

Argos Therapeutics (ARGS)

Overweight

Phase 3 Progress Bodes Well for Data Read Timing

CONCLUSION

Argos announced today that enrollment in the pivotal Phase III ADAPT trial for cancer vaccine candidate AGS-003 (+Sutent) in mRCC has passed 50% of anticipated enrollment. Additionally physician and patient interest in the study appears strong as more than 600 patients have had tumor collected. This puts ADAPT on target to complete enrollment in 1Q15. Importantly, the trial continues to enroll ~70% intermediate risk patients, a group that performed best in the Phase II of AGS-003(+Sutent), with a median survival of 57.1 months vs. 30.2 for the combined intermediate/high risk group. Note, the higher-risk group experienced prolonged survival compared to the expected outcomes for such patients based on the International mRCC Database Consortium (30.2 vs. 14.7 months), indicating the potential for positive outcomes for ADAPT. We reiterate our OW rating and \$20 price target.

- **ADAPT appears to be progressing largely according to plan.** The company is pleased with the rate of enrollment, of screen failures, and with the proportion of intermediate risk patients. Interim analyses at 25, 50, and 75% of deaths are still expected in 2015 and top-line data around mid-'16. Argos will begin Phase II studies in non-clear cell RCC, in early stage RCC, and other solid tumors will start before YE, with data expected about a year from initiation.
- **Besides ADAPT, the most near-term catalyst should be data from the Phase II for AGS-004 in HIV, we expect.** A large amount of data including viral load and replication information, and detailed immune cell and inflammatory marker responses is expected to be released shortly. We will be particularly interested in the outcome of the planned Phase II for AGS-004 in combination with an HIV latency reversing agent (not least because of our coverage of SGMO, which has a very different approach to HIV). Management remains confident in the potential of the latency-reversing approach on the basis of prior results, recent in vitro data notwithstanding. The other Phase II, in pediatric patients on ART (the "ART elimination" study), is expected to start this year following protocol finalization in September.

COMPANY DESCRIPTION

Argos Therapeutics develops dendritic cell vaccines for oncology and infectious diseases.

PRICE: US\$8.46

TARGET: US\$20.00

DCF of AGS-003 in metastatic renal cell carcinoma in the U.S. + a technology/pipeline value of ~\$5/share

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RISKS TO ACHIEVEMENT OF PRICE TARGET

Failure of AGS-003 in mRCC Phase III or other studies.

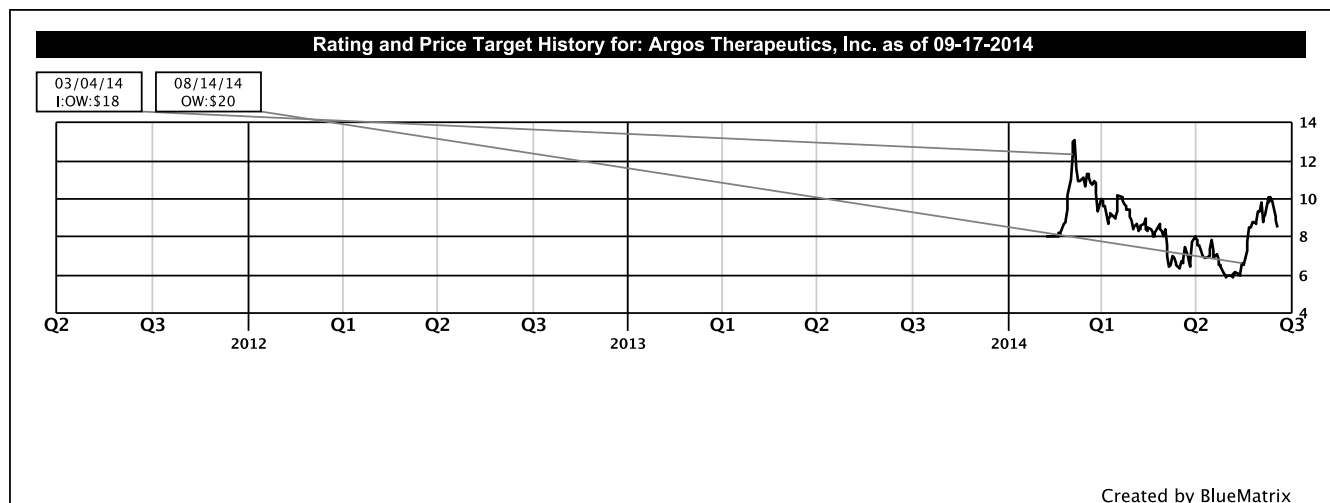
Price Performance - 1 Year



Source: Bloomberg

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R: Resuming Coverage
T: Transferring Coverage
D: Discontinuing Coverage
S: Suspending Coverage
OW: Overweight
N: Neutral
UW: Underweight
NA: Not Available
UR: Under Review

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			Count	Percent
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HOLD [N]	220	36.91	23	10.45
SELL [UW]	11	1.85	0	0.00

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Analyst Certification — Charles C. Duncan, PhD, Sr. Research Analyst — Roy Buchanan, Ph.D., Research Analyst

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