Zacks Small-Cap Research
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June 10, 2020
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BrainStorm Cell Therapeutics, Inc. (BCLI-NASDAQ)

BCLI: ALS Association and I AM ALS Awards $500,000 Grant; Potential Inclusion in Russell 3000 Index…

Based on our probability adjusted DCF model that takes into account potential future revenues from NurOwn® in ALS and MS, BCLI is valued at $17.50/share. This model is highly dependent upon continued clinical success of NurOwn® and will be adjusted accordingly based upon future clinical results.

Current Price (06/10/20)	$9.20
Valuation	**$17.50**

OUTLOOK

On June 9, 2020, BrainStorm Cell Therapeutics, Inc. (BCLI) announced a $500,000 combined grant from the ALS Association and I AM ALS to support a biomarker study utilizing data and samples collected from the ongoing Phase 3 clinical trial of NurOwn®. The company recently announced that the Phase 3 trial remains on track to report topline data in the fourth quarter of 2020. All patients have thus far received at least two doses, and we believe that dosing of all three doses for all patients will be completed by July 2020. FTSE Russell recently announced the preliminary add and delete lists for its annual reconstitution of its Russell US Indexes, with BrainStorm being included in the additions list. Since the company's current market cap is >$250 million we anticipate BrainStorm will make the finalized list on June 15, 2020.

SUMMARY DATA

52-Week High	**$9.20**
52-Week Low	**$3.54**
One-Year Return (%)	**154.14**
Beta	**1.09**
Average Daily Volume (sh)	**435,849**
Shares Outstanding (mil)	**29**
Market Capitalization ($mil)	**$271**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**13**
Insider Ownership (%)	**21**
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**

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)
2019	0 A	0 A	0 A	0 A	0 A
2020	0 A	0 E	0 E	0 E	0 E
2021					0 E
2022					50 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	-$0.24 A	-$0.23 A	-$0.25 A	-$0.34 A	-$1.06 A
2019	-$0.29 A	-$0.21 E	-$0.22 E	-$0.25 E	-$0.96 E
2020					-$0.80 E
2021					$0.10 E

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WHAT'S NEW

Business Update

$500,000 Grant from ALS Association and I AM ALS

On June 9, 2020, BrainStorm Cell Therapeutics, Inc. (BCLI) announced a combined grant of $500,000 from the ALS Association and I AM ALS to support an ALS biomarker study utilizing samples and data from the ongoing Phase 3 clinical trial of NurOwn® in ALS patients. The goal of the study is to gain a better understanding of critical biomarkers in the brain and spinal cord that are associated with treatment response to NurOwn®. The combined grant consists of $400,000 from the ALS Association and $100,000 from I AM ALS and is a strong validation of the work being done by BrainStorm in the quest for an effective ALS treatment. Given that this is one of the largest clinical trial collections of cerebrospinal fluid (CSF) biomarkers, the company has agreed to share all data and samples with the ALS community so that the results can be independently verified and hopefully contribute to other ALS research advances.

Potential Inclusion in Russell 3000 Index

On June 6, 2020, FTSE Russell announced the preliminary add and delete lists for its annual reconstitution of its Russell US Indexes, including the Russell 2000 Index of small-cap stocks and the Russell 1000, which combined make up the Russell 3000 Index. BrainStorm was included in the preliminary Russell 3000 Index additions list, however the lists are not considered final until June 15, 2020. With an anticipated market cap range for the Russell 2000 of approximately $4.1 billion down to $60 million (Jefferies), BrainStorm is likely to make the final list as its market cap is currently approximately $250 million.

On Track to Repot Topline Data from Phase 3 ALS Trial in 4Q20

On June 2, 2020, BrainStorm announced that the pivotal Phase 3 trial of NurOwn® in patients with amyotrophic lateral sclerosis (ALS) remains on track to report topline data in the fourth quarter of 2020. At a time when many companies have had to pause or halt clinical trials due to the ongoing coronavirus pandemic, BrainStorm has prioritized completing the trial and reporting results on time before the end of 2020. All patients in the trial have received at least two (of a planned three) doses of NurOwn® and we anticipate all patients completing dosing by July 2020.

The company was able to continue the Phase 3 trial in a manner that ensured patient safety as well as maintaining scientific integrity by conducting non-treatment visits regarding the primary outcome of the trial (the ALSFRS-R rating scale) remotely via telephonic administration, a method of data collection that has been fully validated (Kasarskis *et al*., 2005; Mannino *et al*., 2007; Kaufmann *et al*., 2007).

The ongoing randomized, double blind, placebo controlled, multi-dose Phase 3 clinical trial is testing the ability of NurOwn® to alter disease progression as measured by the ALSFRS-R (NCT03280056). Cells were extracted once from each patient prior to treatment, with all administrations of NurOwn® derived from the same extraction of cells due to a cryopreservation process the company developed for long-term storage of mesenchymal stem cells (MSC). Just as with the company's prior studies, there was a 3-month run-in period prior to the first treatment with two additional NurOwn® treatments occurring two and four months following the first treatment. The company is focusing the trial on faster-progressing ALS patients since those patients demonstrated superior outcomes in the Phase 2 trial of NurOwn®.

Conclusion

BrainStorm continues to execute on its previously announced timelines for the Phase 3 trial of NurOwn® in ALS and we eagerly await the results of the trial in the fourth quarter of 2020. The combined grants from the ALS Association and I AM ALS show that the ALS community is excited by the prospects for NurOwn® and are eager to learn as much as possible from the ongoing Phase 3 trial. Lastly, the stock has responded quite well over the past few months, and we believe that momentum may continue with inclusion in the Russell 3000 Index. Even with the recent appreciation in the stock price, we still view it as substantially undervalued based on forecasted sales in ALS of >$1 billion and approximately $500 million in MS. Our current valuation is $17.50 per share.

