Important disclosures can be found on pages 9 - 13 of this report.

Oramed Pharmaceuticals Inc. (ORMP – $8.01*)

Company Update

Jerusalem, Israel
April 7, 2016

Outperform
Price Target: $15.00

STOCK DATA	
52-Week Range	$10.74 – $4.15
3-Month ADTV	49,095
Dividend Yield	NA
Market Cap (mil)	$105.1
Shares Outstanding (mil)	13.1
Beta	(0.19)
Float (%)	78.7
Fiscal Year-End	August

EARNINGS DATA			
EPS	2015A	2016E	2017E
1Q	($0.19)	($0.21)A	—
2Q	($0.15)	($0.15)A	—
3Q	($0.15)	($0.20)	—
4Q	($0.18)	($0.22)	—
FY	($0.67)	($0.78)	($0.81)

BALANCE SHEET DATA	
	2Q16
Cash & Equivalents	$35.9
Current Assets	$26.0
Total Assets	$38.4
Total Liabilities	$5.7
Total Stockholder Equity	$32.7
Total Debt	$0.0

$ in millions.

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F2Q16 Earnings: Focus Remains on Phase IIb Data in 2Q16

Summary and Recommendation

Yesterday afternoon, April 6, Oramed Pharmaceuticals reported F2Q16 earnings per share of ($0.15), compared with ($0.21) in F1Q16. Although Oramed does not host a conference call, we saw several positive developments in the company's 10-Q filing for the second quarter. The company recently announced the completion of all follow-up visits of the Phase IIb study with ORMD-0801. We expect to see data from this trial in 2Q16, which we believe has the potential to be a major inflection point for the stock. As a reminder, Oramed is developing two clinical candidates: ORMD-0801, an oral insulin analog for the treatment of type 1 and type 2 diabetes (T1D and T2D), and ORMD-0901, an oral GLP-1 analog for the treatment of T2D. Oramed is also conducting a study with ORMD-0901, which we expect will be completed in 2Q16. Overall, we are encouraged by Oramed's progress during the quarter and remain focused on the Phase IIb data readout.

Key Points

- **Phase IIb data expected in 2Q16 has potential to be a major catalyst.** Oramed reported on April 5 that it has completed final follow-up visits for all 180 patients in its Phase IIb study with ORMD-0801 for T2D. We remind investors that the Phase IIb study is being conducted across 33 clinical sites in the U.S. and will examine the primary endpoint of effect on weighted mean nighttime glucose levels between baseline and week four of treatment. Following verification and analysis of the data, we expect Oramed to announce top-line results in 2Q16. We believe these data could help clarify the existence of a dose effect and resolve concerns over a cited manufacturing fault with the 16 mg capsule.
- **We expect a partnership to follow a positive data readout.** We remind investors that Oramed plans to seek a partner for ORMD-0801 before initiating large and costly pivotal Phase III studies. At the end of last year, Oramed announced the completion of its Chinese out-licensing deal for ORMD-0801 with Hefei Tianhui Incubation of Technologies Co. (HTIT). We believe the deal further validates the potential for additional partnerships with ORMD-0801 and the potential of ORMD-0801 for the treatment of T1D and T2D.
- **Progress across the pipeline.** Following the conclusion of a Phase Ib ex-U.S. study with ORMD-0901 in T2D, Oramed plans to initiate a Phase II multi-center study in 1Q17. Recall, ORMD-0901 is an oral exenatide GLP-1 analog-based preparation for the treatment of T2D. ORMD-0901 demonstrated biologic activity in a small prior clinical trial performed in Jerusalem. Moreover, treatment with ORMD-0901 was not associated with reports of nausea, which is the most frequently reported adverse reaction associated with injectable exenatide.
- **Earnings details.** R&D spending decreased to $1.3 million in F2Q16 from $1.9 million in F1Q16. G&A spend increased to $0.7 million from $0.5 million in F1Q16. As of February 29, 2016, the company reported a cash and equivalents balance of $35.9 million, which provides sufficient cash runway through 2017, according to our model.

