

Today's Changes	Annual EPS	Annual Revenue	Rating/Target
	2014E \$(0.21) from \$(0.09)	No changes	No changes
	2015E \$(1.89) from \$(1.84)		

GlycoMimetics

GLYC : NASDAQ : US\$9.13

BUY

Target: US\$17.00

Ritu Baral - Canaccord Genuity Inc. (US)

rbaral@canaccordgenuity.com

1.212.849.3917

COMPANY STATISTICS:

Forecast Return:	86%
Shares Out (M):	18.6
Market Cap (M):	US\$169.9
52-week Range:	US\$8.40 - 18.99

EARNINGS SUMMARY:

FYE Dec	2013A	2014E	2015E
Revenue:	21.9	23.5	0.0
EPS:	0.61	(0.21)	(1.89)
Revenue:			
Q1	1.3A	0.0A	-
Q2	1.3A	13.5	-
Q3	1.3A	0.0	-
Q4	18.0	10.0	-
Total	21.9	23.5	0.0
EPS:			
Q1	(0.18)A	(0.30)A	-
Q2	(0.19)A	0.42	-
Q3	(0.20)A	(0.42)	-
Q4	0.76	0.09	-
Total	0.61	(0.21)	(1.89)

SHARE PRICE PERFORMANCE:



Source: Interactive Data Corporation

COMPANY DESCRIPTION:

GlycoMimetics is a clinical-stage biotech company focused on novel glycomimetic (carbohydrate imitating) drugs. The disease-related functions of carbohydrates can include roles in inflammation, cancer cell survival/behavior and infection. GlycoMimetics' GMI-1070 is a very promising therapy for sickle cell disease.

All amounts in US\$ unless otherwise noted.

Life Sciences -- Biotechnology

Q1/14: PFIZER ON TRACK TO START PH3 SICKLE CELL IN H2, AS '1271 PH1 TRIALS GET SET TO START

Investment recommendation

Reiterate BUY, \$17 target on GMI-1070's potential in sickle cell crisis.

GLYC's lead candidate, Pfizer-partnered GMI-1070, is a pan-selectin inhibitor for sickle cell vaso-occlusive crisis (VOC). We expect positive data from the upcoming Ph3 trial to show reduced length of sickle cell vaso-occlusive crisis based on strong Ph2 data. We think GMI-1070 could gain significant market share and model potential US peak sales of \$1.2B. Our \$17.00 target is based on a pNPV analysis.

Investment highlights

- **Q1/14 EPS \$(0.30) vs consensus \$(0.28), our estimate \$(0.29).**
- **Pfizer to finalize SPA shortly with Ph3 start in H2/14.** GLYC anticipates it will book a \$15M milestone from Pfizer in Q2 with an additional \$20M to be paid on trial start. Based on our conversations with KOLs, we expect high interest from clinical institutions in the trial, and expect site sign-up to be rapid. Given the nature of SCD crisis trials, enrollment time will be lengthy though.
- **GMI-1271 set to enter the clinical for AML shortly.** The E-selectin '1271 antagonist has the potential to address metastasis and thromboembolic complications. AML is the first indication for clinical development of the drug, and clinical trials are expected to begin next quarter. We hope for endpoint or potential biomarker around the end of 2014 or early 2015 depending on enrollment.

Canaccord Genuity is the global capital markets group of Canaccord Genuity Group Inc. (CF : TSX | CF : LSE)

The recommendations and opinions expressed in this research report accurately reflect the Investment Analyst's personal, independent and objective views about any and all the Designated Investments and Relevant Issuers discussed herein. For important information, please see the Important Disclosures section in the appendix of this document.

