

## Neothetics Inc.

## NEOT - BUY - Post 4Q14 Results, Continue to Believe LIPO-202 Could be Next Botox for Body Sculpting

March 26, 2015

- **Conclusion:** Post 4Q14 results, we remain positive on NEOT because the development of LIPO-202 continues to progress as expected. We think LIPO-202 could be the next Botox for body sculpting, with peak sales potential of over \$1B (the expected launch is in 2018), but NEOT's market cap suggests that the Street is underestimating this opportunity. We believe investing in NEOT could provide a good entry point into the body contouring market early in its growth and development. There is a free call option on LIPO-102, which has orphan designation for the treatment of exophthalmos. NEOT's valuation ascribes no value for this pipeline product.

- **Positives takeaways:** 1) Initiated safety study with LIPO-202; 2) NEOT finished 4Q14 with cash and cash equivalents on hand of \$75.9MM, enough cash to fund Phase 3 pivotal trials and supplemental studies for an NDA, expected to be filed with the FDA in the 2H16.; and, 3) Conducted an end-of-Phase 2 meeting with the FDA to establish the LIPO-202 Phase 3 program.
- NEOT reported 4Q14 EPS of (\$0.45), \$0.10 lower than our estimate. Our Variance Analysis has details. NEOT is a development stage company, so we think pipeline advancements are more important than quarterly earnings. We updated our financial model for 4Q14 results and this increased our '15 EPS estimate by \$0.01.
- **Potential Catalysts:** 1) LIPO-202 Phase III results, '15 and '16; 2) LIPO-202, submission in 2H16; 3) LIPO-202, approval and launch in 2H17.

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## NEOT BUY

### EARNINGS RELEASE

#### Investment Thesis: Growth

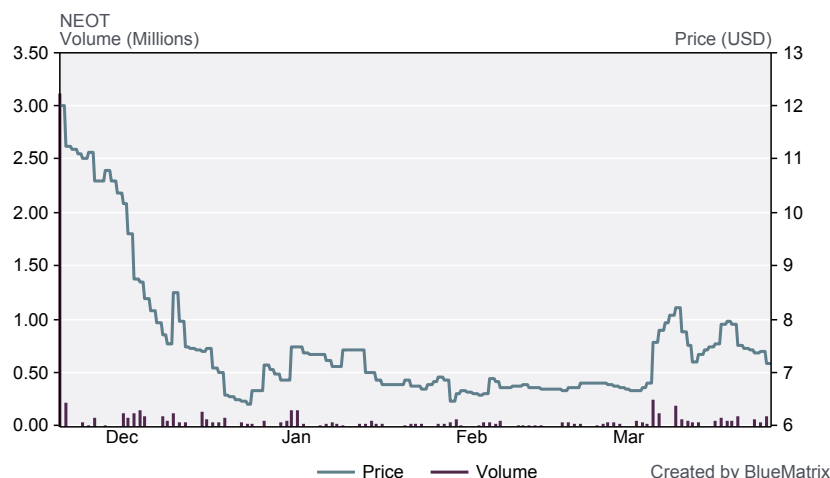
SHARE PRICE	\$7.18
PRICE TARGET	\$16.00

Revenue (\$M) (FY Dec)	1Q	2Q	3Q	4Q	FY
2014	0.0	0.0	0.0	0.0	0.0
2015	0.0E	0.0E	0.0E	0.0E	0.0E
2016	—	—	—	—	0.0E

Adjusted EPS (\$)	1Q	2Q	3Q	4Q	FY
2014	(0.49)	(0.68)	(1.22)	(0.45)	(2.83)
Prior	—	—	—	(0.35)	(2.73)
P/E					NM
2015	(1.02)E	(1.45)E	(1.30)E	(1.16)E	(4.93)E
Prior	(1.46)E	(1.23)E	(1.16)E	(1.09)E	(4.94)E
P/E					NM
2016	—	—	—	—	(4.79)E
P/E					NM

#### Market Data & Valuation Multiples

52-Week Range	\$6.11 - \$14.10
Shares Out (M)	13.6
Market Cap (M)	\$98
ADV (3 mo; 000)	40