The Debate™

Debatable Point	Our Thoughts	Time Frame	Impact
Will ORMD-0801 show positive safety and efficacy in the current Phase IIb study?	We have reviewed the previous Phase IIa study results to handicap the potential success of ORMD-0801 in the current Phase IIb study. Overall, ORMD-0801 showed a consistent and short-acting rise in plasma insulin, which positively decreased plasma glucose levels with the 8 mg capsule (16 mg dose). We note that these results can only be described as trends, as the study was not powered to show statistical significance. In the 24 mg dose, there was a manufacturing fault associated with the 16 mg capsule, which makes us uncertain regarding the existence of a dose-related effect. That being said, we think there is a significant market opportunity for oral insulin if the Phase IIb outcome is positive, and we view the risk/reward profile as favorable.	3 Months	
Will Oramed successfully partner ORMD-0801 to support late-stage clinical trials, approval, and commercialization?	If ORMD-0801 is shown to be both safe and effective, Oramed plans to ultimately seek a strategic partner or partners with extensive drug development experience and marketing capabilities. Given the size and scope (approximately 3,000 patients over 24 weeks) of a Phase III program in T1D and T2D, we would expect Oramed to attempt to partner ORMD-0801 after the Phase II studies are complete. The strategic partner(s) would be responsible for global clinical trials, post-marketing studies, and label expansion, which are outside of Oramed's core developmental capabilities. We expect to see a partnership or partnerships following Phase IIb data, which should read out in the 2Q16.	6 to 18 Months	
Will Oramed's oral GLP-1 candidate (ORMD-0901) prove to be safe and effective in T2D patients?	ORMD-0901 is an oral exenatide GLP-1 analog-based preparation designed with Oramed's oral formulation technology. Oramed completed non-FDA approved clinical trials of ORMD-0901 in healthy volunteers at a medical center in Jerusalem. The first-in-human study demonstrated retained biological activity on insulin excursions after oral administration of ORMD-0901 followed by an oral glucose load. While these data are encouraging and provide a rationale for advanced development, only six subjects were analyzed for safety, and only four subjects were considered for the efficacy evaluations due to adverse events reported upon glucose load.	2 Years+	

Investment Thesis

Given its focus on developing orally administered peptides that are currently available only as injectables, we view Oramed as owning platform technology with a strong patent estate. We believe the data for both ORMD-0801 and ORMD-0901 are compelling and would be buyers of the stock at these levels.

Valuation

Our $15 price target is based on probability-weighted DCF and sum-of-the-parts (SOTP) analyses of the commercial opportunities available to the company. Our model incorporates a 13.5% discount rate and a 3% growth rate, which is in line with development-stage companies.

Catalysts/Milestones

- 2Q16: complete Phase Ib ex-U.S. study with ORMD-0901 in T2D.
- 2Q16: Phase IIb study data readout with ORMD-0801 oral insulin.
- 1Q17: initiate Phase II multi-center study with ORMD-0901 oral GLP-1 analog.

Valuation Methodology

Our $15 price target is based on probability-weighted DCF and sum-of-the-parts (SOTP) analyses of the commercial opportunities available to the company. Our model incorporates a 13.5% discount rate, which is in line with development-stage companies. We ascribe a 20% probability of success (PoS) to ORMD-0801 in T1D and T2D, as we are keen on seeing the results of the Phase IIb trial without the use of the 16 mg capsule. Our SOTP analysis shows that 73% of the total value of ORMP can be ascribed to ORMD-0801 T2D, given its large market size relative to T1D, and ORMD-0901 GLP-1 for T2D patients. We ascribe a 10% PoS to ORMD-0901, which completed a Phase I study in healthy volunteers.

