

Zacks Small-Cap Research

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Brainstorm Cell Therapeutics, Inc.

(BCLI-NASDAQ)

BCLI: Additional Manufacturing Facility Secured for Phase 3 ALS Trial...

Based on our probability adjusted DCF model that takes into account potential future revenues from NurOwn® in ALS, BCLI is valued at \$15/share. This model is highly dependent upon continued clinical success of NurOwn® and will be adjusted accordingly based upon future clinical results.

Current Price (07/05/18) \$4.12
Valuation \$15.00

OUTLOOK

On July 2, 2018, BrainStorm Cell Therapeutics, Inc. (BCLI) announced that the Connell and O'Reilly Families Cell Manipulation Core Facility at Dana-Farber Cancer Institute will serve as a second manufacturing facility to supply NurOwn® for the company's ongoing Phase 3 clinical trial in amyotrophic lateral sclerosis (ALS). Dana Farber was previously used as a manufacturing facility of NurOwn® in the Phase 2 trial.

The company also recently announced additions to the executive management team. Susan Ward, PhD, a former Director of Early Clinical Development at Pfizer, will serve as Head of Clinical Operations. Joseph Petroziello, former Director/Head of Scientific Communications & Publications at Juno Therapeutics, will serve as Vice President of Scientific & Corporate Communications.

SUMMARY DATA

52-Week High \$5.19
52-Week Low \$2.96
One-Year Return (%) -4.19
Beta 2.07
Average Daily Volume (sh) 129,682

Shares Outstanding (mil) 20
Market Capitalization (\$mil) \$83
Short Interest Ratio (days) N/A
Institutional Ownership (%) 8
Insider Ownership (%) 25

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A
P/E using 2018 Estimate -8.3
P/E using 2019 Estimate -8.1

Risk Level Above Avg.
Type of Stock Small-Growth
Industry Med-Biomed/Gene

ZACKS ESTIMATES

Revenue

(In millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	0 A	0 A	0 A	0 A	0 A
2018	0 A	0 E	0 E	0 E	0 E
2019					0 E
2020					0 E

Earnings per Share

(EPS is operating earnings before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	-\$0.10 A	-\$0.06 A	-\$0.13 A	\$0.01 A	-\$0.27 A
2018	-\$0.12 A	-\$0.15 E	-\$0.17 E	-\$0.19 E	-\$0.64 E
2019					-\$0.73 E
2020					-\$0.89 E

WHAT'S NEW

Business Update

Additional Manufacturing Facility for Phase 3 Trial

On July 2, 2018, BrainStorm Cell Therapeutics, Inc. (BCLI) [announced](#) that the Connell and O'Reilly Families Cell Manipulation Core Facility at Dana-Farber Cancer Institute will serve as a second manufacturing facility to supply NurOwn® for the company's ongoing Phase 3 clinical trial in amyotrophic lateral sclerosis (ALS). Dana Farber was previously used as a manufacturing facility of NurOwn® in the Phase 2 trial. In addition to supplying NurOwn® for the ongoing Phase 3 trial, we believe the facility will likely be used to manufacture NurOwn® for any additional clinical indications the company decides to pursue.

DSMB Meeting in August 2018

The first meeting of the Phase 3 Data Safety and Monitoring Board (DSMB) is expected to take place in August 2018. With some patients having already received multiple doses of NurOwn®, this should give an early indication as to the tolerability of repeat dosing, however we do not anticipate there being any safety issues.

Executive Management Team Strengthened

BrainStorm recently [announced](#) the expansion of its executive management team with seasoned veterans that will add valuable experience as the company moves closer to finishing up the Phase 3 trial and potential commercialization stage.

- Susan Ward, PhD has been hired as Head of Clinical Operations. Dr. Ward previously served as Director, Early Clinical Development at Pfizer and has more than 20 years of experience in various leadership positions involving clinical trials, IND-enabling studies, and protocol development.
- Joseph Petroziello has been hired as Vice President of Scientific & Corporate Communications. He previously served as Senior Director/Head of Scientific Communications & Publications at Juno Therapeutics. Mr. Petroziello has over 20 years of medical writing, scientific communication, and drug research experience.

Financial Update

We have heard from some investors recently that were concerned about the \$100 million S-3 filing in June 2018 and if that meant the company was planning on raising capital soon. We spoke to management about this and were told that the S-3 was filed due to the fact that the prior S-3 was expiring, that it is simply a way for the company to maintain flexibility, and there is no intention of using it to raise funds at this time. In addition, one of the clauses of the recent warrant exchange stipulates that no financings can occur within 90 days of the warrant exchange. We estimate that BrainStorm exited the second quarter of 2018 with approximately \$17-\$18 million in cash and cash equivalents, with another approximately \$9 million left from the CIRM grant that is helping to fund the Phase 3 clinical trial. Thus, we don't see an imminent financing as a possibility at this time.

Conclusion

BrainStorm is continuing to enroll patients in the Phase 3 ALS trial at a good pace and we are glad to see the addition of another manufacturing facility to ensure that continues. While we are uncertain if this will allow enrollment in the trial to increase, it's something that we will be watching closely in the next few months. We still anticipate topline data from the study toward the end of 2019/early 2020. Our valuation remains at \$15.

PROJECTED FINANCIALS

Brainstorm Cell Therapeutics	2017 A	Q1 A	Q2 E	Q3 E	Q4 E	2018 E	2019 E	2020 E
MSC-NTF Stem Cells	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>YOY Growth</i>	-	-	-	-	-	-	-	-
Total Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>YOY Growth</i>	-	-	-	-	-	-	-	-
Cost of Goods / Services	\$0.0	\$0	\$0	\$0	\$0	\$0.0	\$0.0	\$0.0
<i>Product Gross Margin</i>	-	-	-	-	-	-	-	-
R&D	\$1.0	\$1.0	\$1.7	\$2.0	\$2.3	\$7.0	\$10.0	\$15.0
<i>% R&D</i>	-	-	-	-	-	-	-	-
SG&A	\$4.0	\$1.3	\$1.2	\$1.3	\$1.4	\$5.2	\$4.5	\$4.5
<i>% SG&A</i>	-	-	-	-	-	-	-	-
Operating Income	(\$5.0)	(\$2.3)	(\$2.9)	(\$3.3)	(\$3.7)	(\$12.2)	(\$14.5)	(\$19.5)
Net Other Income	\$0.0	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.1)	(\$0.1)
Pre-Tax Income	(\$5.0)	(\$2.3)	(\$2.9)	(\$3.3)	(\$3.7)	(\$12.2)	(\$14.6)	(\$19.6)
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Tax Rate</i>	0%	0%	0%	0%	0%	0%	0%	0%
Net Income	(\$5.0)	(\$2.3)	(\$2.9)	(\$3.3)	(\$3.7)	(\$12.2)	(\$14.6)	(\$19.6)
<i>Net Margin</i>	-	-	-	-	-	-	-	-
Reported EPS	(\$0.26)	(\$0.12)	(\$0.15)	(\$0.17)	(\$0.19)	(\$0.64)	(\$0.73)	(\$0.89)
<i>YOY Growth</i>	-	-	-	-	-	-	-	-
Wt. Avg Shares Outstanding	18.8	19.0	19.1	19.2	19.3	19.2	20.0	22.0

Source: Zacks Investment Research, Inc. David Bautz, PhD

HISTORICAL STOCK PRICE



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