SCENARIO	VALUATION	INVESTMENT THESIS
<b>BULL CASE</b>	<b>2020E EPS:</b> \$6.75 <b>12-Month Bull-Case Scenario:</b> \$28.00 <b>Probability:</b> 12% <b>Upside/Downside Potential:</b> 290%	<ul style="list-style-type: none"> <li>• LIPO-202 sales of \$515MM in 2020</li> <li>• Additional business development</li> <li>• Additional pipeline advancements</li> </ul>
<b>BASE CASE</b>	<b>2020E EPS:</b> \$5.62 <b>12-Month Base-Case Scenario:</b> \$16.00 <b>Probability:</b> 77% <b>Upside/Downside Potential:</b> 123%	<ul style="list-style-type: none"> <li>• LIPO-202 sales of \$472MM in 2020</li> <li>• No additional business development</li> <li>• No additional pipeline advancements</li> </ul>
<b>BEAR CASE</b>	<b>2020E EPS:</b> \$4.75 <b>12-Month Bear-Case Scenario:</b> \$6.25 <b>Probability:</b> 11% <b>Upside/Downside Potential:</b> -13%	<ul style="list-style-type: none"> <li>• LIPO-202 sales of \$410MM in 2020</li> <li>• No additional business development</li> <li>• No additional pipeline advancements</li> </ul>

Source: Guggenheim Securities, LLC

### VALUATION METHODOLOGY AND RISKS

We use a DCF analysis to get to our 12-month price target of \$16. We use a WACC of 28% and an exit multiple of 2x forward EBIT to arrive at our price target. This compares favorably to NEOT's peers, which trade, on average, at a forward EV/EBIT of 17x. This compares favorably to other dermatology companies that have been acquired in the industry for 13x EV/EBITDA, which means the EV/EBIT could be even higher. Risks to our valuation are as follows: 1) Neothetics faces competition in each of its markets from a number of large and small companies, some of which have greater financial, R&D, production, and other resources than Neothetics. 2) Pipeline failures would delay the company's time to achieve profitability; 3) Neothetics' drugs may not be commercially successful. This could be a result of better competing products on the market and/or an economic downturn; 4) The USPTO granted patent reexamination of Neothetics' '625 patent (an update is usually 12-18 months post granting of reexamination), and we believe it is very likely '750 may be reexamined as well (we would expect the company to hear before the end of '14). If any of the patent claims in the '625 or the '750 patents are ultimately invalidated or narrowed during prosecution before the USPTO, the extent of the patent coverage afforded to LIPO- 202 could be impaired or eliminated, which could potentially harm Neothetics' ability to prevent others from copying its technology.

## VARIANCE ANALYSIS

	Actual 4Q14		Guggenheim Estimate 4Q14		Variance	Comments
	Amount	% Change YOY	Amount	% Change YOY		
Total Revenue	-	NM	-	NM	-	
COGS	-	NM	-	NM	-	
Gross Profit	-	NM	-	NM	-	
SG&A	1.3	NM	0.9	NM	0.4	Increased costs of being a public company
R&D	1.9	NM	0.9	NM	1.0	
Other Operating Expenses	-	NM	-	NM	-	
Operating Income	(3.3)	NM	(1.9)	NM	(1.4)	
Non Operating Items	0.4	NM	(2.1)	NM	2.5	
Pre-Tax Income	(2.9)	NM	(4.0)	NM	1.1	
Taxes	-	NM	-	NM	-	
Tax Rate	0.0%	NM	0.0%	NM	-	
Net Income	(2.9)	NM	(4.0)	NM	1.1	
Averages Shares	6.5	NM	11.5	NM	(5.0)	
Cash EPS	(\$0.45)	NM	(\$0.35)	NM	-\$0.10	
<b>Margin Analysis</b>						
Revenues	NM		NM			
COGS	NM		NM			
Gross Margin	NM		NM			
SG&A	NM		NM			
R&D	NM		NM			
Net Income	NM		NM			

Source: Guggenheim Securities, LLC and Company reports

## CATALYST CALENDAR

Date	Driver	Upcoming Event
<b>2015</b>		
2Q15	LIPO-202	Start Phase 3 trials after EOP2 meeting
End of '15	LIPO-202	Topline Phase 3 results
<b>2016+</b>		
2H16	LIPO-202	NDA filing
3Q16	LIPO-202	Safety Update
1H17	LIPO-202	FDA AdCom
2H17	LIPO-202	FDA approval
4Q17 or End of 2017	LIPO-202	Launch
2026 to 2031+	LIPO-202	Patents expire

