



## Eagle Pharmaceuticals, Inc. Reports Third Quarter 2016 Results

November 9, 2016

- Bendeka achieves market share of 88% --
- CMS establishes unique J-Code for Bendeka --
- Positive initial results of Ryanodex in MDMA animal study --
- Q3 EPS increases to \$0.77 per basic and \$0.73 per diluted, Total Revenue \$37.8 million --

Eagle Pharmaceuticals, Inc. ("Eagle" or "the Company") (Nasdaq:EGRX) today announced its financial results for the three- and nine-months ended September 30, 2016. Highlights of and subsequent to the third quarter of 2016 include:

### Business Highlights:

- Bendeka® total market share rose to 88%, as of November 6, 2016;
- The Centers for Medicare & Medicaid Services (CMS) established a unique J-Code (J9034) for Bendeka effective January 1, 2017;
- Positive initial results of animal study exploring use of Ryanodex® in MDMA (Ecstasy) induced hyperthermia conducted at the National Institutes of Health (NIH);
- Extended our licensing agreement with Teva Pharmaceutical Industries Ltd. (Teva) to include certain territories outside the US and Canada; and
- Repurchased \$18.0 million of Eagle common stock during the third quarter for a total of \$32.0 million since commencing the Share Repurchase Program on August 9, 2016.

### Financial Highlights:

- Total revenue was \$37.8 million during the third quarter of 2016 compared to \$5.7 million for the three months ended September 30, 2015;
  - Product sales increased to \$7.8 million during the third quarter of 2016 compared to \$3.3 million for the prior year period;
  - Royalty income increased to \$26.2 million during the third quarter of 2016 compared to \$2.4 million for the prior year period;
  - License and other income was \$3.8 million during the third quarter of 2016;
- Sales of Ryanodex grew 92% to \$2.5 million during the third quarter of 2016 compared to \$1.3 million for the prior year period;
- Net income was \$12.0 million, or \$0.77 per basic and \$0.73 per diluted share, compared to a net loss of \$10.2 million, or \$(0.65) per basic and diluted share, for the three months ended September 30, 2016 and 2015, respectively; and,
- Cash and cash equivalents were \$59.3 million and accounts receivable were \$47.1 million as of September 30, 2016.

"We had another strong quarter delivering results for our shareholders, reflecting our ability to execute Eagle's strategy to develop and commercialize improved formulations that enhance patients' lives. Bendeka market share continues to ramp up and is approaching our joint goal with Teva of 90%. We believe the CMS final ruling to establish a unique J-Code for Bendeka will not only aid further adoption, but also provide greater access for patients and facilitate reimbursement. We remain confident in our ability to drive continued growth in our bendamustine franchise well beyond 2019," stated Scott Tarriff, President and Chief Executive Officer of Eagle Pharmaceuticals.

"We are also particularly excited about the multiple opportunities within our pipeline to drive substantial value beyond 2020. We are very encouraged by early results of clinical testing to explore the potential of Ryanodex for the treatment of both exertional heat stroke and MDMA (Ecstasy) induced hyperthermia. If approved, both indications would address the needs of very significant new patient populations for whom no pharmaceutical treatment options are currently available. Our development work on additional product candidates continues, providing us with a robust pipeline from which to create long term value," added Tarriff.

"We remain focused on optimizing the deployment of our capital on behalf of shareholders and continue to evaluate opportunities to do so. As part of that effort, since August 9, we purchased a total of \$32 million through our stock buyback program and are pleased with our solid financial position," concluded Tarriff.

### Third Quarter 2016 Financial Results

Total revenue for the three months ended September 30, 2016 was \$37.8 million, as compared to \$5.7 million for the three months ended September 30, 2015. A summary of total revenue is outlined below:

	<b>Three Months Ended September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>Increase</b>
	<b>(in thousands)</b>		
Product sales	\$ 7,837	\$ 3,314	\$ 4,523
Royalty income	26,246	2,422	23,824
License and other income	3,750		3,750
Total revenue	<u>\$ 37,833</u>	<u>\$ 5,736</u>	<u>\$ 32,097</u>

Product sales increased \$4.5 million to \$7.8 million driven by due to increases in Bendeka, Non-Alcohol Docetaxel Injection, Argatroban, and Ryanodex net product sales of Ryanodex, offset by a decrease in net product sales of diclofenac-misoprostol. Royalty income increased \$23.8 million to \$26.2 million, as a result of the launch of Bendeka in January 2016.