12 May 2014

Figure 1: GLYC P&L

	2011A	2012A	2013A	Q1/14A	Q2/14E	Q3/14E	Q4/14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
GMI-1070	-	-	-	-	-	-	-	-	-	-	17.3	56.0	100.7	130.3
Product revenues	-	-	-	-	-	-	-	-	-	-	17.3	56.0	100.7	130.3
Collaboration revenue	3.8	15.3	21.9	-	13.50	-	10.00	23.5	-	-	60.0	50.0	-	50.0
Total revenues	3.8	15.3	21.9	-	13.5	-	10.0	23.5	-	-	77.3	106.0	100.7	180.3
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	3.8	15.3	21.9	-	13.50	-	10.00	23.5	-	-	77.3	106.0	100.7	180.3
R&D expense	7.8	9.4	12.4	3.9	5.0	6.0	7.0	21.9	30.0	50.0	50.5	51.0	51.5	52.0
SG&A expense	2.1	2.2	2.1	1.2	1.3	1.4	1.4	5.3	3.0	3.5	3.7	3.9	4.1	4.3
Other operating expense	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expense	9.9	11.6	14.5	5.1	6.3	7.4	8.4	27.2	33.0	53.5	54.2	54.9	55.6	56.3
Operating income	(6.1)	3.6	7.4	(5.1)	7.2	(7.4)	1.6	(3.7)	(33.0)	(53.5)	23.1	51.1	45.1	124.0
Net Interest/Investment income	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0
(interest expense)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	0.1
Other non-operating income (expense)	-	(0.0)	-	0.0	-	-	-	-	-	-	-	-	-	-
Interest and other, Net	0.0	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax income	(6.1)	3.6	7.5	(5.1)	7.2	(7.3)	1.6	(3.6)	(33.0)	(53.5)	23.1	51.1	45.1	124.1
Income tax expense (benefit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	(6.1)	3.6	7.5	(5.1)	7.2	(7.3)	1.6	(3.6)	(33.0)	(53.5)	23.1	51.1	45.1	124.1
Basic EPS	(6.58)	3.93	0.61	(0.30)	0.42	(0.42)	0.09	(0.21)	(1.89)	(3.05)	1.31	2.89	2.53	6.94
Diluted EPS	(6.58)	0.33	0.61	(0.30)	0.42	(0.42)	0.09	(0.21)	(1.89)	(3.05)	1.31	2.89	2.53	6.94
Basic shares outstanding	0.9	0.9	12.3	17.2	17.3	17.4	17.5	17.4	17.4	17.5	17.6	17.7	17.8	17.9
Diluted shares outstanding	0.9	11.0	12.3	17.2	17.3	17.4	17.5	17.4	17.4	17.5	17.6	17.7	17.8	17.9

Source: Canaccord Genuity and company reports

Figure 2: GLYC pNPV analysis**Product Development**

Drug name	Indication	Status	Launch	Years to Launch	Years to Launch plus 6	Success	Sales (US\$m)	Probability weighted Peak Sales (US\$m)	Royalty	Profitability	Probability weighted Peak Profit (US\$m)	Discount Factor	NPV (US\$)
GMI-1070	Sickle cell disease	Phase 3	2017	3	9	60%	1212.4	727.4	18%	90%	117.84	5.90	17.40
										Total			17.40

Source: Canaccord Genuity and company reports

Investment risks

Clinical risk -- GlycoMimetics' current Phase 3 trial may not be successful. We note that there has been relatively little drug development in SCD and no successful clinical trials that have led to the approval of drugs for the disease based on the endpoint GlycoMimetics is pursuing. Further, the Phase 2 trial of GMI-1070 did not meet its primary endpoint (the same endpoint in the Phase 3 trial design) due to data variability. However, we feel the expansion of the patient numbers in the upcoming Phase 3 trial will compensate for the data variability inherent to SCD trials.

Clinical risk -- Additional clinical investigation may show GMI-1070 to have an unacceptable safety and tolerability signal. GMI-1070's selectin-based mechanism could potentially interfere with immune responses to infection, thereby increasing risk of infections, opportunistic and otherwise. The only serious adverse event in the Phase 2 trial was one case that was controlled and resolved without discontinuation of treatment.

Regulatory risk -- GMI-1070 may not be approved by the FDA and/or EMA despite Phase 3 success. We note the only approved drug for treatment of SCD is indicated for the prevention of the number of crises, rather than reduction of the duration of crisis (the trial design). There is no precedent for the approval of SCD drugs based on reduction of length of hospitalization.

