PiperJaffray.

Eagle Pharmaceuticals Inc. (EGRX)

Overweight

Highlights From The 26th Annual Piper Jaffray Healthcare Conference

CONCLUSION

This morning, Eagle presented at the 26th Annual Piper Jaffray Healthcare Conference. Management provided an update regarding the recent launch of Ryanodex for malignant hyperthermia (MH), and provided additional color around the potential launch timeline for its bendamustine products (the brand predecessor being Teva's Treanda, a \$700M+ annual seller). With the potential for two products on the market by next year, visibility on significant expansion of the top-line is strong in our view. Given these dynamics, and especially the potential of even bigger value drivers (such as the expansion of Ryanodex in exertional heat stroke (EHS)), EGRX in our view is valued attractively in the context of a market cap of under \$200M. We reiterate our Overweight rating and \$23 price target.

- Favorable commentary regarding the recent Ryanodex launch in MH. Several institutions have already placed orders to date, switching out its stock of legacy dantrolene to Ryanodex (notable hospital systems that have placed orders include the National Institutes of Health (NIH), the Children's Hospital of Philadelphia, and Brigham and Women's Hospital). Recall that U.S. hospitals are required to stock dantrolene for MH with a recommended inventory of 36 vials (this is the equivalent of 3-4 vials of Ryanodex). Given the price point of Ryanodex (roughly three times more expensive than the legacy dantrolene product), management estimates that a complete conversion of the market to its product would create a market opportunity to EGRX of up to \$80M for every two-year cycle (bearing in mind the shelf life of Ryanodex is two years; this assumes that there are roughly 6,000 hospitals and 3,000 ambulatory centers in the U.S that stock dantrolene for MH events).
- Update on the bendamustine litigation. Litigation related to Teva's lawsuit related to patent #8,445,524 (the '524 patent) versus Eagle was recently dismissed. Recall that the '524 patent includes claims related to a lyophilized powder formulation of bendamustine. That said, Teva recently initiated litigation against EGRX regarding patent #8,791,270 (the '270 patent). Given that the '270 patent also contains claims related to a lyophilized formulation of bendamustine (bearing in mind that EGRX's products are liquid forms of bendamustine), management believes it is likely that this suit will eventually be dismissed as well. Patent #8,344,006 (the '006 patent) was posted to the FDA's Orange Book upon the commercial launch of Teva's liquid formulation of bendamustine last week. EGRX believes that it is unlikely that Teva will initiate litigation related to the patent given management's view that its liquid formulation is significantly different from Teva's (i.e., would support an argument of non-infringement). In short, management believes it is still well positioned to launch an enhanced bendamustine product in 2H15.
- FDA approval of lower volume liquid form of bendamustine (EP-3102) possible by 2H15. Recall that the first of Eagle's bendamustine products (known as EP-3101; this product received a tentative approval (TA) in early July) is a liquid formulation that is ready-to-dilute (RTD), though like Teva's predecessor product is infused over 30-60 minutes. In contrast, EP-3102 has a 10 minute infusion time. Following the recent completion of a bioequivalence study for this product, EGRX plans to hold a meeting with the FDA by the end of the year regarding an eventual filing in early 2015.

COMPANY DESCRIPTION

Eagle is focused on optimized generic injectibles.

PRICE: US\$13.26 TARGET: US\$23.00

17x 2018E non-GAAP EPS of \$2.16, disc. 20%

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Related Companies: Share Price: EGRX 13.26 TEVA 57.28

RISKS TO ACHIEVEMENT OF PRICE TARGET

Pipeline setbacks and risks related to patent litigation.

* Price as of the close December 3, 2014

Price Performance - 1 Year

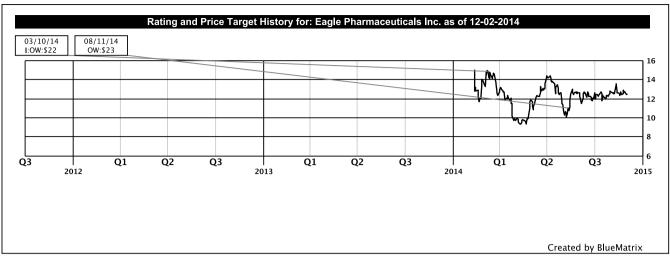


Source: Bloomberg

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Legend:

I: Initiating Coverage

R: Resuming Coverage

T: Transferring Coverage

D: Discontinuing Coverage

S: Suspending Coverage

OW: Overweight

N: Neutral

UW: Underweight NA: Not Available UR: Under Review

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			IB Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [OW]	378	61.97	101	26.72
HOLD [N]	220	36.07	22	10.00
SELL [UW]	12	1.97	0	0.00

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