VASCULAR BIOGENICS LTD SEPTEMBER 23, 2015	RATING: BUY	6 JONATHAN NETANYAHU ST. OR YEHUDA, 6037604 ISRAEL WWW.VBLRX.COM

Analyst Brief: Upcoming Phase II Results Will Make or Break this Surging Rocket

Summary

Vascular Biogenics Ltd., incorporated on January 31, 2000, is a clinical-stage biopharmaceutical company. The Company is focused on the discovery, development and commercialization of first-in-class treatments for cancer. The Company's program is based on its Vascular Targeting System (VTS) platform technology, which utilizes genetically targeted therapy to destroy newly formed, or angiogenic, blood vessels. The Company is also conducting a program targeting anti-inflammatory diseases, based on the use of its Lecinoxoid platform technology. Lecinoxoids are a class of small molecules developed by the Company that are structurally and functionally similar to naturally occurring molecules known to modulate inflammation. The Company's VTS platform technology enables systemic administration of gene therapy to either destroy or promote angiogenic blood vessels. VTS is both tissue- and condition-specific, allowing for targeted and limited gene expression in endothelial cells, the thin layer of cells that lines the interior surface of blood vessels undergoing angiogenesis. The Company's VTS platform technology comprises three components, a viral vector, a promoter and a transgene. The Company is developing VB-111, the lead oncology product candidate from its VTS platform technology, which is a gene-based biologic for the treatment of solid tumor indications, with clinical programs in recurrent glioblastoma (rGBM), thyroid cancer and ovarian cancer. The United States Food and Drug Administration (FDA) granted fast track designation for the investigation of VB-111 for prolongation of survival in patients with glioblastoma that has recurred following treatment with temozolomide and radiation. VB-111 has also received orphan drug designation in both the United States and Europe. In interim analyses of data from the open-label Phase II clinical trial of VB-111 in rGBM, the Company observed dose-dependent attenuation of tumor growth and an increase in median overall survival, which is the time interval from initiation of treatment to the patient's death. The FDA has concurred with the design and planned analyses of its Phase III pivotal trial of VB-111 in rGBM pursuant to a special protocol assessment (SPA). In addition, the Company is conducting a Phase II clinical trial of VB-111 in thyroid cancer and a Phase I/II clinical trial in ovarian cancer in combination with paclitaxel, a chemotherapeutic agent commonly used to treat ovarian cancer. The Company has studied VB-111 in over 166 patients and has observed it to be well-tolerated. The Company is engaged in the development of its Lecinoxoid. Lecinoxoids are orally administered small molecules designed to modulate the body's inflammatory response. They are structurally and functionally similar to naturally occurring molecules, known as oxidized phospholipids, which possess immune modulating anti-inflammatory properties, modified to enhance stability and activity. The Company has developed second and third generations of Lecinoxoid product candidates. Some of its molecules are at a preliminary stage of in-vitro testing, while other candidates have been advanced to pre-clinical models and are being studied for efficacy and safety.

Vascular Biogenics Ltd. has a current market capitalization of $196.72 M with 18.54 M outstanding shares. Its daily average volume traded is 226,160 shares.

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Key Indicators (Q2 2015)

Shares Outstanding	18.54 M
Revenue (FY 2014)	Nil
Gross Profit	Nil
Net Loss (basic/diluted)	-2.96 M
Cash and Short-term Inv	31.55 M
Total Debt	Nil

Performance (6 months)

