

Neothetics Inc.

NEOT - BUY - Post 1Q15 We Still Expect Positive Phase 3 Results for LIPO-202 in 2H15

May 14, 2015

- **Conclusion:** Post 1Q15 results, we still expect positive Phase 3 data for LIPO-202 in 2H15. Therefore, we remain positive on NEOT as we believe Street earnings expectations do not fully reflect the peak sales potential of LIPO-202. 1) We continue to think LIPO-202 could be the next Botox, with peak sales potential of over \$1B (expected launch in '18), but NEOT's market cap suggests that the Street is underestimating this opportunity; 2) We believe investing in NEOT could provide a good entry point into the body contouring market early in its growth and development. 3) We believe 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, in our view.
- **1Q15 Positives:** 1) Initiated U.S. Phase 3 trials, AbCONTOUR1 and AbCONTOUR2, of LIPO-202 for abdominal contouring; 2) Initiated an open-label study of LIPO-202 for the reduction of central abdominal bulging; 3) Established a Corporate Advisory Board; and 4) Cash and equivalents totaled \$71MM as of 3/31/15.
- NEOT reported 1Q15 cash EPS of (\$0.50), \$0.43 higher than consensus and \$0.52 better 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 model for 1Q15 results, which did not change our '15 and '16 EPS estimates.
- **Potential Catalysts:** 1) LIPO-202 Phase III results, '15 and '16; 2) LIPO-202 filing 2H16; 3) LIPO-202 approval and launch in 2H17.

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NEOT BUY

EARNINGS RELEASE

Investment Thesis: Growth

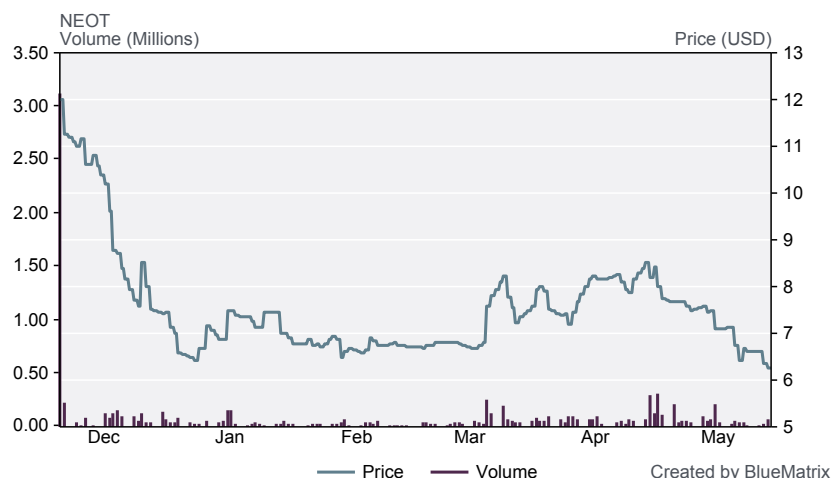
SHARE PRICE	\$6.25
PRICE TARGET	\$16.00

Revenue (\$M) (FY Dec)	1Q	2Q	3Q	4Q	FY
2014	0.0	0.0	0.0	0.0	0.0
2015	0.0	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)
P/E					NM
2015	(0.50)	(1.68)E	(1.45)E	(1.29)E	(4.93)E
Prior	(1.02)	(1.45)E	(1.30)E	(1.16)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)	13.7
Market Cap (M)	\$85
ADV (3 mo; 000)	66



SCENARIO	VALUATION	INVESTMENT THESIS
BULL CASE	2020E EPS: \$6.75 12-Month Bull-Case Scenario: \$28.00 Upside/Downside Potential: 348%	<ul style="list-style-type: none"> • LIPO-202 sales of \$515MM in 2020 • Additional business development • Additional pipeline advancements
BASE CASE	2020E EPS: \$5.63 12-Month Base-Case Scenario: \$16.00 Upside/Downside Potential: 156%	<ul style="list-style-type: none"> • LIPO-202 sales of \$472MM in 2020 • No additional business development • No additional pipeline advancements
BEAR CASE	2020E EPS: \$4.75 12-Month Bear-Case Scenario: \$5.50 Upside/Downside Potential: -12%	<ul style="list-style-type: none"> • LIPO-202 sales of \$410MM in 2020 • No additional business development • No additional pipeline advancements

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; And, 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.