Cost of revenue increased by \$6.7 million to \$10.4 million in the three months ended September 30, 2016 from \$3.8 million in the three months ended September 30, 2015. This \$6.7 million net increase resulted from \$0.8 million in cost of revenue for Non-Alcohol Docetaxel Injection, an increase of \$0.8 million in the cost of Argatroban, and an increase of \$5.3 million related to the cost of Bendeka product sales: \$2.4 million of product sales, \$2.4 million of royalties and \$0.5 million of other expense, and a decrease of \$0.2 million in cost of revenue for Ryanodex.

Research and development expenses decreased by \$3.7 million to \$3.2 million in the three months ended September 30, 2016, compared to \$6.9 million in the prior year quarter. The decrease resulted from certain cost reimbursements from one of our suppliers, non-recurrence of project spending for Ryanodex (dantrolene sodium) for exertional heatstroke related to the completion of the clinical treatment portion of the safety and efficacy study, and lower project spending for pemetrexed, offset by the increase in project spending for bivalirudin, and other projects, and higher salary and other personnel-related expenses due to increased headcount.

SG&A expenses increased \$6.4 million to \$11.9 million in the third quarter of 2016 compared to \$5.5 million in the three months ended September 30, 2015. Personnel-related expenses accounted for the bulk of the \$6.4 million increase and were due to overall expansion of the business.

Net income for the third quarter was \$12.0 million, or \$0.77 per basic share and \$0.73 per diluted share, compared to a net loss of \$10.2 million, or (\$0.65) per basic and diluted share in the three months ended September 30, 2015, as a result of the factors discussed above.

#### **Liquidity**

As of September 30, 2016, the Company had \$59.3 million in cash and cash equivalents; \$47.1 million in receivables, with approximately \$30.9 million due from Teva; and no debt.

#### **Events Subsequent to the End of the Third Quarter**

The Centers for Medicare & Medicaid Services (CMS) established a unique, product-specific billing code, or J-code (J9034), for Bendeka (bendamustine hydrochloride) Injection. The J-code will become effective on January 1, 2017.

The new J-code provides reimbursement coding clarity to outpatient facilities and physicians that administer Bendeka, facilitating access for patients and Medicare, Medicaid and commercial insurance reimbursement.

The J-Code decision triggered a \$40 million milestone payment from Teva and an increase in Eagle's royalty from 20% to 25% of net sales of Bendeka.

#### **Conference Call**

As previously announced, Eagle management will host its third quarter conference call as follows:

Date	Wednesday, November 9, 2016
Time	8:30 A.M. EST
Toll free (U.S.)	888-632-3384
International	785-424-1675
Webcast (live and replay)	<a href="http://www.eagleus.com">www.eagleus.com</a> , under the "Investor Relations" section

A replay of the conference call will be available for one week after the call's completion by dialing 800-374-1375 (US) or 402-220-0682 (International) and entering conference call ID EGRXQ316. The webcast will be archived for 30 days at the aforementioned URL.

#### **About Eagle Pharmaceuticals, Inc.**

Eagle is a specialty pharmaceutical company focused on developing and commercializing injectable products that address the shortcomings, as identified by physicians, pharmacists and other stakeholders, of existing commercially successful injectable products. Eagle's strategy is to utilize the FDA's 505(b)(2) regulatory pathway. Additional information is available on the company's website at [www.eagleus.com](http://www.eagleus.com).

