

Trevena, Inc. (TRVN)

Multiple Catalyst Read Outs Anticipated in 2015

MARKET DATA

Price	\$6.05
52-Week Range:	\$4.07 - \$9.95
Shares Out. (M):	26.2
Market Cap (\$M):	\$158.5
Average Daily Vol. (000):	66.0
Cash (M):	\$82
Cash/Share:	\$3.11
Enterprise Value (M):	\$76

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$6.05 | Target Price: \$18.00

INVESTMENT HIGHLIGHTS

Timelines on track for all clinical development programs; reiterate our Market Outperform rating and \$18 price target on Trevena, Inc. Trevena reported 2Q14 earnings in line with our estimates, and slightly below consensus due to higher than expected operating expenses. The company ended the quarter with cash of \$81.6MM, which we view as sufficient to fund operations through YE2015, including important clinical catalysts for lead development programs. Timelines remain on track with results from the TRV130 Phase 2a/b trial in pain still expected in 1Q15 and results from the TRV027 Phase 2b BLAST trial in heart failure expected in 4Q15. These trial read outs, in our view, remain the primary value-drivers to the stock. Our \$18 price target is derived through a sum-of-the-parts analysis for TRV130 and TRV027.

TRV130 Phase 2 results on track for 1Q15. Trevena is conducting a Phase 2a/b bunionectomy trial in post-operative pain, evaluating the efficacy and tolerability of i.v. TRV130, with morphine as the benchmark. The complete study is designed as a 400-patient, multi-center, randomized, double-blind, placebo-controlled, multiple-dose, adaptive trial. Part A of the trial has now been completed, with 150 patients enrolled, and management stated that signals of analgesic efficacy have been observed. Part B of the trial, an adaptive design, dose-ranging protocol, has now been initiated and top-line results are expected from the trial in 1Q15. Additionally, the Phase 1 multiple ascending dose trial evaluating TRV734, the company's oral chronic pain candidate, is ongoing and results are expected in 1H15.

TRV027 Phase 2b BLAST HF results anticipated in 4Q15. The Phase 2b BLAST trial is evaluating TRV027 in acute heart failure. Enrollment of patients is ongoing at 28 global sites for this study. We anticipate results in 4Q15. As previously announced, in August, Trevena was granted a Method of Use Patent, No. 8,796,204, by the USPTO, for TRV027 in the treatment of acute heart failure. Patent expiry is at least 2029, which we believe bolsters the composition of matter patent which may be extended until at least 2031.

FY DEC	2013A	2014E	2015E
Revenue (\$M) 1Q	--	\$0.0A	--
2Q	--	\$0.0A	--
3Q	--	\$0.0	--
4Q	--	\$0.0	--
FY	\$0.1	\$0.0	\$0.0
EPS 1Q	--	(\$0.59)A	--
2Q	--	(\$0.44)A	--
3Q	--	(\$0.49)	--
4Q	--	(\$0.51)	--
FY	(\$29.71)	(\$2.02)	(\$2.01)
P/E	NM	NM	NM
Previous FY	NC	(\$2.04)	(\$2.03)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE



2Q14 FINANCIAL SUMMARY

Trevena reported 2Q14 EPS loss of (\$0.44), in line with our forecast of (\$0.44), but below consensus estimates of (\$0.41). The company reported no revenue which was in line with our expectations as well as consensus. Total operating expenses were \$11.5MM, roughly in line with our estimate of \$11.6MM. R&D expenses were \$9.0MM, compared to our estimate of \$9.5MM. SG&A expenses were \$2.5MM, versus our estimate of \$2.1MM. Cash and equivalents totaled \$81.6MM as of June 30, 2014.

We have updated our model (Figure 1) to reflect the 2Q14 financial results.

FIGURE 1. 2Q14 Earnings Summary and Changes to Our Model

TRVN	2Q14			2014 est		2015 est	
	JMP est	Cons	Actual	JMP old	JMP new	JMP old	JMP new
Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D	9.5		9.0	39.0	38.0	44.3	42.6
SG&A	2.1		2.5	7.9	9.7	9.0	11.5
Total operating expense	11.6		11.5	46.9	47.6	53.3	54.1
Net income (loss)	(11.6)	(10.8)	(11.5)	(46.9)	(47.4)	(53.3)	(54.1)
Shares outstanding (diluted)	26.3		26.3	26.4	23.9	26.9	26.9
EPS (diluted)	(\$0.44)	(\$0.41)	(\$0.44)	(\$1.78)	(\$2.02)	(\$1.98)	(\$2.01)

Source: JMP Securities LLC, Company reports

Company Description

Trevena is a clinical-stage biopharmaceutical company based in King of Prussia, PA, focused on the discovery and development of small molecule and peptide G-protein coupled receptor (GPCR) biased ligands. The company was established in 2007 with the aim of translating groundbreaking academic research on GPCR signaling into a new generation of medicines. The company has two programs in clinical development: TRV027, currently in Phase 2 clinical testing for the treatment of acute heart failure, and TRV130, currently completing Phase 2 testing for the treatment of post-operative pain. In addition, Trevena has built an early stage portfolio of drug discovery programs currently in lead optimization, including TRV734, currently in preclinical testing for oral treatment of acute and chronic pain.