VARIANCE ANALYSIS

(in millions of \$US, except per share amounts)

	Actual 1Q15		Guggenheim Estimate 1Q15		Variance	Comments
	Amount	% Change YOY	Amount	% Change YOY		
Total Revenue	-	NM	-	NM	-	
COGS	-	NM	-	NM	-	
Gross Profit	-	NM	-	NM	-	
SG&A	1.9	NM	5.0	NM	(3.1)	Timing of spend
R&D	4.7	NM	8.0	NM	(3.3)	Timing of spend
Other Operating Expenses	-	NM	-	NM	-	
Operating Income	(6.6)	NM	(13.0)	NM	6.4	
Non Operating Items	(0.3)	NM	(0.9)	NM	0.7	
Pre-Tax Income	(6.9)	NM	(13.9)	NM	7.0	
Taxes	-	NM	-	NM	-	
Tax Rate	0.0%	NM	0.0%	NM	-	
Net Income	(6.9)	NM	(13.9)	NM	7.0	
Averages Shares	13.7	NM	13.7	NM	-	
Cash EPS	(\$0.50)	NM	(\$1.02)	NM	\$0.52	
Margin Analysis						
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
2015		
End of '15	LIPO-202	Topline Phase 3 results
2016+		
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)																					CAGR	
(Year Ended December 31)	2012	2013	2014	1Q15A	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	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	4.7	17.1	14.0	12.0	47.8	35.1	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	1.9	5.1	5.2	5.3	17.5	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	6.6	22.2	19.2	17.3	65.3	90.1	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)	(6.6)	(22.2)	(19.2)	(17.3)	(65.3)	(90.1)	(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	0.0	0.2	0.2	0.4	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)	(0.3)	(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)	0.0	(0.9)	(0.9)	(0.9)	(2.7)	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)	(0.3)	(0.9)	(0.9)	(0.7)	(2.9)	(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)	(6.9)	(23.1)	(20.1)	(18.0)	(68.2)	(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)	(6.9)	(23.1)	(20.1)	(18.0)	(68.2)	(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	13.8	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)	(\$0.50)	(\$1.68)	(\$1.45)	(\$1.29)	(\$4.93)	(\$4.79)	(\$5.48)	(\$2.69)	(\$0.01)	\$5.63	\$9.87	\$14.12	\$16.27	\$18.64	\$21.23	30.4			
%Change																						
Total Revenue	-100.0%	NM	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	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	NM	151.8%	108.3%	41.0%	29.3%	11.7%	11.5%	11.3%				
R&D	252.3%	-54.8%	NM	NM	NM	NM	NM	823.7%	-26.5%	5.3%	2.0%	2.0%	-22.1%	2.0%	2.0%	2.0%	2.0%	2.0%				
SG&A	14.8%	48.4%	NM	NM	NM	NM	NM	297.1%	213.6%	72.7%	15.8%	52.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%				
Operating Income	NM	NM	NM	NM	NM	NM	NM	NM	37.9%	46.4%	-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	-71.4%	-181.5%	87.5%	-76.2%	-62.2%	813.2%	202.6%	100.0%	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%	2.5%	148.6%	19.3%	188.1%	73.9%	-2.7%	14.3%	-50.9%	-99.6%	NM	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	1Q15A	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	1Q15A	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,														2013E/	2014/	2015E/	2016E/	2017E/	2018E/	2019E/	2020E/	2021E/	2022E/	2023E/	2024E/	2025E/	CAGR 18E-25E	
	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E		
Base Business																													
LPO-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	
LPO-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	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	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	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	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	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	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	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
Cash flows provided by Operating Activities:														
Net Income/(loss)	(7.8)	(15.0)	(10.8)	(68.2)	(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)
Net cash provided by Operating Activities	(7.4)	(12.9)	(9.6)	(68.2)	(90.9)	(131.3)	(95.8)	(18.6)	91.7	208.6	311.7	384.5	443.4	508.2
Cash flows from Investing Activities														
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
Net cash used in Investing Activities	0.0	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)
Cash flows from Financing Activities														
Proceeds/Payment on Notes Payable and Bank Loan	2.4	(0.4)	9.8	0.0	0.2	(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
Net cash (used in) provided by Financing Activities	12.7	6.1	81.2	0.0	150.2	190.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net (decrease) increase in cash and equivalents	5.3	(6.7)	71.6	(68.2)	59.3	58.7	(95.9)	(18.6)	91.7	208.6	311.7	384.5	443.4	508.2
Cash and equivalents at beginning of year	5.8	11.1	4.4	75.9	7.8	67.0	125.7	29.9	11.3	103.0	311.6	623.3	1,007.8	1,451.2
Cash and equivalents at end of year	11.1	4.4	75.9	7.8	67.0	125.7	29.9	11.3	103.0	311.6	623.3	1,007.8	1,451.2	1,959.4