Source: Guggenheim Securities, LLC and Company reports

## FINANCIAL MODEL

Neothetics - Quarterly Income Statement Analysis 2012-2025E

(\$ in Millions, except per share amounts)																			
(Year Ended December 31)	2012	2013	2014	1Q15E	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	CAGR 20E-25E
Total Revenue	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109.1	231.4	471.5	657.7	850.1	949.8	1,059.1	1,178.8	20.1
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.3	25.5	42.4	52.6	68.0	76.0	84.7	94.3	
Gross Profit	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	81.8	206.0	429.0	605.1	782.1	873.8	974.3	1084.5	
R&D	3.2	11.4	5.2	8.0	14.0	12.0	10.0	44.0	35.2	37.0	37.7	38.5	30.0	30.6	31.2	31.8	32.5	33.1	
SG&A	2.6	3.0	4.4	5.0	5.1	5.2	5.3	20.6	55.0	95.0	110.0	168.0	171.4	174.8	178.3	181.8	185.5	189.2	
Total Operating Expense	5.8	14.4	9.6	13.0	19.1	17.2	15.3	64.6	90.2	132.0	147.7	206.5	201.4	205.4	209.5	213.7	218.0	222.3	
Operating Income	(5.7)	(14.4)	(9.6)	(13.0)	(19.1)	(17.2)	(15.3)	(64.6)	(90.2)	(132.0)	(65.9)	(0.5)	227.7	399.7	572.6	660.1	756.4	862.1	30.5
Interest Income	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.8	0.1	0.7	1.3	0.3	0.1	1.0	3.1	6.2	10.1	14.5	
Interest Expense	(0.9)	(0.1)	(0.4)	(0.2)	(0.2)	(0.2)	(0.2)	(0.9)	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other Income/(Expense)	(1.2)	(0.5)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(3.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Non-Operating Items	(2.1)	(0.6)	(1.2)	(0.9)	(0.9)	(0.9)	(0.9)	(3.7)	(0.8)	0.7	1.3	0.3	0.1	1.0	3.1	6.2	10.1	14.5	
Pre-tax Income	(7.8)	(15.0)	(10.8)	(13.9)	(20.0)	(18.1)	(16.2)	(68.3)	(91.0)	(131.3)	(64.7)	(0.2)	227.8	400.7	575.7	666.4	766.5	876.7	
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	91.1	160.3	230.3	266.5	306.6	350.7	
Net Income	(7.8)	(15.0)	(10.8)	(13.9)	(20.0)	(18.1)	(16.2)	(68.3)	(91.0)	(131.3)	(64.7)	(0.2)	136.7	240.4	345.4	399.8	459.9	526.0	30.9
Diluted Shares Outstanding	3.1	3.1	3.8	13.7	13.8	13.9	14.0	13.9	19.0	24.0	24.1	24.2	24.3	24.4	24.5	24.6	24.7	24.8	
Adjusted Diluted EPS	(\$2.57)	(\$4.81)	(\$2.83)	(\$1.02)	(\$1.45)	(\$1.30)	(\$1.16)	(\$4.93)	(\$4.79)	(\$5.47)	(\$2.68)	(\$0.01)	\$5.62	\$9.85	\$14.10	\$16.25	\$18.62	\$21.21	30.4
%Change																			
Total Revenue	-100.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	112.2%	103.7%	39.5%	29.3%	11.7%	11.5%	11.3%		
COGS	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-6.6%	66.7%	24.0%	29.3%	11.7%	11.5%	11.3%		
Gross Profit	-100.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	151.8%	106.3%	41.0%	29.3%	11.7%	11.5%	11.3%		
R&D	252.3%	-54.8%	NM	NM	NM	NM	NM	750.3%	-20.0%	5.1%	2.0%	2.0%	-22.1%	2.0%	2.0%	2.0%	2.0%		
SG&A	14.8%	48.4%	NM	NM	NM	NM	NM	366.5%	167.0%	72.7%	15.8%	52.7%	2.0%	2.0%	2.0%	2.0%	2.0%		
Operating Income	NM	NM	NM	NM	NM	NM	NM	NM	39.6%	46.3%	-50.0%	-99.2%	-42984.7%	75.6%	43.3%	15.3%	14.6%	14.0%	
Non-Operating Items	NM	NM	NM	NM	NM	NM	NM	NM	-77.8%	-181.2%	87.7%	-76.4%	-62.6%	826.4%	203.0%	100.1%	61.7%	44.0%	
Pre-tax Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	75.9%	43.7%	15.7%	15.0%	14.4%	
Tax Rate	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	0.0%	0.0%	0.0%	0.0%	0.0%	
Taxes	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	75.9%	43.7%	15.7%	15.0%	14.4%	
Net Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	75.9%	43.7%	15.7%	15.0%	14.4%	
Adjusted Diluted EPS	87.4%	-41.1%	106.3%	114.8%	7.3%	158.5%	74.1%	-2.9%	14.2%	-50.9%	-99.6%	-58240.9%	75.2%	43.1%	15.3%	14.6%	13.9%		

Source: Guggenheim Securities, LLC and Company Reports  
 (1) Assume 40% tax rate when profitable, to be conservative.