#### **Forward-Looking Statements**

This press release contains forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and other securities laws. Forward-looking statements are statements that are not historical facts. Words such as “determined,” “confirming,” “underway,” “forward,” “ramping up,” “agreement,” “allows,” “well positioned” “expect” “will,” “may,” “potential,” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, statements regarding future events including, but not limited to: the lack of a need for human safety and efficacy data for the submission of an NDA for Ryanodex and the adequacy of the regulatory pathway and ability to complete an NDA submission; the Company's share repurchase authorization and timing and ability to repurchase shares of the Company's common stock under a share repurchase program; the business path forward for the Company beyond 2020; future sales of Bendeka and the potential for competition from generic entrants into the market; the label expansions of Ryanodex to treat EHS patients and for the treatment of ecstasy and methamphetamine intoxication; the strength of the Company's cash position and the ability to optimize the deployment of capital and take advantage of market opportunities; the potential for the Company's product pipeline to drive value beyond 2020; the contribution of the Ryanodex portfolio to the Company's growth; the timing of Ryanodex for EHS entering the market; and the advancement of the Company's product candidates through the development process and the ability to access significant new markets. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond Eagle's control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Such risks include, but are not limited to: whether our animal studies will support the safety and efficacy of Ryanodex for the treatment of EHS and ecstasy and methamphetamine intoxication; whether the FDA will ultimately approve Ryanodex for these indications; whether the Company will adequately evaluate and respond to the FDA's Complete Response Letter on RTU bivalirudin; fluctuations in the trading volume and market price of shares of the Company's common stock, general business and market conditions and management's determination of alternative needs and uses of the Company's cash resources which may affect the Company's share repurchase program; the success of our commercial relationship with Teva and the parties' ability to work effectively together; whether Eagle and Teva will successfully perform their respective obligations under the license agreement; difficulties or delays in manufacturing; the availability and pricing of third party sourced products and materials; the outcome of litigation involving any of our products or that may have an impact on any of our products, successful compliance with FDA and other governmental regulations applicable to product approvals, manufacturing facilities, products and/or businesses; general economic conditions; the strength and enforceability of our intellectual property rights or the rights of third parties; competition from other pharmaceutical and biotechnology companies; the timing of product launches; the successful marketing of our products; the risks inherent in the early stages of drug development and in conducting clinical trials; and other factors that are discussed in Eagle's Annual Report on Form 10-K for the year ended December 31, 2015, and its other filings with the U.S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

-- Financial tables follow --

**EAGLE PHARMACEUTICALS, INC.**  
**CONDENSED BALANCE SHEETS**  
(in thousands, except per share amounts)  
(unaudited)

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 59,311	\$ 79,083
Accounts receivable	47,050	26,267
Inventories	7,106	15,042
Prepaid expenses and other current assets	5,578	1,865
Total current assets	119,045	122,257
Property and equipment, net	2,827	2,205
Intangible assets	24,759	—
Other assets	94	143
Total assets	<u>\$ 146,725</u>	<u>\$ 124,605</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 13,104	\$ 3,857
Accrued expenses	21,331	24,405
Current portion of contingent consideration	1,012	—
Deferred revenue	—	6,000
Total current liabilities	35,447	34,262
Contingent consideration, less current portion	5,755	—
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Preferred stock, 1,500,000 shares authorized and no shares issued or outstanding as of September 30, 2016 and December 31, 2015	—	—

Common stock, \$0.001 par value; 50,000,000 shares authorized; 15,726,322 and 15,636,387 issued as of September 30, 2016 and December 31, 2015, respectively	15	15
Additional paid in capital	206,465	197,440
Accumulated deficit	(82,960)	(107,112)
Treasury stock, at cost, 290,594 shares as of September 30, 2016	(17,997)	—
Total stockholders' equity	105,523	90,343
Total liabilities and stockholders' equity	\$ 146,725	\$ 124,605

**EAGLE PHARMACEUTICALS, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(in thousands, except share and per share amounts)  
(unaudited)

	<b>Three Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenue:</b>		
Product sales	\$ 7,837	\$ 3,314
Royalty income	26,246	2,422
License and other income	3,750	—
Total revenue	37,833	5,736
<b>Operating expenses:</b>		
Cost of revenue	10,425	3,753
Research and development	3,207	6,911
Selling, general and administrative	11,893	5,460
Total operating expenses	25,525	16,124
Income (Loss) from operations	12,308	(10,388)
Interest income	26	8
Interest expense	(3)	(5)
Total other income	23	3
<b>Income (Loss) before income tax (provision)</b>	12,331	(10,385)
Income tax (provision) benefit	(379)	218
<b>Net income (loss)</b>	\$ 11,952	\$ (10,167)
Earnings per share attributable to common stockholders:		
Basic	\$ 0.77	\$ (0.65)
Diluted	\$ 0.73	\$ (0.65)
Weighted average number of common shares outstanding:		
Basic	15,570,740	15,589,818
Diluted	16,450,182	15,589,818

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