In January 2014, Trevena completed its initial public offering, raising net proceeds of approximately \$60MM through the sale of 9.25 million shares of common stock at a price of \$7 per share. The proceeds from the IPO are intended to fund the development of TRV027, TRV130, and TRV734, as well as additional preclinical programs and for general working capital and corporate purposes.

Investment Risks

Clinical risk. Trevena may not be successful in the full development and launch of its product candidates. There may be efficacy or safety issues related to product candidates undergoing clinical trials that would preclude continued development.

Regulatory risk. The FDA and/or other ex-U.S. regulatory agencies could reject any of the company's, or its partners', future regulatory filings or require additional studies prior to granting approval.

Industry risk. Given the competitive landscape in the biotechnology space, another company may come out with a more efficacious, less expensive product that could take significant market share away from Trevena's products, challenging the company's chances for success.

Balance sheet risk. The company has a history of losses and has not yet established a track record of consistent profitability. While we project that the company will not need to raise additional capital to maintain profitability, it may be necessary to do so to fund the business model.

JMP FACTS AND DISCLOSURES

Analyst Certification:

The research analyst(s) who prepared this report does/do hereby certify that the views presented in this report are in accordance with my/our personal views on the securities and issuers discussed in this report. As mandated by SEC Regulation AC no part of my/our compensation was, is or will be directly or indirectly related to the specific views or recommendations expressed herein. This certification is made under the obligations set forth in SEC Regulation AC. Any other person or entity may not use it for any other purpose. This certification is made based on my/our analysis on the date of this report's publication. I/We assume no obligation to update this certification to reflect any facts, circumstances or events that may subsequently come to my/our attention. Signed Jason N. Butler

JMP Securities Disclosures:

JMP Securities currently makes a market in the security of Trevena, Inc.

JMP Securities was manager or co-manager of a public offering of securities for Trevena, Inc. (TRVN) in the past 12 months, and received compensation for doing so.

JMP Securities Investment Opinion Definitions:

Market Outperform (MO): JMP Securities expects the stock price to outperform relevant market indices over the next 12 months.

Market Perform (MP): JMP Securities expects the stock price to perform in line with relevant market indices over the next 12 months.

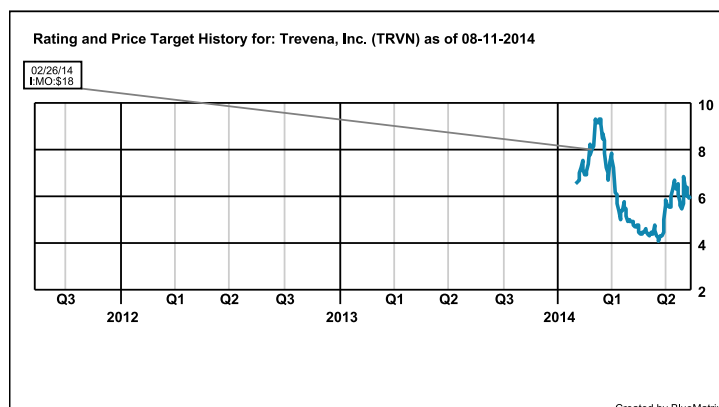
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

JMP Securities Research Ratings and Investment Banking Services: (as of August 12, 2014)

JMP Rating	Regulatory Equivalent	# Co's Under Coverage	% of Total	Regulatory Equivalent	# Co's Under Coverage	% of Total	# Co's Receiving IB Services in Past 12 Months	% of Co's With This Rating
MARKET OUTPERFORM	Buy	267	60.14%	Buy	267	60.14%	97	36.33%
MARKET PERFORM	Hold	137	30.86%	Hold	137	30.86%	18	13.14%
MARKET UNDERPERFORM	Sell	4	0.90%	Sell	4	0.90%	0	0%
COVERAGE IN TRANSITION		36	8.11%		36	8.11%	0	0%
TOTAL:		444	100%		444	100%	115	25.90%

Stock Price Chart of Rating and Target Price Changes:

Note: First annotation denotes initiation of coverage or 3 years, whichever is shorter. If no target price is listed, then the target price is N/A. In accordance with NASD Rule 2711, the chart(s) below reflect(s) price range and any changes to the rating or price target as of the end of the most recent calendar quarter. The action reflected in this note is not annotated in the stock price chart. Source: JMP Securities.