## Neothetics - Quarterly Margin Analysis 2012-2025E

	2012	2013	2014	1Q15E	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	25.0%	11.0%	9.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Gross Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	75.0%	89.0%	91.0%	92.0%	92.0%	92.0%	92.0%	92.0%
R&D	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	34.6%	16.6%	6.4%	4.7%	3.7%	3.4%	3.1%	2.8%
SG&A	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	100.9%	72.6%	36.3%	26.6%	21.0%	19.1%	17.5%	16.1%
Oper. Inc.	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-60.5%	-0.2%	48.3%	60.8%	67.4%	69.5%	71.4%	73.1%
Operating Expenses	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	135.5%	89.2%	42.7%	31.2%	24.6%	22.5%	20.6%	18.9%
Non-Oper. Items	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	1.2%	0.1%	0.0%	0.2%	0.4%	0.7%	1.0%	1.2%
Pretax Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-59.3%	-0.1%	48.3%	60.9%	67.7%	70.2%	72.4%	74.4%
Net Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-59.3%	-0.1%	29.0%	36.6%	40.6%	42.1%	43.4%	44.6%

Source: Guggenheim Securities, LLC and Company Reports

## Neothetics - Quarterly Revenue Model 2012-2025E

(\$ in Millions)																			
(Year Ended December 31)	2012	2013	2014	1Q15E	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
Base Business																			
LIPO-102	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
LIPO-202	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109.1	231.4	471.5	657.7	850.1	949.8	1,059.1	1,178.8	
Total Base Business Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109.1	231.4	471.5	657.7	850.1	949.8	1,059.1	1,178.8	
New Products																			
Product 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Product 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Product 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total New Product Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Revenues	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109.1	231.4	471.5	657.7	850.1	949.8	1,059.1	1,178.8	
%Change																			
Base Business																			
LIPO-102		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
LIPO-202		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	112.2%	103.7%	39.5%	29.3%	11.7%	11.5%	11.3%	
Total Base Business Revenues		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	112.2%	103.7%	39.5%	29.3%	11.7%	11.5%	11.3%	
New Products																			
Product 1		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Product 2		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Product 3		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Total New Product Revenues		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Other		-100.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Total Revenues		-100.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	112.2%	103.7%	39.5%	29.3%	11.7%	11.5%	11.3%	

Source: Guggenheim Securities, LLC and Company Reports

## Neothetics - Annual Revenue Model 2012-2025E

(\$ in Millions)	Year Ended December 31st,																												
	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2013E/ 2012	2014/ 2013	2015E/ 2014	2016E/ 2015E	2017E/ 2016E	2018E/ 2017E	2019E/ 2018E	2020E/ 2019E	2021E/ 2020E	2022E/ 2021E	2023E/ 2022E	2024E/ 2023E	2025E/ 2024E	CAGR 18E-25E	
Base Business																													
LFO-102	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
LFO-202	0.0	0.0	0.0	0.0	0.0	0.0	109.1	231.4	471.5	657.7	850.1	949.8	1,059.1	1,178.8	NM	NM	NM	NM	NM	NM	112.2%	103.7%	39.5%	29.3%	11.7%	11.5%	11.3%	40.5%	
Total Base Business Revenues	0.0	0.0	0.0	0.0	0.0	0.0	109.1	231.4	471.5	657.7	850.1	949.8	1,059.1	1,178.8	NM	NM	NM	NM	NM	NM	112.2%	103.7%	39.5%	29.3%	11.7%	11.5%	11.3%	40.5%	
New Products																													
Product 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Product 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Product 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Total New Product Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Total Revenues	0.1	0.0	0.0	0.0	0.0	0.0	109.1	231.4	471.5	657.7	850.1	949.8	1,059.1	1,178.8	-100.0%	NM	NM	NM	NM	NM	NM	112.2%	103.7%	39.5%	29.3%	11.7%	11.5%	11.3%	40.5%