Competitive risk -- GlycoMimetics faces potential competition from other agents seeking to decrease the time to resolution of SCD crises, as well as indirect competition from agents being developed to prevent the onset of crises.

Commercialization risk -- There is little to no precedent for the successful promotion to the sickle cell disease market. Hydroxyurea, the only currently-approved drug for the treatment of SCD, has been available in multiple generic forms for SCD for a number of years, and is no longer promoted by Bristol-Myers, its original SCD sponsor. Commercial uptake has historically been extremely limited. As such, we see no precedent for the successful launch and promotion of a drug for SCD.

Reimbursement risk -- There is no guarantee that GlycoMimetics, or its partners, will garner reimbursement for GMI-1070. There has historically been significant skepticism regarding the market opportunity in SCD due to concerns about insurance coverage rates of the affected population. We also note GMI-1070's initially pursued indication would dictate its use in the hospital setting, which will require prior approval from hospital P&T committees.

APPENDIX: IMPORTANT DISCLOSURES**Analyst Certification:**

Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

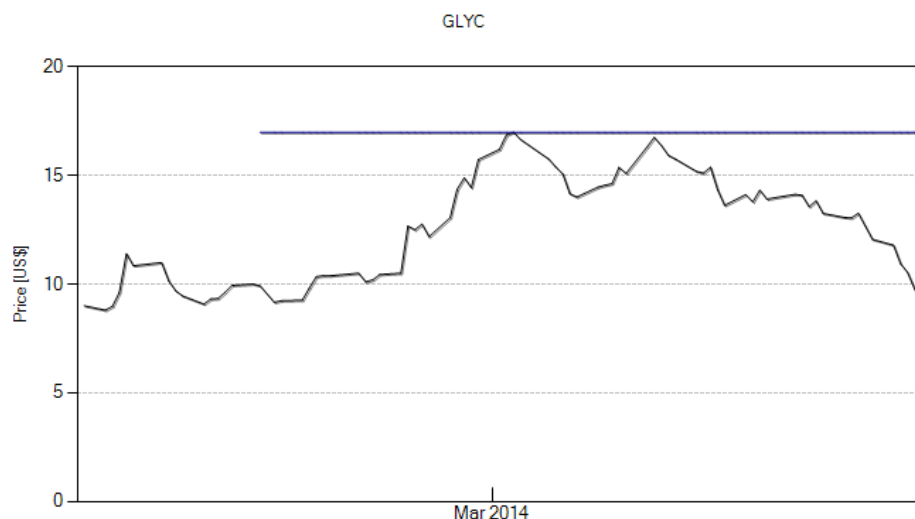
Analysts employed outside the US are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity Inc. and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Compendium Report:

If this report covers six or more subject companies, it is a compendium report and Canaccord Genuity and its affiliated companies hereby direct the reader to the specific disclosures related to the subject companies discussed in this report, which may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx>; or by sending a request to Canaccord Genuity Corp. Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2; or by sending a request by email to disclosures@canaccordgenuity.com. The reader may also obtain a copy of Canaccord Genuity's policies and procedures regarding the dissemination of research by following the steps outlined above.

Site Visit:

An analyst has visited GlycoMimetics' material operations in Gaithersburg, Maryland. No payment or reimbursement was received from the issuer for the related travel costs.

