

Specialty Pharmaceuticals

Price:	\$7.91
Fair Value Estimate:	\$20.00
52-Week Range:	\$5.49 - \$16.60
Market Cap (MM):	\$112
Shr.O/S-Diluted (mm):	14.2
Average Daily Volume:	49,367
Yield:	0.0%
Cash/Share:	\$(1.40)
FCF Yield:	NA
Debt/Cap:	15%

FYE: Dec	2014E	2015E
EPS:	\$(1.76)A	\$(1.89)E
Prior EPS:		\$(2.11)
Consensus	NM	-1.83
P/E Ratio:	NA	NA

Quarterly EPS:

Q1	\$(4.79)A	\$(0.50)A
Q2	\$(7.98)A	\$(0.47)E
Q3	\$(0.22)A	\$(0.47)E
Q4	\$(0.33)A	\$(0.46)E

Quarterly Revenue (M):

Q1	\$0A	\$0E
Q2	\$0E	\$0E
Q3	\$0E	\$0E
Q4	\$0E	\$0E
Year:	\$0E	\$0E



May 11, 2015

Marinus Pharmaceuticals, Inc (MRNS) - BUY

MRNS: Executing as Planned, Data Rich 2H15

PORTFOLIO MANAGER BRIEF

MRNS is another spec. pharma name that should have a relatively quiet 1H15, which is fine with us as management continues to execute its clinical trials as planned as well as keep a tight rein on operating expenses. Come 2H15, we should have data from two Phase 2 proof-of-concept trials in PCDH19 and Fragile X with 1Q16 bringing top-line data from the Phase 3 trial in adult drug-resistant focal onset epileptic seizures. We consider the name undervalued and under covered. Additional positive data points should drive interest into the story.

ANALYST NOTES

- Data Rich 2H15 Should Heat Up Value: Enrollment is expected to complete in the Phase 3 clinical trial in adults with drug-resistant focal onset epileptic seizures in late 2015. This 300 patient trial is expected to read out top-line data in 1Q16. The Phase 2 proof-of-concept in PCDH19, a rare gene mutation that causes deficits in GABAergic signaling looks to have top-line data in 2H15. Lastly, MRNS is also currently enrolling a Phase 2 60 patient proof-of-concept trial for Fragile X Syndrome, a rare genetic condition that affects both children and adults that causes disability and behavior issues. Top-line data again, is expected in 2H15.
- What is Ganaxolone? Ganaxolone is a small molecule synthetic analogue of allopregnanolone, which is being developed for various epileptic indications including drug-resistant focal onset epilepsy, PCDH19 and Fragile X syndrome. Currently, MRNS is working to develop a full range of formulations including oral, liquid suspension and intravenous. By having these formulations, ganaxolone can cover a large swath of patients from children to adults and in environments that range from acute to home health care.
- 1Q15 In-line with Expectations: MRNS announced 1Q15 results posting an EPS of \$(0.50), in-line with Janney estimates of \$(0.53). R&D and SG&A expenses were \$5.4M and \$1.4M with cash at the end of the quarter at \$46M. MRNS reiterated their burn rate per quarter of \$5M-\$7M which gives them enough cash through 2H16.
- Maintain Buy rating, \$20 FV: Our \$20 fair value is based on a sum-of-the parts analysis with 2025 US sales of ganaxolone at \$11/share at a 3.5x multiple discounted back 25%, 2025 EU sales of ganaxolone at \$7/share at a 3.5x multiple discounted back 30% with the remaining cash (end 15) and tech value of \$2/share

IMPORTANT DISCLOSURES

Research Analyst Certification

I, Chiara Russo, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

Marinus Pharmaceuticals, Inc currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.

Janney Montgomery Scott LLC managed or co-managed a public offering of securities for Marinus Pharmaceuticals, Inc in the past 12 months.

Janney Montgomery Scott LLC received compensation for investment banking services from Marinus Pharmaceuticals, Inc in the past 12 months.

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from Marinus Pharmaceuticals, Inc in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

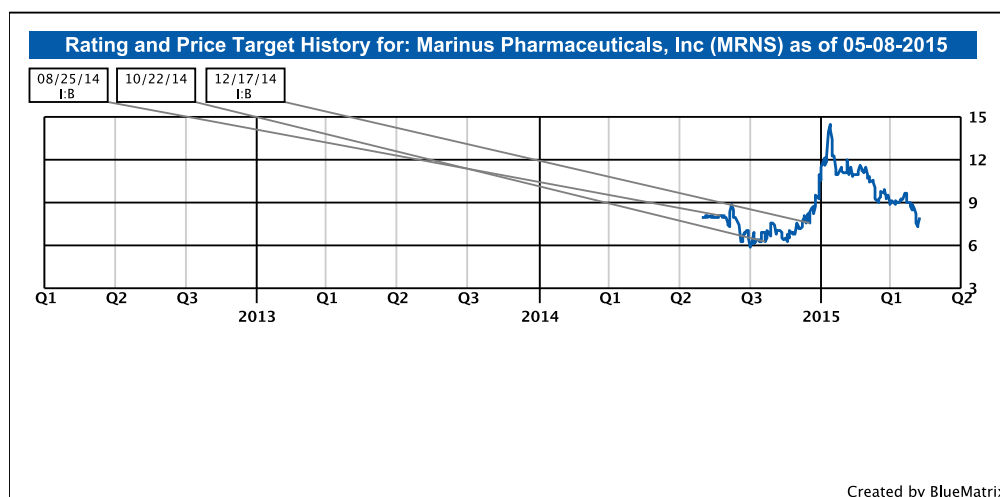
Definition of Ratings

BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 3/31/15

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	140	50.36	21	15.00
NEUTRAL [N]	137	49.28	14	10.22
SELL [S]	1	0.36	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

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