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# INSTITUTIONAL RESEARCH

## *Healthcare and Technology*

## COMPANY NOTE

*August 8, 2016*

**Springbank Pharmaceuticals, Inc.**
**(Nasdaq/SBPH/$10.80/Not rated)**

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## A Busy Week for SBPH is Topped Off with Insider Buying

Springbank finished a very busy and milestone-driven week last week that saw the Company report its first quarterly results as a public company on Monday, ring the opening bell at NASDAQ on Wednesday and report insider buying in several Form 4s filed with the SEC on Friday. The combination of these events and the visibility gained from the NASDAQ bell ringing, along with recent investor meetings, contributed to the stock rebounding from recent lows. We believe that the increased visibility motivated investors to perhaps look more closely as Springbank's value and perceive a value-based opportunity relative to its peers.

**Insider buying:** Several members of Springbank senior management, including CEO Martin Driscoll, were open market purchasers of stock last week. This buying came on the heels of a nascent technical reversal earlier in the week. Additionally, the buying enabled the stock to break recent resistance and close above both its 10-day and 50-day moving averages, thus returning the stock close to the trading range established in June.


**Execution on Milestones:** From the investor point of view, Springbank executed on its important near-term milestone following its initial public offering and has begun dosing the first cohort of its ACHIEVE Phase IIa clinical trial of SB 9200 in Hepatitis B. This portion of the trial is a dose-ranging, placebo-controlled, double-blinded monotherapy study that will see patients dosed for 12 weeks with SB 9200 after which they will be treated with Gilead Sciences' (NASDAQ/GILD/$79.58 /Not rated) Viread® at standard-of-care dosing for an additional 12 weeks. Each dose cohort will consist of 20 patients, of which 16 will receive SB9200 and the remaining four will serve as placebo-controls.

The Phase IIa trial plan takes advantage of an adaptive trial design strategy that allows SBPH to modify certain aspects of the trial as it progresses. Early stage companies are using the adaptive trial design to move more quickly through the clinical trial process as the adaptive trial design allows for changes to the protocol under

certain conditions that may allow a company to move more quickly into registration trials. Springbank expects to report initial data from the first monotherapy dosed cohort in early 2017, with subsequent cohort data becoming available on an approximately every 3 month or so schedule. In addition, Springbank will be reporting on the sequential 12 week follow-up Viread treatment for these patients. These will be critical clinical milestones for the Company, the potential success of which may be helped by Gilead's active participation in the trial's design. GILD's interest in SB 9200 is further substantiated by Gilead's financial commitment in the form of supplying Viread for the 12 week sequential portion of the trial.

Other milestones and events are in the offing for the fall. The Company is scheduled to participate in a key FDA meeting in September on future clinical protocols for hepatitis and other academic meetings, among which will be a new academic meeting being organized by Springbank's technical team around anti-infective pharmaceuticals. This meeting is anticipated to take place in Boston in early November.

**Q2 Financial results:** Springbank reported a net loss for the June 30, 2016 quarter of $(4.3) million or a loss of $(0.62) per basic and diluted share, compared to a net loss of $(2.3) million or $(0.39) per share for the June 30, 2015 period. Research and development expenses reached $2.9 million in the 2016 quarter versus $1.5 million in the prior year. The increase in R&D expense was attributable to the SB 9200 clinical activities. General and administrative expenses rose to $1.5 million from $1.1 million in the June 2015 period. Springbank reported $19.6 million in cash at June 30, 2016. *SG*

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|---|---|---|---|---|
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| Market Underperform (Sell) | 0 | 0% | 0 | 0% |
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