Source: Guggenheim Securities, LLC and Company Reports



## Neothetics - Cash Flow Analysis 2012-2025E

(\$ in Millions)														
(Year ended December 31)	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Cash flows provided by Operating Activities:</b>														
Net Income/(loss)	(7.8)	(15.0)	(10.8)	(68.3)	(91.0)	(131.3)	(64.7)	(0.2)	136.7	240.4	345.4	399.8	459.9	526.0
Depreciation and Amortization	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	2.1	0.6	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Changes in Working Capital	(1.8)	1.4	(0.3)	0.0	0.0	0.0	(31.2)	(18.4)	(45.0)	(31.8)	(33.7)	(15.3)	(16.5)	(17.8)
<b>Net cash provided by Operating Activities</b>	<b>(7.4)</b>	<b>(12.9)</b>	<b>(9.6)</b>	<b>(68.3)</b>	<b>(91.0)</b>	<b>(131.3)</b>	<b>(95.8)</b>	<b>(18.6)</b>	<b>91.7</b>	<b>208.6</b>	<b>311.7</b>	<b>384.5</b>	<b>443.4</b>	<b>508.2</b>
<b>Cash flows from Investing Activities</b>														
Purchase/Proceeds of property and equipment	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash used in Investing Activities</b>	<b>0.0</b>	<b>0.1</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>Cash flows from Financing Activities</b>														
Proceeds/Payment on Notes Payable and Bank Loan	2.4	(0.4)	9.8	0.0	0.3	(10.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Issuance of Common Stocks and Other	0.0	0.0	57.8	0.0	150.0	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Issuance of Preferred Stock for Cash, net of offering	10.2	6.5	13.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash (used in) provided by Financing Activities</b>	<b>12.7</b>	<b>6.1</b>	<b>81.2</b>	<b>0.0</b>	<b>150.3</b>	<b>190.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net (decrease) increase in cash and equivalents</b>	<b>5.3</b>	<b>(6.7)</b>	<b>71.6</b>	<b>(68.3)</b>	<b>59.2</b>	<b>58.7</b>	<b>(95.9)</b>	<b>(18.6)</b>	<b>91.7</b>	<b>208.6</b>	<b>311.7</b>	<b>384.5</b>	<b>443.4</b>	<b>508.2</b>
Cash and equivalents at beginning of year	5.8	11.1	4.4	75.9	7.6	66.9	125.5	29.7	11.1	102.8	311.4	623.1	1,007.6	1,451.0
<b>Cash and equivalents at end of year</b>	<b>11.1</b>	<b>4.4</b>	<b>75.9</b>	<b>7.6</b>	<b>66.9</b>	<b>125.5</b>	<b>29.7</b>	<b>11.1</b>	<b>102.8</b>	<b>311.4</b>	<b>623.1</b>	<b>1,007.6</b>	<b>1,451.0</b>	<b>1,959.2</b>

Source: Guggenheim Securities, LLC and Company Reports

## Neothetics - Balance Sheet Analysis 2012-2025E

(\$ in Millions)

(Year ended December 31)	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Assets</b>														
Cash and Cash Equivalents	11.1	4.4	75.9	7.6	66.9	125.5	29.7	11.1	102.8	311.4	623.1	1,007.6	1,451.0	1,959.2
Accounts receivables	0.0	0.0	0.0	0.0	0.0	0.0	18.2	37.9	76.0	104.4	132.8	146.1	160.5	175.9
Inventory	0.0	0.0	0.0	0.0	0.0	0.0	13.0	11.6	18.4	21.9	27.2	29.2	31.4	33.7
Prepaid expenses and other current assets	1.5	0.1	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
<b>Total Current Assets</b>	<b>12.6</b>	<b>4.5</b>	<b>76.9</b>	<b>8.6</b>	<b>67.8</b>	<b>126.5</b>	<b>61.8</b>	<b>61.5</b>	<b>198.2</b>	<b>438.6</b>	<b>784.1</b>	<b>1,183.9</b>	<b>1,643.8</b>	<b>2,169.7</b>
Property and equipment, net	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restricted cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Other Assets</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL ASSETS</b>	<b>12.8</b>	<b>4.5</b>	<b>76.9</b>	<b>8.6</b>	<b>67.8</b>	<b>126.5</b>	<b>61.8</b>	<b>61.6</b>	<b>198.2</b>	<b>438.7</b>	<b>784.1</b>	<b>1,183.9</b>	<b>1,643.8</b>	<b>2,169.8</b>
<b>Liabilities &amp; Shareholder's Equity</b>														
Accounts Payable	0.7	0.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Accrued Expenses	0.6	0.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Current Portion of Term Loan Payable	0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities	0.0	0.0	9.7	9.7	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>1.9</b>	<b>1.5</b>	<b>11.7</b>	<b>11.7</b>	<b>11.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
<b>Total Stockholder's Equity</b>	<b>10.9</b>	<b>3.0</b>	<b>65.2</b>	<b>-3.1</b>	<b>55.9</b>	<b>124.6</b>	<b>59.9</b>	<b>59.6</b>	<b>196.3</b>	<b>436.8</b>	<b>782.2</b>	<b>1,182.0</b>	<b>1,641.9</b>	<b>2,167.9</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>12.8</b>	<b>4.5</b>	<b>76.9</b>	<b>8.6</b>	<b>67.8</b>	<b>126.5</b>	<b>61.8</b>	<b>61.6</b>	<b>198.2</b>	<b>438.7</b>	<b>784.1</b>	<b>1,183.9</b>	<b>1,643.8</b>	<b>2,169.8</b>

