Corcept Therapeutics (CORT)

$16.33 (As of 07/22/20)

Price Target (6-12 Months): **$18.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 02/04/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**4-Sell**
	Zacks Style Scores:	VGM:A
	Value: B | Growth: B | Momentum: A	

Summary

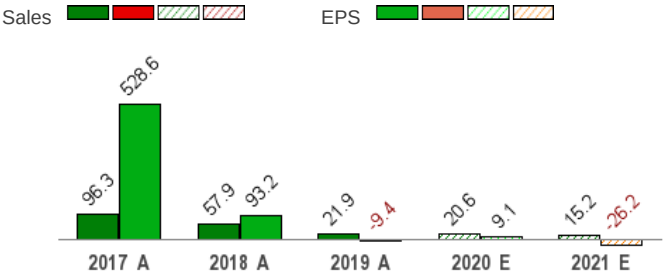
Corcept is making a good progress with its Cushing's syndrome drug, Korlym, which has witnessed higher sales and a strong uptake since its approval. Korlym's label expansion programs are promising and should boost its commercial potential in the future. Corcept's most advanced candidate relacorilant 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 increased sales. However, Corcept is solely dependent on Korlym for growth. A decline in Korlym sales will 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)	**771,717**
Market Cap	**$1.9 B**
YTD Price Change	**35.0%**
Beta	**1.15**
Dividend / Div Yld	**$0.00 / 0.0%**
Industry	**Medical - Drugs**
Zacks Industry Rank	**Top 37% (92 out of 252)**
Last EPS Surprise	**19.1%**
Last Sales Surprise	**7.4%**
EPS F1 Est- 4 week change	**0.4%**
Expected Report Date	**08/06/2020**
Earnings ESP	**0.0%**
P/E TTM	**17.0**
P/E F1	**19.4**
PEG F1	**NA**
P/S TTM	**5.6**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021					425 E
2020	93 A	90 E	92 E	96 E	369 E
2019	65 A	72 A	82 A	88 A	306 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	$0.16 E	$0.18 E	$0.18 E	$0.20 E	$0.62 E
2020	$0.25 A	$0.20 E	$0.20 E	$0.20 E	$0.84 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 07/22/2020. The reports text is as of 07/23/2020.

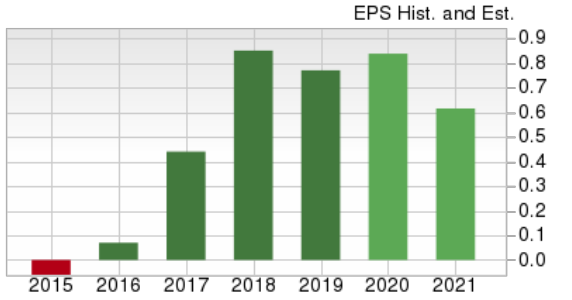
Overview

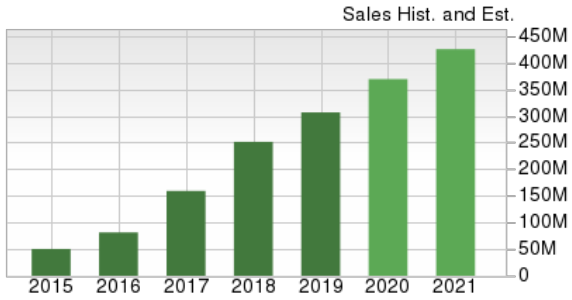
Menlo Park, CA-based Corcept is focused on the discovery, development and commercialization of drugs for the treatment of severe metabolic, psychiatric and oncology disorders which are associated with the activity of the hormone cortisol, also known as the stress hormone.

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.

The company is conducting a phase I/II study on Korlym, in combination with Merck's Keytruda (pembrolizumab) for the treatment of treat patients with advanced HER2-negative and triple-negative breast cancer (TNBC). Several other label expansion studies on Korlym are also currently under evaluation.

Corcept is currently working on developing Korlym for additional indications. We expect a successful label expansion of Korlym to boost the top line significantly, as the disease represents huge potential in the United States. Korlym is also being combined with Merck's Keytruda for treating patients with advanced HER2-negative and triple-negative breast cancer (TNBC).





Meanwhile, the University of Chicago is conducting a phase II study on Korlym, in combination with Xtandi, for the treatment of metastatic, castration-resistant prostate cancer (CRPC). The institution is also conducting a phase II study on Korlym, in combination with Abraxane, for the treatment of patients with TNBC. The study will be conducted in collaboration with Corcept and Bristol Myers Squibb.

Corcept has exclusive licensed patents from the University of Chicago covering the use of its cortisol modulator Korlym combined with anticancer agents to treat TNBC and CRPC.

Other candidates in the company's pipeline include CORT125134 (relacorilant), exicorilant (formerly CORT125281) and miricorilant (formerly CORT118335).

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 35% in the year so far against the industry's decline of 5.3%.

- **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.

Korlym's growth prospects look promising. Corcept's efforts on label expansion of the drug are also encouraging and bode well for long-term growth.

