

CEL-SCI Corporation (CVM - \$ 0.68)

Multikine Phase III Enrollment Update

CEL-SCI provided an update on its Multikine Phase III trial enrollment. The study enrolled 22 patients in the month of October. Additionally, the company raised \$7 million gross proceeds from offerings in October.

- Record Enrollment in October.** Today, CEL-SCI provided an update on its Phase III trial of Multikine for the treatment of head and neck cancer. The trial enrolled 22 patients in the month of October, bringing total enrollment to 290 patients by our estimate (see Figure 1). The October enrollment was a monthly record total for the trial. We remain positive on the pace of trial enrollment, as we expect recently on-boarded sites to begin adding patients resulting in accelerated monthly enrollment volumes. The company is targeting 100 - 110 total clinical centers. The trial has been cleared in 17 countries, with seven U.S. based clinical sites announced as of September 2014. We believe November could be another record enrollment month.
- Cash Raise.** On October 21, 2014, CEL-SCI announced the pricing of a secondary public offering and a registered direct offering for combined gross proceeds of approximately \$7.0 million. The secondary offering included 7,894,737 shares of common stock and 1,973,684 warrants that expire on October 11, 2018. Both offerings included common stock at \$0.76 per share and warrant coverage of 25%. The warrants are exercisable at \$1.25 and are immediately freely tradable under the ticker symbol CVM WS. Following the offering, we estimate the company has over \$14 million in cash on its balance sheet.
- Maintain BUY Rating and Price Target.** We are maintaining our BUY rating and long-term price target of \$7.00. Our target is based on the NPV of our probability-adjusted forecasts for Multikine and a small value for the company's manufacturing plant. In addition to the ongoing Phase III head and neck cancer study, CEL-SCI is exploring two other indications for Multikine including cervical dysplasia in HIV/HPV co-infected women and peri-anal warts in HIV/HPV co-infected patients. We believe CEL-SCI is undervalued in comparison to other biotech companies with a product in Phase III.

Earnings Estimates: (per share)

(Sept.)	1Q	2Q	3Q	4Q	FY	P/E
FY_16E	NE	NE	NE	NE	-0.19	NM
FY_15E	-0.08	-0.09	-0.09	-0.09	-0.36	NM
FY_14E	-0.15A	-0.11A	-0.11A	-0.10	-0.46	NM
FY_13A	-0.18	-0.14	-0.18	-0.17	-0.66	NM

Source: Laidlaw & Company estimates

Healthcare / Biotechnology

Ticker:	CVM
Rating:	Buy
Price Target:	\$ 7.00

Trading Data:

Last Price (11/03/2014)	\$ 0.68
52-Week High (3/21/2014)	\$ 1.90
52-Week Low (12/19/2013)	\$ 0.53
Market Cap. (MM)	\$ 62
Shares Out. (MM)	91

Edward White

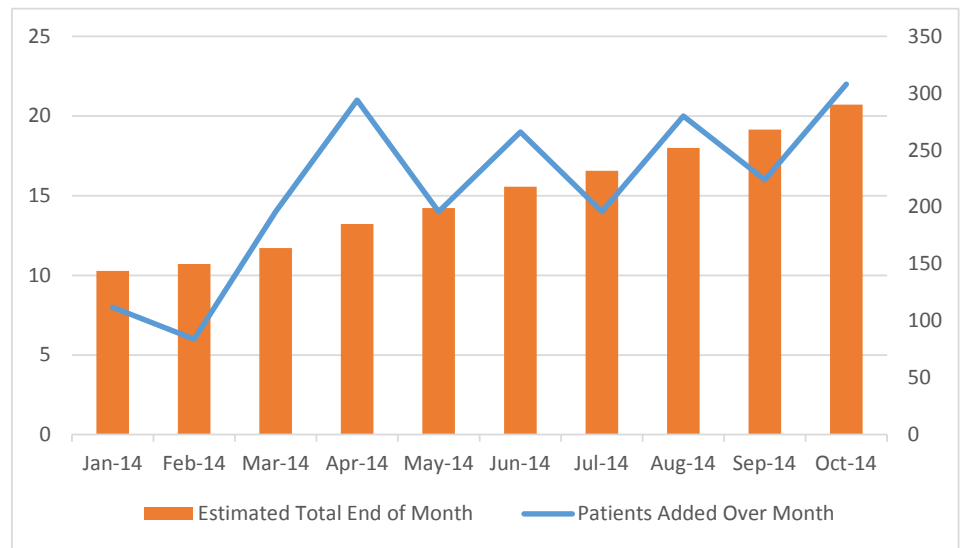
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Figure 1: Multikine Phase III Patient Enrollment



