TICKER	NASDAQ: ORMP
RATING	BUY
PRICE TARGET	$27.00
Price (June 16 , 2014)	$10.64

Oramed Pharmaceuticals

Live from ADA '14: 1X1 with Management Reveals '801 and '901 Programs Remain on Track

We're attending the annual ADA (diabetes) meeting in San Francisco, where over the weekend, ORMP presented P2a data for ORMD-0801, its novel oral insulin candidate, in Type 2 diabetes (T2D). Though this was the 1st time the P2a data were being shared at a medical forum, recall that the data were initially disclosed by ORMP back in April, and thus, there was nothing that we saw/heard that was particularly new. That said, overall, we came away confident in '801's clinical profile, with excellent safety, and encouragingly, +ive trends on efficacy seen. We also met with ORMP's CSO to get an overall update, with our key takeaway being that all plans with '801 and ORMD-0901 (an oral GLP-1) remain on track, including notably, initiation of the larger '801 P2b study in T2D (an expected 4Q14 event).

- **ORMP at ADA '14.** ORMP presented three abstracts (all available on ORMP's website), the key one being a poster on the P2a data for '801 in T2D. Again, with the data already presented (at the GTC Diabetes Summit in Boston), there was little new. But in summary, '801 showed excellent safety (*the primary objective of this P2a study*), and solid trends on efficacy as it related to levels of insulin (higher), C-peptide (higher), and most importantly, nighttime, daytime, and fasting blood glucose (all lower). (For the highlights of the P2a data, we'd refer you to the note we published on April 25). It's important to note that as *this P2a study was not designed (nor powered) to demonstrate efficacy,* we're very encouraged by the efficacy signals we've seen thus far.
- **1X1 meeting with ORMP's CSO.** We met with Dr. Miriam Kidron (ORMP founder and Chief Scientific Officer) to review the ADA' 14 data, get her views on feedback on the '801 poster, and get a general company update. While we learned little from our review of the '801 P2a poster, as far as poster feedback, Dr. Kidron indicated that interest and traffic was high (which having been at the poster session, we can confirm), with a healthy mix of endocrinologists and industry (many in particular from Novo Nordisk [NVO, NR]) stopping by. That said, overall, we believe current physician awareness of '801 remains relatively low, but we're not all that surprised given '801's early-stage nature.
- **Progress all around.** We spent time with Dr. Kidron reviewing the current status of ORMP's three main programs: '801 in T2D; '801 in Type 1 diabetes (T1D); and '901 in T2D. Key updates are: 1) the start of the P2b study for '801 in T2D is expected no later than 4Q14; 2) release of the top-line results from the P2a trial for '801 in T1D are expected by year-end (YE) '14; and 3) the P2a study for '901 is on track to begin in 3Q14. Importantly, as it relates to the '801 program, a key rate-limiting step is the manufacturing scale-up of drug (i.e., the '801 capsules, with ~10,000 needed to be produced), but based on what we heard, we feel comfortable on the progress being made. Lastly, we also learned that ORMP is making headway with the prosecution of US IP for '801 (recall lack of US IP has been an outstanding concern of ours), with a phone-based meeting with a USPTO patent examiner expected to occur shortly. In our view, any +ive news here would represent a potential stock catalyst.
- **Valuation/risks.** Our current PT is based on DCF taken out to 2028 (25% disc. rate, 0% terminal growth). Risks include: negative trial data; regulatory setbacks; a failure to secure US IP; and additional dilutive financings.

Market Data and Valuation Multiples

Market Cap (M):	$105.8
Shares out (M):	9.9
Float (M):	7.6
Daily Vol, 3 Mo Avg (M):	0.2
52-Week Range:	$31.73-$5.00
Cash & Cash Eq (M):	$21.9
Debt (M):	$0.0

Cash & Cash Eq includes short-term deposits.

Financial Metrics

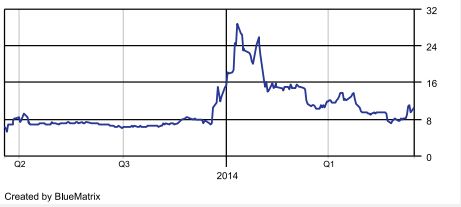
Short Interest (M):	0.9
Instit. Holdings (%):	0.4%
Cash Burn (M):	$5.7
Short Interest (% of Float):	15.9%

Cash Burn represents OpEx spend expected in FY2014.