Price Chart:*

— Market Price
— Target Price

Date	Analyst	Rating	Target Price	Date	Analyst	Rating	Target Price
1) 02/04/2014	Baral	Buy	17.00				

*Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

Distribution of Ratings:

Global Stock Ratings
(as of 31 March 2014)

Coverage Universe			IB Clients
Rating	#	%	%
Buy	580	58.7%	37.1%
Speculative Buy	43	4.4%	55.8%
Hold	317	32.1%	13.2%
Sell	45	4.6%	4.4%
	988*	100.0%	

*Total includes stocks that are Under Review

**Canaccord Genuity
Ratings System:**

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.
HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.
SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.
NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

“Risk-adjusted return” refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier:

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

Canaccord Genuity Research Disclosures as of 12 May 2014

Company	Disclosure
GlycoMimetics	1A, 2, 3, 5, 7
1	The relevant issuer currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided the following services to the relevant issuer: A. investment banking services. B. non-investment banking securities-related services. C. non-securities related services.
2	In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Corporate Finance/Investment Banking services from the relevant issuer.
3	In the past 12 months, Canaccord Genuity or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of the relevant issuer or any publicly disclosed offer of securities of the relevant issuer or in any related derivatives.
4	Canaccord Genuity acts as corporate broker for the relevant issuer and/or Canaccord Genuity or any of its affiliated companies may have an agreement with the relevant issuer relating to the provision of Corporate Finance/Investment Banking services.
5	Canaccord Genuity or one or more of its affiliated companies is a market maker or liquidity provider in the securities of the relevant issuer or in any related derivatives.
6	In the past 12 months, Canaccord Genuity, its partners, affiliated companies, officers or directors, or any authoring analyst involved in the preparation of this research has provided services to the relevant issuer for remuneration, other than normal course investment advisory or trade execution services.
7	Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Corporate Finance/Investment Banking services from the relevant issuer in the next six months.
8	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this research, has a long position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity increases.
9	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this research, has a short position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity decreases.
10	Those persons identified as the author(s) of this research, or any individual involved in the preparation of this research, have purchased/received shares in the relevant issuer prior to a public offering of those shares, and such person's name and details are disclosed above.
11	A partner, director, officer, employee or agent of Canaccord Genuity or its affiliated companies, or a member of his/her household, is an officer, or director, or serves as an advisor or board member of the relevant issuer and/or one of its subsidiaries, and such person's name is disclosed above.
12	As of the month end immediately preceding the date of publication of this research, or the prior month end if publication is within 10 days following a month end, Canaccord Genuity or its affiliated companies, in the aggregate, beneficially owned 1% or more of any class of the total issued share capital or other common equity securities of the relevant issuer or held any other financial interests in the relevant issuer which are significant in relation to the research (as disclosed above).
13	As of the month end immediately preceding the date of publication of this research, or the prior month end if publication is within 10 days following a month end, the relevant issuer owned 1% or more of any class of the total issued share capital in Canaccord Genuity or any of its affiliated companies.
14	Other specific disclosures as described above.

“Canaccord Genuity” is the business name used by certain wholly owned subsidiaries of Canaccord Genuity

Group Inc., including Canaccord Genuity Inc., Canaccord Genuity Limited, Canaccord Genuity Corp., and Canaccord Genuity (Australia) Limited, an affiliated company that is 50%-owned by Canaccord Genuity Group Inc.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Corp. a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto, Montreal, or Canaccord Genuity Inc., a US broker-dealer with principal offices located in New York, Boston, San Francisco and Houston, or Canaccord Genuity Limited., a UK broker-dealer with principal offices located in London (UK) and Dublin (Ireland), or Canaccord Genuity (Australia) Limited, an Australian broker-dealer with principal offices located in Sydney and Melbourne.

The authoring analysts who are responsible for the preparation of this research have received (or will receive) compensation based upon (among other factors) the Corporate Finance/Investment Banking revenues and general profits of Canaccord Genuity. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Corporate Finance/Investment Banking activities, or to recommendations contained in the research.

Canaccord Genuity and its affiliated companies may have a Corporate Finance/Investment Banking or other relationship with the issuer that is the subject of this research and may trade in any of the designated investments mentioned herein either for their own account or the accounts of their customers, in good faith or in the normal course of market making. Accordingly, Canaccord Genuity or their affiliated companies, principals or employees (other than the authoring analyst(s) who prepared this research) may at any time have a long or short position in any such designated investments, related designated investments or in options, futures or other derivative instruments based thereon.

