

**Arena 1Q16 - Belviq (lorcaserin) revenues hit historic low at \$7.9 million; CAMELLIA CVOT fully enrolled; Belviq XR PDUFA date planned for 3Q16; New President + CEO - May 10, 2016**

Arena provided its [1Q16 update](#) yesterday in a call led by interim CEO Mr. Harry Hixson. Management reported that Arena received \$3.5 million in net product sales of Belviq (lorcaserin); as a reminder, Arena receives a portion of full Belviq revenues recorded by Eisai - as of Eisai's May 13 update, we learned that Belviq's full official revenues total \$7.9 million. Arena's revenues mark the company's lowest quarterly revenue since 4Q14 and the largest year-over-year (YOY) decline (47%) since Belviq's launch, and 10% sequential drop. Cash and cash equivalents totaled \$139.5 million. In addition, prescriptions for 1Q16 totaled 121,000 in the US, representing an 8% sequential decline. Regarding bright spots, the call highlighted that Belviq's CVOT, CAMELLIA, is fully enrolled with results anticipated in 2018 (as we learned in the [4Q15 update](#)) and that the PDUFA date for Belviq's once-weekly formulation, Belviq XR, will take place in 3Q16. Management also pointed to pending Belviq regulatory applications in Mexico and Brazil this year and Japan next year. Management also [announced](#) the appointment of Mr. Amit Munshi as the company's new President, CEO, and interim principal financial officer, effective May 11; he will join Arena's Board of Directors in June 2016. Mr. Munshi served as President and CEO of Epirus Biopharmaceuticals, biotech company Perciva, and held leadership positions at Kytheria Biopharmaceuticals and Amgen. Overall, Arena's call remained short with few questions from investors and it seemed to us that the company is shifting attention away from obesity and more towards its candidates in pain treatment and schizophrenia.

With all obesity drug companies having now reported, the market's revenues (including Arena/Eisai's Belviq, Vivus' Qsymia [phentermine/topiramate extended-release], Orexigen's Contrave [bupropion/naltrexone extended-release], and Novo Nordisk's Saxenda [liraglutide 3.0 mg]) totaled \$70.3 million in 1Q16, up from \$39.5 million a year earlier (excluding Saxenda). Novo Nordisk's Saxenda leads the market by far with 51% of the market share by revenue, followed by Orexigen's Contrave at 20%, Vivus' Qsymia at 18%, and Arena's Belviq at 11%. Removing Saxenda from the market analysis (1Q16 was the first quarter [Novo Nordisk](#) released revenues), the market totaled \$34.3 million, representing a 2% sequential decline (from 4Q15's \$34.9 million) and 13% YOY drop (from 1Q15's \$39.5 million). These numbers confirm that the obesity market is continuing its decline (see our updates from [Vivus](#) and [Orexigen](#)). Although some point to possible catalysts like Belviq XR and the CAMELLIA study for Belviq, the approval of Contrave in South Korea and expansion into Europe, Vivus' Smart Changes Program for Qsymia, and the impressive sales of Saxenda, we see all these as small and unlikely to move the market in a major way, particularly considering Saxenda price points (high). Although we do not expect new energy to flow to the the obesity space, we'd love to see it.

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