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

Oramed Pharmaceuticals Inc. (ORMP – $7.90*)

Company Update

Jerusalem, Israel
July 28, 2016

Outperform
Price Target: $20.00

STOCK DATA	
52-Week Range	$10.74 – $4.15
3-Month ADTV	154,924
Dividend Yield	NA
Market Cap (mil)	$103.8
Shares Outstanding (mil)	13.1
Beta	(0.05)
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)	($0.16)A	—
4Q	($0.18)	($0.23)	—
FY	($0.67)	($0.76)	($0.79)

BALANCE SHEET DATA	
	3Q16
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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Overall Data Support Use of Oral Insulin Analog; Focus Shifts to End-of-Phase II Meeting

Summary and Recommendation

On the morning of July 28, Oramed Pharmaceuticals announced additional data from its Phase IIb study with ORMD-0801 in type II diabetes patients. As a reminder, ORMD-0801 is an oral insulin analog for the treatment of type 1 and type 2 diabetes (T1D and T2D). At the end of May, Oramed announced initial data from its Phase IIb study demonstrating ORMD-0801's differentiated ability to orally deliver an insulin analog to patients with T2D. Oramed hosted a call to discuss the additional results, from which we provide three key takeaways: (1) Additional data with ORMD-0801 further support the drug's activity as an oral insulin analog; (2) future studies could help characterize secondary measures of glucose control and the existence of a dose response; and (3) although challenging to extrapolate from a four-week study, the statistically significant change in HbA1c for the pooled ORMD-0801 cohorts versus placebo is promising. Overall, we believe the Phase IIb data further support use of ORMD-0801 in the treatment of T1D and T2D patients and shift our focus to updates on an End-of-Phase II meeting expected in the coming months.

Key Points

- **Overall data highlight promising improvements in glucose control.** During the study, pooled patients treated with ORMD-0801 achieved mean nighttime glucose change from run-in of 1.66 mg/dL compared to placebo group change of 13.7 mg/dL ($p = 0.0117$). This follows initial data demonstrating that the pooled cohort of ORMD-0801 versus placebo achieved a weighted mean decrease of 6.47% ($p = 0.0268$) in nighttime glucose at four weeks from run-in. We note that these data exclude the highest 10% and lowest 10% of values, due to extreme outliers that can occur with continuous glucose monitoring (CGM). Although secondary measures on change in morning fasting serum insulin, C-peptide, or triglycerides showed no significant difference, we believe the overall data demonstrate the clinical benefit of ORMD-0801 in T2D.
- **Additional studies could clarify a dose response.** While both treatment groups achieved statistically significant differences in several key glucose endpoints when compared with placebo group, no significant dose-effect was observed. We believe the lack of a dose response could be due to the drug's mechanism of action and absorption through the liver. Oramed plans to conduct additional smaller follow-up studies to better assess a dose response with ORMD-0801.
- **Changes to HbA1c further support opportunity for ORMD-0801 in T2D.** During the study, patients treated with ORMD-0801 achieved a change in HbA1c at day 29 of (0.01%) versus placebo of 0.20%. Given the four-week length of the study, we believe these are promising results that could be better characterized in future studies with longer follow-up. In order to achieve approval, ORMD-0801 will need to demonstrate a clinically meaningful change in HbA1c over at least a three-month time frame.
- **Potential partnership on the horizon.** Oramed plans to seek a partner in order to advance ORMD-0801 in late-stage development, due to the size and scope of a Phase III program in T1D and T2D. We believe a partnership could follow the full analysis of these data.