Source: Company reports; Laidlaw & Company estimates

Risks to Owning the Stock

There are many standard risks for development stage biotechnology companies that hold true for the entire industry. There are development risks associated with preclinical and clinical studies, and potential delays in the start of trials. There is regulatory risk that the company will be unable to receive regulatory approvals for drugs or that regulatory approval may be delayed. Manufacturing risks are associated with the upgrading of facilities from clinical study production to commercial production. There is also commercial risk for a company to successfully market and sell its drug or drugs. Other risks include financing risk, currency risk, potential governmental price controls, and IP (generic) risks. The stock of biotechnology companies, like all publically traded companies, is subject to market volatility and liquidity risks if there are small trading floats. CEL-SCI is susceptible to all of these risks.

Other downside risks specific to CEL-SCI include the likelihood of the need to sell more stock to raise capital for the continuation for the Multikine Phase III trial, the timing of Multikine regulatory submission and approval, and the ultimate market potential and expectations for Multikine.

We note that this recommendation is speculative in nature due to the company's market cap, cash position and our opinion that the large majority of the value of the stock is hinged on a binary event, the approval of Multikine for the treatment of head and neck cancer.

Figure 2: Income Statement

CEL-SCI Corp. <i>Income Statement (millions, except per share data)</i>	FY 2013				FY 2014E				FY 2015E				FY_11 Sept	FY_12 Sept	FY_13 Sept	FY_14E Sept	FY_15E Sept	FY_16E Sept
	Q1_13 Dec	Q2_13 Mar	Q3_13 Jun	Q4_13 Sept	Q1_14 Dec	Q2_14 Mar	Q3_14 Jun	Q4_14E Sept	Q1_15E Dec	Q2_15E Mar	Q3_15E Jun	Q4_15E Sept						
Product Sales, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grant Income and Other	0.02	0.02	0.11	0.02	0.11	0.07	0.02	0.02	0.02	0.02	0.02	0.02	0.96	0.25	0.16	0.22	0.08	0.08
Revenue	0.02	0.02	0.11	0.02	0.11	0.07	0.02	0.02	0.02	0.02	0.02	0.02	0.96	0.25	0.16	0.22	0.08	0.08
Cost of sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	0.02	0.02	0.11	0.02	0.11	0.07	0.02	0.02	0.02	0.02	0.02	0.02	0.96	0.25	0.16	0.22	0.08	0.08
<i>Operating expenses:</i>																		
Selling, general and administrative	2.00	1.65	1.78	1.55	1.97	2.09	2.40	1.66	1.73	2.07	2.24	2.59	6.66	6.60	6.98	8.12	8.63	8.85
Research and development	2.92	2.52	3.77	3.47	4.02	4.15	4.45	4.99	4.46	4.97	5.38	6.09	11.75	10.37	12.68	17.62	20.90	11.68
Depreciation and amortization	0.13	0.09	0.08	0.06	0.06	0.05	0.07	0.07	0.07	0.07	0.07	0.07	0.53	0.53	0.36	0.24	0.26	0.26
Total Operating Expenses	5.06	4.26	5.63	5.09	6.05	6.29	6.92	6.72	6.25	7.10	7.69	8.74	18.94	17.50	20.0	25.98	29.79	20.79
