Zacks Small-Cap Research
Sponsored – Impartial – Comprehensive
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CEL-SCI Corporation (CVM - NYSE)

1Q:19 Results

Based on our DCF model and a 15% discount rate, CEL-SCI is valued at approximately $14.00 per share. Our model applies a 50% probability of ultimate approval and commercialization for Multikine in head and neck cancer. The model includes contributions from the US, EU and rest of world.

Current Price (2/22/2019)	$2.88
Valuation	**$14.00**

OUTLOOK

CEL-SCI is developing two platforms, Multikine and LEAPS. Multikine is in a Phase 3 trial for head and neck cancer and in Phase I for HPV while LEAPS is conducting preclinical studies for RA, Pandemic Flu and breast cancer. After recent catalysts related to favorable decision against a former CRO and the lifting of a clinical hold on Multikine, investors are anticipating a near term conclusion of the Phase 3 trial and readout on the head and neck cancer study.

Multikine is an immuno-oncology biologic that contains human blood-derived cytokines that are thought to enhance the body's natural defenses against cancer. For the lead indication, SCCHN, it is used prior to and in conjunction with SOC, which includes surgery, radiation and chemotherapy. LEAPS is a peptide epitope delivery technology that can direct immune response. It is appropriate for diseases where antigenic epitope sequences have been identified.

Our valuation assumes a 2020 FDA approval of Multikine for head and neck cancer and a 2021 launch of the compound in the US, followed by a subsequent launch in the EU and global availability by 2022 that will be achieved through the efforts of partners.

SUMMARY DATA

52-Week High	**4.44**
52-Week Low	**0.82**
One-Year Return (%)	**60.0**
Beta	**2.30**
Average Daily Volume (sh)	**243,601**
Shares Outstanding (mil)	**29.6**
Market Capitalization ($mil)	**85.1**
Short Interest Ratio (days)	**8.5**
Institutional Ownership (%)	**8.8**
Insider Ownership (%)	**5.4**
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 2017 Estimate	**N/A**
P/E using 2018 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of USD)

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2018	$0.1 A	$0.1 A	$0.1 A	$0.1 A	$0.5 A
2019	$0.1 A	$0.1 E	$0.1 E	$0.1 E	$0.4 E
2020					$0.4 E
2021					$35.6 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
2018	-$0.53 A	-$0.31 A	-$0.36 A	-$0.61 A	-$1.87 A
2019	$0.04 A	-$0.12 E	-$0.10 E	-$0.09 E	-$0.29 E
2020					-$0.30 E
2021					$0.38 E

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WHAT'S NEW

First Quarter 2019 Results

CEL-SCI Corporation (NYSE: CVM) reported fiscal first quarter 2019 results for the three month period ending December 31, 2019. The company continues with its Phase III IT-MATTERS trial fully enrolled with high anticipation that the 298 required events for completing the trial will be reached soon. The highlight year to date was the two patents issued after the end of the quarter related to the LEAPS platform. With the late stage of the Phase III trial, all eyes are on the progress for this 928 patient study.

CEL-SCI recognized grant income of $126,000 related to the LEAPS platform and the development of a rheumatoid arthritis vaccine. This was an increase compared to 1Q:18's grant income of $96,000. Research and development expenses rose to $3.1 million, up 35% compared to the prior year's $2.3 million. The increase was attributable to higher activity levels in the Phase III Multikine trial and an increase in R&D efforts for the LEAPS platform. General and administrative expenses were $2.0 million in the quarter, falling 25% relative to the $2.7 million in the same period in the prior year. Lower equity based compensation offset by other employee incentive expenses explain the $0.7 year over year difference. Due to changes in stock price over the quarter, CEL-SCI reported a gain on derivative instruments of $5.6 million related to warrants and $1.2 million of other non-operating gains related to shares granted to CRO partner Ergomed. After subtracting $446,000 in interest expense, CEL-SCI reported net income of $1.2 million, or $0.04 per share. We note that the entirely of the positive net income was attributable to volatile non-cash events. After removing the gain on derivative instruments and other non-operating gains, adjusted net loss was ($5.5) million or ($0.20) per share. This compares to our estimated loss of ($0.16) per share with the difference attributable to higher R&D partially offset by lower G&A.

We remind investors of the key tenets that support ownership in CEL-SCI which are discussed in detail in our initiation:

- **Compelling preclinical and clinical data supportive of Multikine's effective mechanism of action**
- **Multkine is complementary to first line "intent to cure" SOC, in contrast to other monotherapies**
- **Multikine is administered prior to SOC, synchronizing with the preparation period prior to surgery**
- **Differentiated approach that employs multiple proteins for cancer cell identification & destruction**
- **Proprietary manufacturing process, patent protection and anticipated biologics exclusivity**
- **CEL-SCI maintains operation and control of its Multikine manufacturing facility**
- **Multikine source material is abundant human PBMCs**
- **Favorable drug safety profile with no reported drug-related adverse events**
- **Biologic eligible for 12 years of exclusivity in United States**
- **Global rights to intellectual property**
- **Pipeline includes LEAPS platform with additional indications**
    - **Rheumatoid Arthritis**
    - **Pandemic Flu**
    - **Breast Cancer**

On February 14th, CEL-SCI provided an operational and financial update on its performance for the first quarter of its 2019 fiscal year as discussed above. We continue to believe that we are in the final stages of the IT-MATTERS trial and final events will occur in the next months, based on historical survival rates. If Multikine is able to meet or surpass its primary endpoint of 10% increase in overall survival as compared to standard of care alone, we see substantial upside to current levels. We maintain our target price of $14.00.

PROJECTED FINANCIALS

CEL-SCI Corporation - Income Statement

CEL SCI Corporation	2018 A	Q1 A	Q2 E	Q3 E	Q4 E	2019 E	2020 E	2021 E
Total Revenues	**$0.5**	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.4**	**$0.4**	**$35.6**
YOY Growth	*590%*	*11%*	*-24%*	*-4%*	*-21%*	*-11%*	*-6%*	*8790%*
Research & Development	$9.4	$3.1	$1.7	$2.0	$1.5	$8.3	$6.0	$5.0
General & Administrative	$7.8	$2.0	$1.4	$1.7	$1.9	$7.0	$7.8	$8.0
Income from operations	($16.8)	($5.0)	($3.0)	($3.6)	($3.3)	($14.9)	($13.4)	$22.5
Other Income	($8.6)	$6.7	$0.0	$0.0	$0.0	$6.7	$0.0	$0.0
Interest Expense	($6.5)	($0.4)	($0.4)	($0.4)	($0.4)	($1.6)	($1.6)	($1.6)
Pre-Tax Income	($31.8)	$1.2	($3.4)	($4.0)	($3.7)	($9.9)	($15.0)	$20.9
Provision for Income Tax	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Income	**($31.8)**	**$1.2**	**($3.4)**	**($4.0)**	**($3.7)**	**($9.9)**	**($15.0)**	**$20.9**
Net Margin								
Reported EPS	**($1.87)**	**$0.04**	**($0.12)**	**($0.10)**	**($0.09)**	**($0.29)**	**($0.30)**	**$0.38**
YOY Growth								
Basic Shares Outstanding	17.00	27.99	29.00	40.00	41.00	34.50	50.00	55.00

Source: Company Filing // Zacks Investment Research, Inc. Estimates

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HISTORICAL STOCK PRICE

CEL-SCI Corporation – Share Price Chart



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