Agios Pharmaceuticals

Key Takeaways from CEO Conference Call - ALERT

Overweight

AGIO, AGIO US
Price: $47.59

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This morning, we hosted the final call in our 2014 CEO/CFO Conf Call Series with Agios' CEO David Schenkein. The focus of the call was on AG-221 data that were presented at EHA last weekend, as well as AG-120 and AG-348. Overall, we continue to view AG-221 data to date as de-risking for the agent, as well as the company's IDH biomarker approach. While it could be quiet on the data front for the next few months, we expect ASH 2014 (12/6-12/9; SF) to provide the next major inflection, with an additional update on AG-221 and potential AG-120 data at the conference (formal guidance is 2015 for AG-120). Reiterate Overweight rating.

- **AG-221 – Tidbits from EHA:** Efficacy – Agios reiterated rapid 2HG declines regardless of dose and additional analyses of mutations are ongoing. Related to stable disease patients (n=5), the company noted these patients are early in therapy and there is potential for these patients to become responders (in line with EHA conference call earlier in the week). Safety – On the safety side, Agios noted that the 1 patient with Grade 3 rash was able to dose through the AE. Additionally, it was highlighted that 1 patient with Grade 3 diarrhea also had concomitant Graft vs. Host disease; thus, the AE might not be completely drug related. EHA response – For many EU KOLs, this was the first exposure to the 221 data. Agios highlighted that physicians were impressed with the clean safety profile to date and the early signs of durability.

- **AG-221 – Other:** QD vs. BID dosing – Given AML therapies are generally IV, Agios did not see a huge difference in QD vs. BID dosing for combination therapy. Interestingly, there should be a shift in thinking if there is a food effect with 221, but Agios is not expecting this to occur. Site expansion for expansion cohorts – Recall, expansion cohorts are expected to begin by YE14 (no change in timelines). The company noted there will be "a little north of 10 sites online" for the expansion cohort phase, with the predominant focus here in the US. Solid tumor trial – Agios noted that there is strong interest in developing 221 in solid tumors and trial could start by YE14.

- **AG-120:** Enrollment is on track with data likely in 2015; however, we would not be surprised to see data at ASH 2014. On the call, Agios highlighted that enrollment in the hematology trial closely mirrors the indications included in the AG-221 phase 1 (i.e., AML, MDS), while for the solid tumor trial the most prevalent indications are gliomas and chrondosarcoma. For the solid tumor trials, this does not come as a surprise, in our view, given the prevalence of IDH1 in the aforementioned indications.

- **AG-348:** Agios reiterated that AG-348 data will be available in 2015 and enrollment is proceeding (no change in timelines). Interestingly, on the call, the company noted it is comfortable keeping 348 in house, given the small indication and success other companies have had in similar indications (i.e., will not need large sales force).

- **Reiterate Overweight rating.**

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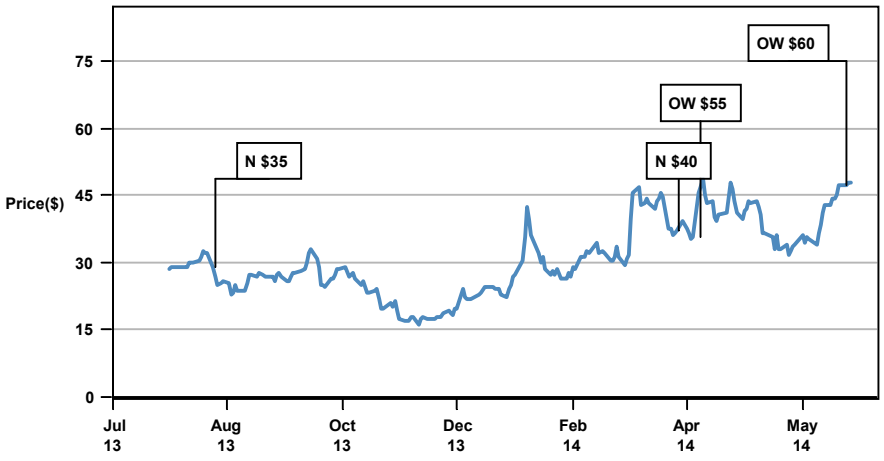
Agios Pharmaceuticals (AGIO, AGIO US) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
19-Aug-13	N	29.11	35.00
28-Mar-14	N	37.02	40.00
07-Apr-14	OW	35.48	55.00
16-Jun-14	OW	47.50	60.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Aug 19, 2013.

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