ORMP Sum-of-the-Parts Analysis ($ in Millions)

	EV		PoS		EV		Per Diluted Share	
ORMD-0801 - T2D	691.3	*	20.0%	=	138.3	73%	10.93	73%
ORMD-0801 - T1D	125.8	*	20.0%	=	25.2	13%	1.99	13%
ORMD-0901 GLP-1 - T2D	261.7	*	10.0%	=	26.2	14%	2.07	14%
Total Firm Value	1,078.7	*	17.6%	=	189.6	100%	14.98	100%
Total Equity Value					**189.6**	100%	**14.98**	100%
Fully Diluted Shares							12.7	

Source: FBR Research

ORMP DCF Analysis ($ in Millions)

Present Value of FCF	1,078.6
Blended PoS	0.18
Present Value of Equity	189.6
Diluted Shares Outstanding	12.7
Equity Value per Share	**$ 14.98**
Upside/(Downside) Potential	**87.0%**
Terminal Value Summary	
Perpetual Growth Rate	2.0%
Terminal Free Cash Flow	427.8
Terminal Value	3,727.6
Present Value of FCF	1,078.6
Present Value of TV	603.6
Terminal Value % of EV	**56.0%**

Source: FBR Research

Risks

Clinical risks. The development of clinical drug candidates is inherently risky and may never lead to marketable products. Oramed's lead drug candidate, ORMD-0801, is at an early stage of clinical development and depends on third-party suppliers for raw materials. As the company does not control these parties, it is not able to guarantee that the clinical operations will be performed in a timely and adequate manner.

Competitive risks. Several companies are developing candidates or marketing products for the same treatment indications for which Oramed is developing product candidates. These candidates or products may negatively affect future pricing power or market opportunities for Oramed's developmental candidates.

Financial risks. Oramed is currently developing several clinical candidates and may need additional funds in the future to continue research and development programs and for the commercialization of its products.

Liquidity risk. The company has a relatively small float with a market capitalization of approximately $100 million on common shares outstanding. Investors could potentially be at risk of finding a liquid market to buy or sell shares.

Regulatory risks. There is a risk that the company will be unable to receive regulatory approvals or experience delays in receiving approval. Additionally, the company must obtain several foreign regulatory approvals to be able to sell products internationally.

Manufacturing risks. Oramed may be unable to manufacture or contract with third parties for the manufacture of insulin-based applications and/or other orally digestible drugs.

Company Profile

Oramed Pharmaceuticals Inc. develops a proprietary platform technology focused on creating orally administered oral polypeptides. The company has two oral candidates in development in the diabetes space: ORMD-0801, an insulin analog for type 1 diabetes (T1D) and type 2 diabetes (T2D); and ORMD-0901, an oral GLP-1 analog for T2D. ORMD-0801 is currently in a Phase IIb study in T2D patients, which is expected to read out in 2Q16. In 4Q16, Oramed plans to initiate a Phase II multi-site study with ORMD-0901 under a U.S. IND.

Income Statement–Oramed Pharmaceuticals Inc. (ORMP)