Total Operating Expenses (non-GAAP)	5.06	4.26	5.63	5.09	6.05	6.29	6.92	6.72	6.25	7.10	7.69	8.74	18.94	17.50	20.03	25.98	29.79	20.79
Operating Income/(loss)	(5.04)	(4.24)	(5.51)	(5.07)	(5.93)	(6.23)	(6.90)	(6.70)	(6.23)	(7.08)	(7.67)	(8.72)	(17.99)	(17.24)	(19.87)	(25.76)	(29.71)	(20.71)
Operating Income/(loss) non-GAAP	(5.04)	(4.24)	(5.51)	(5.07)	(5.93)	(6.23)	(6.90)	(6.70)	(6.23)	(7.08)	(7.67)	(8.72)	(17.99)	(17.24)	(19.87)	(25.76)	(29.71)	(20.71)
<i>Other Income:</i>																		
Gain on derivative instruments	2.75	3.54	1.08	3.39	1.61	(7.13)	4.47	-	-	-	-	-	4.43	1.91	10.75	(1.05)	-	-
Interest income	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.16	0.12	0.12	0.12	0.12	0.12
Interest expense	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.32)	(0.26)	(0.17)	(0.16)	(0.16)	(0.16)
Other expenses	-	-	-	-	(1.12)	-	-	-	-	-	-	-	(12.00)	-	-	(1.12)	-	-
Income (loss) before provision for income taxes (GAAP)	(2.31)	(0.71)	(4.45)	(1.70)	(5.45)	(13.37)	(2.44)	(6.71)	(6.24)	(7.09)	(7.68)	(8.73)	(25.71)	(15.48)	(9.17)	(27.97)	(29.75)	(20.75)
Income (loss) before provision for income taxes (non-GAAP)	(5.06)	(4.25)	(5.53)	(5.09)	(7.06)	(6.23)	(6.91)	(6.71)	(6.24)	(7.09)	(7.68)	(8.73)	(30.14)	(17.39)	(19.92)	(26.92)	(29.75)	(20.75)
<i>Tax: (%) non-GAAP</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Income tax provision GAAP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) GAAP	(2.31)	(0.71)	(4.45)	(1.70)	(5.45)	(13.37)	(2.44)	(6.71)	(6.24)	(7.09)	(7.68)	(8.73)	(25.71)	(15.48)	(9.17)	(27.97)	(29.75)	(20.75)
Net income (loss) non-GAAP	(5.06)	(4.25)	(5.53)	(5.09)	(7.06)	(6.23)	(6.91)	(6.71)	(6.24)	(7.09)	(7.68)	(8.73)	(30.14)	(17.39)	(19.92)	(26.92)	(29.75)	(20.75)
Modifications of Warrants/Inducement Warrants	-	-	(0.1)	-	-	-	-	-	-	-	-	-	(1.07)	(2.17)	(0.06)	-	-	-
Net income (loss) available to common shareholders GAAP	(2.31)	(0.71)	(4.51)	(1.70)	(5.45)	(13.37)	(2.44)	(6.71)	(6.24)	(7.09)	(7.68)	(8.73)	(26.78)	(17.65)	(9.23)	(27.97)	(29.75)	(20.75)
Net income (loss) available to common shareholders non-GAAP	(5.06)	(4.25)	(5.59)	(5.09)	(7.06)	(6.23)	(6.91)	(6.71)	(6.24)	(7.09)	(7.68)	(8.73)	(31.21)	(19.56)	(19.98)	(26.92)	(29.75)	(20.75)
Diluted EPS (GAAP)	(0.08)	(0.02)	(0.15)	(0.06)	(0.11)	(0.24)	(0.04)	(0.10)	(0.08)	(0.09)	(0.09)	(0.09)	(1.28)	(0.70)	(0.30)	(0.48)	(0.36)	(0.19)
Diluted EPS (non-GAAP)	(0.18)	(0.14)	(0.18)	(0.17)	(0.15)	(0.11)	(0.11)	(0.10)	(0.08)	(0.09)	(0.09)	(0.09)	(1.50)	(0.78)	(0.66)	(0.46)	(0.36)	(0.19)
Weighted Diluted Shares outstanding (000s)	28.3	30.9	30.9	30.3	48.2	56.2	64.7	65.0	74.5	74.9	87.4	93.0	20.8	25.2	30.3	58.5	82.5	108.4
Weighted Diluted Shares outstanding YOY change (%)	23.9%	24.9%	19.7%	10.9%	70.3%	82.0%	109.1%	114.6%	54.6%	33.2%	35.2%	43.2%	-57.9%	20.8%	20.2%	93.3%	40.9%	31.4%

