

KEY OPINION LEADER (KOL) EVENT CASE STUDY: ACHAOPEN (AKAO)

LifeSci Hosted a KOL Meeting on Multi-Drug Resistant Infections for AKAO – 7/19/16

- 35 buy-side investors and sell-side professionals attended the event in-person
 - Point 72, Hillhouse, Aisling, Ingalls & Snyder
 - Company conducted a full day of 1x1 investor meetings booked by LifeSci following the event
- 99 buy-side investors and sell-side professionals participated in the live webcast or listened to the replay
 - Rock Springs, NEA, EverPoint, Bailard, Venrock, Early Harvest, Omega, Cormorant
- KOL Event led to price increase from Katherine Xu, Ph.D., of William Blair

Equity Research
Healthcare | Biotechnology

July 20, 2016

Achaogen, Inc.

Key Highlights From KOL Breakfast; Raise Price Target to \$11 on Increased Confidence in EPIC

On Tuesday, July 19, Achaogen hosted a breakfast meeting featuring key opinion leader (KOL) Dr. Keith Kaye, professor of medicine at Wayne State University and Detroit Medical Center, to discuss multi-drug-resistant (MDR) bacterial infections and the implications for plazomicin. Management also reviewed the plazomicin clinical program. The meeting further increased our confidence in the probability of success in the EPIC study, and we highlight main points below.

We are raising our price target to \$11 from \$10 after increasing our estimated probability of commercialization for plazomicin in complicated urinary tract infections (cUTI) to 85% from 70% (exhibit 1). We have raised our probability of commercialization in cUTI based on plazomicin's high level of microbiological activity against various resistant bacterial isolates, its known activity in cUTI from a previous Phase II study, and the fact that the EPIC study design is similar to the positive TANGO 1 study of competitor Carbavance (The Medicines Company [MDCO \$34.7Z]). We maintain our probability of success for the CARE study at 70% as plazomicin has not yet reported data in carbapenem-resistant Enterobacteriaceae (CRE) previously, although preclinical data strongly supports its activity in this most resistant group. We await cohort 2 data from CARE to be presented at the ID Week (October 26-30, New Orleans) to reassess our probability estimate on CARE.

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Stock Rating:	Outperform
Company Profile:	Aggressive Growth
Price Target:	\$11.00
Symbol:	AKAO (NASDAQ)
Price:	\$3.53 (52-Wk.: \$3-\$8)
Market Value (mil.):	\$93
Long-Term EPS Growth Rate:	
Dividend/Yield:	None
Fiscal Year End:	December

	2015A	2016E	2017E
Estimates			
EPS FY	\$-1.49	\$-1.84	\$-1.58
CY		\$-1.81	\$-1.58
Sales (mil.)	26	35	18
Valuation			
FY P/E	NM	NM	NM
CY P/E		NM	NM