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Sepracor Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, Mr. Adams. The floor is now open for questions. (Operator Instructions). And our first question is coming from the line of Manoj Garg with Soleil Securities. Please go ahead, your line is open.

Manoj Garg - Soleil Group

Hey, good morning guys. I've a couple of quick questions for Bob and then a couple of quick ones for Mark Iwicki. First for Bob, can you review the key product inventory levels as well as the sustainability of the royalty run rate? And then for Mark, can you actually detail for us the percentage change in share voice under the reorganization spend for LUNESTA as well as LUNESTA's competitive positioning amongst the lots of your medications there on the horizon?

Bob Scumaci

Yeah, let's take the inventories first. Q4 '08 versus Q1 '09, LUNESTA inventories at the wholesale level were down about \$1.7 million units. And XOPENEX UDV is down about 600,000 units from year-end to Q1 '09. The remaining products fluctuate a little bit but they are insignificant in total HFA, had a little bit of a bump really due to some late orders at the end of the quarter, but not anticipated.

And on the royalties the royalties, the royalties for the first quarter were strong. The main reason for that was the Japanese royalties on Allegra, which was significantly more than last year and even more than what we anticipated. So I think that that is historically the big quarter for Allegra. So I think if you just take that and add it to the run rate, you are probably going to be pretty close.

Mark Iwicki

Okay. Hi Manoj, this is Mark.

Manoj Garg - Soleil Group

Hey Mark.

Mark Iwicki

I'll give you the answers using the audited data from IMS. For LUNESTA, our detailed share voice is about 20% to 25% it fluctuates and it's come down a bit. In fairness though, we don't have the March or April data, which is when our changes really went into effect. So I expected it might be down a little

bit more but not a lot. We have done a lot to really protect the LUNESTA detailing level for 2009. It was one of our key priorities. And LUNESTA has a sales force that's really dedicated to it. It's our largest sales force, 755 reps.

What we've really done with LUNESTA as I am sure you know is significantly enhance our DTC efforts through the use of web-based advertising and reduced our TV advertising and that's created quite a bit of leverage for us with LUNESTA.

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