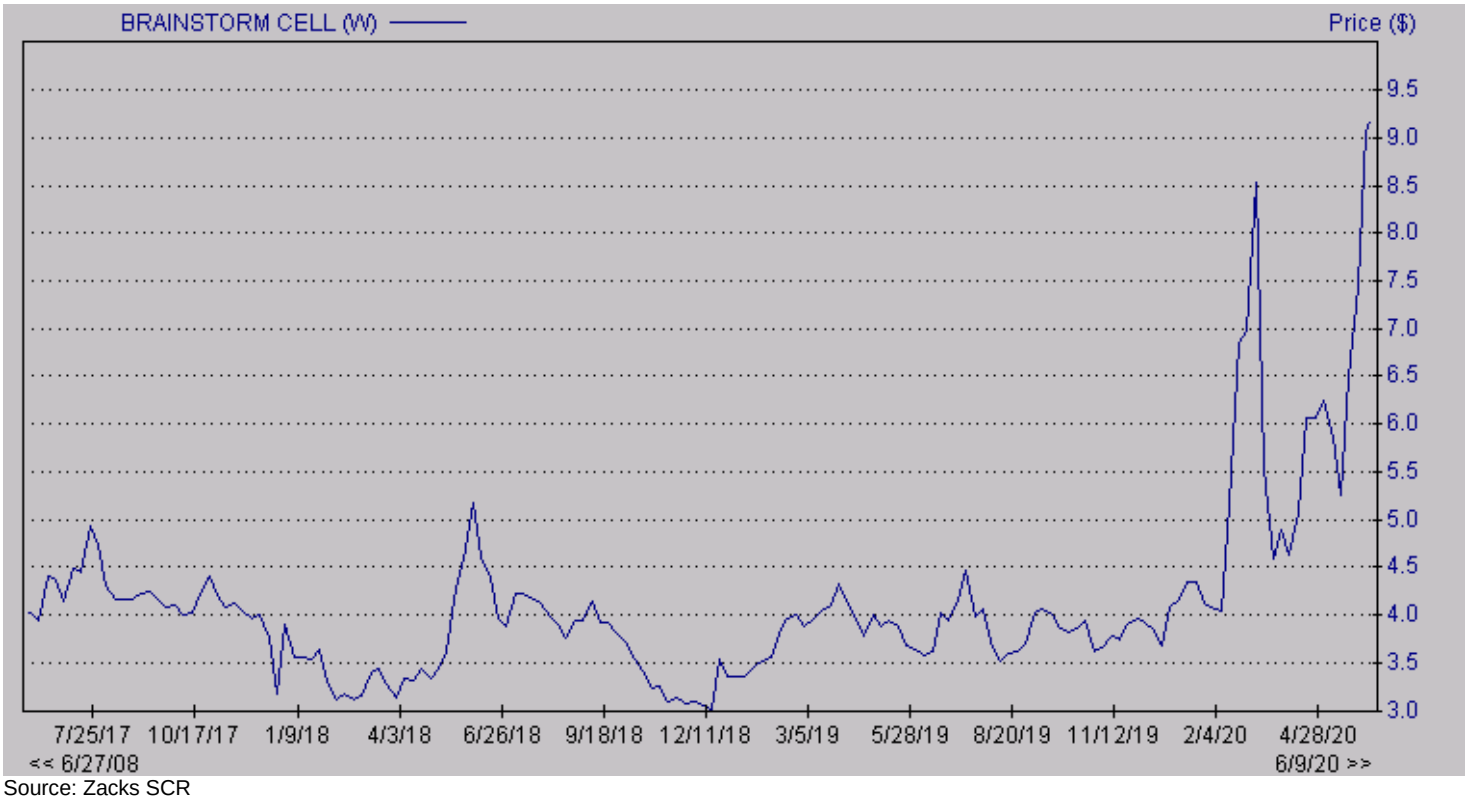
PROJECTED FINANCIALS

Brainstorm Cell Therapeutics	2019 A	Q1 A	Q2 E	Q3 E	Q4 E	2020 E	2021 E	2022 E
MSC-NTF Stem Cells	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$50**
YOY Growth	-	-	-	-	-	-	-	-
Total Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$50**
YOY Growth	-					-	-	-
Cost of Goods / Services	$0.0	$0	$0	$0	$0	$0.0	$0.0	$7.5
Product Gross Margin	-	-	-	-	-	-	-	-
R&D	$17.2	$5.9	$4.5	$5.0	$6.0	$21.4	$20.0	$20.0
% R&D	-	-	-	-		-	-	-
SG&A	$5.8	$2.4	$1.6	$1.6	$1.6	$7.2	$6.5	$19.0
% SG&A	-	-	-	-	-	-	-	-
Operating Income	($23.0)	($8.3)	($6.1)	($6.6)	($7.6)	($28.6)	($26.5)	$3.5
Net Other Income	($0.3)	$0.2	$0.0	$0.0	$0.0	$0.2	$0.0	$0.0
Pre-Tax Income	($23.3)	($8.1)	($6.1)	($6.6)	($7.6)	($28.4)	($26.5)	$3.5
Taxes	$0	$0	$0	$0	$0	$0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	($23.3)	($8.1)	($6.1)	($6.6)	($7.6)	($28.4)	($26.5)	$3.5
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($1.06)**	**($0.29)**	**($0.21)**	**($0.22)**	**($0.25)**	**($0.96)**	**($0.80)**	**$0.10**
YOY Growth	-	-	-	-	-	-	-	-
Wt. Avg Shares Outstanding	21.9	28.4	29.5	30.0	30.0	29.5	33.0	35.0

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

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