Source: Guggenheim Securities, LLC and Company Reports

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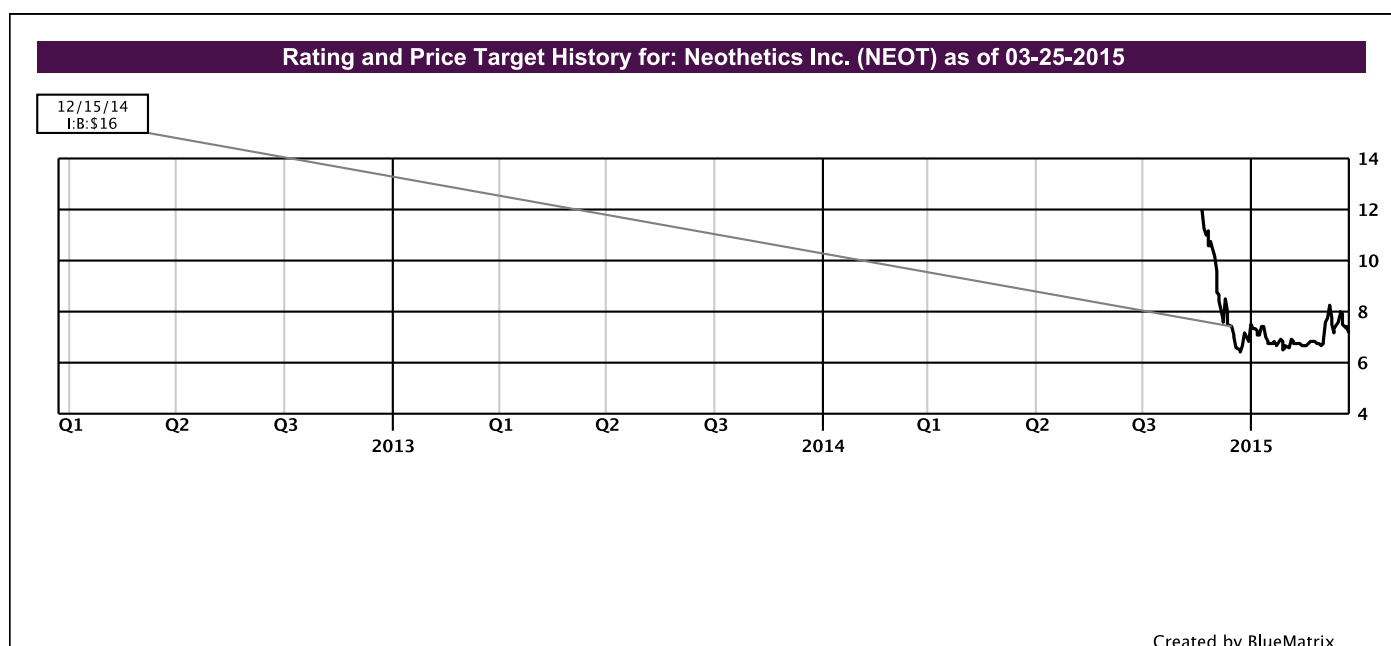
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March 26, 2015

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			Count	Percent
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