

Specialty Pharmaceuticals

Price:	\$10.41
Fair Value Estimate:	\$20.00
52-Week Range:	\$5.49 - \$16.60
Market Cap (MM):	\$148
Shr.O/S-Diluted (mm):	14.2
Average Daily Volume:	24,482
Yield:	0.0%
Cash/Share:	NA
FCF Yield:	NA
Debt/Cap:	0%

FYE: Dec	2014E	2015E
EPS:	\$(1.76)A	\$(2.11)E
Prior EPS:	\$(1.68)	\$(1.95)
Consensus	NM	-2.22
P/E Ratio:	NA	NA

Quarterly EPS:

Q1	\$(4.79)A	\$(0.53)E
Q2	\$(7.98)A	\$(0.53)E
Q3	\$(0.22)A	\$(0.53)E
Q4	\$(0.33)A	\$(0.52)E

Quarterly Revenue (M):

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



March 13, 2015

## Marinus Pharmaceuticals, Inc (MRNS) - BUY

### MRNS: Expanding Ganaxolone Formulations with More Data Expected in 2H15

#### PORTFOLIO MANAGER BRIEF

Last night after the close, MRNS released their 2014 year end numbers as well as provided a clinical update. Throughout 2014, MRNS management has done a nice job, in our view of creating a formulation franchise around their lead product candidate, ganaxolone with oral, liquid suspension, and intravenous formulations. On the clinical front, MRNS continues to enroll their Phase 3 in drug-resistant adult epilepsy and we look forward to top-line data in PCDH19 Female Pediatric Epilepsy and Fragile X in 2H15. Maintain Buy rating, \$20 FV.

#### ANALYST NOTES

- **2014 Financial Results:** MRNS reported a net loss of (\$2.17) in 2014. R&D expense totaled \$8.7M, which was less than we expected. 2014 G&A expense came to \$3.2M, which was more than we expected due to the expanding clinical operation. MRNS ended 2014 with \$49.7M in cash. With an expected \$5M-\$7M cash burn per quarter, MRNS is expected to be able to fund operations well into 2016.
- **Ganaxolone Epilepsy Franchise:** MRNS is currently developing ganaxolone, a novel synthetic analog of the neurosteroid allopregnanolone for various epilepsy indications and in various formulations. We believe that the development of the oral, liquid suspension, and intravenous formulations create a solid epilepsy franchise that covers adults and children and can be utilized in the acute care as well as home health environments.
- **Upcoming Catalysts:** Currently, enrollment is ongoing in the Phase 3 clinical trial in adults with drug-resistant focal onset epileptic seizures. This 300 patient trial utilizes the oral formulation with top-line data expected in 1Q16. The liquid suspension formulation is currently being used in a Phase 2 proof-of-concept in PCDH19, a rare gene mutation that causes deficits in GABAergic signaling. Top-line data is also expected in 2H15. Lastly, MRNS is developing an IV formulation, currently in pre-clinical studies, though clarity on the potential indication and clinical plan should be forthcoming in mid-2015. 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 is expected in 2H15.
- **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.

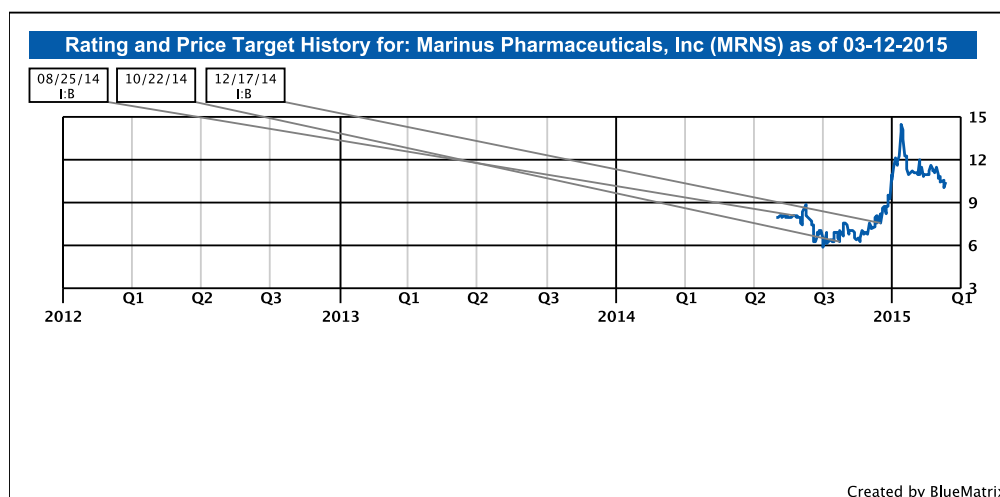
### Definition of Ratings

**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 12/31/14

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
<b>BUY [B]</b>	138	51.30	15	10.87
<b>NEUTRAL [N]</b>	131	48.70	5	3.82
<b>SELL [S]</b>	0	0.00	0	0.00

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

#### Other Disclosures

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