

Company Update

June 18, 2015

TICKER	NASDAQ: ORMP
RATING	BUY
PRICE TARGET	\$30.00
Price (June 17, 2015)	\$6.53

Oramed Pharmaceuticals, Inc.

Phase IIb Trial On Track - Financing Completed

Market Data

Market Cap (M):	\$75.4
Shares out (M):	11.6
Float (M):	9.8
Daily Vol, 3 Mo Avg (M):	0.3
52-Week Range:	\$11.46-\$3.71
Cash & Cash Eq (M):	\$1.1
Debt (M):	\$0.0
NAV (M):	NA

Cash includes short term investments, restricted cash, and deposits.

Financial Metrics

Short Interest (M):	0.8
Instit. Holdings (%):	13.0%
Cash Burn (M):	NA
Short Interest (% of Float):	10.5%

EPS	1Q	2Q	3Q	4Q	FY
2013	-0.16A	-0.17A	-0.17A	-0.17A	-0.59A
2014	-0.17A	-0.12A	-0.18A	-0.17A	-0.62A
2015	-0.19A	-0.15A	-0.18E	-0.21E	-0.72E

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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RAGHURAM SELVARAJU, PH.D. Senior Analyst
rselvaraju@mlvco.com 212-542-5868

Oramed recently submitted its protocol for the upcoming Phase IIb ORMD-0801 trial to the FDA. We continue to expect this trial to begin enrolling patients within the coming weeks. The firm also recently completed a \$5.36MM registered direct follow-on offering of common stock. We reiterate our BUY rating and 12-month price target of \$30 per share.

- Phase IIb Trial Slated To Start Near-Term.** The upcoming Phase IIb trial is slated to enroll roughly 180 subjects with Type II diabetes across approximately 30 clinical sites in the United States, and should in our view generate the kind of data that potential collaborators would find compelling, if successful. Based on a 28-day review period, we expect the FDA to complete its review of the protocol by the end of this month. Enrollment could start in July. We note that this trial could report data early next year, depending upon the pace of enrollment.
- Significant Market Opportunity.** Type II diabetics accounts for 95% of the market. An oral insulin pill at bedtime would be a particularly attractive way of controlling fasting glucose levels in Type II patients who have not yet transitioned to injectable insulin. On positive Phase IIb data, we expect a potential partnership and Phase III initiation by early 2017.
- Financing Completed.** Oramed recently closed a \$5.36MM registered direct follow-on offering of common stock at \$7.50 per share, with an additional option being given to participating investors to purchase an additional \$7.1MM of Oramed stock at a price of \$10.00 per share within the next 12 months. In our view, the firm is sufficiently capitalized to complete the Phase IIb trial of ORMD-0801.
- Other Upcoming Catalysts.** Oramed's second pipeline candidate, ORMD-0901, could also move into a Phase IIb trial later this year. We note that ORMD-0801 and ORMD-0901 could be used in combination as well. Oramed recently reported that it was granted a patent in Russia covering methods and compositions for administration of oral exenatide, the active agent in ORMD-0901.

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VALUATION

Our PT is based on a DCF of ORMD-0801 and ORMD-0901 taken out to 2030, using a 10-15% discount rate and probabilities of success of 80% and 60%, respectively.

INVESTMENT RISK

Risks include: negative clinical trial data for either ORMD-0801 or ORMD-0901, failure to obtain strong US IP, any regulatory delays/setbacks, and dilutive financings.

FINANCIAL STATEMENTS

Exhibit 1: Income Statement – Annual with Projections

Income Statement (\$000)	FY 2013A	FY 2014A	F1QA Nov 30	F2QA Feb 28	F3QE May 31	F4QE Aug 31	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E
ORMD0801 T2D royalty revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ORMD0901 royalty revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41,543.4
ORMD0801 milestone revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50,000.0	0.0	75,000.0	0.0
ORMD0901 milestone revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30,000.0	0.0	50,000.0
Total revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50,000.0	30,000.0	75,000.0	91,543.4
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50,000.0	30,000.0	75,000.0	91,543.4
R&D	2,271.8	3,277.0	1,302.0	1,136.0	1,400.0	1,600.0	5,438.0	6,500	8,500	11,000	6,500	5,500
SG&A	2,032.1	2,629.0	600.0	538.0	650.0	800.0	2,588.0	3,200	4,000	5,000	6,500	7,500
Operating profit	(4,303.9)	(5,906.0)	(1,902.0)	(1,674.0)	(2,050.0)	(2,400.0)	(8,026.0)	(9,700.0)	37,500.0	14,000.0	62,000.0	78,543.4
Financial income	180.5	223.6	27.0	38.0	0.0	0.0	65.0	0.0	0.0	0.0	0.0	0.0
Financial expense	313.4	9.6	21.0	1.0	0.0	0.0	22.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit (loss)	(4,436.9)	(5,692.0)	(1,896.0)	(1,637.0)	(2,050.0)	(2,400.0)	(7,983.0)	(9,700.0)	37,500.0	14,000.0	62,000.0	78,543.4
Tax	0.0	4.0	0.0	0.0	0.0	0.0	0.0	(2,570.5)	9,937.5	3,710.0	16,430.0	20,814.0
Other items, net	(303.4)	0.0	359.0	(7.0)	0.0	0.0	352.0	0.0	0.0	0.0	0.0	0.0
Net Income (loss)	(4,133.5)	(5,696.0)	(2,255.0)	(1,630.0)	(2,050.0)	(2,400.0)	(8,335.0)	(7,129.5)	27,562.5	10,290.0	45,570.0	57,729.4
Diluted EPS	(\$0.59)	(\$0.62)	(\$0.19)	(\$0.15)	(\$0.18)	(\$0.21)	(\$0.72)	(\$0.60)	\$1.87	\$0.70	\$3.09	\$3.91
Diluted Shares Out	7,209.3	9,244.1	10,142.0	10,826.1	11,181.3	11,538.6	11,538.6	11,895.9	14,753.3	14,753.3	14,753.3	14,753.3