- **Label Expansion of Korlym:** Corcept is currently working on developing Korlym for additional indications. We expect a successful label expansion of Korlym to boost the top line significantly, as the disease represents huge potential in the United States. Korlym is also being combined with Merck's Keytruda for treating patients with advanced HER2-negative and triple-negative breast cancer (TNBC). Meanwhile, the University of Chicago is conducting a phase II study on Korlym, in combination with Xtandi, for the treatment of metastatic, castration-resistant prostate cancer (CRPC). The institution is also conducting a phase II study on Korlym, in combination with Abraxane, for the treatment of patients with TNBC. The study will be conducted in collaboration with Corcept and Bristol Myers Squibb.

  Corcept has exclusive licensed patents from the University of Chicago covering the use of its cortisol modulator Korlym combined with anticancer agents to treat TNBC and CRPC.

- **Other Compounds in Development:** Corcept is evaluating relacorilant (formerly CORT125134) in phase II for the treatment of Cushing's syndrome.

  Corcept is evaluating relacorilant in the phase III GRACE study to treat Cushing's syndrome. Dosing is currently underway in the 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. Both the FDA and the EMA designated relacorilant with an Orphan Drug tag for the treatment of Cushing's syndrome. Corcept plans to start a phase III study (GRADIENT) of relacorilant in the second quarter of 2020 for patients whose Cushing's syndrome is caused by adrenal adenoma.

  A phase II probe on relacorilant plus Abraxane is currently underway for treating ovarian cancer. The company is enrolling patients in the United States and Europe and is on track to produce results in first-half 2021. It also plans to start a phase III study on the same combo for treating metastatic pancreatic cancer in the second quarter of 2020. 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, formerly CORT125281, as a treatment for patients with metastatic castration-resistant prostate cancer. Corcept is dosing patients in its phase I/II study of exicorilant, a combined regime with Pfizer's Xtandi, to treat patients afflicted with metastatic castration-resistant prostate cancer.

  Corcept's lead compound for metabolic disorders is miricorilant, formerly known as CORT118335. In November 2019, the company announced positive top-line results from the ongoing phase Ib study on miricorilant for the reduction of antipsychotic-induced weight gain (APIWG). Moreover, Corcept is conducting a phase II study on miricorilant for addressing the reversal of antipsychotic-induced weight gain. The company is also conducting phase II study of miricorilant to reverse long-standing APIWG. The treatment of patients with non-alcoholic steatohepatitis (NASH) is planned to start later in 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 a favorable debt profile. As of Mar 31, 2020, the company's total debt (current and long-term debt) was approximately $4 million. The company's cash, cash equivalents and marketable securities worth approximately $307 million at March-end should be sufficient to meet its debt obligations in case of insolvency.

Reasons To Sell:

- **Dependence on Korlym for Growth:** Corcept is solely dependent on Korlym for revenues. A decline in Korlym 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 for 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. 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 .

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

- **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.

Last Earnings Report

Corcept Q1 Earnings Top Estimates, Revenues Rise Y/Y

Quarter Ending	03/2020
Report Date	**May 04, 2020**
Sales Surprise	**7.35%**
EPS Surprise	**19.05%**
Quarterly EPS	**0.25**
Annual EPS (TTM)	**0.96**

Corcept reported first-quarter 2020 earnings of 25 cents per share, surpassing the Zacks Consensus Estimate of 21 cents and also improving from the year ago quarter's 15 cents.

Taking into account the impact of stock-based compensation and utilization of deferred tax assets, adjusted earnings came in at 34 cents per share compared with 20 cents in the year-ago quarter.

Revenues in the reported quarter surged 44% from the prior-year period to $93.2 million, primarily backed by higher sales and the strong uptake of Korlym. Sales also beat the Zacks Consensus Estimate of $87 million.

Research and development expenses increased 29.2% to $26.1 million. Selling, general and administrative expenses also escalated 13.1% to $27.5 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.

Corcept plans to start a phase III study, GRADIENT, on relacorilant in the second quarter of 2020 in patients whose Cushing's syndrome is caused by adrenal adenoma.

Corcept's phase II study on relacorilant plus Celgene's (now part of Bristol Myers) Abraxane to treat metastatic ovarian cancer is actively enrolling patients at sites in the United States and Europe, and is on track to produce results in first-half 2021.

Corcept plans to start the phase III study of relacorilant plus Abraxane to treat patients with metastatic pancreatic cancer in second-quarter 2020.

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

Recent News

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.

Appoints Board of Director – Mar 12

Corcept announced that it has appointed Mr. Gregg Alton to company's board of directors.

Announces 2019 Preliminary Results and 2020 Guidance – Jan 30

Corcept announced preliminary results for the fourth quarter of 2019 as well as the full year. The company also provided revenue guidance for 2020.

Preliminary Results

Preliminary revenue for fourth quarter 2019 was $87.9 million, reflecting an increase of 32% from the prior year quarter figure. For full year 2019, the company reported preliminary revenue of $306.5 million, a surge of 22% from 2018.

