

Trevena, Inc. (TRVN)

1Q14 Financials In Line and Clinical Progress On Track

MARKET DATA

Price	\$4.75
52-Week Range:	\$4.74 - \$9.95
Shares Out. (M):	26.2
Market Cap (\$M):	\$124.5
Average Daily Vol. (000):	16.0
Cash (M):	\$91
Cash/Share:	\$3.49
Enterprise Value (M):	\$29

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$4.75 | Target Price: \$18.00

INVESTMENT HIGHLIGHTS

Clinical catalysts on track; reiterate our Market Outperform rating and \$18 price target on Trevena, Inc. Trevena reported 1Q14 earnings in line with our estimates, although below consensus due to higher than expected operating expenses. The company ended 1Q14 with cash of \$91.3MM, which we continue to view as sufficient through YE2015. Progress is continuing at least in line with our expectations on all development programs and key clinical data read-outs remain on track for 2015. Our \$18 price target is derived through a sum-of-the-parts analysis for TRV130 and TRV027.

TRV130 Phase 2 Bunionectomy data read-out on track for 1Q15. In May, Trevena initiated a Phase 2a/b trial of TRV130 in acute post-operative pain following bunionectomy. The study will evaluate TRV130's efficacy and tolerability using morphine as the benchmark. Top-line data from the trial are expected in 1Q15. Last week, Trevena presented results of its Phase 1b trial of TRV130 at the American Pain Society Annual Meeting. TRV130 was generally well tolerated and produced greater analgesia compared to morphine, no unexpected adverse effects were observed. In our view, the data are supportive of the Phase 2 trial, in which we anticipate positive data.

TRV027 Phase 2b BLAST HF data expected 2H15. As previously reported in January 2014, Trevena initiated the Phase 2b BLAST trial evaluating TRV027 in acute heart failure. The primary endpoint of the trial is a composite of five clinically important outcomes: mortality, worsening heart failure, hospital readmission rate, dyspnea, and length of hospital stay. Trevena is recruiting patients at 28 global sites for this study and anticipates results during 2H15.

TRV734 Phase 1 data anticipated in mid-2014. During 1Q14, Trevena completed dosing for the first Phase 1 trial for TRV734 to evaluate safety, tolerability, and PK/PD of single-ascending doses of TRV734 in healthy subjects. TRV734 is an oral drug candidate for moderate to severe acute and chronic pain. Top-line data for this trial are now expected mid-year 2014, ahead of schedule.

FY DEC	2013A	2014E	2015E
Revenue (\$M) 1Q	--	\$0.0A	--
2Q	--	\$0.0	--
3Q	--	\$0.0	--
4Q	--	\$0.0	--
FY	\$0.1	\$0.0	\$0.0
EPS 1Q	--	(\$0.59)A	--
2Q	--	(\$0.44)	--
3Q	--	(\$0.49)	--
4Q	--	(\$0.52)	--
FY	(\$29.71)	(\$2.04)	(\$2.03)
P/E	NM	NM	NM
Previous FY	NC	(\$1.78)	(\$1.98)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE



1Q14 FINANCIAL SUMMARY

Trevena reported a 1Q14 EPS loss of (\$0.59), below our forecast of (\$0.36) and below consensus of (\$0.40). The company reported no revenue, in line with our expectations and consensus. Total operating expenses were \$9.7MM, higher than our estimate of \$9.4MM, driven by higher than expected R&D and SG&A costs. R&D expenses were \$7.6MM, compared to our estimate of \$7.5MM. SG&A expenses were \$2.0MM, versus our estimate of \$1.9MM. Cash and equivalents totaled \$91.3MM as of March 31, 2014.

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

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

TRVN	1Q14			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	7.5		7.6	39.0	39.7	44.3	45.0
SG&A	1.9		2.0	7.9	8.4	9.0	9.6
Total operating expense	9.4		9.7	46.9	48.1	53.3	54.6
Net income (loss)	(9.4)	(8.1)	(9.4)	(46.9)	(47.8)	(53.3)	(54.6)
Shares outstanding (diluted)	26.2		16.0	26.4	23.8	26.9	26.9
EPS (diluted)	(\$0.36)	(\$0.40)	(\$0.59)	(\$1.78)	(\$2.04)	(\$1.98)	(\$2.03)

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.

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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.

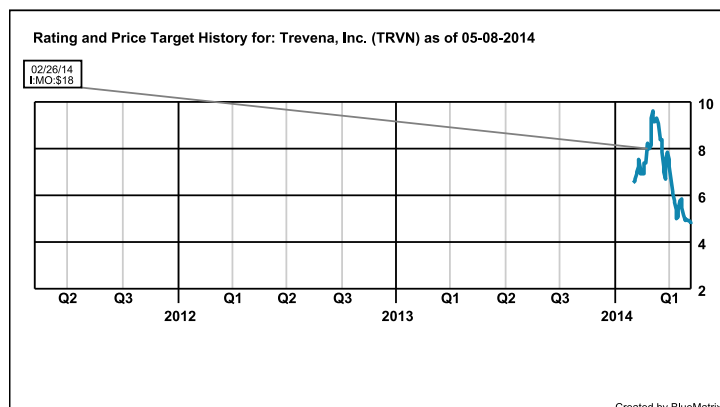
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

JMP Securities Research Ratings and Investment Banking Services: (as of May 8, 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	254	58.12%	Buy	254	58.12%	102	40.16%
MARKET PERFORM	Hold	135	30.89%	Hold	135	30.89%	17	12.59%
MARKET UNDERPERFORM	Sell	5	1.14%	Sell	5	1.14%	0	0%
COVERAGE IN TRANSITION		43	9.84%		43	9.84%	0	0%
TOTAL:		437	100%		437	100%	119	27.23%

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.



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