Source: Company reports and MLV & Co. research

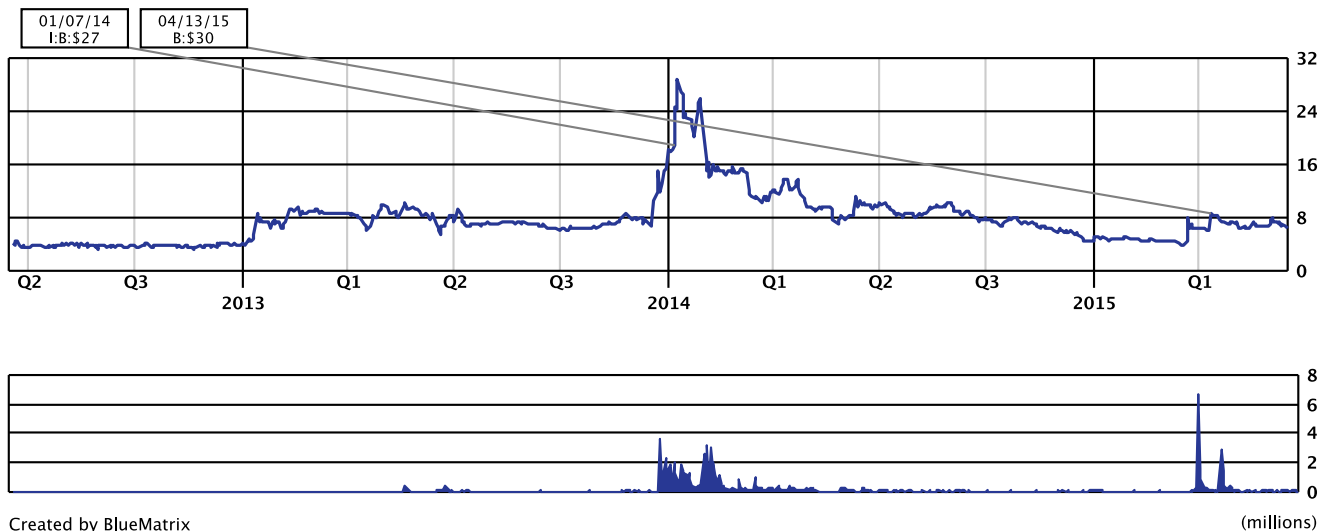
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Oramed Pharmaceuticals, Inc. (ORMP): Share Price (in USD) and Volume History as of 06-17-2015**MLV RATING ALLOCATION (as of June 17, 2015)**

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.

Rating	COMPANIES UNDER COVERAGE		INVESTMENT BANKING SERVICE WITHIN 12 MONTHS	
	Count	Percent	Count	Percent
BUY	124	68.51%	60	33.15%
HOLD	57	31.49%	16	8.84%
SELL	0	0.00%	0	0.00%

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LOCATIONS**New York**

1301 Avenue of the Americas
43rd Floor
New York, NY 10019
212-542-5880

Denver

399 Perry Street
Suite 204A
Castle Rock, CO 80104
212-317-1577

Houston

520 Post Oak Blvd
Suite 850
Houston, TX 77027
832-208-2030

CONTACT INFORMATION**Research | Healthcare**

Arlinda Lee, Ph.D.
alee@mlvco.com
646-412-7701

Vernon T. Bernardino
vbernardino@mlvco.com
646-412-7675

Raghuram Selvaraju, Ph.D.
rselvaraju@mlvco.com
212-542-5868

Ken Trbovich
ktrbovich@mlvco.com
212-317-1577

Ben Shim
bshim@mlvco.com
646-412-7703

Thomas Yip
tyip@mlvco.com
212-542-5876

Sales and Trading

Scott Ammaturo
sammatturo@mlvco.com
646-556-9218

Christian Moscicki
cmoscicki@mlvco.com
646-412-7697