

Corcept Therapeutics (CORT)

\$13.70 (As of 08/13/20)

Price Target (6-12 Months): **\$15.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 02/04/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: A

Summary

Corcept beat on earnings in the second quarter while revenues missed the mark. The company is making good progress with its Cushing's syndrome drug Korlym, which witnessed higher sales and a strong uptake since its approval. Korlym's label expansion programs are promising and should boost its commercial potential in the future. Its most advanced candidate relacorilant is currently under evaluation in a phase III study for Cushing's syndrome. The successful development of its pipeline candidates will further drive the company's growth, leading to a sales surge. However, Corcept is solely dependent on Korlym for growth. A decline in Korlym sales will thus impede the company's prospects. Shares of the company have outperformed the industry so far this year.

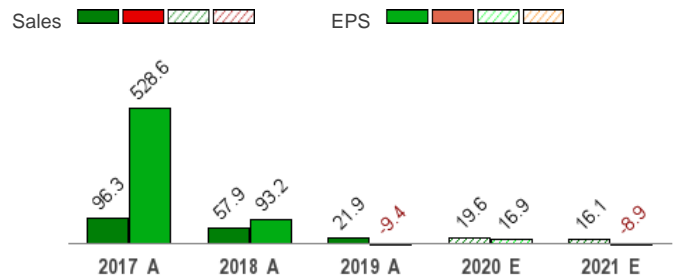
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$18.53 - \$9.70
20 Day Average Volume (sh)	1,107,128
Market Cap	\$1.6 B
YTD Price Change	13.2%
Beta	1.09
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<u>Medical - Drugs</u>
Zacks Industry Rank	Bottom 28% (181 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	15.0%
Last Sales Surprise	-1.3%
EPS F1 Est- 4 week change	7.5%
Expected Report Date	11/05/2020
Earnings ESP	0.0%
P/E TTM	14.6
P/E F1	15.2
PEG F1	NA
P/S TTM	4.5

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	98 E	103 E	103 E	108 E	425 E
2020	93 A	89 A	90 E	94 E	366 E
2019	65 A	72 A	82 A	88 A	306 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.18 E	\$0.20 E	\$0.19 E	\$0.22 E	\$0.82 E
2020	\$0.25 A	\$0.23 A	\$0.22 E	\$0.22 E	\$0.90 E
2019	\$0.20 A	\$0.25 A	\$0.22 A	\$0.24 A	\$0.77 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/13/2020. The reports text is as of 08/14/2020.

Overview

Menlo Park, CA-based Corcept is focused on the discovery, development and commercialization of drugs for the treatment of severe metabolic, psychiatric and oncology disorders which are associated with the activity of the hormone cortisol, also known as the stress hormone.

Corcept's only marketed drug, Korlym (mifepristone), is approved for the once-daily oral treatment of hyperglycemia secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome, suffering from type II diabetes or glucose intolerance and who have failed surgery or are not suitable for surgery. The drug was launched in Apr 2012. Korlym was the first drug to be approved by the FDA for patients with Cushing's syndrome.

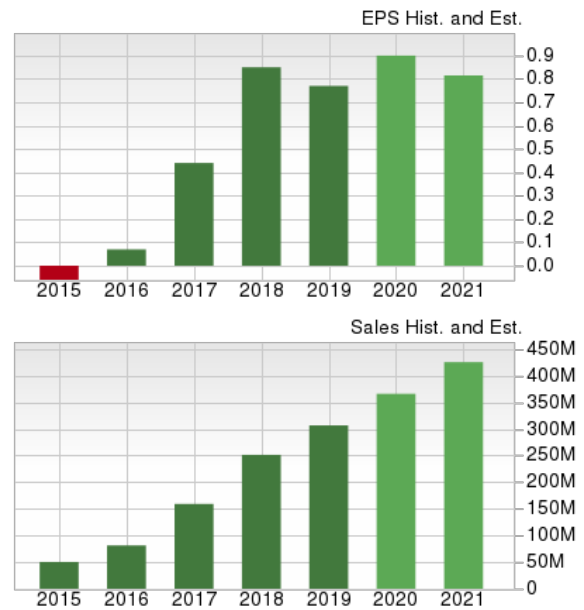
Corcept has discovered a large portfolio of proprietary compounds, including relacorilant, exicorilant and miricorilant, that selectively modulate the effects of cortisol but not progesterone.

Corcept is evaluating lead candidate relacorilant in phase II for the treatment of Cushing's syndrome. Several label expansion studies on relacorilant are also currently underway.

