
Orexigen 1Q16 - Orexigen earns \$2.6 million in royalties from Contrave sales (total sales not released); Expectations for profitability starting in 2019 - May 6, 2016

Executive Highlights

- Orexigen held its [1Q16 update](#) earlier this week in a call led by CEO Mr. Michael Narachi. The company reported that Orexigen earned \$2.6 million in royalties from net sales of Contrave (naltrexone/bupropion extended-release); the total revenues from Contrave were not released but we expect Takeda to report this in its [update](#) on May 10.
- Management shared expectations that the company will achieve profitability beginning in full year 2019, detailing its US commercial plan; in addition, Orexigen highlighted its commercial team and board updates, Valeant agreement, South Korean approval, patent addition, and maintained its commitment to a new CVOT.

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The call additionally highlighted the [expansion](#) of the senior commercial leadership team, the Valeant [agreement](#) in Central and Eastern Europe (planned launch in five of the 19 countries anticipated in 3Q16), Contrave [approval](#) in South Korea, and the appointment of Mr. Patrick Mahaffy to Chairman of the Board of Directors. The company also shared that it received a US patent for Contrave in treating patients with overweight/obesity as well as major depressive disorder. Regarding the CVOT requirement, we heard no new updates on plans following the company's [termination](#) of the CONVENE trial: management continued to state that Orexigen plans to start a new CVOT under its IND. During Q&A, management noted that this upcoming study will likely be mostly similar to the Light Study and will use the prior protocol agreed upon with Takeda and the FDA, but did not share further details on timeline. We remain wary of the status of CVOTs within the obesity drug market, as resources within these companies appear to grow increasingly

limited (see our [coverage](#) of Vivus' 1Q16 update). To have a better understanding of Contrave's position, we will wait for Takeda's update and for a more complete picture of the obesity drug landscape, we will be back later with updates from [Arena](#) on May 9.

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