$ in Millions

	2012A	2013A	2014A	2015A	1Q16A	2Q16A	3Q16E	4Q16E	2016E	2017E	2018E	2019E	2020E
Royalties													
ORMD 0801- T2D	-	-	-	-	-	-	-	-	-	-	-	-	5.3
ORMD 0801- T1D	-	-	-	-	-	-	-	-	-	-	-	-	-
ORMD-0901 -T2D	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Product Royalties	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5.3**
Gross Profit	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**-**	**0.1**	**-**	**-**	**-**	**5.3**
Operating Expenses:													
Research and Development	(1.7)	(2.3)	(3.3)	(4.8)	(1.9)	(1.3)	(1.7)	(2.0)	(6.9)	(8.1)	(9.4)	(10.5)	(11.2)
Selling, General and Administrative	(1.2)	(2.0)	(2.6)	(2.6)	(0.5)	(0.7)	(0.8)	(0.8)	(2.9)	(3.4)	(3.9)	(4.5)	(5.0)
Total Operating Expenses	(2.9)	(4.3)	(5.9)	(7.4)	(2.4)	(2.0)	(2.5)	(2.9)	(9.8)	(11.4)	(13.3)	(15.0)	(16.2)
Growth	18%	49%	37%	25%	13%	-17%	23%	14%	33%	16%	16%	13%	8%
% of Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	305%
Operating Profit/(Loss) (EBIT)	(2.9)	(4.3)	(5.9)	(7.4)	(2.4)	(2.0)	(2.5)	(2.9)	(9.8)	(11.4)	(13.3)	(15.0)	(10.9)
Growth	18%	49%	37%	25%	13%	-17%	23%	14%	33%	16%	16%	13%	-28%
Financial income	0.0	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.2	0.1	0.6	0.4	0.4
Financial expenses	(0.2)	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	(0.0)	(0.3)	(0.9)	(1.6)	(2.2)
Other Income (Expense), Net	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) - Pretax	(3.3)	(4.4)	(5.7)	(7.2)	(2.4)	(1.9)	(2.5)	(2.8)	(9.7)	(11.6)	(13.6)	(16.2)	(12.6)
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
(Taxes)/Tax Benefits	(0.1)	0.2	(0.0)	0.0	-	-	-	-	-	-	-	-	-
Net Income (After Taxes)	(3.3)	(4.2)	(5.7)	(7.2)	(2.4)	(1.9)	(2.5)	(2.8)	(9.7)	(11.6)	(13.6)	(16.2)	(12.6)
Growth	114%	27%	35%	27%	13%	-19%	28%	14%	34%	20%	17%	19%	-22%
Basic Net Profit/ (Loss) per Common Share	**(0.57)**	**(0.59)**	**(0.62)**	**(0.67)**	**(0.21)**	**(0.15)**	**(0.20)**	**(0.22)**	**(0.78)**	**(0.81)**	**(0.74)**	**(0.88)**	**(0.69)**
Weighted Average Shares Outstanding	5.9	7.2	9.2	10.8	11.6	12.7	12.7	12.7	12.4	14.4	18.4	18.4	18.4
Growth	-91%	23%	28%	17%	1%	9%	0%	0.0%	14%	16%	28%	0%	0%
Diluted Net Profit/ (Loss) per Common Share	**(0.57)**	**(0.59)**	**(0.62)**	**(0.67)**	**(0.21)**	**(0.15)**	**(0.20)**	**(0.22)**	**(0.78)**	**(0.81)**	**(0.74)**	**(0.88)**	**(0.69)**
Fully Diluted Average Shares	5.9	7.2	9.2	10.8	11.6	12.7	12.7	12.7	12.4	14.4	18.4	18.4	18.4
Growth	-91%	23%	28%	17%	1%	9%	0%	0.0%	14%	16%	28%	0%	0%

Proprietary to FBR Capital Markets & Co. April 7, 2016

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Source: Company reports and FBR Research

Balance Sheet—Oramed Pharmaceuticals Inc. (ORMP)

$ in Millions

	2012A	2013A	2014A	2015A	1Q16A	2Q16A	3Q16E	4Q16E	2016E	2017E	2018E	2019E	2020E
Current assets:													
Cash and cash equivalents	4.4	2.3	1.8	3.2	1.9	3.2	2.4	9.9	9.9	39.7	80.7	89.2	99.0
Short-term deposits	0.5	5.2	18.5	11.9	11.1	20.3	18.7	8.9	8.9	6.7	5.0	5.2	5.4
Marketable securities	0.2	1.0	1.0	2.1	2.0	2.1	2.0	1.7	1.7	1.3	1.1	1.1	1.2
Restricted cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable - other	0.1	-	-	-	-	-	-	-	-	-	-	-	0.4
Prepaid expenses and other current assets	0.0	0.1	0.1	0.1	0.1	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1
Related parties	0.0	0.0	0.3	-	-	-	-	-	-	-	-	-	-
Grants receivable from the Office of the Chief Scientist	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-
Total current assets	**5.3**	**8.6**	**21.8**	**17.4**	**15.2**	**26.0**	**23.5**	**20.7**	**20.7**	**47.9**	**87.0**	**95.6**	**106.3**
Investment in a joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term deposits and investment	0.0	0.0	0.0	8.0	8.1	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6
Marketable securities	-	-	-	0.9	0.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Amounts funded for employee rights upon retirement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property and equipment, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3	0.5	1.0	3.0
Total assets	**5.3**	**8.7**	**21.8**	**26.4**	**23.9**	**38.4**	**35.9**	**33.0**	**33.0**	**60.5**	**99.9**	**109.0**	**121.5**
Liabilities and stockholders' equity													
Current liabilities:													
Accounts payable and accrued expenses	0.6	0.5	0.9	1.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.1	1.3
Advance on account of license agreement	-	-	-	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Related parties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Account payable with former shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	**0.6**	**0.5**	**1.0**	**1.5**	**1.3**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.8**	**2.0**
Warrants	0.6	-	-	-	-	-	-	-	-	-	-	-	-
Long-term debt	-	-	-	-	-	-	-	-	-	25.0	50.0	75.0	100.0
Employee rights upon retirement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provision for uncertain tax position	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Revenue	-	-	-	-	-	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Total liabilities	**1.5**	**0.5**	**1.0**	**1.5**	**1.3**	**5.7**	**5.7**	**5.7**	**5.7**	**30.7**	**55.7**	**80.9**	**106.1**
Common stock	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Additional paid-in capital	21.6	29.9	48.0	59.2	59.7	71.6	71.6	71.6	71.6	85.6	113.6	113.6	113.6
Accumulated other comprehensive income	-	0.3	0.5	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Accumulated Loss	(17.9)	(22.1)	(27.8)	(35.1)	(37.4)	(39.3)	(41.7)	(44.6)	(44.6)	(56.2)	(69.8)	(85.9)	(98.6)
Total stockholders' (deficit) equity	**3.8**	**8.1**	**20.8**	**24.8**	**22.5**	**32.7**	**30.2**	**27.4**	**27.4**	**29.8**	**44.2**	**28.0**	**15.4**
Total liabilities and stockholders' equity	**5.3**	**8.7**	**21.8**	**26.4**	**23.9**	**38.4**	**35.9**	**33.0**	**33.0**	**60.5**	**99.9**	**109.0**	**121.5**