Corcept is advancing its selective cortisol modulator exicorilant as a treatment for patients with metastatic castration-resistant prostate cancer (CRPC). The company is conducting an open label, dose-finding study on exicorilant in combination with Xtandi for treating patients with metastatic CRPC.

Corcept's lead compound for metabolic disorders is miricorilant is being evaluated in a phase II study for addressing the reversal of antipsychotic-induced weight gain (APIWG). The treatment of patients with non-alcoholic steatohepatitis (NASH) is planned to start on miricorilant in the fourth quarter of 2020.

The company's revenues in 2019 summed \$306.5 million, up 22% year over year.



Reasons To Buy:

▲ **Share Price Movement:** Shares of Corcept have increased 13.2% in the year so far against the industry's decline of 5%.

▲ **Promising Prospects for Korlym:** Corcept's lead drug Korlym, approved for treating Cushing's syndrome, has been a consistent revenue driver since its approval. The company increased the size of its sales force significantly and is targeting Cushing's disease patients who would benefit from the drug but are yet to be on the medication. Korlym enjoys an orphan drug status in the United States and Europe for addressing endogenous Cushing's syndrome. Revenues are rising as more physicians are prescribing Korlym to patients. Korlym recorded sales of \$306.5 million in 2019, up 22% year over year.

▲ **Other Compounds in Development:** Other candidates in Corcept's pipeline include CORT125134 (relacorilant), exicorilant (formerly CORT125281) and miricorilant (formerly CORT118335).

Relacorilant is being evaluated in the phase III GRACE study to treat Cushing's syndrome. Dosing is currently underway in the above-mentioned study at sites across the United States, Israel and Europe. The company plans to submit a new drug application for relacorilant in the second quarter of 2022. Meanwhile, enrollment is underway in the phase III study of GRADIENT on relacorilant in patients whose Cushing's syndrome is caused by adrenal adenoma.

A phase II probe on relacorilant plus Abraxane is currently ongoing for treating metastatic ovarian cancer. The company completed enrollment in the United States and Europe and is on track to produce results in first-half 2021. In June 2020, Corcept recruited the first patient in the phase III RELIANT study, evaluating relacorilant in combination with Abraxane for the treatment of patients with metastatic pancreatic cancer. The European Commission granted relacorilant an orphan drug designation for treating pancreatic cancer.

It also expects to start the phase Ib study of relacorilant plus the immunotherapeutic agent Merck's Keytruda (pembrolizumab) to treat patients with metastatic or unresectable adrenocortical cancer in third-quarter 2020.

Corcept is advancing its selective cortisol modulator exicorilant as a treatment for patients with metastatic castration-resistant prostate cancer (CRPC). The company is conducting an open label, dose-finding study on exicorilant in combination with Xtandi for treating patients with metastatic CRPC.

Corcept's lead compound for metabolic disorders is miricorilant. Corcept is enrolling patients in a phase II GRATITUDE study on miricorilant for addressing the reversal of antipsychotic-induced weight gain (APIWG). The company also plans to conduct a phase II GRATITUDE 2 study of miricorilant in the third quarter of 2020 to reverse the long-standing APIWG. The treatment of patients with non-alcoholic steatohepatitis (NASH) is planned to start in the fourth quarter of 2020.

Approval of these candidates is key to long-term growth at Corcept, given the lucrative market that it targets.

▲ **Favorable Debt Profile:** Corcept has an encouraging debt profile. As of Jun 30, 2020, the company's total debt (current and long-term debt) was approximately \$3 million. Its cash, cash equivalents and marketable securities worth approximately \$405 million at June-end should be sufficient to meet its debt obligations in case of insolvency. The company's total debt to total capital of 0.8% as of June 2020 was flat quarter over quarter.

Korlym's growth prospects look encouraging. Corcept's is also making good progress with its promising set of pipeline candidates.

Reasons To Sell:

- ▼ **Dependence on Korlym for Growth:** Corcept is solely dependent on Korlym for revenues. A decline in the drug sales will largely hinder the company's prospects. Notably, Korlym faces stiff competition from Novartis' drug Signifor, which is approved for treating adult patients with Cushing's disease, who are not candidates of pituitary surgery or for whom, surgery failed. In July 2019, Novartis sold the worldwide rights to Signifor to the Italian pharmaceutical company Ricordati S.p.A. This competition has been quite a drag as Corcept is heavily reliant on Korlym for growth. Meanwhile, in March 2020, Recordati received the FDA approval to market another cortisol synthesis inhibitor, Isturisa (osilodrostat) tablets, to treat patients with Cushing's disease. The drug is already approved in Europe for the same indication. Such treatments could limit Corcept's revenues from Korlym in the long run.