Recent News

The Company recently announced that complete Phase 2 data on VB-111 in combination with Bevacizumab (Avastin) will be presented at the European Society for Medical Oncology's (ESMO) European Cancer Congress 2015, being held September 25th-29th in Vienna, Austria. VB-111 is a novel, intravenously-administered, next generation targeted anti-angiogenic agent that utilizes VBL's proprietary Vascular Targeting System (VTS) to target endothelial cells in the tumor vasculature for cancer therapy. VB-111 contains a non-replicating adenovirus, a proprietary modified murine pre-proendothelin promoter (PPE-1-3x) and a Fas-Chimera transgene to angiogenic tumor blood vessels, leading to their apoptosis. VB-111 is the first agent based on transcriptional targeting of tumor endothelium to be assessed in a clinical trial. VB-111 completed a Phase 1/2 "all-comers" clinical trial, which demonstrated multiple cases of objective tumor response and disease control and excellent safety and tolerability. VB-111 has Fast Track Designation for recurrent glioblastoma in the US and organ drug status for glioblastoma in both the US and EU. Beyond GBM, VBL is also conducting early phase II studies in thyroid and ovarian cancer. Following the release of this news, the shares of VBLT surged for three consecutive trading sessions appreciating nearly 89% from $5.399 to Tuesday's close of $9.88 per share on heavy volume of over 7 M shares daily.

Pros

- The Phase II data for the drug candidate has demonstrated meaningful efficacy signals in three of the worst types of cancer, with statistically significant overall survival benefit in combination with Avastin in rGBM, progression free survival in thyroid cancer and GCIG response in ovarian cancer.

- VBLT has a very strong Balance sheet with over $30 million in cash and marketable securities allowing for continuation of on-going business activities for another five to six quarters based on average burn rate over the past three years of $14.4 million/year.

- As of late, late the company has significantly increased both liquidity and shareholder/investor interest. All eyes are on the conference in the coming week where it is expected that the Company will present favorable results for its cancer drug candidate.

Cons

- The recent surge in share price is solely due to speculation and analyst coverage initiation. Given unfavorable results from the upcoming conference and the stock can easily fall by the same amount it has appreciated over the past several days. However; it is believed that the company can recover from such an event, though the shares will suffer in the short term.

Verdict

The company has posted significant gains in the last three trading sessions following news on Sept 17, 2015 that the company will be presenting at the European Society for Medical Oncology's (ESMO) European Cancer Congress 2015, being held September 25th-29th in Vienna, Austria. The company is expected to provide favorable Phase II results from its cancer drug candidate that thus far has shown to be effective against three types of cancers. Analysts suggest that similar companies trade in the $500 million market cap range, while VBLT has just reached $196 M as of Sept 22, 2015. This opens up opportunity for significant gains, however; much speculation is at play. Just as likely as favorable results, the company can present unfavorable results at the conference and the share price will likely suffer greatly. It is believed that worst case scenario, the company can still continue working on this drug given its strong cash position. Based on this information, the shares of VBLT are recommended as a 'Buy' for the speculative, value investor with an appetite for risky investments.

Sources:

1. http://www.reuters.com/finance/stocks/companyProfile?rpc=66&symbol=VBLT.O
2. http://stockcharts.com/h-sc/ui?s=VBLT&p=D&b=5&g=0&id=p79774599783
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6. http://finance.yahoo.com/news/vbl-therapeutics-present-complete-phase-200100101.html

Risk Factors

An investment in the common stock of the company is subject to a number of risks. The information below contains latest filings and risk factors that should be considered by all investors. Investors should carefully consider the risk factors set out below and consider all other information contained herein, and in the company's SEC filings, before making an investment decision. We assume no obligation to update or revise any such forward looking statements to reflect events or circumstances that occur after such statements are made. A complete list of filings including the risk factors for the company can be found here: http://www.sec.gov/cgi-bin/browse-edgar?CIK=prgn&Find=Search&owner=exclude&action=getcompany

Our Rating System

We rate enrolled companies based on the appreciation potential we believe their shares represent, and the "riskiness" we perceive in our ratings. The business results of those companies "NOT RATED" are often highly dependent on some future event, such as FDA drug approval or the option of a new key technology.

Explanation of Ratings

OVERWEIGHT/BUY	Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country Index average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis over the next 12-18 months.
EQUAL WEIGHT/HOLD	Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis over the next 12-18 months.
NOT RATED	Not-Rated (NR) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
UNDERWEIGHT/SELL	Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country's equity indices and/or the total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Disclosure: I, Robert Borowski, research analyst have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions and I have no business relationship with any company whose stock is mentioned in the article.

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