Proprietary to FBR Capital Markets & Co. April 7, 2016

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Source: Company reports and FBR Research

Discounted Cash Flow (DCF) Analysis—Oramed Pharmaceuticals Inc. (ORMP)

$ in Millions

	2015A	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	TVE
EBIT	**(7.4)**	**(9.7)**	**(11.4)**	**(13.3)**	**(15.0)**	**(10.9)**	**1.9**	**51.6**	**122.3**	**226.2**	**340.2**	**397.3**	**443.8**	**496.8**	**557.2**	**626.2**	
Effective Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	
Tax Expense	-	-	-	-	-	-	-	-	(36.7)	(67.8)	(102.1)	(119.2)	(133.1)	(149.0)	(167.2)	(187.9)	
NOPAT	**(7.4)**	**(9.7)**	**(11.4)**	**(13.3)**	**(15.0)**	**(10.9)**	**1.9**	**51.6**	**85.6**	**158.3**	**238.2**	**278.1**	**310.7**	**347.7**	**390.0**	**438.3**	
Add: Depreciation & Amortization	0.0	0.0	0.0	0.0	0.1	0.1	0.4	1.5	1.9	2.7	4.2	6.5	8.8	11.3	13.8	16.4	
Less: Change in Working Capital	0.9	4.1	(0.0)	(0.0)	0.3	(0.2)	(0.9)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	
Less: Capital Expenditures	(0.0)	(0.1)	(0.2)	(0.3)	(0.5)	(2.1)	(7.8)	(3.6)	(7.3)	(12.9)	(19.2)	(22.4)	(25.0)	(28.0)	(31.4)	(35.3)	
Unlevered Free Cash Flow	(6.5)	(5.6)	(11.6)	(13.6)	(15.2)	(13.1)	(6.3)	49.5	80.1	148.1	223.2	262.2	294.5	331.0	372.4	419.4	
Terminal Value																	427.8
Total Free Cash Flows	(6.5)	(5.6)	(11.6)	(13.6)	(15.2)	(13.1)	(6.3)	49.5	80.1	148.1	223.2	262.2	294.5	331.0	372.4	419.4	427.8
Discount Period	0.6	0.4	1.4	2.4	3.4	4.4	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	14.4
Discount Factor	-	1.0	0.8	0.7	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Discounted Free Cash Flows	**-**	**(5.4)**	**(9.7)**	**(10.0)**	**(9.9)**	**(7.5)**	**(3.2)**	**22.1**	**31.4**	**51.2**	**68.0**	**70.4**	**69.7**	**69.0**	**68.4**	**67.9**	**69.3**

