

COMPANY NOTE

Estimate Change

USA | Healthcare | Biotechnology

October 27, 2011

Jefferies

Aegerion Pharmaceuticals (AEGR) Roughly In-line 3Q11 Net Loss; NDA/MAA Filing on Track for 1Q12

Key Takeaway

Based on positive Ph3 data, AEGR plans to file for approval of lomitapide, for treatment of phenotypic HoFH in 1Q12 in the U.S./Europe. While regulatory risks remain (AdComm panel, FDA action), given our 75% probability-adjusted valuation, we think AEGR offers an attractive opportunity for medium/high-risk tolerant investors at current levels.

Roughly in-line LPS of \$0.48 (vs. ours of \$0.45) on OpEx of \$10.6M (vs. ours of \$9.4M); cash balance of ~\$83M at end-3Q11 sufficient into 2013. In 3Q11, ~27% higher OpEx (vs. 2Q11) was due to preparation of U.S./EU regulatory submissions for lomitapide. We conservatively model revenue from AEGR's single product lomitapide for HoFH starting in 2013 (commercial launches of lomitapide in the U.S./EU in early-2013/2H13 with peak annual sales potential of ~\$315M/~\$250M, respectively).

In preparation for lomitapide launch in early-2013/2H13, AEGR recently began hiring U.S./EU commercial team leads. Greg Fraser, head of AEGR U.S. sales, joined from Pfizer (PFE, \$19.28, Buy), where he was responsible for commercial development/global marketing of a portfolio of CV, GI, and antibiotic drugs, including for rare diseases. As part of building a U.S. commercial infrastructure and commercializing lomitapide in the EU, AEGR expects to hire 15/18 clinical specialists in the U.S./EU ahead of lomitapide regulatory approval (in late-2012/1H13 by our estimate).

Upcoming events/clinical data readouts for lomitapide include: (1) 72-week efficacy/safety data from Phase 3 study by YE11; (2) NDA/MAA filing in phenotypic HoFH in U.S./EU in 1Q12; (3) potential FDA Endocrinologic and Metabolic Drugs Advisory Committee meeting to review lomitapide and competitor ISIS' (ISIS, \$7.96, Buy) Kynamro (mipomersen) in ~2Q12; (4) potential FDA/EMA approval in HoFH (10-month FDA review) in late-2012/1H13; (5) Phase 3 initiation in FC in 2012; (6) Phase 3 initiation in pediatric HoFH in late-2012/1H13.

Valuation/Risks

Our \$20 PT is based on an NPV analysis of Aegerion's lomitapide sales in the U.S. and Europe. Risks include but are not limited to: (1) success depends on the company's one product lomitapide; (2) regulatory delays/failure for lomitapide; (3) commercial failure of lomitapide if approved; and (4) and general risks for the drug industry (e.g., patent infringement, changes in regulatory and/or healthcare policies, pricing/reimbursement).

USD	Prev.	2010A	Prev.	2011E	Prev.	2012E	Prev.	2013E
Rev. (MM)	--	0.0	--	0.0	--	0.0	--	13.9
EV/Rev								16.9x
Consensus	--	--	--	--	56.72	48.62	121.82	100.24
EPS								
Mar	--	NA	--	(0.39)A	(0.53)	(0.59)	--	--
Jun	--	NA	--	(0.49)A	(0.59)	(0.63)	--	--
Sep	--	(3.61)	(0.45)	(0.48)A	(0.53)	(0.55)	--	--
Dec	--	(0.92)	(0.47)	(0.57)	(0.57)	(0.59)	--	--
FY Dec	--	(5.07)	(1.79)	(1.94)	(2.21)	(2.36)	(2.10)	(2.22)

EPS: AEGR completed its IPO in 3Q10

BUY

Price target \$20.00

Price \$14.62

Financial Summary

Book Value (MM):	\$68.7
Book Value/Share:	\$3.26
Net Debt (MM):	\$(74.2)
Long-Term Debt (MM):	\$8.8
Cash/Share:	\$3.93
Cash (MM):	\$82.9

Market Data

52 Week Range:	\$25.92 - \$9.00
Total Entprs. Value (MM):	\$234.3
Market Cap. (MM):	\$308.5
Insider Ownership:	32.5%
Institutional Ownership:	41.9%
Shares Out. (MM):	21.1
Float (MM):	14.0
Avg. Daily Vol.:	63,330

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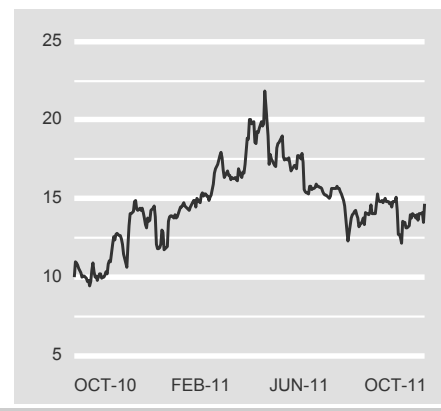
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Price Performance



Aegerion Pharmaceuticals (AEGR)
Income Statement

(\$ in thousands except per share)

