

# GlycoMimetics Inc.

## Uneventful Earnings; GMI-1271 and GMI-1070 Progressing

**Financials look in line:** In 4Q 2013, GLYC recognized \$77,000 in revenue and spent \$3.0mn in R&D and \$0.9mn in SG&A. Recall that in January the company raised \$57.4mn in net proceeds from its initial public offering of 8.05mn shares at \$8.00/share. Along with its cash balance at the end of 4Q, GLYC began 2014 with \$59.7mn in cash and cash equivalents.

**GMI-1070 is slated to enter Phase III testing in 2H:** GLYC's partner, PFE, plans to commence the Phase III study in the second half of this year, which will be conducted under a special protocol assessment (SPA) agreement with the FDA. In our view, GMI-1070 has been significantly de-risked with positive Phase II results and PFE taking over the Phase III development. GLYC will recognize a \$15mn milestone payment in April/May of this year followed by another \$20mn when the trial initiates.

**Wholly owned GMI-1271 will enter clinics by mid-year:** Being developed for the treatment of acute myeloid leukemia, GMI-1271 is expected to enter a Phase I safety study in healthy volunteers over the next several months. Admittedly this program is early and carries a bigger clinical risk than GMI-1070; however, successful progression into later stages of clinical development represents upside to the stock.

### GLYC: Quarterly and Annual EPS (USD)

	2013		2014		2015		Change y/y		
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2014	2015
Q1	0.04A	-0.44E	-0.30E	-0.32E	N/A	N/A	N/A	-850%	N/A
Q2	-3.70A	0.43E	0.47E	0.08E	N/A	N/A	N/A	113%	N/A
Q3	-3.00A	0.64E	0.68E	0.44E	N/A	N/A	N/A	123%	N/A
Q4	-2.80A	-0.49E	-0.42E	-0.20E	N/A	N/A	N/A	85%	N/A
Year	-8.87A	0.27E	0.47E	0.04E	N/A	-2.04E	-1.44E	105%	-534%
P/E	N/A		32.4			N/A			

Source: Barclays Research.

Consensus numbers are from Thomson Reuters

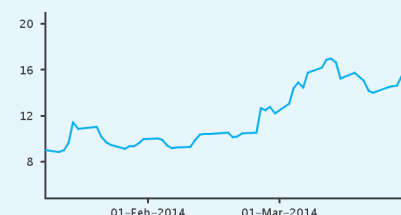
Stock Rating	<b>OVERWEIGHT</b> Unchanged
Industry View	<b>NEUTRAL</b> Unchanged
Price Target	<b>USD 15.00</b> Unchanged

Price (28-Mar-2014)	USD 15.10
Potential Upside/Downside	-1%
Tickers	GLYC

Market Cap (USD mn)	281
Shares Outstanding (mn)	18.61
Free Float (%)	97.25
52 Wk Avg Daily Volume (mn)	0.2
Dividend Yield (%)	N/A
Return on Equity TTM (%)	N/A
Current BVPS (USD)	0.67

Source: Thomson Reuters

Price Performance	Exchange-Nasdaq
52 Week range	USD 18.99-8.40



[Link to Barclays Live for interactive charting](#)

### U.S. Biotechnology

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## U.S. Biotechnology

Industry View: NEUTRAL

## GlycoMimetics Inc. (GLYC)

Stock Rating: OVERWEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	4	35	0	25	84.3%
EBITDA (adj)	-10	9	-40	-14	N/A
EBIT (adj)	-11	9	-40	-15	N/A
Pre-tax income (adj)	-11	9	-40	-15	N/A
Net income (adj)	-11	9	-40	-15	N/A
EPS (adj) (\$)	-8.87	0.47	-2.04	-0.68	N/A
Diluted shares (mn)	1.2	18.5	19.6	22.0	164.0%
DPS (\$)	0.00	0.00	0.00	0.00	N/A

Margin and return data	Average				
EBITDA (adj) margin (%)	-262.6	26.8	N/A	-57.8	-97.8
EBIT (adj) margin (%)	-265.9	24.6	N/A	-60.0	-100.4
Pre-tax (adj) margin (%)	-266.4	24.6	N/A	-60.0	-100.6
Net (adj) margin (%)	-265.6	24.6	N/A	-60.0	-100.3
ROIC (%)	2,598.8	-435.7	1,488.0	780.0	1,107.8
ROA (%)	-89.5	19.8	-72.3	-38.9	-45.2
ROE (%)	-137.4	24.0	-82.0	-44.3	-59.9

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	0	1	0	0	-42.5%
Intangible fixed assets	0	-1	0	-1	N/A
Cash and equivalents	2	81	29	48	175.3%
Total assets	5	82	29	48	108.9%
Short and long-term debt	0	0	0	0	0.0%
Other long-term liabilities	0	0	0	0	N/A
Total liabilities	2	13	0	9	57.5%
Net debt/(funds)	-2	-81	-29	-48	N/A
Shareholders' equity	3	69	29	39	137.3%
Change in working capital	-5	12	-12	8	N/A
Cash flow from operations	-16	22	-52	-6	N/A
Capital expenditure	0	0	0	0	N/A
Free cash flow	-16	21	-52	-6	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	N/A	32.4	N/A	N/A	32.4
EV/EBITDA (adj) (x)	-1.6	-6.6	0.3	2.0	-1.5
Equity FCF yield (%)	-86.5	7.7	-17.5	-1.8	-24.5
EV/sales (x)	4.1	-1.8	N/A	-1.2	0.4
P/BV (x)	6.2	4.0	10.3	8.6	7.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Total debt/capital (%)	3.2	0.1	0.3	0.2	1.0