JMP Disclaimer:

JMP Securities LLC (the "Firm") compensates research analysts, like other Firm employees, based on the Firm's profitability, which includes revenues from the Firm's institutional sales, trading, and investment banking departments as well as on the quality of the services and activities performed that are intended to benefit the Firm's institutional clients. These data have been prepared by JMP Securities LLC for informational purposes only and are based on information available to the public from sources that we believe to be reliable, but we do not guarantee their accuracy or completeness. Any opinions and projections expressed herein reflect our judgment at this date and are subject to change without notice. These data are neither intended nor should be considered as an offer to sell or a solicitation or a basis for any contract for the purchase of any security or other financial product. JMP Securities LLC, its affiliates, JMP Group LLC, Harvest Capital Strategies LLC, and their respective partners, directors, officers, and associates may have a long or short position in, may act as a market maker for, or may purchase or sell a position in the securities mentioned herein. JMP Securities LLC or its affiliates may be performing, have performed, or seek to perform investment banking, advisory, or other services and may have acted as manager or co-manager for a public offering of securities for any company mentioned herein. The reader should assume that JMP Securities LLC will solicit business from the company covered in this report. Members of our Sales and Trading Department provide oral and/or written market opinions and trading strategies to our clients that reflect their personal opinions about stocks that are the subject of the firm's research reports. Our research analysts discuss trading strategies with clients that sometimes reflect short-term expectations for the price of the securities that are the subject of research reports. These trading strategies are distinct from the analysts' fundamental rating for the stock, which is based upon the analysts' view compared to other stocks under coverage for the relevant time period. © Copyright 2014. All rights reserved by JMP Securities LLC. JMP Securities LLC is a member of FINRA, NASDAQ, and SIPC.

Jeffrey H. Spurr
Director of Research
 (415) 835-3903

RESEARCH PROFESSIONALS

FINANCIAL SERVICES

Alternative Asset Managers

Devin Ryan	(212) 906-3578
Brian McKenna	(212) 906-3545

Commercial & Specialty Finance

Christopher York	(415) 835-8965
Hannah Kim, CFA	(415) 835-8962

Consumer Finance

David M. Scharf	(415) 835-8942
Jeremy Frazer	(312) 768-1796

Financial Processing & Outsourcing

David M. Scharf	(415) 835-8942
Jeremy Frazer	(312) 768-1796

Insurance

Matthew J. Carletti	(312) 768-1784
Christine Worley	(312) 768-1786

Investment Banks & Brokers

Devin Ryan	(212) 906-3578
Brian McKenna	(212) 906-3545

Mortgage Operating Companies

REITs: Agency, Hybrid, & Commercial Mortgage

Steven C. DeLaney	(404) 848-7773
Trevor Cranston, CFA	(415) 869-4431
Charter Robinson	(757) 613-8955
Benjamin Zucker	(212) 906-3529

HEALTHCARE

Biotechnology

Liisa A. Bayko	(312) 768-1785
Andrew Prigodich, PhD	(312) 768-1788
Bhumika Sharma, PhD	(312) 768-1795
Jason N. Butler, PhD	(212) 906-3505
Caroline Palomeque	(212) 906-3509
Michael G. King, Jr.	(212) 906-3520
Bryan Czyzewski, PhD	(212) 906-3577
Eric Joseph, PhD	(212) 906-3514

Healthcare Services & Facilities

Peter L. Martin, CFA	(415) 835-8904
Aaron Hecht	(415) 835-3963
Arthur Kwok	(415) 835-8908

Life Science Tools & Diagnostics

J. T. Haresco, III, PhD	(415) 869-4477
Marie T. Casey, PhD	(415) 835-3955

Medical Devices

J. T. Haresco, III, PhD	(415) 869-4477
Marie T. Casey, PhD	(415) 835-3955

Medical Devices & Supplies

David Turkaly	(212) 906-3563
John Gillings	(212) 906-3564

Specialty Pharmaceuticals

Oren G. Livnat, CFA	(212) 906-3566
Nazibur Rahman	(212) 906-3519

REAL ESTATE

Housing & Land Development

Peter L. Martin, CFA	(415) 835-8904
Aaron Hecht	(415) 835-3963
Bharathwajan Iyengar	(415) 835-3902

Lodging & Leisure

Robert A. LaFleur	(212) 906-3510
Whitney Stevenson	(212) 906-3538

Property Services

Mitch Germain	(212) 906-3546
Peter Lunenburg	(212) 906-3537

REITs: Healthcare, Residential, & Specialty

Peter L. Martin, CFA	(415) 835-8904
Aaron Hecht	(415) 835-3963
Arthur Kwok	(415) 835-8908

REITs: Office, Industrial, & Diversified

Mitch Germain	(212) 906-3546
Peter Lunenburg	(212) 906-3537

Residential Services

Peter L. Martin, CFA	(415) 835-8904
Aaron Hecht	(415) 835-3963
Bharathwajan Iyengar	(415) 835-3902

TECHNOLOGY

Communications Equipment & Internet Security

Erik Suppiger	(415) 835-3918
John Lucia	(415) 835-3920

Internet & Digital Media

Ronald V. Josey III	(212) 906-3528
Andrew Boone, CFA	(415) 835-3957
Michael Wu	(415) 835-8996

Software

Patrick Walravens	(415) 835-8943
Peter Lowry	(415) 869-4418
Greg McDowell	(415) 835-3934

Wireless & Cloud Computing Technologies

Alex Gauna	(415) 835-8998
------------	----------------

ADDITIONAL CONTACTS

Thomas R. Wright
Director of Equities
 (212) 906-3599

Dan Wychulis
Director of Institutional Sales
 (617) 235-8530

600 Montgomery Street, Suite 1100
 San Francisco, CA 94111
www.jmpsecurities.com