenue (\$M) 1Q	--	\$27.9A	--
2Q	--	\$1.2A	--
3Q	--	\$1.4	--
4Q	--	\$1.4	--
FY	\$41.7	\$31.9	\$60.8
EPS 1Q	--	\$1.53A	--
2Q	--	(\$2.28)A	--
3Q	--	(\$0.31)	--
4Q	--	(\$0.30)	--
FY	\$1.13	(\$1.02)	\$1.13
Previous FY	NC	\$0.04	\$0.59
CY	\$2.38	--	--

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE



Liisa A. Bayko
lbayko@jmpsecurities.com
(312) 768-1785

Heather Behanna, PhD
hbehanna@jmpsecurities.com
(312) 768-1795

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

Company Description

Enanta is a Watertown, Massachusetts based biotechnology company focused on anti-infectives. The company has partnered a protease inhibitor program with AbbVie Pharmaceuticals and an NS5a program with Novartis, as well as developing fully owned assets. The lead protease inhibitor, ABT-450, partnered with AbbVie, is in Phase 3 development.

Investment Risks

Clinical risk. Drug development is a risky and capital-intensive endeavor. The vast majority of drugs that enter clinical development fail to reach the market. Enanta's Phase 3 program with AbbVie may experience development setbacks; we point specifically to safety as a source of risk. In addition, Enanta has many early stage assets that may or may not make it to development in humans.

Regulatory risk. Enanta is reliant on its pharmaceutical partners, AbbVie and Novartis, to move its drug candidates through registration with the FDA and EMA and it is dependent on the pace of these regulatory entities to approve new drugs. Enanta's early stage HCV assets are from classes that have been placed on clinical hold, leading to increased scrutiny.

Intellectual Property risk. Enanta's lead clinical assets are covered by approved patents; however, other assets have patents pending. Patent expirations can result in a negative impact to sales. Additionally, generic companies may file abbreviated new drug applications to challenge current products with patent protection.

Commercial risk. Enanta is reliant upon their pharmaceutical partners, AbbVie and Novartis, to successfully commercialize assets. The HCV space is very competitive and Enanta's assets may lose share as new competitors come to market.

Sector risk. Valuation of biopharmaceutical stocks is subject to both investor assessments of the prospects of the underlying companies, as well as investor tolerance for risk and confidence in the prospects of pharmaceutical stocks as a group. Therefore, Enanta's stock price may fall, even while the company meets or exceeds investor expectations.

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 Liisa A. Bayko and Heather Behanna

JMP Securities Disclosure Definitions:

JMP Securities currently makes a market in the security of Enanta Pharmaceuticals, Inc.

JMP Securities was manager or co-manager of a public offering for Enanta Pharmaceuticals, 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.

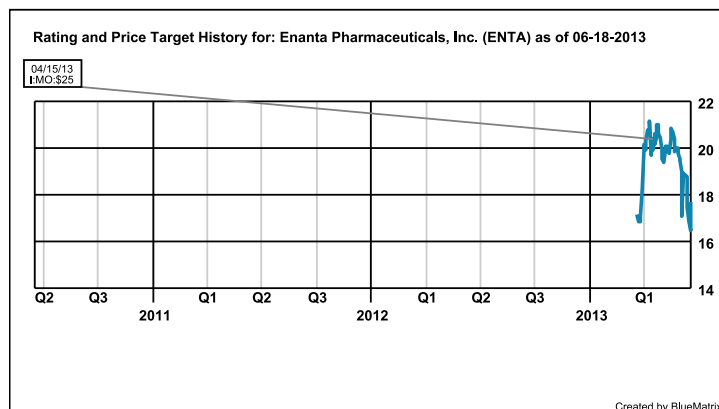
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

JMP Securities Research Ratings and Investment Banking Services: (as of June 18, 2013)

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	230	60.69%	Buy	230	60.69%	74	32.17%
MARKET PERFORM	Hold	144	37.99%	Hold	144	37.99%	19	13.19%
MARKET UNDERPERFORM	Sell	5	1.32%	Sell	5	1.32%	0	0%
TOTAL:		379	100%		379	100%	93	24.54%

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.