Source: Bloomberg LP; Company reports; Laidlaw & Company estimates

Figure 3: Balance Sheet

CEL-SCI Corp.	FY 2013				FY 2014E				FY 2015E				FY_10 Sept	FY_11 Sept	FY_12 Sept	FY_13 Sept	FY_14E Sept	FY_15E Sept	FY_16E Sept
	Q1_13 Dec	Q2_13 Mar	Q3_13 Jun	Q4_13 Sept	Q1_14 Dec	Q2_14 Mar	Q3_14 Jun	Q4_14E Sept	Q1_15E Dec	Q2_15E Mar	Q3_15E Jun	Q4_15E Sept							
<i>Balance Sheet (\$ millions, except per share data)</i>																			
Assets:																			
Cash and cash equivalents	10.7	7.0	3.5	0.0	13.5	10.6	14.3	7.8	8.6	2.2	4.1	2.5	26.6	4.3	3.9	0.0	7.8	2.5	2.8
Receivables	0.0	0.0	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	0.5	0.2	0.1	0.1	0.1	0.1
Prepaid expenses	1.1	1.3	0.8	0.8	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.3	2.0	1.3	0.8	0.9	0.9	0.9
Deposits - Current Portion	-	-	-	-	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-	-	-	-	0.2	0.2	0.2
Inventories used for R&D and manufacturing	1.1	1.3	1.1	1.0	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.6	1.4	1.0	1.4	1.4	1.5
Deferred rent- current portion	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.8	0.7	0.7	0.6	0.5	0.5	0.5
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	13.6	10.2	6.2	2.5	16.6	13.8	17.3	10.9	11.7	5.2	7.2	5.5	29.1	9.0	7.4	2.5	10.9	5.5	6.0
Research and Office equipment and leasehold improvements	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.2	1.3	1.0	0.6	0.5	0.3	0.2	0.2
Patent costs	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Deferred Rent	5.8	5.7	5.6	5.4	5.3	5.1	4.9	4.8	4.7	4.6	4.6	4.5	7.1	6.5	5.9	5.4	4.8	4.5	4.1
Deposits - Net of Current Portion	1.7	1.7	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	-	1.7	1.7	2.1	2.1	2.1	2.1
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-
Total Assets	22.0	18.5	14.8	10.8	24.8	21.8	25.2	18.5	19.1	12.4	14.4	12.6	37.8	18.6	16.1	10.8	18.5	12.6	12.7
Liabilities & Shareholders' Equity:																			
Accounts payable	0.4	0.5	1.2	1.9	1.6	1.3	1.4	1.7	1.7	1.7	1.7	1.7	1.5	0.7	0.6	1.9	1.7	1.7	1.7
Accrued expenses	0.2	0.2	0.6	0.1	0.3	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.3	0.2	0.1	0.4	0.4	0.4
Due to employees	0.0	0.1	0.1	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.4	0.3	0.3	0.3
Related party loan	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Deferred rent - current portion	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	0.0	0.0	0.0	0.0
Lease obligations - current portion	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	0.0	0.0	0.0
Convertible note	-	-	-	-	-	-	0.2	0.2	0.2	0.2	0.2	0.2	-	5.0	-	-	0.2	0.2	0.2
Derivative instruments - current portion	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.1	-	-	-	-	-
Total Current Liabilities	1.8	1.9	3.0	3.5	3.4	3.3	3.3	3.7	3.7	3.7	3.7	3.7	3.3	7.2	1.9	3.5	3.7	3.7	3.7
Derivative instruments - net of current portion	8.4	4.9	3.8	0.4	6.1	11.0	6.6	6.6	6.6	6.6	6.4	6.4	6.5	2.2	7.0	0.4	6.6	6.4	6.4
Deferred revenue	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Deposits held	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	0.0	0.0	0.0	0.0
Deferred rent - net of current portion	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	0.0	0.0	0.0	0.0	0.0	0.0
Lease obligations - net of current portion	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	0.0	0.0	0.0
Other long-term obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	10.4	6.9	7.0	4.1	9.7	14.5	10.1	10.5	10.5	10.5	10.2	10.2	10.0	9.5	9.0	4.1	10.5	10.2	10.2
Stockholders' Equity	11.6	11.5	7.8	6.7	15.1	7.4	15.0	8.0	8.6	2.0	4.1	2.4	27.9	9.1	7.0	6.7	8.0	2.4	2.4
Total Liabilities & Equity	22.0	18.5	14.8	10.8	24.8	21.8	25.2	18.5	19.1	12.4	14.4	12.6	37.8	18.6	16.1	10.8	18.5	12.6	12.7