Selected operating metrics	Average				
SG&A/sales (%)	72.0	12.5	N/A	20.0	34.9
R&D/sales (%)	293.9	62.9	N/A	140.0	165.6
R&D growth (%)	24.3	87.5	59.1	0.0	42.7
SG&A growth (%)	33.3	52.7	15.3	-1.2	25.0

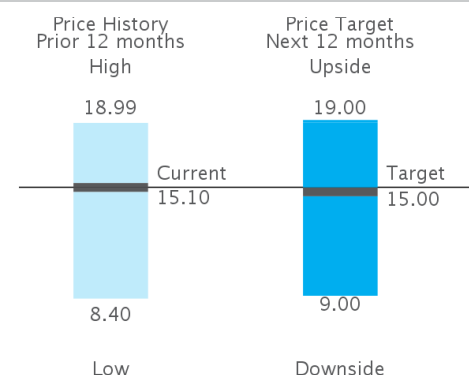
Price (28-Mar-2014) USD 15.10  
Price Target USD 15.00

**Why Overweight?** GlycoMimetics is currently in Phase III clinical testing with Pfizer-partnered GMI-1070 for the treatment of VOC. The company also has a proprietary compound, GMI-1271, which will enter clinical testing for the treatment of AML in 2014.

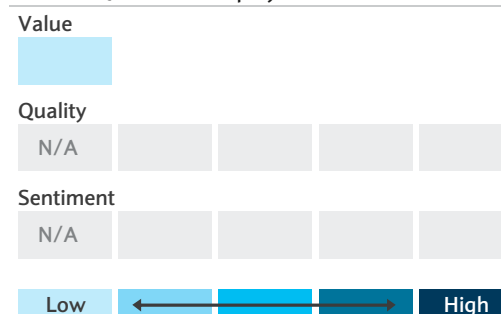
**Upside case** USD 19.00  
Based on our current sales estimates for GMI-1070, assuming positive Phase III data and regulatory approval we reach a valuation of \$19/share.

**Downside case** USD 9.00  
Assuming clinical failure and subsequent termination of the GMI-1271, along with peak sales estimates for GMI-1070 of \$500mn, we reach a valuation of \$9/share.

## Upside/Downside scenarios



## POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research  
Note: FY End Dec

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GlycoMimetics Inc. (GLYC, 28-Mar-2014, USD 15.10), Overweight/Neutral, A/C/D/J/L

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**Overweight** - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Equal Weight** - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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**Positive** - industry coverage universe fundamentals/valuations are improving.

**Neutral** - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

**Negative** - industry coverage universe fundamentals/valuations are deteriorating.

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Alexion Pharmaceuticals (ALXN)	Amgen Inc. (AMGN)	ARIAD Pharmaceuticals (ARIA)
Arrowhead Research Corp. (ARWR)	Biogen Idec (BIIB)	BioMarin Pharmaceutical (BMRN)
Celgene Corp. (CELG)	Celladon Corp. (CLDN)	Dendreon Corp. (DNDN)
Fibrocell Science Inc. (FCSC)	Gilead Sciences (GILD)	GlycoMimetics Inc. (GLYC)
Halozyne Therapeutics Inc. (HALO)	Idenix Pharmaceuticals (IDIX)	Incyte Corp. (INCY)
Intrexon Corp. (XON)	Medivation Inc. (MDVN)	Regeneron Pharmaceuticals (REGN)
Tetraphase (TTPH)	Trevena Inc. (TRVN)	Vertex Pharmaceuticals (VRTX)

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GlycoMimetics Inc. (GLYC)

USD 15.10 (28-Mar-2014)

Stock Rating

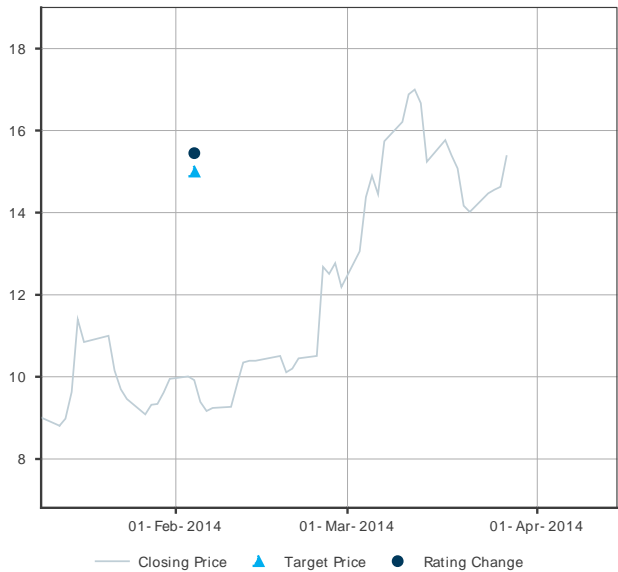
OVERWEIGHT

Industry View

NEUTRAL

Rating and Price Target Chart - USD (as of 28-Mar-2014)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

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**Valuation Methodology:** We value GlycoMimetics using a probability-adjusted net present value (NPV) model. We assign \$9/share for the company's GMI-1070 program (71% probability of reaching the market) and \$3/share for the company's GMI-1271 program (11% probability of reaching the market), both of which are discounted 10%. Additionally, we attribute roughly \$3/share in net cash. As a result, we come up with a price target of \$15/share.

**Risks which May Impede the Achievement of the Barclays Research Price Target:** As with most developmental-stage biotechnology companies, the primary risks are 1) running out of necessary capital to fund operations and being unable to obtain capital through subsequent financings, 2) failure in demonstrating clinical benefits for their two key pipeline products, 3) competition from currently-approved or other late-stage clinical compounds.

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