

Quick Take

Hyperion Therapeutics — Outperform (1)

HPTX: \$19.99

Quick Take: Ravicti Granted Orphan Drug Exclusivity

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This morning Hyperion announced that the FDA notified the company yesterday that Ravicti has secured orphan drug exclusivity. This exclusivity will protect the franchise from generic competition for 7 years from its February 1, 2013 approval. This is good news. As Ravicti's active ingredient (phenylbutyrate) is already available in another formulation (HPTX's Buphenyl), some investors had worried that the FDA would not grant 7 years of orphan drug exclusivity to Ravicti. We think these fears had been growing in recent weeks as time passed since Ravicti's approval, and the exclusivity had not been granted. This morning's announcement should alleviate those concerns, and we expect the stock to be strong this morning.

Ravicti's patent 8404215 expires in March 2032, and is listed in the Orange book, and we expect the franchise to be protected well past the end of orphan exclusivity. However, the granting of orphan exclusivity was important nonetheless as it virtually guarantees that there will not be generic competition until 2020.

Our opinion of Hyperion is unchanged. We believe that Hyperion is undervalued based on the potential of Ravicti in urea cycle disorders alone. We think investors should take advantage of the fact that the market appears to be giving Hyperion only modest credit for Ravicti's extended period of exclusivity. We expect the stock to outperform the market over the next 12 months as Ravicti is launched, Hyperion breaks into profitability, and investors better appreciate the value in Hyperion's urea cycle disorder franchise.

Addendum

STOCKS MENTIONED IN IMPORTANT DISCLOSURES

Ticker	Company Name
HPTX	Hyperion Therapeutics

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(a) Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period.

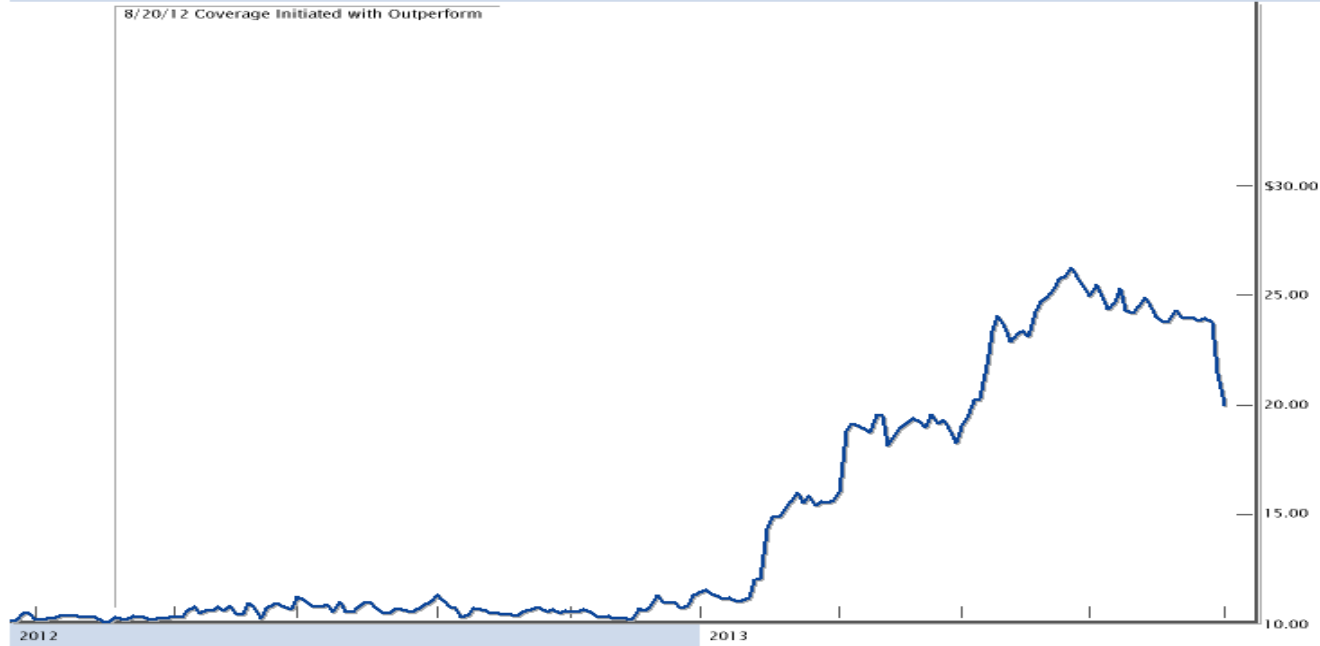
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Cowen and Company Price and Ratings History

Hyperion Therapeutics - HPTX



Pricing data provided by Reuters America. Chart as of 5/1/13 in USD.