The Debate™

Debatable Point	Our Thoughts	Time Frame	Impact
Will ORMD-0801 show positive safety and efficacy in the current Phase IIb study?	Oramed announced positive top-line results in May from its Phase IIb study. We believe the data highlight activity of oral insulin analog ORMD-0801. Pooled data from the Phase IIb study demonstrated a statistically significant decrease of 6.47% (p = 0.0268) in the primary endpoint of mean nighttime fasting glucose at four weeks from baseline, as compared to placebo. We are interested to see additional data, including smaller follow-up studies designed to assess dose-related efficacy between drug dose levels. As a reminder, the Phase IIa study showed evidence of a manufacturing fault associated with the 16 mg capsule (24 mg dose), which makes the existence of a dose-related effect less clear. That being said, we think there is a significant market opportunity for oral insulin following these Phase IIb data.	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 are expected to read out in 3Q16.	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 largely available 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 remain buyers of the stock, especially at current levels.

Valuation

Our $20 price target is based on probability-weighted DCF and sum-of-the-parts (SOTP) analyses of the commercial opportunities available to the company.

Catalysts/Milestones

- 3Q16: complete Phase Ib ex-U.S. study with ORMD-0901 in T2D.
- 2017: initiate Phase II multi-center study with ORMD-0901 oral GLP-1 analog.

Valuation Methodology

Our $20 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 30% probability of success (PoS) to ORMD-0801 in T1D and T2D. Our SOTP analysis shows that 76% 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	670.3	*	30.0%	=	201.1	76%	15.33	76%
ORMD-0801 - T1D	119.2	*	30.0%	=	35.8	14%	2.73	14%
ORMD-0901 GLP-1 - T2D	264.2	*	10.0%	=	26.4	10%	2.01	10%
Total Firm Value	1,053.7	*	25.0%	=	263.3	100%	20.07	100%
Total Equity Value					**263.3**	100%	**20.07**	100%
Fully Diluted Shares							13.1	

Source: FBR Research

ORMP DCF Analysis ($ in Millions)

Present Value of FCF	1,053.7
Blended PoS	0.25
Present Value of Equity	263.3
Diluted Shares Outstanding	13.1
Equity Value per Share	**$ 20.07**
Terminal Value Summary	
Perpetual Growth Rate	2.0%
Terminal Free Cash Flow	404.6
Terminal Value	3,524.9
Present Value of FCF	1,053.7
Present Value of TV	589.1
Terminal Value % of EV	**55.9%**

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 type 2 diabetes (T2D). ORMD-0801 recently completed a Phase IIb study in T2D patients, which read out positive top-line data in May 2016. In 1Q17, Oramed plans to initiate IND enabling-studies for ORMD-0901 followed by an IND and Phase II multi-site study in the U.S.

Income Statement–Oramed Pharmaceuticals Inc. (ORMP)

$ in Millions

	2012A	2013A	2014A	2015A	1Q16A	2Q16A	3Q16A	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**	**0.2**	**-**	**0.3**	**-**	**-**	**-**	**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)	(0.6)	(1.1)	(2.9)	(3.4)	(3.9)	(4.5)	(4.9)
Total Operating Expenses	(2.9)	(4.3)	(5.9)	(7.4)	(2.4)	(2.0)	(2.3)	(3.1)	(9.8)	(11.4)	(13.3)	(15.0)	(16.1)
Growth	18%	49%	37%	25%	13%	-17%	12%	36%	33%	16%	16%	13%	7%
% 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.	304%
Operating Profit/(Loss) (EBIT)	(2.9)	(4.3)	(5.9)	(7.4)	(2.4)	(2.0)	(2.3)	(3.1)	(9.8)	(11.4)	(13.3)	(15.0)	(10.8)
Growth	18%	49%	37%	25%	13%	-17%	12%	36%	33%	16%	16%	13%	-28%
Financial income	0.0	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.3	0.2	0.6	0.4	0.5
Financial expenses	(0.2)	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	(0.1)	(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)	(2.2)	(3.1)	(9.6)	(11.6)	(13.6)	(16.2)	(12.5)
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)	(2.2)	(3.1)	(9.6)	(11.6)	(13.6)	(16.2)	(12.5)
Growth	114%	27%	35%	27%	13%	-19%	11%	42%	32%	21%	17%	19%	-22%
Basic Net Profit/ (Loss) per Common Share	**(0.57)**	**(0.59)**	**(0.62)**	**(0.67)**	**(0.21)**	**(0.15)**	**(0.16)**	**(0.23)**	**(0.76)**	**(0.79)**	**(0.73)**	**(0.87)**	**(0.67)**
Weighted Average Shares Outstanding	5.9	7.2	9.2	10.8	11.6	12.7	13.1	13.1	12.6	14.6	18.6	18.6	18.6
Growth	-91%	23%	28%	17%	1%	9%	4%	0.0%	17%	16%	27%	0%	0%
Diluted Net Profit/ (Loss) per Common Share	**(0.57)**	**(0.59)**	**(0.62)**	**(0.67)**	**(0.21)**	**(0.15)**	**(0.16)**	**(0.23)**	**(0.76)**	**(0.79)**	**(0.73)**	**(0.87)**	**(0.67)**
Fully Diluted Average Shares	5.9	7.2	9.2	10.8	11.6	12.7	13.1	13.1	12.6	14.6	18.6	18.6	18.6
Growth	-91%	23%	28%	17%	1%	9%	4%	0.0%	17%	16%	27%	0%	0%

