

Specialty Pharmaceuticals

Price:	\$5.98
Fair Value Estimate:	\$17.00
52-Week Range:	\$5.05 - \$12.55
Market Cap (MM):	\$111
Shr.O/S-Diluted (mm):	18.6
Average Daily Volume:	23,361
Yield:	0.0%
Cash/Share:	\$(1.03)
FCF Yield:	(23.9)%
Debt/Cap:	117%

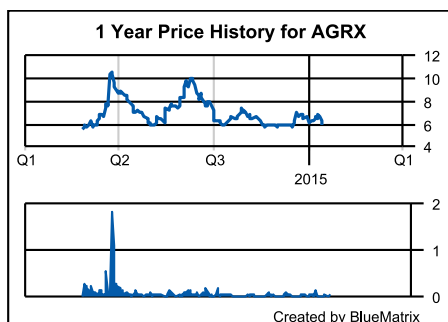
FYE: Dec	2013E	2014E	2015E
EPS:	(1.59)A	(1.25)E	(1.53)E
Prior EPS:		NC	NC
Consensus	NM	NM	-1.25
P/E Ratio:	NA	NA	NA

Quarterly EPS:

Q1	--	0.09A	(0.42)E
Q2	--	(0.46)A	(0.41)E
Q3	--	(0.34)A	(0.38)E
Q4	--	(0.41)E	(0.32)E

Quarterly Revenue (M):

Q1	--	0E	0E
Q2	--	0E	0E
Q3	--	0E	0E
Q4	--	0E	0E
Year:	0E	0E	0E



January 15, 2015

## Agile Therapeutics, Inc.

(AGRX) - BUY

### Better Patients + Better Tech + Experienced Sites = Successful Phase 3

#### PORTFOLIO MANAGER BRIEF

We walked away from our AGRX management meeting incrementally more positive that AGRX is executing on exactly what they said they were going to do in order to have a successful Phase 3 outcome. With the Twirla contraceptive patch Phase 3 enrollment underway, we believe that AGRX has the right mix of experienced study coordinators, responsible patients and integrated technology to produce clean, robust positive data in 1Q16. If AGRX announces full enrollment by end of 1Q15, we also believe some balance sheet overhang could potentially lift.

#### ANALYST NOTES

- **The Right Participants:** One of the more unique screening criteria AGRX is using for their Phase 3 is a 14-day wash out period. During this two week period, a perspective participant is given the eDiary and must successfully transmit data daily in order to be included in the actual trial. Only one day of missed transmission is allowed. We believe this wash-out period coupled with other inclusion criteria will fill the trial with responsible and compliant patients.
- **The Right CRO:** The contract research organization running the Phase 3 is Parexel. We like Parexell as they not only have experience in running contraceptive trials, but they also have sites that are run by tenured study coordinators that have worked with and know how to integrate the necessary technologies.
- **The Right Technology:** One of the main reasons we believe this trial will have positive data is the level of technology being used. The eDiary allows for day to day transmission of data to the CRO which in turn allows AGRX to do real-time oversight. Any issues on a patient or site level can be immediately seen and corrected. Not only that, but the digital data should make for robust and cleaner data which should allow for faster data lock once the last patient completes the trial.
- **The Right Stuff:** We are looking forward to the announcement of completed enrollment in 1Q15 which we believe could remove some of the balance sheet overhang as it helps to clarify the cash runway. All in all, we feel that AGRX is delivering on their promised clinical execution which should result in a positive outcome.

- Reiterating Buy rating, \$17 FV: Our \$17 FV is based on 2017 sales of \$152M at a 3x multiple discounted back 25% at \$15.50/share with \$1.50/share in cash (end of 2015) and tech value.

## IMPORTANT DISCLOSURES

### Research Analyst Certification

I, Chiara Russo, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

### Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

Agile Therapeutics, Inc. currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.

Janney Montgomery Scott LLC currently acts as a market-maker in the securities of Agile Therapeutics, Inc..

Janney Montgomery Scott LLC managed or co-managed a public offering of securities for Agile Therapeutics, Inc. in the past 12 months.

Janney Montgomery Scott LLC received compensation for investment banking services from Agile Therapeutics, Inc. in the past 12 months.

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from Agile Therapeutics, Inc. in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

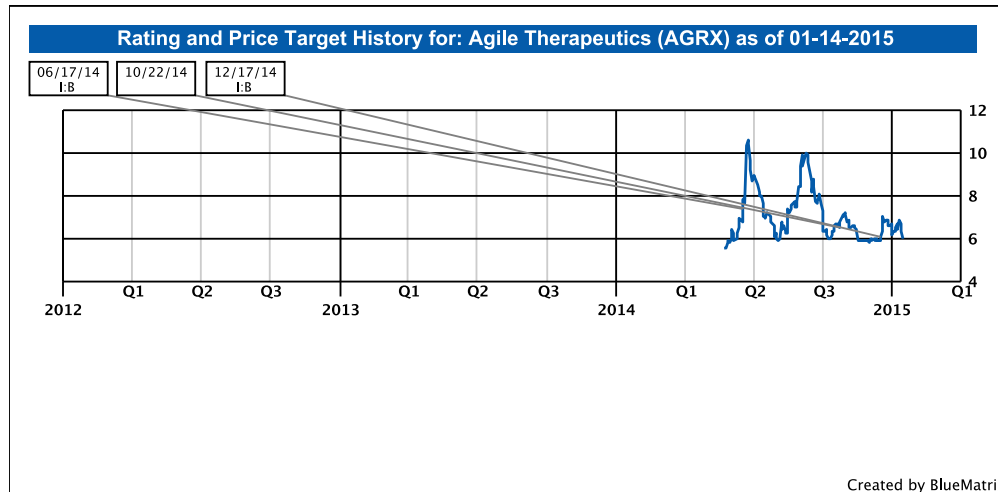
### Definition of Ratings

**BUY:** Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

**NEUTRAL:** Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

**SELL:** Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

### Price Charts



### Janney Montgomery Scott Ratings Distribution as of 12/31/14

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
<b>BUY [B]</b>	138	51.30	15	10.87
<b>NEUTRAL [N]</b>	131	48.70	5	3.82
<b>SELL [S]</b>	0	0.00	0	0.00

\*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

#### Other Disclosures

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