

## Daily Research Highlights

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**Agile Therapeutics, Inc. (AGRX, BUY, Target: \$20.00)**  
**Irina Rivkind Koffler (212-915-1237, [irivkind@cantor.com](mailto:irivkind@cantor.com))**

[4Q:14 Beat/Twirla Enrollment on Track; Maintain BUY, Raise PT to \\$20 from \\$17](#)

- **Conservative spending drove the earnings beat in 4Q:14:** Agile generated no revenue in the quarter and recorded a loss per share of (\$0.37) versus FactSet consensus estimates of (\$0.43) and our estimate of (\$0.40). Management indicated that its Phase III program of the Twirla contraceptive patch remains on track to complete enrollment in 3Q:15 at the latest. We have updated our model for lower expenses, higher cash from the January private placement, and the associated increased share count. We are therefore raising our DCF-derived price target from \$17 to \$20. We reiterate our BUY rating on Agile and don't think that the stock will be negatively affected by the "biotech bubble" sector sell-off since Agile's program is a low-risk reformulation, in a large and attractive market.
- **Updates to our model:** Management noted that R&D will continue to climb gradually in 2015 but then begin to decline as patients exit the trial in mid-2016. Additionally, SG&A spend should remain generally in line with the 4Q:14 run rate, with slight upticks over time. We have updated our forecasts to reflect this thinking and now model 2015 loss per share of (\$1.42), down from (\$1.62) previously. We are not expecting the company to generate any revenue until 2017 (company is unlikely to receive an FDA approval before 1Q:17) and therefore believe that consensus revenue estimates in 2016 will need to come down. Management reiterated that it feels comfortable with its cash position, which it believes should fund operations through the end of 2016. Agile has access to another \$8.5M tranche in Hercules debt, which management indicated could fund another 1-2 quarters of operations in 2017.
- **Management is happy with Twirla trial progress:** The company confirmed that it remains on schedule to complete patient enrollment in 3Q:15 with data release in 3Q:16. Management indicated that its contract research organization continues to execute well in running the trial and that it has seen nothing concerning thus far with respect to safety or patient discontinuation rates. Additionally, patient demographics have been representative of typical contraceptive trials. We expect Agile to submit a response to its Twirla complete response letter (CRL) in 2H:16 followed by a six-month FDA review and approval and launch in early 2017.

**Oracle Corporation (ORCL, BUY, Target: \$48.00)**  
**Brian J. White, CFA (212-610-2416, briwhite@cantor.com)**

**What a Difference a Year Makes as Momentum in the Cloud Accelerates - Reiterate BUY**

**Summary:** Yesterday, we attended Oracle HCM World in Washington, D.C. that included an investor track Q&A session with Mark Hurd (CEO of Oracle). During the opening keynote, human capital management (HCM) was described as a clear priority for senior leaders, and this solution appears to be following CRM into the cloud. Just over a year ago, Oracle held its first Cloud Forum for analysts, and the progress made across its cloud portfolio is nothing short of remarkable, in our view. Yesterday's event only furthered our enthusiasm for Oracle's cloud initiatives, which we find the most aggressive of any of the large, global IT vendors in our coverage universe, and we believe Oracle has the highest probability of success.

- **Oracle's Obsession with the Cloud Reaches New Heights.** During the investor track Q&A session, Mark Hurd's enthusiasm for Oracle's momentum in the HCM market and the company's cloud offering at large was on full display. Oracle discussed the significant changes that have taken place in the HCM industry over the past 2-3 years with expectations for customers to increasingly consolidate vendor relationships. We believe consolidation will benefit both Oracle and Workday. Oracle also described the demand for its ERP solutions as "off the charts", a sign of things to come, in our view.
- **HCM Customers Focused on Oracle and Workday.** During the networking lunch, a global restaurant chain, a leading chemical company, and a technology organization sat at our table to compare notes on HCM solutions. The key themes during the conversations included the challenges in maintaining and integrating multiple HR systems, along with the benefits of implementing new greenfield solutions. With over 400,000 employees, the restaurant chain shared its views on the pros and cons of moving HCM into the cloud. The conversation focused on the benefits of leveraging new cloud solutions that are developed from the ground up. Both the Oracle HCM Cloud and Workday were highlighted in a favorable light during the discussion. In our view, this restaurant chain represents a big potential opportunity for both Oracle and Workday.