JMP Disclaimer:

JMP Securities LLC (the "Firm") compensates research analysts, like other Firm employees, based on the Firm's profitability, which includes revenues from the Firm's institutional sales, trading, and investment banking departments as well as on the quality of the services and activities performed that are intended to benefit the Firm's institutional clients. These data have been prepared by JMP Securities LLC for informational purposes only and are based on information available to the public from sources that we believe to be reliable, but we do not guarantee their accuracy or completeness. Any opinions and projections expressed herein reflect our judgment at this date and are subject to change without notice. These data are neither intended nor should be considered as an offer to sell or a solicitation or a basis for any contract for the purchase of any security or other financial product. JMP Securities LLC, its affiliates, JMP Group LLC, Harvest Capital Strategies LLC, and their respective partners, directors, officers, and associates may have a long or short position in, may act as a market maker for, or may purchase or sell a position in the securities mentioned herein. JMP Securities LLC or its affiliates may be performing, have performed, or seek to perform investment banking, advisory, or other services and may have acted as manager or co-manager for a public offering of securities for any company mentioned herein. The reader should assume that JMP Securities LLC will solicit business from the company covered in this report. Members of our Sales and Trading Department provide oral and/or written market opinions and trading strategies to our clients that reflect their personal opinions about stocks that are the subject of the firm's research reports. Our research analysts discuss trading strategies with clients and complete surveys from clients that sometimes reflect short-term expectations for the price of the securities that are the subject of research reports. Those trading strategies and survey responses are distinct from the analysts' fundamental rating for the stock, which is based upon the analysts' view compared to other stocks under coverage for the relevant time period. © Copyright 2013. All rights reserved by JMP Securities LLC. JMP Securities LLC is a member of BATS, FINRA, NASDAQ, and SIPC.

Jeffrey H. Spurr
Director of Research
 (415) 835-3903

RESEARCH PROFESSIONALS

FINANCIAL SERVICES

Asset Managers

David Trone	(212) 906-3525
Chris Ross, CFA	(212) 906-3532

Commercial & Specialty Finance

Christopher York	(415) 835-8965
Kevin Chen	(404) 848-7774

Consumer Finance

David M. Scharf	(415) 835-8942
Jeremy Frazer	(312) 768-1796

Financial Processing & Outsourcing

David M. Scharf	(415) 835-8942
Jeremy Frazer	(312) 768-1796

Insurance

Matthew J. Carletti	(312) 768-1784
Christine Worley	(312) 768-1786

Investment Banks & Brokers

David Trone	(212) 906-3525
Chris Ross, CFA	(212) 906-3532

Mortgage Finance

Steven C. DeLaney	(404) 848-7773
Trevor Cranston, CFA	(415) 869-4431
Charter Robinson	(757) 613-8955
Benjamin Zucker	(212) 906-3529

HEALTHCARE

Biotechnology

Liisa A. Bayko	(312) 768-1785
Heather Behanna, Ph.D.	(312) 768-1795
Jason N. Butler, PhD	(212) 906-3505
Christopher T. Radom, PhD	(212) 906-3519
Michael G. King, Jr.	(212) 906-3520
Carter L. Gould	(212) 906-3522
Eric Joseph	(212) 906-3514
John L. Newman, PhD	(212) 906-3510
Caroline Palomeque	(212) 906-3509

Healthcare Services & Facilities

Peter L. Martin, CFA	(415) 835-8904
Aaron Hecht	(415) 835-3963
Arthur Kwok	(415) 835-8908

Medical Devices

David Turkaly	(212) 906-3563
John Gillings	(212) 906-3564

Medical Devices & Molecular Diagnostics

J. T. Haresco, III, PhD	(415) 869-4477
Ralph Fong	(415) 835-8916

REAL ESTATE

Housing & Land Development

Peter L. Martin, CFA	(415) 835-8904
Aaron Hecht	(415) 835-3963
Bharathwajan Iyengar	(415) 835-3902

Lodging & Property Services

William C. Marks	(415) 835-8944
Whitney Stevenson	(415) 835-8948

REITs: Healthcare

Peter L. Martin, CFA	(415) 835-8904
Aaron Hecht	(415) 835-3963
Arthur Kwok	(415) 835-8908

REITs: Office, Industrial, & Diversified

Mitch Germain	(212) 906-3546
Peter Lunenburg	(212) 906-3537

TECHNOLOGY

Communications Equipment & Internet Security

Erik Suppiger	(415) 835-3918
Christopher Slaymaker	(415) 835-3920

Internet & Digital Media

Ronald V. Josey III	(212) 906-3528
John Dessouki	(212) 906-3545

Software

Patrick Walravens	(415) 835-8943
Peter Lowry	(415) 869-4418
Greg McDowell	(415) 835-3934

Wireless & Cloud Computing Technologies

Alex Gauna	(415) 835-8998
Michael Wu	(415) 835-8996

ADDITIONAL CONTACTS

Thomas R. Wright
Director of Equities
 (212) 906-3599

Dan Wychulis
Director of Institutional Sales
 (617) 235-8530

600 Montgomery Street, Suite 1100
 San Francisco, CA 94111
www.jmpsecurities.com