

Adamas Pharmaceuticals, Inc.

(ADMS)

SMALL & MID CAP RESEARCH

Quality Spec Pharma Company Focused on Improving Existing CNS Therapies

- Initiating coverage of Adamas with an Outperform rating and \$26 target price.
- For details, please see our slide deck entitled "[Quality Spec Pharma Company Focused on Improving Existing CNS Therapies](#)".



Rating **OUTPERFORM***
Price (01 May 14, US\$) 20.07
Target price (US\$) 26.00¹
52-week price range 20.07 - 13.00
Market cap. (US\$ m) 329.61
Enterprise value (US\$ m) -122,116.52

*Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.

¹Target price is for 12 months.

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Financial and valuation metrics

Year	12/13A	12/14E	12/15E	12/16E
EPS (CS adj.) (US\$)	3.51	-0.37	-0.94	-2.58
Prev. EPS (US\$)	—	—	—	—
P/E (x)	5.7	-53.8	-21.3	-7.8
P/E rel. (%)	33.3	-338.0	-149.6	-60.5
Revenue (US\$ m)	71,095.0	25,000.0	27,000.0	—
EBITDA (US\$ m)	57,084.0	-908.7	-13,853.9	-43,694.8
OCFPS (US\$)	1.70	-0.25	-0.76	-2.44
P/OCF (x)	—	-79.5	-26.5	-8.2
EV/EBITDA (current)	-1.4	134.4	7.9	1.5
Net debt (US\$ m)	-79,380	-122,446	-109,280	-67,914
ROIC (%)	-1,536.54	142.05	470.58	1,640.43
Number of shares (m)	16.42	IC (current, US\$ m)		-3,626.00
BV/share (Next Qtr., US\$)	4.2	EV/IC (x)		23.6
Net debt (Next Qtr., US\$ m)	-79,182.1	Dividend (current, US\$)		—
Net debt/tot eq (Next Qtr., %)	-104.4	Dividend yield (%)		—

Source: Company data, Credit Suisse estimates

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Companies Mentioned (Price as of 01-May-2014)

Adamas Pharmaceuticals, Inc. (ADMS.OQ, \$20.07, OUTPERFORM[V], TP \$26.0)
Forest Laboratories Inc. (FRX.N, \$93.3)

Disclosure Appendix

Important Global Disclosures

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Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

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Neutral/Hold*	40%	(49% banking clients)
Underperform/Sell*	13%	(45% banking clients)
Restricted	3%	

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Price Target: (12 months) for Adamas Pharmaceuticals, Inc. (ADMS.OQ)

Method: Our \$26 target price is based on discounted cash flow valuation. We use a 10.5% weighted average cost of capital and forecast discounted cash flows through 2029, with no terminal value thereafter.

Risk: Risks to our \$26 target price are (1) Pipeline setbacks; (2) slower-than-expected memantine franchise growth; and (3) earlier-than-expected generic competition for key products.

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See the Companies Mentioned section for full company names

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