EPS	1Q	2Q	3Q	4Q	FY
2012	-0.10A	-0.17A	-0.09A	-0.19A	-0.57A
2013	-0.16A	-0.17A	-0.17A	-0.17A	-0.59A
2014	-0.16E	-0.19E	-0.16E	-0.13E	-0.64E

Note: Historical quarterly EPS figures may not add up, due to a 1:12 reverse stock split that took place in 2013.

1-Year Price History



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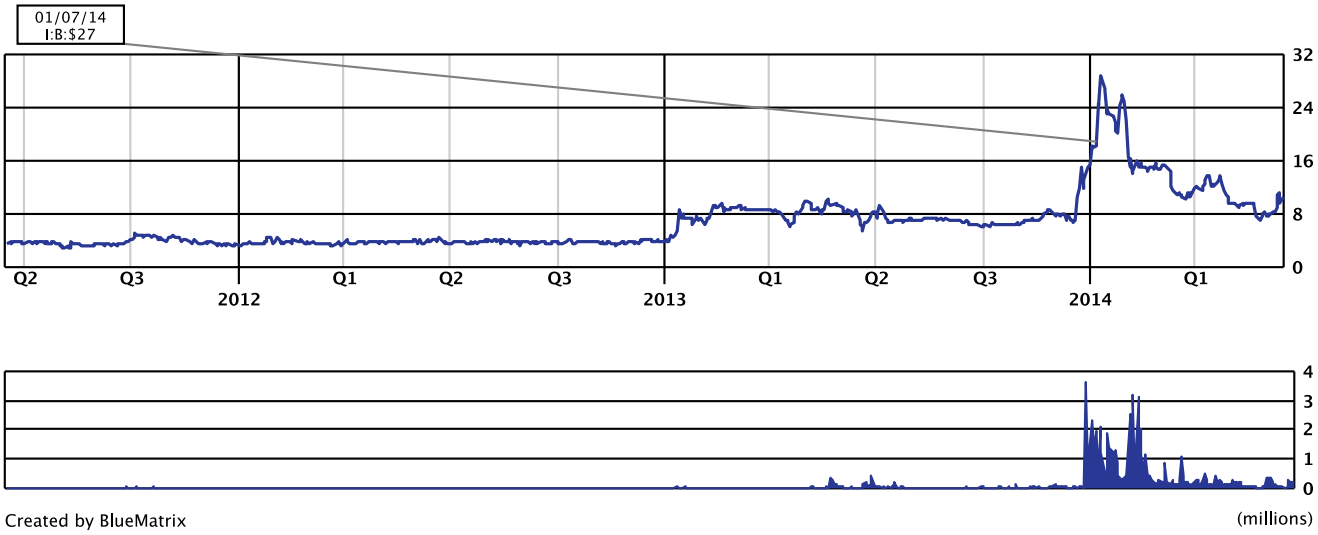
Rating and Price Target History

MLV disclosure price charts are updated within the first fifteen days of each new calendar quarter per FINRA regulations. Price charts for companies initiated upon in the current quarter, and rating and target price changes occurring in the current quarter, will not be displayed until the following quarter. Additional information on recommended securities is available upon request.

All required current disclosures on subject companies covered in this report may be obtained by contacting Randy Billhardt at MLV at 212-542-5882 or rbillhardt@mlvco.com.

Oramed Pharmaceuticals (ORMP): Share Price (in USD) and Volume History as of 06-16-2014



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BUY: MLV projects that the subject company's stock price will increase in value by 20% or more in the next 12 months.

HOLD: MLV projects that the subject company's stock price will trade in a range not more than 20% above or below its current price.

SELL: MLV projects that the subject company's stock price will decrease in value by 20% or more in the next 12 months.

	COMPANIES UNDER COVERAGE		INVESTMENT BANKING SERVICE WITHIN 12 MONTHS	
Rating	Count	Percent	Count	Percent
BUY	96	61.94%	40	25.81%
HOLD	59	38.06%	21	13.55%
SELL	0	0.00%	0	0.00%

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OTHER IMPORTANT INFORMATION

To receive any additional information upon which this report is based, including disclosures please contact MLV at 212-542-5880 or write to: Research Department, MLV & Co LLC, 1251 Avenue of the Americas, 41st Floor, New York, NY 10020.

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