Source: Bloomberg LP; Company reports; Laidlaw & Company estimate

Figure 4: Cash Flow Statement

CEL-SCI Corp. <i>Non-GAAP Cash Flow Cont. Ops. (\$ millions, except per share data)</i>	FY_10 Sept	FY_11 Sept	FY_12 Sept	FY_13 Sept	FY_14E Sept	FY_15E Sept	FY_16E Sept
Cash flows from operating activities:							
Net income (loss)	10.5	(25.7)	(15.5)	(9.2)	(26.9)	(29.8)	(20.8)
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>							
Depreciation and amortization	0.5	0.5	0.5	0.4	0.3	0.4	0.4
Issuance of convertible notes and preferred stock in legal settlement	1.2	0.2	-	-	-	-	-
Issuance of common stock, warrants and options for services	-	9.0	0.5	0.5	0.5	-	-
Modification of warrants issued for services	-	-	-	-	0.1	-	-
Amortization of loan premium	(0.0)	-	-	-	-	-	-
Extension of options issued to consultants	0.0	0.0	0.1	-	-	-	-
Extension of options issued to employees	0.2	0.1	0.0	-	-	-	-
Equity Based Compensation	1.3	1.5	2.2	2.6	2.0	1.9	1.9
Common stock contributed to 401 (k) plan	0.1	0.2	0.2	0.2	0.1	-	-
Impairment loss on abandonment of patents	0.0	0.0	0.0	0.0	0.0	-	-
Loss on retired equipment	0.0	0.0	0.0	0.0	-	-	-
Gain on derivative instruments	(28.8)	(4.4)	(1.9)	(10.8)	1.1	-	-
Other	-	-	-	-	-	-	-
Changes in assets and liabilities:							
Decrease (increase) in deposits	1.6	(1.7)	-	(0.4)	(0.2)	-	-
Decrease (increase) in receivables	-	(0.5)	0.3	0.1	(0.0)	-	-
Decrease in deferred rent asset	1.0	0.6	0.6	0.5	0.7	0.3	0.4
Decrease (increase) in prepaid expenses	(0.3)	(1.7)	0.8	0.5	(0.1)	-	-
Decrease (increase) in inventory for R&D and manufacturing	(1.1)	(0.1)	0.2	0.4	(0.4)	(0.0)	(0.1)
Decrease in accounts payable	0.7	(0.8)	(0.2)	1.3	(0.9)	-	-
(Decrease) increase in accrued expenses	0.1	0.1	(0.1)	0.1	0.3	-	-
Increase in deferred revenue	0.1	-	0.0	0.0	0.0	-	-
Increase (decrease) in due to employees	(0.0)	(0.0)	(0.0)	0.2	(0.1)	-	-
Increase in deposits held	-	0.0	0.0	-	-	-	-
Decrease in deferred rent liability	(0.0)	(0.0)	0.0	(0.0)	(0.0)	-	-
Net cash provided by (used in) operating activities	(12.8)	(22.6)	(12.2)	(13.5)	(23.6)	(27.2)	(18.1)
Operating Cash Flow per share	(\$0.26)	(\$1.08)	(\$0.48)	(\$0.45)	(\$0.40)	(\$0.33)	(\$0.17)
Cash flow from investing activities:							
Additional investment in manufacturing facility	(0.0)	-	-	-	-	-	-
Decrease in restricted cash	0.0	0.0	-	-	-	-	-
Purchases of equipment	(0.5)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Expenditures for patent costs	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Cash provided by investing activities	(0.5)	(0.3)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Cash flows from financing activities:							
Proceeds from issuance of common stock	-	3.9	14.3	9.8	28.4	22.1	18.6
Payments on obligations under capital leases	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)
Proceeds from exercise of warrants and stock options	6.3	0.7	2.7	-	3.1	-	-
Payments for repurchase of preferred stock	-	(4.1)	-	-	-	-	-
Payments on convertible debt	-	-	(5.0)	-	-	-	-
Cash (used in) provided by financing activities	6.3	0.6	12.0	9.8	31.5	22.0	18.6
Net (decrease) increase in cash and cash equivalents	(7.0)	(22.3)	(0.3)	(3.9)	7.8	(5.4)	0.3
Cash and cash equivalents at beginning of the period	33.6	26.6	4.3	3.9	0.0	7.8	2.5
Cash and cash equivalents at end of period	26.6	4.3	3.9	0.0	7.8	2.5	2.8