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Source: Company reports and FBR Research

Sum-of-the-Parts (SOTP) Analysis—Oramed Pharmaceuticals Inc. (ORMP)

$ in Millions

	2015A	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	TVE
ORMD-0801 - T2D																	
Royalty Revenue					-	5	12	57	83	174	225	261	303	352	409	475	
Gross Income	-	-	-	-	-	5	12	57	83	174	225	261	303	352	409	475	
R&D Share	(4)	(6)	(7)	(8)	(9)	(9)	(10)	(11)	(12)	(17)	(22)	(26)	(30)	(35)	(41)	(48)	
G&A Share	(2)	(3)	(3)	(3)	(4)	(4)	(5)	(5)	(6)	(6)	(7)	(8)	(9)	(9)	(10)	(11)	
Operating Income	(6.6)	(8.9)	(10.2)	(11.7)	(13.1)	(8.4)	(2.1)	40.5	64.9	150.3	195.3	227.3	264.5	307.8	358.0	416.3	
Less: Tax	-	-	-	-	-	-	-	-	(19)	(45)	(59)	(68)	(79)	(92)	(107)	(125)	
NOPAT	(7)	(9)	(10)	(12)	(13)	(8)	(2)	41	45	105	137	159	185	215	251	291	
Plus: Share of Noncash	1	4	(0)	(0)	(0)	(2)	9	(2)	(3)	(7)	(9)	(9)	(10)	(10)	(11)	(13)	
Unlevered FCF	(6)	(5)	(10)	(12)	(13)	(10)	7	39	43	98	128	150	176	205	239	279	2,478
Discount Factor	-	1.0	0.8	0.7	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Discounted FCF	-	(5)	(9)	(9)	(9)	(6)	4	17	17	34	39	40	42	43	44	45	401

ORMD-0801 - T2D	691

ORMD-0801 - T1D																	
Royalty Revenue	-	-	-	-	-	-	3	5	22	29	54	63	65	68	71	74	
Gross Income	-	-	-	-	-	-	3	5	22	29	54	63	65	68	71	74	
R&D Share	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(2)	(2)	(4)	(5)	(5)	(5)	(6)	(6)	
G&A Share	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	
Operating Income	(0.4)	(0.5)	(0.6)	(0.7)	(0.8)	(1.0)	1.4	3.9	20.0	26.1	49.4	57.2	59.5	61.9	64.4	67.0	
Less: Tax	-	-	-	-	-	-	-	-	(6)	(8)	(15)	(17)	(18)	(19)	(19)	(20)	
NOPAT	(0)	(0)	(1)	(1)	(1)	(1)	1	4	14	18	35	40	42	43	45	47	
Plus: Share of Noncash	0	0	(0)	(0)	(0)	(0)	(6)	(0)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	
Unlevered FCF	(0)	(0)	(1)	(1)	(1)	(1)	(5)	4	13	17	32	38	39	41	43	45	399
Discount Period	0.6	0.4	1.4	2.4	3.4	4.4	5.4	6.4	7.4	8.4	9.4	10.4	11.4	12.4	13.4	14.4	
Discount Factor	-	1.0	0.8	0.7	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Discounted FCF	-	(0)	(1)	(1)	(1)	(1)	(2)	2	5	6	10	10	9	9	8	7	65