Proprietary to FBR Capital Markets & Co. July 28, 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	3Q16A	4Q16E	2016E	2017E	2018E	2019E	2020E
Current assets:													
Cash and cash equivalents	4.4	2.3	1.8	3.2	1.9	3.2	3.3	11.3	11.3	41.1	82.1	90.8	100.7
Short-term deposits	0.5	5.2	18.5	11.9	11.1	20.3	18.0	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	3.4	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**	**25.1**	**22.0**	**22.0**	**49.3**	**88.4**	**97.2**	**107.9**
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	0.5	0.5	0.5	0.5	0.5	0.5	0.5
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**	**36.3**	**33.2**	**33.2**	**60.7**	**100.1**	**109.4**	**122.1**
Liabilities and stockholders' equity													
Current liabilities:													
Accounts payable and accrued expenses	0.6	0.5	0.9	1.0	0.8	0.8	0.6	0.6	0.6	0.6	0.6	1.1	1.3
Advance on account of license agreement	-	-	-	0.5	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7
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**	**1.3**	**1.3**	**1.3**	**1.3**	**1.3**	**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	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Total liabilities	**1.5**	**0.5**	**1.0**	**1.5**	**1.3**	**5.7**	**5.3**	**5.3**	**5.3**	**30.3**	**55.3**	**80.8**	**106.0**
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	71.8	71.8	71.8	85.8	113.8	113.8	113.8
Accumulated other comprehensive income	-	0.3	0.5	0.6	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Accumulated Loss	(17.9)	(22.1)	(27.8)	(35.1)	(37.4)	(39.3)	(41.3)	(44.3)	(44.3)	(55.9)	(69.5)	(85.6)	(98.2)
Total stockholders' (deficit) equity	**3.8**	**8.1**	**20.8**	**24.8**	**22.5**	**32.7**	**31.0**	**27.9**	**27.9**	**30.3**	**44.8**	**28.6**	**16.1**
Total liabilities and stockholders' equity	**5.3**	**8.7**	**21.8**	**26.4**	**23.9**	**38.4**	**36.3**	**33.2**	**33.2**	**60.7**	**100.1**	**109.4**	**122.1**

