Zacks Small-Cap Research
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CEL-SCI Corporation (CVM - NYSE)

2Q: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 (5/17/2019)	$5.46
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	**8.47**
52-Week Low	**0.82**
One-Year Return (%)	**99.3**
Beta	**3.33**
Average Daily Volume (sh)	**805,222**
Shares Outstanding (mil)	**33.7**
Market Capitalization ($mil)	**184**
Short Interest Ratio (days)	**1.9**
Institutional Ownership (%)	**8.7**
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 2018 Estimate	**N/A**
P/E using 2019 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	$0.2 A	$0.1 E	$0.1 E	$0.5 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	-$0.22 A	-$0.10 E	-$0.09 E	-$0.37 E
2020					-$0.30 E
2021					$0.38 E

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WHAT'S NEW

Second Quarter 2019 Results

CEL-SCI Corporation (NYSE: CVM) reported fiscal second quarter 2019 results for the three month period ending March 31, 2019. A the end of the quarter, the Independent Data Monitoring Committee recommended that the trial continue as we wait for the final events to occur, affirming the study's potential to meet the primary endpoint. Other highlights for the period include the publication of an article referencing LEAPS and Dr. Zimmerman's presentation of new LEAPS data to the American Association of Immunologists. Cash inflows continued from exercised warrants as the share price left them deep in the money. As mentioned in our prior report, two patents were issued related to the LEAPS platform in January.

CEL-SCI recognized grant income of $151,000 related to the LEAPS platform and the development of a rheumatoid arthritis vaccine. This was an increase compared to 2Q:18's grant income of $132,000. Research and development expenses fell to $2.5 million, a 15% decline compared to the prior year's $3.0 million. The change was attributable to lower activity levels in the Phase III Multikine trial partially offset by an increase in R&D efforts for the LEAPS platform. General and administrative expenses were $1.9 million in the quarter, up 40% relative to the $1.4 million in the same period in the prior year. G&A increased due to more public relations costs and additional stock based compensation. Other income was $18,000, loss on derivative instruments was almost $1 million non-cash due to share price increases and other non operating loss of $0.7 million was related to payments to Ergomed for CRO services. After subtracting $461,000 in interest expense, CEL-SCI reported a net loss of ($6.4) million, or ($0.22) per share. After removing the gain on derivative instruments and other non-operating gains, adjusted net loss was ($4.8) million or ($0.16) per share. This compares to our estimated loss of ($0.12) per share with the difference attributable to lower operating costs.

LEAPS Poster and Presentation

Dr. Daniel Zimmerman, CEL-SCI's Senior Vice President of Research, presented data on the LEAPS platform at the American Association of Immunologists in San Diego on May 11th. The presentation was called "Therapeutic vaccination by two DerG LEAPS conjugates incorporating different PG (aggrecan) epitopes protect by different immune mechanisms in the PG G1 domain induced mouse model of rheumatoid arthritis;" a title not distingushed by its brevity.

In the referenced study, a mouse model was used to compare two therapeutic vaccines alone and in combination that use distinct epitopes assocated with arthritis. The goal is to approach RA with two LEAPS conjugates potentially addressing additional disease-related epitopes and resulting in greater efficacy. A combination vaccine that addresses these multiple targets could compensate for missing or mutated epitopes that distinguish the disease and allow T cells to maintain the ability to identify the protein. The LEAPS platform is being developed with a $1.5 million NIH grant that was granted in 2017 to support the development of an Investigational New Drug (IND) application.

Investment Thesis

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**

Summary

On May 14th, CEL-SCI provided an operational and financial update on its performance for the second 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