ORMD-0801 - T1D	126

ORMD-0901 GLP-1 - T2D																	
Royalty Revenue						-	5	10	41	55	105	124	131	139	148	157	
Gross Income	-	-	-	-	-	-	5	10	41	55	105	124	131	139	148	157	
R&D Share	(0)	(0)	(0)	(1)	(1)	(1)	(2)	(2)	(3)	(4)	(8)	(10)	(11)	(11)	(12)	(13)	
G&A Share	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	
Operating Income	(0.4)	(0.5)	(0.6)	(0.8)	(1.1)	(1.5)	2.6	7.2	37.4	49.7	95.6	112.8	119.7	127.0	134.7	142.9	
Less: Tax	-	-	-	-	-	-	-	-	(11)	(15)	(29)	(34)	(36)	(38)	(40)	(43)	
NOPAT	(0)	(0)	(1)	(1)	(1)	(1)	3	7	26	35	67	79	84	89	94	100	
Plus: Share of Noncash	0.0	0.2	(0.0)	(0.0)	(0.0)	(0.3)	(11.5)	(0.3)	(1.7)	(2.2)	(4.2)	(4.5)	(4.4)	(4.3)	(4.3)	(4.3)	
Unlevered FCF	(0)	(0)	(1)	(1)	(1)	(2)	(9)	7	24	33	63	74	79	85	90	96	850
Discount Factor	-	1.0	0.8	0.7	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Discounted FCF	-	(0)	(1)	(1)	(1)	(1)	(4)	3	10	11	19	20	19	18	17	15	138

ORMD-0901 GLP-1 - T2D	262

Proprietary to FBR Capital Markets & Co. April 7, 2016

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Source: Company reports and FBR Research

*Closing price of last trading day immediately prior to the date of this publication unless otherwise indicated.

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HOLD [Market Perform]	33.03%	11.19%
SELL [Underperform]	2.54%	9.09%

(1) As of midnight on the business day immediately prior to the date of this publication.

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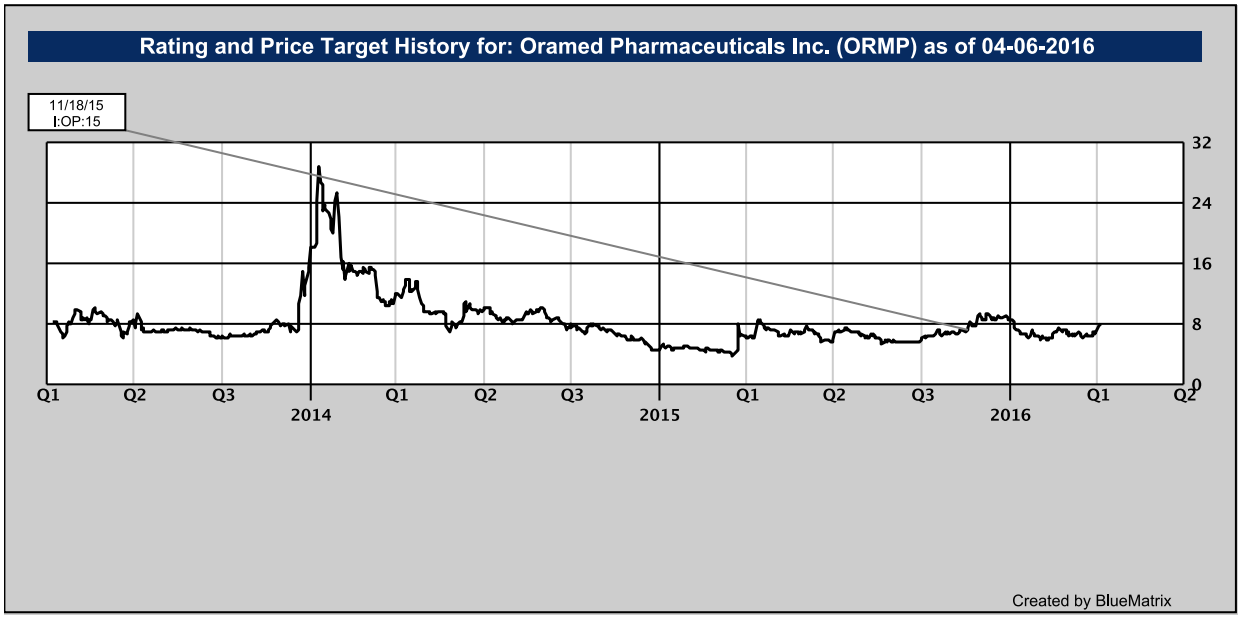
Rating and Price Target History for: Oramed Pharmaceuticals Inc. (ORMP) as of 04-06-2016
11/18/15
I:OP:15
32
24
16
8
0
Q1
Q2
Q3
2014
Q1
Q2
Q3
2015
Q1
Q2
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2016
Q1
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