Proprietary to FBR Capital Markets & Co. July 28, 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)**	**(9.6)**	**(11.4)**	**(13.3)**	**(15.0)**	**(10.8)**	**2.2**	**54.5**	**119.8**	**213.6**	**322.0**	**376.4**	**420.5**	**470.8**	**528.1**	**593.6**	
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	-	-	-	-	-	-	-	-	(35.9)	(64.1)	(96.6)	(112.9)	(126.2)	(141.2)	(158.4)	(178.1)	
NOPAT	**(7.4)**	**(9.6)**	**(11.4)**	**(13.3)**	**(15.0)**	**(10.8)**	**2.2**	**54.5**	**83.9**	**149.5**	**225.4**	**263.5**	**294.4**	**329.6**	**369.7**	**415.5**	
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	3.8	(0.0)	(0.0)	0.5	(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)	(5.8)	(11.6)	(13.6)	(15.0)	(13.0)	(6.0)	52.4	78.4	139.3	210.5	247.5	278.2	312.8	352.1	396.6	
Terminal Value																	404.6
Total Free Cash Flows	(6.5)	(5.8)	(11.6)	(13.6)	(15.0)	(13.0)	(6.0)	52.4	78.4	139.3	210.5	247.5	278.2	312.8	352.1	396.6	404.6
Discount Period	0.9	0.2	1.2	2.2	3.2	4.2	5.2	6.2	7.2	8.2	9.2	10.2	11.2	12.2	13.2	14.2	14.2
Discount Factor	-	1.0	0.9	0.8	0.7	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Discounted Free Cash Flows	**-**	**(5.7)**	**(10.1)**	**(10.3)**	**(10.1)**	**(7.7)**	**(3.1)**	**24.1**	**31.7**	**49.7**	**66.2**	**68.6**	**67.9**	**67.3**	**66.8**	**66.3**	**67.6**

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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)	(9)	(13)	(28)	(36)	(42)	(49)	(56)	(65)	(76)	
G&A Share	(2)	(3)	(3)	(3)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(7)	(7)	
Operating Income	(6.6)	(8.9)	(10.2)	(11.7)	(13.1)	(8.4)	(1.8)	43.4	64.9	141.0	183.4	213.6	248.8	289.7	337.1	392.2	
Less: Tax	-	-	-	-	-	-	-	-	(19)	(42)	(55)	(64)	(75)	(87)	(101)	(118)	
NOPAT	(7)	(9)	(10)	(12)	(13)	(8)	(2)	43	45	99	128	150	174	203	236	275	
Plus: Share of Noncash	1	3	(0)	(0)	0	(2)	7	(2)	(3)	(7)	(9)	(9)	(10)	(10)	(11)	(12)	
Unlevered FCF	(6)	(5)	(10)	(12)	(13)	(10)	5	42	42	92	120	141	165	192	225	262	2,329
Discount Factor	-	1.0	0.9	0.8	0.7	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Discounted FCF	-	(5)	(9)	(9)	(9)	(6)	3	19	17	33	38	39	40	41	43	44	389

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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)	(4)	(5)	(9)	(10)	(10)	(11)	(11)	(12)	
G&A Share	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Operating Income	(0.4)	(0.5)	(0.6)	(0.7)	(0.8)	(1.0)	1.4	4.0	18.3	24.0	45.2	52.4	54.6	56.9	59.3	61.7	
Less: Tax	-	-	-	-	-	-	-	-	(5)	(7)	(14)	(16)	(16)	(17)	(18)	(19)	
NOPAT	(0)	(0)	(1)	(1)	(1)	(1)	1	4	13	17	32	37	38	40	41	43	
Plus: Share of Noncash	0	0	(0)	(0)	0	(0)	(5)	(0)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	
Unlevered FCF	(0)	(0)	(1)	(1)	(1)	(1)	(4)	4	12	16	30	34	36	38	40	41	367
Discount Period	0.9	0.2	1.2	2.2	3.2	4.2	5.2	6.2	7.2	8.2	9.2	10.2	11.2	12.2	13.2	14.2	
Discount Factor	-	1.0	0.9	0.8	0.7	0.6	0.5	0.5	0.4	0.4	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	9	10	9	8	7	7	61

