

June 18, 2014

CNCE-NASDAQ--Outperform (1) / V

Biotechnology

CNCE: Quick Take From The 2014 Wells Fargo Healthcare Conference

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Sector Rating: Biotechnology, Market Weight

******This morning (6/18) we hosted Concert's CEO Dr. Roger Tung at the Wells Fargo Healthcare Conference. Dr. Tung discussed Concert's strategic focus, and reviewed several pipeline candidates including CTP-499 for chronic kidney disease and CPP-354 for muscle spasticity, and disclosed new data analyses from the '499 further suggestive of clinical activity.

******CEO stressed Concert's mission as a drug discovery company, with deuteration only tool in that process, differentiating it from other companies using deuteration technologies.

******Remained confident about Concert's IP estate and enthusiastic about potentially shortened regulatory pathways - reiterating example of AVP-786, where FDA has enabled Avanir to reference prior work on dextrometorphan in both the IND and NDA.

******Disclosed new analyses of ph.II '499 now have shown laminin, a urine biomarker of the ECM laid down in fibrosis, and HgbA1c are also significantly reduced with '499 treatment. Recall '499 had shown improvements in fibrosis biomarkers, serum collagen IV, etc., all pointing to the potential for a mechanism involving longer-term modulation of inappropriate tissue repair that causes renal tubular interstitial injury. Management continues to emphasize importance of totality of data despite study not reaching its 24-week primary endpoint, noting that even the 48-week follow-up may not fully represent the overall long-term clinical benefits. We believe the additional biomarker effects and significant HbA1c benefits strengthen the dataset and the case for '499's true benefits going into regulatory and partnership discussions.

******Plan to disclose more in the "near future" about FDA path forward for '499 ph.III, and partnership discussions predicated on FDA talks.

****** Data from '354 multiple dose receptor occupancy study remains on track to be revealed in the coming months; company reasonably confident differentiated therapeutic window will be replicated in the multiple dose study, and while early we believe the promise of and opportunity for a non-sedating benzo could be considerable.

Concert Pharmaceuticals, Inc. (CNCE-NASDAQ)

Price as of 6/18/2014: \$8.92

FY 14 EPS: \$-1.88

FY 15 EPS: \$-0.74

Shares Out.: 17.9 MM

Market Cap.: \$159.67 MM

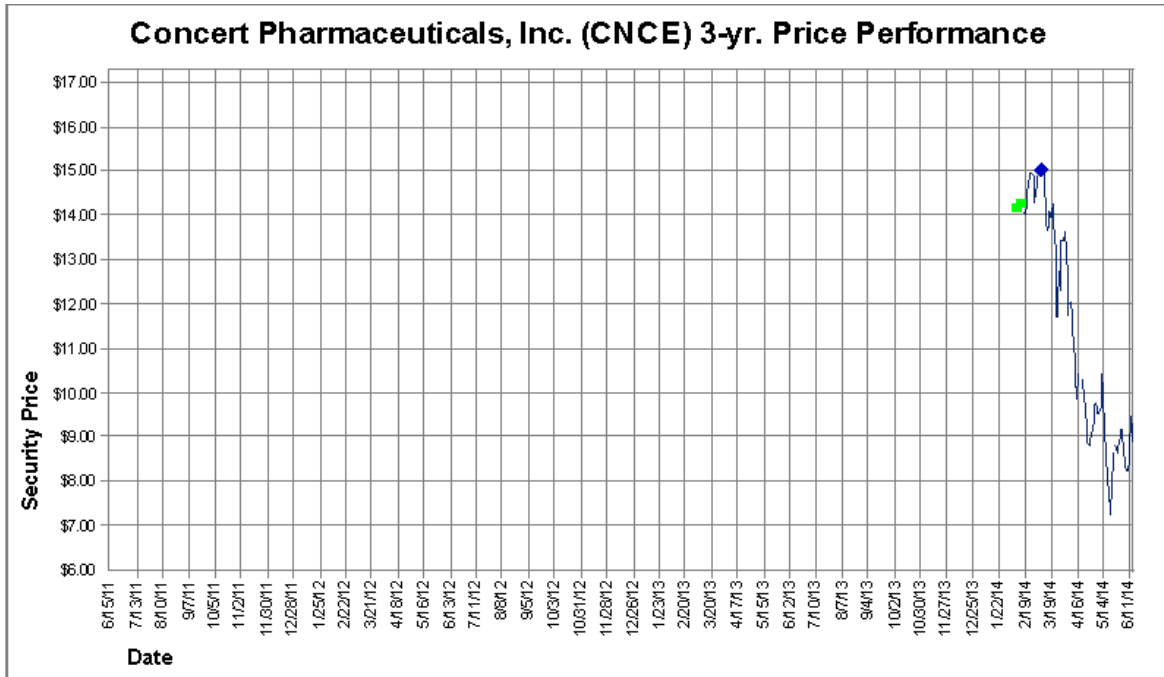
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DISCLOSURE APPENDIX

Required Disclosures



	Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
□	2/13/2014		IPO at \$14.00			
	3/10/2014		Abrahams, M.D.			
◆	3/10/2014	14.88	1	21.00	23.00	15.03

Source: Wells Fargo Securities, LLC estimates and Reuters data

Symbol Key

▼ Rating Downgrade

▲ Rating Upgrade

● Valuation Range Change

◆ Initiation, Resumption, Drop or Suspend

■ Analyst Change

□ Split Adjustment

Rating Code Key

1 Outperform/Buy

2 Market Perform/Hold

3 Underperform/Sell

SR Suspended

NR Not Rated

NE No Estimate

Additional Information Available Upon Request

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CNCE: Key risks, in our view, are failure of '354 and/or '499 to show efficacy in subsequent studies and regulatory hurdles in spasticity or CKD.

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1 = Outperform: The stock appears attractively valued, and we believe the stock's total return will exceed that of the market over the next 12 months. BUY

2 = Market Perform: The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD

3 = Underperform: The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

SECTOR RATING

O = Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

M = Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

U = Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

VOLATILITY RATING

V = A stock is defined as volatile if the stock price has fluctuated by +/-20% or greater in at least 8 of the past 24 months or if the analyst expects significant volatility. All IPO stocks are automatically rated volatile within the first 24 months of trading.

As of: June 18, 2014

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