Source: Bloomberg LP; Company reports; Laidlaw & Company estimates

DISCLOSURES:**ANALYST CERTIFICATION**

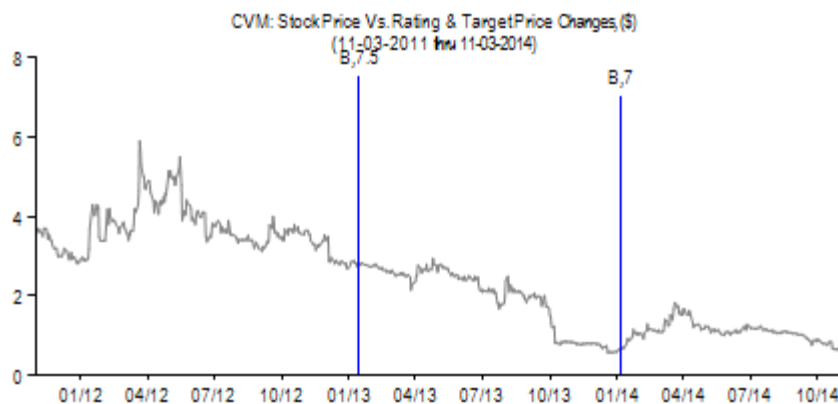
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Additional information available upon request.

‡ Laidlaw & Company has received compensation from the subject company for investment banking services in the past 12 months and expects to receive or intends to seek compensation for investment banking services from the company in the next three months.

RATINGS INFORMATION**Rating and Price Target Change History****3 Year Rating Change History**

Date	Rating	Closing Price (\$)
01/15/2013	Buy (B)	2.82

3 Year Price Change History

Date	Target Price (\$)	Closing Price, (\$)
01/15/2013	7.50**	2.82
01/06/2014	7.00	0.69

** Split Adjusted

Source: Laidlaw & Company

Created by: Blue-Compass.net

Laidlaw & Company Rating System*		% of Companies Under Coverage With This Rating	% of Companies for which Laidlaw & Company has performed services for in the last 12 months	
			Investment Banking	Brokerage
Strong Buy (SB)	Expected to significantly outperform the sector over 12 months.	0.00%	0.00%	0.00%
Buy (B)	Expected to outperform the sector average over 12 months.	95.24%	33.33%	14.29%
Hold (H)	Expected returns to be in line with the sector average over 12 months.	4.76%	0.00%	0.00%
Sell (S)	Returns expected to significantly underperform the sector average over 12 months.	0.00%	0.00%	0.00%

ADDITIONAL COMPANIES MENTIONED**ADDITIONAL DISCLOSURES**

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