The company's dependence on a single product for growth is concerning. Moreover, the pipeline is still years away from commercialization.

Moreover, Strongbridge Biopharma's cortisol synthesis inhibitor levoketoconazole received an orphan drug designation in the United States and the EU to treat Cushing's syndrome.

- ▼ **Setback for Korlym:** Corcept's efforts to expand Korlym's label received a setback in May 2014, when it announced that it discontinued a late-stage study on Korlym for the treatment of psychotic depression. This came on the heels of an interim analysis that revealed that the study failed to meet its primary endpoint. Thereafter, the Independent Data Monitoring Committee declared that the study was unlikely to generate a statistically significant result even after full enrollment. Similar setbacks will be detrimental to the company's growth prospects.
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Last Earnings Report

Corcept Q2 Earnings Top Estimates, Revenues Miss Mark

Corcept reported second-quarter 2020 earnings of 23 cents per share, surpassing the Zacks Consensus Estimate of 20 cents and also improving from the year ago quarter's 17 cents.

Taking into account the impact of stock-based compensation and utilization of deferred tax assets, adjusted earnings came in at 32 cents per share compared with 25 cents in the year-ago quarter.

Revenues in the reported quarter improved 23% from the prior-year period to \$88.6 million, primarily backed by higher sales and a strong uptake of Korlym. However, sales missed the Zacks Consensus Estimate of \$90 million and were also down sequentially.

Research and development expenses escalated 22.7% to \$26.5 million. Selling, general and administrative expenses also increased 4.1% to \$25.6 million.

2020 Guidance

Corcept expects total revenues in the range of \$355-375 million.

Pipeline Update

Corcept's lead candidate relacorilant is being evaluated in the phase III GRACE study to treat Cushing's syndrome. Dosing is currently underway in the above-mentioned study at sites across the United States, Israel and Europe. The company plans to submit a new drug application for relacorilant in the second quarter of 2022.

Meanwhile, enrollment is underway in the phase III study, GRADIENT, on relacorilant in patients whose Cushing's syndrome is caused by adrenal adenoma.

Corcept completed enrollment in a phase II study on relacorilant plus Celgene's (now part of Bristol Myers) Abraxane (nab-paclitaxel) to treat metastatic ovarian cancer and is on track to produce results in first-half 2021.

Meanwhile, Corcept enrolled the first patient in the phase III RELIANT study, evaluating relacorilant in combination with Abraxane for the treatment of patients with metastatic pancreatic cancer.

Corcept also expects to begin a phase Ib study on relacorilant plus Merck's Keytruda (pembrolizumab) in the third quarter of 2020 to treat patients with metastatic or unresectable adrenal cancer.

Quarter Ending 06/2020

Report Date	Aug 04, 2020
Sales Surprise	-1.30%
EPS Surprise	15.00%
Quarterly EPS	0.23
Annual EPS (TTM)	0.94

Recent News

Begins Phase III GRADIENT Study on Relacorilant — Jul 28

Corcept announced that it has enrolled the first patient in the phase III GRADIENT study, evaluating relacorilant in patients with Cushing's syndrome caused by adrenal adenomas or hyperplasia.

Completes Enrollment in Phase II Ovarian Cancer Study – Jul 23

Corcept announced that it has completed enrollment in its phase II study evaluating relacorilant in combination with Abraxane (nab-paclitaxel) for treating patients with metastatic, platinum-resistant ovarian cancer.

Begins Enrollment in Phase III Pancreatic Cancer Study – Jun 30

Corcept announced that it has enrolled the first patient in a phase III study evaluating relacorilant in combination with Celgene's (now part of Bristol Myers) Abraxane (nab-paclitaxel) for the treatment of patients with metastatic pancreatic cancer.

The phase III study named RELIANT is expected to enroll 80 patients with metastatic pancreatic cancer in the United States. The primary endpoint of the study is to see the objective response rate while the secondary endpoints include progression-free survival and duration of response.

Valuation

Corcept's shares are up 13.2% in the year-to-date period and 8.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Medical sector are down 5% and up 1.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 0.8% and the sector is up 11%.

The S&P 500 index is up 4.8% in the year-to-date period and up 18.8% in the past year.

The stock is currently trading at 4.81X trailing 12-month sales per share, which compares to 2.20X for the Zacks sub-industry, 3.11X for the Zacks sector and 3.79X for the S&P 500 index.

Over the past five years, the stock has traded as high as 21.84X and as low as 4.02X, with a 5-year median of 9.62X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$15 price target reflects 5.26X trailing 12-month sales per share.

