

Provectus Aims to Achieve Profit by 2010, Chief Says

By Kelly Riddell -- April 7, 2008

Provectus Pharmaceuticals Inc., the developer of an experimental drug for skin cancer, aims to start selling the treatment and become profitable in about two years, Chief Executive Officer Craig Dees said.

The medicine, called PV-10, is injected directly into a malignant melanoma tumor and is in the second of three clinical trials needed before U.S. Food and Drug Administration approval. Early testing has shown that a shot of PV-10 kills or shrinks the size of the tumor and may generate an immune response, killing the disease elsewhere in the body.

"I suspect we will be selling the drug by 2010 and should see profitability then," Dees said today in a telephone interview from the company's headquarters in Knoxville, Tennessee. Sales of \$30 million would let the company break even, he said, "and everything else would be gravy."

Provectus estimates worldwide annual sales of PV-10 may reach \$1 billion, including off-label uses for breast or liver cancer. Sales of the drug for treatment of malignant melanoma may reach \$380 million by 2019, Elemer Piros, an analyst with Rodman & Renshaw LLC in New York, wrote in a Nov. 27 report.

The development process for skin-cancer treatments is challenging and littered with failures. Last week, Pfizer Inc. discontinued late-stage trials of its malignant-melanoma treatment because the drug wasn't more effective than standard chemotherapy. On April 2, Medarex Inc., which is developing a drug similar to Pfizer's, fell to the lowest in more than two years in Nasdaq trading on investor concern that its treatment might fail as well.

Targeted Treatment

"Our drug is different because it's not a systemic approach," Dees said. "Our drug is targeted, you don't have to use it in combination with another treatment, and it has demonstrated no serious adverse events."

The company has enough cash to fund its research through mid-2009, Dees said. While Provectus plans to find a partner "somewhere down the line," it will wait "as long as possible" so it can command a premium price and provide the most value to shareholders, Dees said. The company also plans to develop the drug as a treatment for breast and liver cancer.

Provectus rose 5 cents, or 4 percent, to \$1.30 as of 4 p.m. New York time in Over-the-Counter Bulletin Board trading. The stock has declined 24 percent this year.

One in five Americans will develop some form of skin cancer, according to the American Academy of Dermatology. While melanoma accounts for only 3 percent of those skin cancers, it often spreads to the lymph nodes and internal organs, according to the University of Texas M.D. Anderson Cancer Center. The most common treatments are chemotherapy and removal of moles or lesions.

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