

FLXN takeaways from the RBC Healthcare Conference - quick thoughts on why we like the stock

Sentiment Indicator : neutral

Posted by Randall Stanicky on Tuesday, February 24 2015, 11:36 AM ET

We hosted CEO Mike Clayman from Flexion Therapeutics in a fireside chat at our conference - our key takeaways:

(1) There is a big focus on upcoming data with clear path off of the announcement this morning that Phase 2b data will come in 4Q while Phase 3 data 1H2016 followed by NDA filing. FX006 previously saw highly meaningful 60-70% pain relief over placebo in Phase 2 and we expect positive Phase 2b data against placebo to come and drive a meaningful step up in the stock before year-end.

(2) The commercial model contains several pockets of upside swing factor. FLXN management sees FX006 as having blockbuster potential consistent with our \$1.05 billion peak estimate. But there are several swing factors that could add to upside or bring upside earlier including quicker ramp (injection process the same as current IR), expansion of use beyond knee (ankles, hip, shoulder etc), and greater injections per patient annually.

(3) FLXN management continues to target a 2016 submission followed by 2017 launch but we still see a potential takeout scenario. Our model assumes approval and launch with potential to lower our discount rate along the way as de-risking events take place (ie. we move past data) but given interest in pain, consolidation in the specialty pharma sector, and potential leverage from the addition of FX006 into an existing infrastructure (and possible tax opportunities) we would put FLXN into a bucket of small cap names in our coverage that could bring strategic value to a buyer - in FLXN's case most likely post positive data if it were to happen.

Company Name	Exchange	Ticker	Rating	Risk Qualifier	Currency	Price	Price Date
Flexion Therapeutics Inc	NASDAQ	FLXN	Outperform	Speculative Risk	USD	22.95	2/24/2015 10:17:00 AM EST

Randall Stanicky | Randall.Stanicky@rbc.com

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