The table below shows summary valuation data for CORT

Valuation Multiples - CORT					
		Stock	Sub-Industry	Sector	S&P 500
P/S TTM	Current	4.81	2.2	3.11	3.79
	5-Year High	21.84	4.3	3.99	3.79
	5-Year Low	4.02	1.7	2.29	2.43
	5-Year Median	9.62	2.57	3.18	3.21
P/B TTM	Current	3.49	1.57	4.42	4.71
	5-Year High	51.26	13.33	5.07	4.71
	5-Year Low	3.08	1.02	2.94	2.83
	5-Year Median	10.54	2.45	4.3	3.74

As of 08/13/2020

Industry Analysis Zacks Industry Rank: Bottom 28% (181 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
AbbVie Inc. (ABBV)	Neutral	3
Bristol Myers Squibb Company (BMY)	Neutral	3
Gilead Sciences, Inc. (GILD)	Neutral	3
JohnsonJohnson (JNJ)	Neutral	3
Novartis AG (NVS)	Neutral	3
Pfizer Inc. (PFE)	Neutral	3
Strongbridge Biopharma PLC (SBBP)	Neutral	3
Spectrum Pharmaceuticals, Inc. (SPPI)	Neutral	3

Industry Comparison Industry: Medical - Drugs				Industry Peers		
	CORT	X Industry	S&P 500	BMY	NVS	SBBP
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	A	A	F
Market Cap	1.58 B	143.77 M	23.58 B	143.09 B	195.39 B	206.28 M
# of Analysts	4	3	14	7	5	2
Dividend Yield	0.00%	0.00%	1.68%	2.85%	2.35%	0.00%
Value Score	B	-	-	A	A	F
Cash/Price	0.25	0.24	0.07	0.16	0.03	0.28
EV/EBITDA	9.92	-2.93	13.34	24.30	13.79	-3.60
PEG Ratio	NA	1.10	2.99	1.18	1.84	NA
Price/Book (P/B)	3.49	3.34	3.20	2.91	3.63	4.31
Price/Cash Flow (P/CF)	16.19	11.57	12.83	14.40	10.81	NA
P/E (F1)	15.29	17.98	21.99	10.14	15.05	NA
Price/Sales (P/S)	4.51	6.60	2.53	4.10	4.05	8.02
Earnings Yield	6.57%	-15.17%	4.35%	9.87%	6.64%	-17.11%
Debt/Equity	0.00	0.03	0.77	0.85	0.48	0.14
Cash Flow (\$/share)	0.85	-0.51	6.94	4.39	7.90	-0.82
Growth Score	A	-	-	A	B	F
Hist. EPS Growth (3-5 yrs)	140.63%	5.38%	10.41%	23.36%	2.64%	NA
Proj. EPS Growth (F1/F0)	16.88%	18.07%	-6.32%	32.99%	8.28%	33.67%
Curr. Cash Flow Growth	27.81%	2.74%	5.20%	36.74%	4.27%	-213.47%
Hist. Cash Flow Growth (3-5 yrs)	40.69%	6.17%	8.55%	22.46%	7.11%	NA
Current Ratio	10.38	3.78	1.33	1.47	0.81	3.39
Debt/Capital	0.33%	4.60%	44.59%	45.99%	32.25%	12.50%
Net Margin	32.49%	-117.10%	10.13%	-1.61%	14.96%	-205.02%
Return on Equity	29.10%	-63.10%	14.51%	28.47%	24.14%	-80.87%
Sales/Assets	0.82	0.27	0.51	0.31	0.40	0.23
Proj. Sales Growth (F1/F0)	19.35%	0.00%	-1.43%	60.15%	5.28%	23.55%
Momentum Score	A	-	-	F	C	D
Daily Price Chg	1.86%	0.00%	-0.44%	-0.63%	0.52%	-4.89%
1 Week Price Chg	-6.76%	1.17%	2.30%	4.02%	0.94%	18.69%
4 Week Price Chg	-16.51%	-1.09%	4.38%	6.61%	-2.31%	-0.78%
12 Week Price Chg	-10.34%	0.10%	13.59%	3.43%	0.45%	7.51%
52 Week Price Chg	8.21%	2.52%	5.75%	38.23%	-3.62%	46.53%
20 Day Average Volume	1,107,128	358,403	1,984,154	10,235,922	1,865,325	366,550
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.11%	0.00%	0.00%
(F1) EPS Est 4 week change	7.46%	0.00%	2.08%	1.01%	0.53%	-28.11%
(F1) EPS Est 12 week change	7.91%	0.78%	2.66%	1.44%	0.67%	-28.11%
(Q1) EPS Est Mthly Chg	12.82%	0.00%	0.94%	-3.83%	-0.72%	-24.39%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	A
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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