

http://www

# Neuralstem Equity Analysis

03/28/2016

GardenPitch.com©

## INSIDE THIS ISSUE

- 1 Business case
- 1 Timeline
- 2 Risks
  - 2 Cash
- 2 Valuation
- 2 Catalyst
- 2 Recommendation

## Business case

Neuralstem Inc. (Ticker: CUR) is a small cap biotech firm engaged in development of various stem cell therapeutic agents. The therapies offer ailments for various inflammatory and immune, neurological, and cardiovascular disease areas, as well as certain other conditions. This represents an opportunity where therapies can be used safely for conditions currently lacking effective standard of care.

The company is currently in various stages of testing therapies for Ischemic stroke (Phase 1/2), Major depressive disorder (Phase 2), Chronic spinal cord injury (Phase 1) and Lou Gehrig's disease (ALS, Phase 2)

This analysis is a little more comprehensive and is based on cash flow projections from therapies for Ischemic stroke, Major depressive disorder and chronic spinal cord Injury. Since ALS market is fairly limited, its cash flows are not included. The impact of ALS study, however, could have a major impact on any or all of the indications.

## Timeline

Major Depressive Disorder: Phase II Primary completion date 06/2017

Spinal cord injury: Phase I completion date 03/2016

China Ischemic Stroke: Data sometime in 2016

---

*Catalyst for the stock price could come out of SCI study or Stroke study in 2016*

---

---

*If ALS trial results show positive news, this could be a huge cash opportunity for the company.*

---

## Risks

### Cash

Biotech research companies without a commercial product are cash burners. Without a viable source of revenues, they depend largely on venture capital, debt financing or Equity issuance.

At the end of 2015, the company reported cash and equivalents of about five million dollars. Without additional source of funding, the company will cease to exist by the middle of 2016. It has been indicated that sources of funding to last through the end of 2016 has been secured.

Major source of cash for Neuralstem remains to be equity issuance and exercise of warrants. This will certainly dilute the existing equity holders value – the valuation model takes this into account and assumes that additional equity will be issued every year until 2023.

Cash positions of this company at this time appear to represent a major risk to company operations. There has been no news for new equity issuance from the company – If ALS trials show promise, this could represent a huge cash opportunity for the company.

## Valuation

Projecting the cash flows show the current valuation to be around \$1.20/share. Equity dilution (from the company issuing more equity in the future) has been built into the model.

## Catalyst

2016 : The first half of 2016 should show us the results of P II ALS study  
Expecting China stroke study results in the second half of 2016

## Recommendation

At the current equity price of \$ 0.78, I'm hesitant to recommend this stock. Although, the valuation model used is extremely stringent – I don't believe that a price of over a dollar – given the current data – can be justified.

Positive data from ALS could dramatically change this opinion.

I will likely make this a small part of my portfolio.

