

ProQR Therapeutics N.V. (PRQR)

2Q in Line as CF Data Coming Next Month

MARKET DATA

Price	\$4.99
52-Week Range:	\$3.65 - \$8.70
Shares Out. (M):	25.1
Market Cap (\$M):	\$125.2
Average Daily Vol. (000):	5.0
Cash (M):	\$48
LT Debt (M):	\$0

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$4.99 | Target Price: \$14.00

INVESTMENT HIGHLIGHTS

Second quarter results in line as CF data of QR-010 are on track for September; we reiterate our Market Outperform rating and \$14 risk-adjusted, DCF-derived price target on ProQR Therapeutics. We anticipate top-line data in September from the Phase 1b trial of lead RNA therapy QR-010 in 64 cystic fibrosis (CF) patients with F508del homozygous mutation. We see the demonstration of good safety and tolerability as a win for this small, one-month study and the major gating factor for starting Phase 2 in 2018, trends showing improvements in efficacy endpoints such as FEV1, would be icing on the cake, in our view. Our notes from [June](#) and [last fall](#) reviewed earlier work showing CFTR activity in the nasal passage, recapitulating the preclinical experience for the first time in patients. Beyond CF, PRQR is investing in ophthalmology with the IND-enabled QR-110 ready for a Phase 1b/2 trial start in Leber's congenital amaurosis Type 10 (LCA 10), followed by QR-313 for dystrophic epidermolysis bullosa (DEB) about to enter the clinic in 2018 and three more preclinical assets lined up, including QRX-411 for Usher syndrome, QRX-1011 for Stargardt disease and QRX-504 for Fuchs endothelial corneal dystrophy. We continue to recommend shares of PRQR ahead of the key CF data next month and we see potential upside from the ophthalmology portfolio as clinical data in LCA are coming next year. With respect to financials, PRQR ended 2Q17 with ~\$48M in cash, which we project is sufficient to fund operations into 2018.

FY DEC 2016A 2017E 2018E

		2016A	2017E	2018E
Revenue (\$M)	1Q	\$0.8	\$0.4A	--
	2Q	\$0.6	\$0.3A	--
	3Q	\$0.5	\$0.0	--
	4Q	\$0.1	\$0.0	--
	FY	\$2.0	\$0.7	\$0.0
EPS	1Q	(\$0.50)	(\$0.48)A	--
	2Q	(\$0.45)	(\$0.54)A	--
	3Q	(\$0.49)	(\$0.51)	--
	4Q	(\$0.40)	(\$0.54)	--
	FY	(\$1.77)	(\$2.07)	(\$1.93)
Previous FY	NC	(\$2.14)	(\$2.16)	

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE



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Company Description

ProQR Therapeutics is a biopharmaceutical company engaged in building a platform for RNA-based therapeutics for the treatment of severe genetic disorders, with an initial focus on QR-010, a drug candidate for cystic fibrosis (CF). ProQR utilizes its unique proprietary RNA repair technology to develop candidates to specifically target and repair the defective messenger RNA (mRNA), a product of a mutated gene, and to restore the expression and function of normal protein.

Investment Risks

Regulatory risk. ProQR, like all other drug development companies, is reliant on the regulatory pace of evaluating new drugs and clinical plans and also on regulators' willingness to approve new drugs.

Clinical development risk. Drug development is a risky and capital-intensive endeavor. The vast majority of drugs that enter clinical development fail to reach the market.

Funding risk. Reliance on the capital markets poses a risk in terms of investor appetite for biotech stocks and the degree of dilution, depending upon the timing of a deal.

Competitive risk. There are other drugs in development for cystic fibrosis, by companies including Vertex, Galapagos/AbbVie, and Proteostasis. These programs could provide advantages over ProQR's candidate, which could lead to a lower than anticipated market share.

Patent risk. Patent expiration can result in a negative impact to sales. Additionally, generic companies may file abbreviated new drug applications to challenge current products with patent protection.

Sector risk. Valuation of pharmaceutical stocks is subject to both investor assessments of the prospects of the underlying companies, and investor tolerance for risk and confidence in the prospects of pharmaceutical stocks as a group. Therefore, ProQR's stock price may fall, even as the company meets or exceeds investor expectations.

JMP FACTS AND DISCLOSURES

Analyst Certification:

The research analyst(s) who prepared this report does/do hereby certify that the views presented in this report are in accordance with my/our personal views on the securities and issuers discussed in this report. As mandated by SEC Regulation AC no part of my/our compensation was, is or will be directly or indirectly related to the specific views or recommendations expressed herein. This certification is made under the obligations set forth in SEC Regulation AC. Any other person or entity may not use it for any other purpose. This certification is made based on my/our analysis on the date of this report's publication. I/We assume no obligation to update this certification to reflect any facts, circumstances or events that may subsequently come to my/our attention. Signed Liisa A. Bayko and Jonathan Wolleben

JMP Securities Disclosures:

JMP Securities currently makes a market in the security of ProQR Therapeutics N.V.

JMP Securities expects to receive OR intends to seek compensation for investment banking services from ProQR Therapeutics N.V. in the next 3 months.

JMP Securities Investment Opinion Definitions:

Market Outperform (MO): JMP Securities expects the stock price to outperform relevant market indices over the next 12 months.

Market Perform (MP): JMP Securities expects the stock price to perform in line with relevant market indices over the next 12 months.

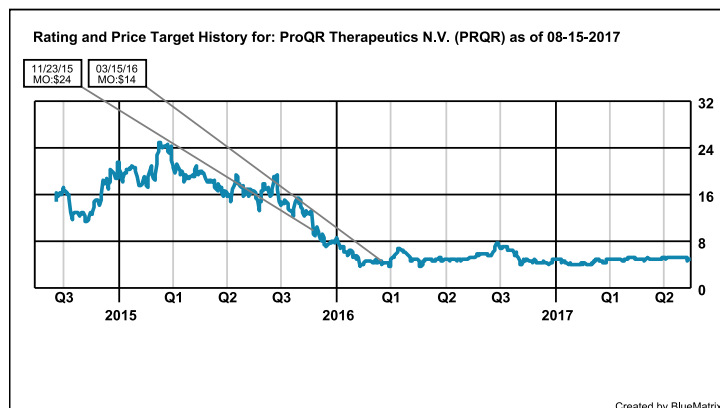
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

JMP Securities Research Ratings and Investment Banking Services: (as of August 16, 2017)

JMP Rating	Regulatory Equivalent	# Co's Under Coverage	% of Total	Regulatory Equivalent	# Co's Under Coverage	% of Total	# Co's Receiving IB Services in Past 12 Months	% of Co's With This Rating
MARKET OUTPERFORM	Buy	273	58.96%	Buy	273	58.96%	71	26.01%
MARKET PERFORM	Hold	179	38.66%	Hold	179	38.66%	29	16.20%
MARKET UNDERPERFORM	Sell	8	1.73%	Sell	8	1.73%	0	0%
COVERAGE IN TRANSITION		1	0.22%		1	0.22%	0	0%
RATING SUSPENDED		0	0.00%		0	0.00%	0	0%
TOTAL:		463	100%		463	100%	101	21.81%

Stock Price Chart of Rating and Target Price Changes:

Note: First annotation denotes initiation of coverage or 3 years, whichever is shorter. If no target price is listed, then the target price is N/A. In accordance with NASD Rule 2711, the chart(s) below reflect(s) price range and any changes to the rating or price target as of the end of the most recent calendar quarter. The action reflected in this note is not annotated in the stock price chart. Source: JMP Securities.



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