2020 Guidance

For 2020, Corcept expects revenue in the range of $355-$375 million. The Zacks Consensus Estimate stands at $354.1 million.

Valuation

Corcept's shares are up 35% in the year-to-date period and 48.1% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Medical sector are down 5.3% and up 2.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is down 1.4% while the sector is up 8.3%.

The S&P 500 index is up 2% in the year-to-date period and up 9.3% in the past year.

The stock is currently trading at 5.96X trailing 12-month sales per share, which compares to 2.19X for the Zacks sub-industry, 3.14X for the Zacks sector and 3.53X 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 9.84X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $18 price target reflects 6.58X 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	5.96	2.19	3.14	3.53
	5-Year High	21.84	4.3	4.07	3.68
	5-Year Low	4.02	1.7	2.29	2.43
	5-Year Median	9.84	2.59	3.19	3.21
P/B TTM	Current	4.57	1.59	4.48	4.49
	5-Year High	51.26	13.33	5.07	4.56
	5-Year Low	3.08	1.02	2.94	2.83
	5-Year Median	12.44	2.46	4.3	3.71

As of 07/22/2020

Industry Analysis **Zacks Industry Rank:** Top 37% (92 out of 252)

Top Peers

Company (Ticker)	Rec	Rank
Bristol Myers Squibb Company **(BMY)**	Outperform	2
AbbVie Inc. **(ABBV)**	Neutral	2
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

	CORT	X Industry	S&P 500	Industry Peers BMY	NVS	SBBP
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	2	3	3
VGM Score	A	-	-	A	A	D
Market Cap	1.87 B	133.28 M	22.74 B	135.42 B	197.97 B	190.95 M
# of Analysts	4	3	14	5	5	2
Dividend Yield	0.00%	0.00%	1.81%	3.01%	2.32%	0.00%
Value Score	B	-	-	A	B	F
Cash/Price	0.16	0.24	0.06	0.13	0.02	0.31
EV/EBITDA	13.17	-2.59	13.19	23.80	14.04	-3.01
PEG Ratio	NA	1.14	3.05	1.15	1.89	NA
Price/Book (P/B)	4.57	3.36	3.14	2.71	3.67	3.12
Price/Cash Flow (P/CF)	19.30	12.21	12.31	13.63	10.95	NA
P/E (F1)	19.36	15.99	22.34	9.70	15.24	NA
Price/Sales (P/S)	5.59	6.41	2.40	4.37	4.11	7.94
Earnings Yield	5.14%	-14.15%	4.27%	10.31%	6.55%	-20.45%
Debt/Equity	0.00	0.01	0.75	0.86	0.48	0.00
Cash Flow ($/share)	0.85	-0.52	6.94	4.39	7.90	-0.82
Growth Score	B	-	-	A	C	C
Hist. EPS Growth (3-5 yrs)	155.99%	6.56%	10.82%	21.90%	1.77%	NA
Proj. EPS Growth (F1/F0)	8.77%	13.24%	-9.08%	31.56%	8.28%	26.53%
Curr. Cash Flow Growth	27.81%	2.87%	5.51%	36.74%	4.27%	-213.47%
Hist. Cash Flow Growth (3-5 yrs)	40.69%	6.05%	8.55%	22.46%	7.11%	NA
Current Ratio	10.12	3.70	1.30	1.66	0.81	2.86
Debt/Capital	0.37%	5.91%	44.41%	46.16%	32.25%	0.00%
Net Margin	31.64%	-138.13%	10.46%	3.08%	14.96%	-181.82%
Return on Equity	30.00%	-62.98%	15.29%	30.06%	24.14%	-57.46%
Sales/Assets	0.86	0.30	0.54	0.33	0.40	0.20
Proj. Sales Growth (F1/F0)	20.36%	0.00%	-2.27%	59.38%	5.03%	16.91%
Momentum Score	A	-	-	B	A	C
Daily Price Chg	-1.39%	-0.22%	0.60%	0.08%	0.56%	-4.09%
1 Week Price Chg	-0.09%	1.76%	3.82%	5.15%	1.33%	7.41%
4 Week Price Chg	-2.65%	0.90%	7.55%	3.62%	-2.59%	-11.34%
12 Week Price Chg	25.91%	7.87%	7.51%	-2.89%	0.92%	23.08%
52 Week Price Chg	48.05%	-6.25%	-3.37%	38.45%	-7.31%	35.38%
20 Day Average Volume	771,717	295,029	2,037,153	10,571,334	1,350,718	292,891
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.53%	0.00%
(F1) EPS Est 4 week change	0.42%	0.00%	0.14%	0.41%	0.50%	0.00%
(F1) EPS Est 12 week change	-1.70%	0.00%	-3.51%	0.90%	-0.46%	-22.52%
(Q1) EPS Est Mthly Chg	0.86%	0.00%	0.00%	1.09%	-2.84%	0.00%

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	B
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.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock.The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment.This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time.ZIR is not a broker-dealer.ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients.Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.