**Trovagene, Inc. (TROV, BUY, Target: \$8.00)**  
**Sung Ji Nam (212-915-1236, snam@cantor.com)**

**Commercial Strategy Taking Shape with Key Leadership Appointments**

**We are reiterating our BUY rating and \$8 price target.** TROV recently strengthened its commercial organization with the appointment of a Chief Commercial Officer and other key hires for its commercial team. We think this was an important step as TROV ramps up the clinical validation process for its Precision Cancer Monitoring (PCM) platform this year, and targets early commercial adoption over the next 12 months.

- **Strengthened commercial organization:** On March 18, TROV announced the appointment of Matthew Posard as Chief Commercial Officer. Mr. Posard brings over 20 years of commercial experience in the diagnostic and life sciences industry (Illumina, Biosite, Gen-Probe). Most recently, he was SVP, General Manager, New and Emerging Opportunities at Illumina where he has served on the executive team for nine years. TROV also appointed Rob Kelley as VP, Marketing (most recently, Director, Market Development, New and Emerging Opportunities at Illumina, and previously, held commercial leadership roles at Siemens, Biosite, and Boston Scientific) and Nick Nelson as Senior Director, Market Development (most recently, sales and market development at Illumina).
- **Our BUY rating and \$8 PT** are reflective of the longer-term outlook for the liquid biopsy market, and TROV's competitive position in the liquid biopsy development and clinical validation process. We are forecasting meaningful revenue generation starting in 2017 (~\$25mm).

**Internet & Media:****Youssef Squali (212-915-1794, [ysquali@cantor.com](mailto:ysquali@cantor.com))****F/X Headwinds Should Temper Expectations for Group's 1Q Performance/2015 Outlook**

**Investment summary:** Further decline in major currencies, particularly the euro vs. the US\$ is likely to result in headwinds for both 1Q:15 results and 2015 expectations, which were set in Jan./Feb., when the US\$ was lower. We view this trend negatively for companies with material international exposure, namely GOOGL, FB, AMZN, EBAY, PCLN, EXPE, TWTR, CMPR, and SSTK. We believe these headwinds will make it difficult for most of these companies to beat 1Q:15 estimates, as many have done in prior periods, and if sustained, they could cause 2015 estimates to be revised lower (all else equal/ex. hedging). The range of the F/X hit is 1.7-6.4% for 1Q:15 and 2.6-9.0% for FY:15, by our calculation. Companies with the highest hit for the year include CMPR, EBAY, and EXPE; those with the lowest hit for the year include SSTK, PCLN, and TWTR. All that said, we believe that the group's flattish performance to-date (using our Cantor Internet Index), reflects much of this news.

- **Amazon (int'l rev's ~40%):** A 1.7% increase in US\$ vs. a basket of currencies from what we believe is assumed in mgt's guidance should result in a revenue headwind of ~\$141M in 1Q and less than a penny hit to EPS (FactSet cons. is \$22.41B/\$(0.13) for rev./EPS vs. our \$22.54B/\$(0.18)). On a Y/Y basis, F/X should result in a 590bps hit to Y/Y top line growth vs. mgt's assumption for a 460bps headwind. Our forecast (assuming prevailing F/X rates) yields an incremental headwind of \$1.18B/\$0.02-0.04 to revenues/EPS in 2015 (2015 FactSet cons. is at \$102.6B/\$0.36).
- **Twitter (int'l rev's ~36%):** For 1Q:15, a 1.7% increase in US\$ vs. a basket of currencies should result in a revenue headwind of \$3M and no meaningful impact on EPS (FactSet cons. is \$456M/\$0.04 for rev./EPS vs. our \$457.3M/\$(0.01)). For FY:15, we expect F/X to result in a 3.6% hit to Y/Y top line growth, resulting in a headwind of \$31M/\$0.00 to revenues/EPS vs. FactSet consensus at \$2.379B/\$0.38.

## Disclosures Appendix

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Rating	Cantor		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
BUY [B]	90	64.29	25	27.78
HOLD [H]	45	32.14	8	17.78
SELL [S]	5	3.57	1	20.00

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