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
Assets														
Cash and Cash Equivalents	11.1	4.4	75.9	7.8	67.0	125.7	29.9	11.3	103.0	311.6	623.3	1,007.8	1,451.2	1,959.4
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
Total Current Assets	12.6	4.5	76.9	8.7	68.0	126.6	61.9	61.7	198.4	438.8	784.2	1,184.1	1,643.9	2,169.9
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
Total Other Assets	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
TOTAL ASSETS	12.8	4.5	76.9	8.7	68.0	126.7	62.0	61.7	198.4	438.8	784.3	1,184.1	1,644.0	2,170.0
Liabilities & Shareholder's Equity														
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	9.8	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	1.9	1.5	11.7	11.7	11.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Total Stockholder's Equity	10.9	3.0	65.2	-3.0	56.1	124.8	60.1	59.8	196.5	436.9	782.4	1,182.2	1,642.1	2,168.1
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	12.8	4.5	76.9	8.7	68.0	126.7	62.0	61.7	198.4	438.8	784.3	1,184.1	1,644.0	2,170.0

Source: Guggenheim Securities, LLC and Company Reports

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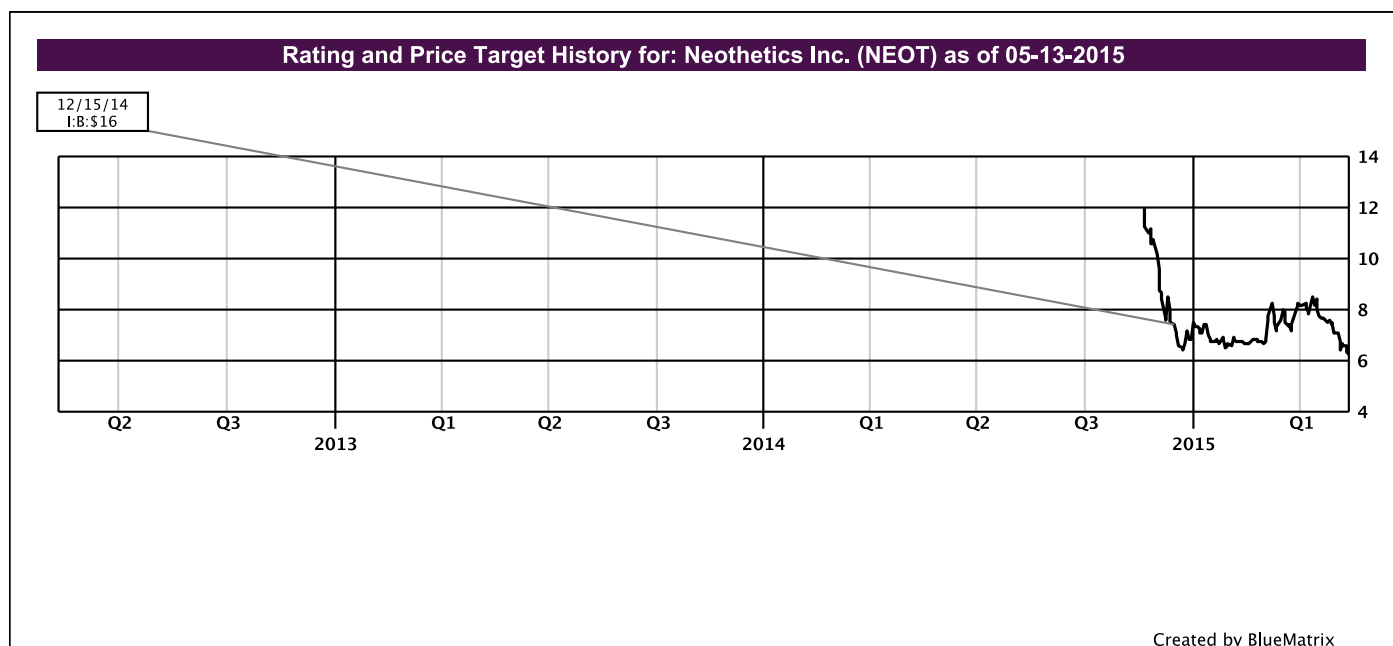
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May 14, 2015

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