



November 28, 2016

Key Metrics

IPCI - NASDAQ	\$3.15
Pricing Date	Nov 25 2016
Price Target	\$8.00
52-Week Range	\$3.35 - \$1.41
Shares Outstanding (mm)	29.0
Market Capitalization (mm)	\$91.2
3-Mo Average Daily Volume	481,652
Book Value/Share	\$0.06
Price/Book	52.5x

EPS FY: December

	2015A	Prior 2016E	Curr. 2016E	Prior 2017E	Curr. 2017E
1Q-Mar	(0.04)	--	(0.09)A	--	--
2Q-Jun	(0.06)	--	(0.08)A	--	--
3Q-Sep	(0.08)	--	(0.07)A	--	--
4Q-Dec	(0.13)	--	(0.08)E	--	--
FY	(0.31)	--	(0.32)E	--	(0.35)E
P/E	NM		NM		NM

REVENUE

	2015A	Prior 2016E	Curr. 2016E	Prior 2017E	Curr. 2017E
1Q-Mar	1.1	--	0.6A	--	--
2Q-Jun	1.3	--	0.6A	--	--
3Q-Sep	0.8	--	0.6A	--	--
4Q-Dec	0.8	--	0.4E	--	--
FY	4.1	--	2.0E	--	2.6E

Company Description:

IntellipharmaCeutics International Inc. is a pharmaceutical company, engages in the research, development, and manufacture of novel and generic controlled and targeted release oral solid dosage drugs in Canada.

IntelliPharmaCeutics International Inc.

Rating: Buy

Rexista Abuse Deterrent NDA Submitted, BUY and \$ 8 PT

Investment Highlights:

- **Abuse-Deterrent Oxycotin - Rexista NDA filed.** On November 25th, 2016 IntellipharmaCeutics submitted a new drug application (NDA) for abuse-deterrent Rexista extended release tablets. The filing covers 10, 15, 20, 30, 40, 60, and 60 mg strength tablets, and lands within management's timeline guidance for the NDA submission. The submission includes data from prior studies: 1) Bioequivalence to Oxycontin was successfully demonstrated in earlier pharmacokinetic studies; 2) A broad display of abuse deterrent attributes, in-line with FDA guidelines, was submitted with the goal of gaining abuse deterrent labeling.
- **CDC focus on abuse deterrent opioid alternatives.** Taking advantage of the increased emphasis placed on opioid abuse, declared an epidemic by the CDC, IntellipharmaCeutics has developed a system to pair with its oxycotin bioequivalent – Rexista. The abuse deterrent aspect has garnered a lot of buzz from the regulatory community, which can be seen with the FDA's waiving the of ~\$1.2 mil NDA filing fee. The establishment of bioequivalence has also removed the requirement to run a Phase III trial for Rexista. In terms of Rexista's abuse deterrent attributes, the company recently proved there was no "food effect", a first among oxycodone XR's. Rexista's other abuse deterrent attributes are designed to prevent dose dumping when consumed with alcohol, to release a blue stigmatized dye when insufflated, to be difficult to abuse with heat or while attempting to melt down, and once hydrated after being crushed or ground, it instantly coagulates into a viscous gel, making it difficult to inject. Within the abuse deterrent landscape, Rexista is the only drug that checks all boxes across tamper resistance, no "food effect", stigmatized dye, and prevention of alcohol dumping when compared to Xtampza, Oxycontin, Troxyca ER, Arymo ER, Remoxy, Xartemis XR, and SequestOX.

Required Disclosures

Price Target

\$8

Valuation Methodology

We derive our target price of \$8 for IPCI through a DCF analysis, using a 35% discount rate and a 5 multiple of the terminal value for the projected 2022 EBITDA.

Risk Factors

Risks to the achievement of our thesis include: (1) development and regulatory risks; (2) market adoption; (3) business development successes; (4) level of competition; (5) financial risks that include the potential dilution due to capital raise to support operations; and (6) high stock price volatility.

For important disclosures go to www.aegiscap.com.

I, Difei Yang, Ph.D., hereby certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been, do not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report.

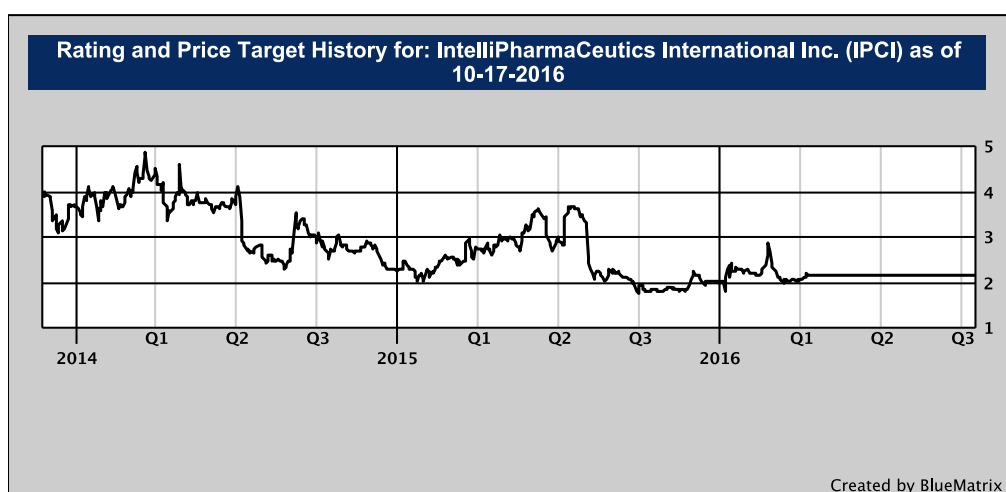
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Rating	Investment Banking Services/Past 12 Mos.	
	Percent	Percent
BUY [BUY]	85.71	37.78
HOLD [HOLD]	14.29	20.00
SELL [SELL]	0.00	0.00

Meaning of Ratings

- A) A Buy rating is assigned when we do not believe the stock price adequately reflects a company's prospects over 12-18 months.
- B) A Hold rating is assigned when we believe the stock price adequately reflects a company's prospects over 12-18 months.
- C) A Sell rating is assigned when we believe the stock price more than adequately reflects a company's prospects over 12-18 months.

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