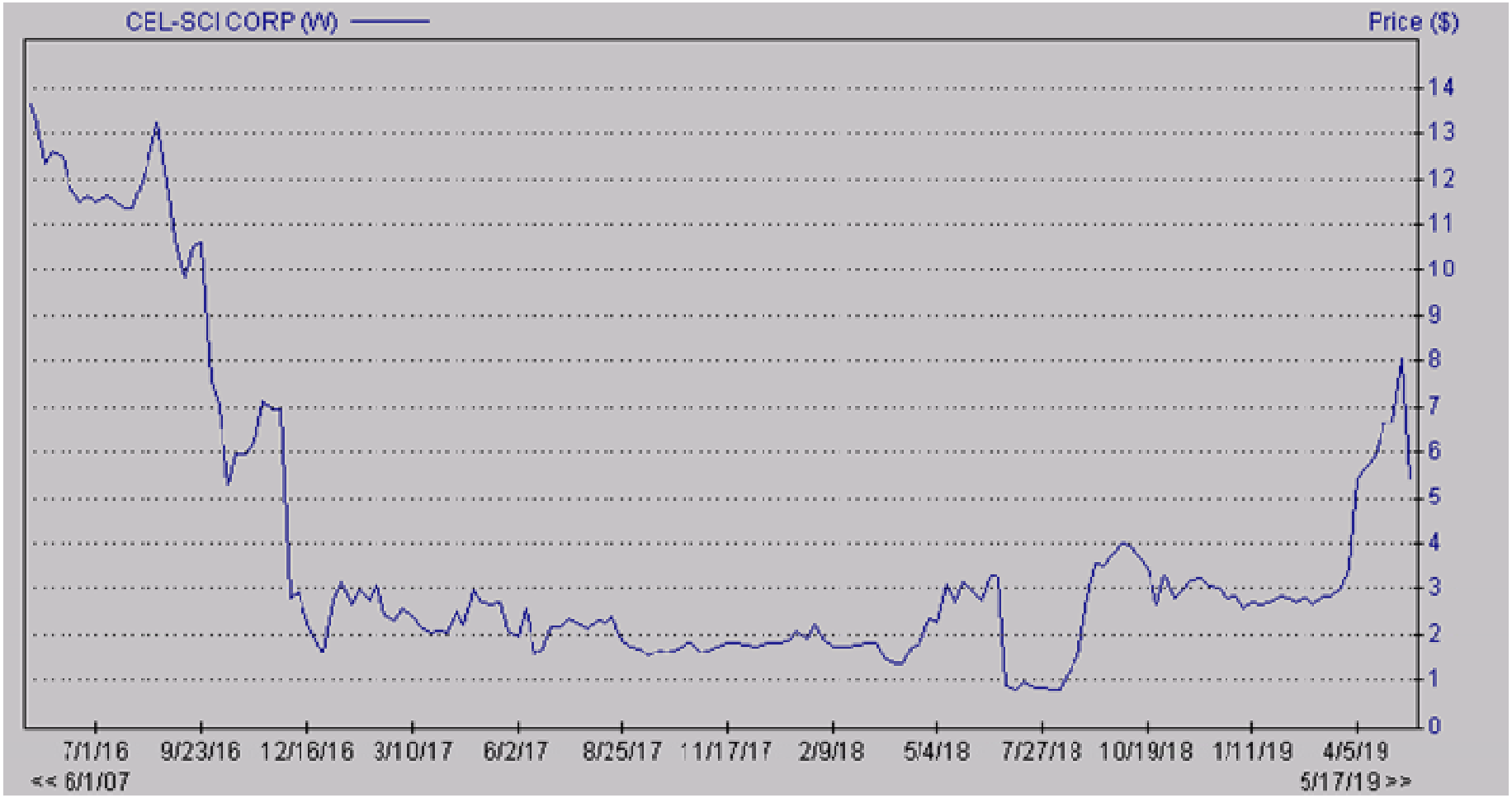
CEL SCI Corporation	2018 A	Q1 A	Q2 A	Q3 E	Q4 E	2019 E	2020 E	2021 E
Total Revenues	**$0.5**	**$0.1**	**$0.2**	**$0.1**	**$0.1**	**$0.5**	**$0.4**	**$35.6**
YOY Growth	*590%*	*11%*	*14%*	*-4%*	*-21%*	*0%*	*-16%*	*8790%*
Research & Development	$9.4	$3.1	$2.5	$2.0	$1.5	$9.2	$6.0	$5.0
General & Administrative	$7.8	$2.0	$1.9	$1.7	$1.9	$7.6	$7.8	$8.0
Income from operations	($16.8)	($5.0)	($4.3)	($3.6)	($3.3)	($16.2)	($13.4)	$22.5
Other Income	($8.6)	$6.7	($1.7)	$0.0	$0.0	$5.0	$0.0	$0.0
Interest Expense	($6.5)	($0.4)	($0.5)	($0.4)	($0.4)	($1.7)	($1.6)	($1.6)
Pre-Tax Income	($31.8)	$1.2	($6.4)	($4.0)	($3.7)	($12.9)	($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**	**($6.4)**	**($4.0)**	**($3.7)**	**($12.9)**	**($15.0)**	**$20.9**
Net Margin								
Reported EPS	**($1.87)**	**$0.04**	**($0.22)**	**($0.10)**	**($0.09)**	**($0.37)**	**($0.30)**	**$0.38**
YOY Growth								
Basic Shares Outstanding	17.00	27.99	29.11	40.00	41.00	34.52	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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