



MEMORANDUM

Orexigen 4Q15 - Contrave (naltrexone/bupropion extended-release) revenues sequentially flat at \$13M; Enthusiasm for consumer activation and ex-US partnership strategy - February 29, 2016

Orexigen recently held its [4Q15 financial update](#) in a call led by CEO Mr. Michael Narachi. Contrave (naltrexone/bupropion extended-release) revenues totaled \$13 million (as recorded by [Takeda](#)), of which Orexigen reported \$4.9 million, remaining sequentially flat from [3Q15's revenues](#). This revenue remains relatively consistent with the rest of 2015's quarterly sales, as Contrave appear to now be plateauing after quite the impressive growth in [1Q15](#). Regarding year-end revenues, Contrave hit \$53.5 million in 2015 - having launched in 4Q14 with \$6.5 million, yearly revenues grew seven-fold year-over-year (YOY), demonstrating rapid growth with one year on the market although, as we have seen with other obesity medications, we do not expect this trend in future years given the relatively low base. Management also reported that 55,000 practitioners have written more than 765,000 prescriptions of Contrave since the product launch, with high levels of awareness. In addition, the call highlighted the company's focus areas for 2016 (maximize Contrave US net sales, enable 2H16 EU launches, partner Contrave in rest-of-world [ROW] territories, and manage expenses toward profitability with existing capital) to work toward profitability by year-end 2018. Notably, management again expressed enthusiasm for consumer activation campaigns, commenting that current awareness levels make it an opportune time to explore this area - with greater public awareness of obesity as a disease, we would agree that direct patient education may be more promising than it has been in the past. We are curious as to whether Orexigen will invest into commercials as Arena has done with Belviq (lorcaserin) or put more emphasis into web-based campaigns. In addition, much of the call was dedicated to the company's ex-US partnership strategy: Orexigen plans to fully partner Contrave/Mysimba in ROW markets (i.e. Latin America, Russia, Australia, China, India) and commercialize Mysimba in Europe through co-marketing and distribution partners. Regarding the obesity class, Belviq and Contrave totaled \$20.9 million in 4Q15, a 27% YOY increase; year-end revenues totaled \$98.1 million, a 91% YOY increase (however, note that Contrave only launched halfway through 4Q14). Once Vivus reports (just [announced](#) for March 9), we will be back with a more complete landscape of the market.

-- by Melissa An, Sarah Odeh, and Kelly Close