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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)	(4)	(5)	(10)	(12)	(13)	(14)	(15)	(16)	
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	36.6	48.6	93.5	110.3	117.1	124.2	131.8	139.7	
Less: Tax	-	-	-	-	-	-	-	-	(11)	(15)	(28)	(33)	(35)	(37)	(40)	(42)	
NOPAT	(0)	(0)	(1)	(1)	(1)	(1)	3	7	26	34	65	77	82	87	92	98	
Plus: Share of Noncash	0.0	0.2	(0.0)	(0.0)	0.0	(0.3)	(9.8)	(0.3)	(1.7)	(2.3)	(4.3)	(4.7)	(4.5)	(4.4)	(4.4)	(4.4)	
Unlevered FCF	(0)	(0)	(1)	(1)	(1)	(2)	(7)	7	24	32	61	73	77	83	88	93	830
Discount Factor	-	1.0	0.9	0.8	0.7	0.6	0.5	0.5	0.4	0.4	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	16	139

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Proprietary to FBR Capital Markets & Co. July 28, 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]	32.78%	6.52%
SELL [Underperform]	2.38%	0.00%

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

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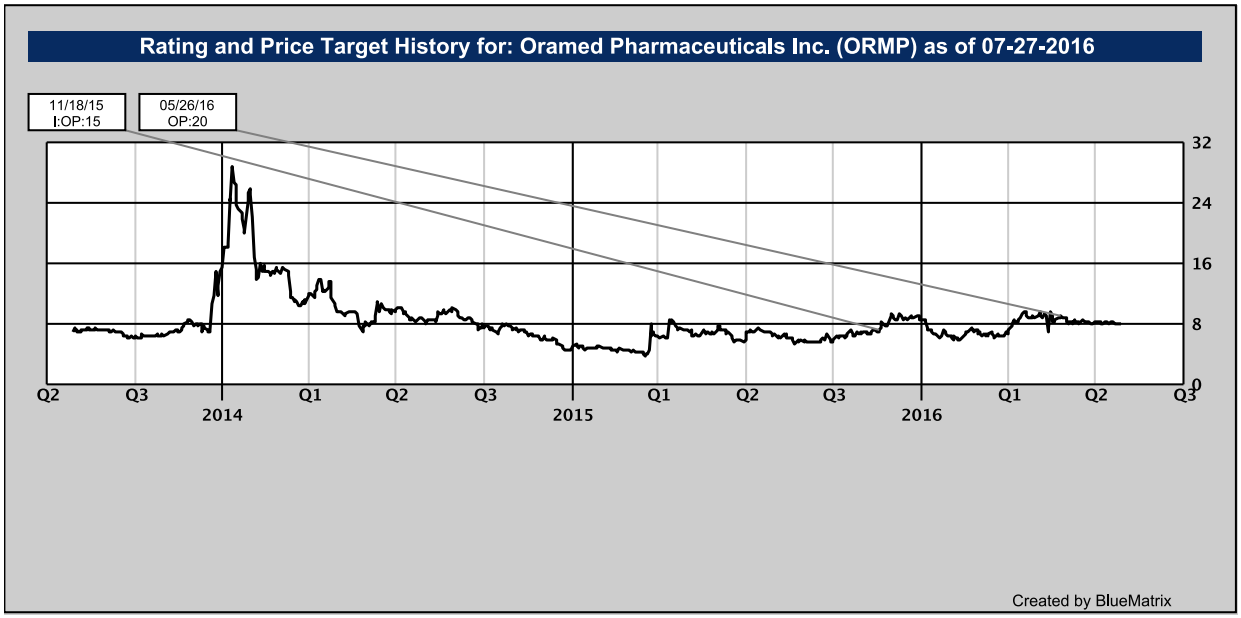
Rating and Price Target History for: Oramed Pharmaceuticals Inc. (ORMP) as of 07-27-2016
11/18/15
I:OP:15
05/26/16
OP:20
32
24
16
8
0
Q2
Q3
Q1
Q2
Q3
Q1
Q2
Q3
Q1
Q2
Q3
2014
2015
2016
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