Some regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of research. This research has been prepared in accordance with Canaccord Genuity's policy on managing conflicts of interest, and information barriers or firewalls have been used where appropriate. Canaccord Genuity's policy is available upon request. The information contained in this research has been compiled by Canaccord Genuity from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord Genuity, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity's judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

Canaccord Genuity's salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity's affiliates, principal trading desk, and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

For Canadian Residents: This research has been approved by Canaccord Genuity Corp., which accepts sole responsibility for this research and its dissemination in Canada. Canadian clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Corp. in their particular province or territory.

For United States Residents: Canaccord Genuity Inc., a US registered broker-dealer, accepts responsibility for this research and its dissemination in the United States. This research is intended for distribution in the United States only to certain US institutional investors. US clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Inc. Analysts employed outside the US, as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity Inc. and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

For United Kingdom and This research is distributed in the United Kingdom and elsewhere Europe, as third party research by

European Residents:

Canaccord Genuity Limited, which is authorized and regulated by the Financial Conduct Authority. This research is for distribution only to persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or elsewhere in Europe to retail clients, as defined under the rules of the Financial Conduct Authority.

For Jersey, Guernsey and Isle of Man Residents:

This research is sent to you by Canaccord Genuity Wealth (International) Limited (CGWI) for information purposes and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This research has been produced by an affiliate of CGWI for circulation to its institutional clients and also CGWI. Its contents have been approved by CGWI and we are providing it to you on the basis that we believe it to be of interest to you. This statement should be read in conjunction with your client agreement, CGWI's current terms of business and the other disclosures and disclaimers contained within this research. If you are in any doubt, you should consult your financial adviser.

CGWI is licensed and regulated by the Guernsey Financial Services Commission, the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. CGWI is registered in Guernsey and is a wholly owned subsidiary of Canaccord Genuity Group Inc.

For Australian Residents:

This research is distributed in Australia by Canaccord Genuity (Australia) Limited ABN 19 075 071 466 holder of AFS Licence No 234666. To the extent that this research contains any advice, this is limited to general advice only. Recipients should take into account their own personal circumstances before making an investment decision. Clients wishing to effect any transactions in any financial products discussed in the research should do so through a qualified representative of Canaccord Genuity (Australia) Limited. Canaccord Genuity Wealth Management is a division of Canaccord Genuity (Australia) Limited.

For Singapore Residents:

This research is distributed pursuant to 32C of the Financial Advisers under an arrangement between each of the Canaccord Genuity entities that publish research and Canaccord Genuity Singapore Pte. Ltd who are an exempt financial adviser under section 23(1)(d) of the Financial Advisers Act. This research is only intended for persons who fall within the definition of accredited investor, expert investor or institutional investor as defined under section 4A of the Securities and Futures Act. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity Singapore Pte. Ltd. (Contact Person: [Tom Gunnensen's tel # is +852 3919 2561](#)) in respect of any matters arising from, or in connection with, the [analyses or report].

For Hong Kong Residents:

This research is distributed in Hong Kong by Canaccord Genuity (Hong Kong) Limited who is licensed by the Securities and Futures Commission. This research is only intended for persons who fall within the definition of professional investor as defined in the Securities and Futures Ordinance. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity (Hong Kong). Ltd. (Contact Person: [Tom Gunnensen's tel # is +852 3919 2561](#)) in respect of any matters arising from, or in connection with, the research.

Additional information is available on request.

Copyright © Canaccord Genuity Corp. 2014. – Member IIROC/Canadian Investor Protection Fund

Copyright © Canaccord Genuity Limited 2014. – Member LSE, authorized and regulated by the Financial Conduct Authority.

Copyright © Canaccord Genuity Inc. 2014. – Member FINRA/SIPC

Copyright © Canaccord Genuity (Australia) Limited 2014. – Participant of ASX Group, Chi-x Australia and of the NSX. Authorized and regulated by ASIC.

All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Canaccord Genuity Corp., Canaccord Genuity Limited, Canaccord Genuity Inc. or Canaccord Genuity Group Inc. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of the entities listed above.