	2010	1Q11	2Q11	3Q11	4Q11E	2011E	1Q12E	2Q12E	3Q12E	4Q12E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Revenues																			
Lomitapide total sales											-	13,907	50,513	100,706	179,644	286,550	419,263	493,169	560,631
Growth y/y													263%	99%	78%	60%	46%	18%	14%
U.S. Sales											-	10,536	34,727	63,911	111,385	177,454	262,609	289,061	315,967
Ex-U.S. Sales											-	3,371	15,787	36,795	68,259	109,096	156,654	204,109	244,663
Research Contract Revenues																			
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	13,907	50,513	100,706	179,644	286,550	419,263	493,169	560,631
% growth y/y													263.2%	99.4%	78.4%	59.5%	46.3%	17.6%	13.7%
Expenses																			
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	-	2,107	3,473	5,752	8,911	14,196	21,009	23,125	25,277
% gross margin												80.0%	90.0%	91.0%	92.0%	92.0%	92.0%	92.0%	92.0%
R&D	7,629	3,297	5,138	7,105	8,110	23,650	8,450	8,760	9,180	9,558	35,948	43,137	32,353	25,882	25,882	27,953	30,189	32,604	35,213
% growth y/y	8.4%					210.0%					52.0%	20.0%	-25.0%	-20.0%	0.0%	8.0%	8.0%	8.0%	8.0%
% of total revenues											64.0%	25.7%	64.0%	25.7%	14.4%	9.8%	7.2%	6.6%	6.3%
SG&A	5,922	3,491	3,205	3,456	3,764	13,917	4,100	4,800	5,420	6,346	20,666	28,933	34,430	38,906	42,797	47,076	51,784	56,962	62,658
% growth y/y	92.6%					135.0%					48.5%	40.0%	19.0%	13.0%	10.0%	10.0%	10.0%	10.0%	10.0%
% of total revenues											68.2%	57.6%	68.2%	38.6%	23.8%	16.4%	12.4%	11.6%	11.2%
Total Expenses	13,551	6,787	8,343	10,562	11,874	37,567	12,550	13,560	14,600	15,904	56,614	74,177	70,256	70,540	77,590	89,226	102,982	112,691	123,149
Income (loss) from Operations (EBIT)	(13,551)	(6,787)	(8,343)	(10,562)	(11,874)	(37,567)	(12,550)	(13,560)	(14,600)	(15,904)	(56,614)	(60,270)	(19,743)	30,166	102,055	197,324	316,281	380,478	437,482
% growth y/y															238.3%	93.4%	60.3%	20.3%	15.0%
Operating margin														30.0%	56.8%	68.9%	75.4%	77.1%	78.0%
Other Income, Net (Int. Income/Expense)	(11,247)	(45)	(262)	441	(235)	(100)	(125)	(125)	(125)	(125)	(500)	(500)	(500)	(500)	500	1,000	2,000	3,000	4,000
Earnings (Loss) Before Taxes	(24,798)	(6,832)	(8,605)	(10,120)	(12,109)	(37,667)	(12,675)	(13,685)	(14,725)	(16,029)	(57,114)	(60,770)	(20,243)	29,666	102,555	198,324	318,281	383,478	441,482
Provision for Taxes	1,793													1,483	10,255	29,749	63,656	95,869	132,445
Tax Rate														5.0%	10.0%	15.0%	20.0%	25.0%	30.0%
Net Income (Loss) - GAAP	(23,005)	(6,832)	(8,605)	(10,120)	(12,109)	(37,667)	(12,675)	(13,685)	(14,725)	(16,029)	(57,114)	(60,770)	(20,243)	28,182	92,299	168,576	254,625	287,608	309,037
% growth y/y															227.5%	82.6%	51.0%	13.0%	7.5%
Profit margin														28.0%	51.4%	58.8%	60.7%	58.3%	55.1%
EPS (LPS) - Basic	(5.07)	(0.39)	(0.49)	(0.48)	(0.57)	(1.94)	(0.59)	(0.63)	(0.55)	(0.59)	(2.36)	(2.22)	(0.73)	1.01	3.28	5.92	8.86	9.91	10.54
EPS (LPS) - Diluted	(5.07)	(0.39)	(0.49)	(0.48)	(0.57)	(1.94)	(0.59)	(0.63)	(0.55)	(0.59)	(2.36)	(2.22)	(0.73)	0.81	2.62	4.75	7.12	7.98	8.51
% growth y/y (diluted)																			
Shares - Basic	4,537	17,642	17,729	21,064	21,169	19,401	21,381	21,595	26,810	27,079	24,216	27,349	27,623	27,899	28,178	28,460	28,744	29,032	29,322
Shares - Diluted	4,537	17,642	17,729	21,064	21,169	19,401	21,381	21,595	26,810	27,079	24,216	27,349	27,623	27,899	28,178	28,460	28,744	29,032	29,322
Cash, Cash Equivalents & Investments	44,101	46,288	87,540	82,917	70,808	70,808	58,133	44,448	123,723	107,694	107,694	46,924	26,681	54,864	147,163	315,738	570,363	857,971	1,167,009

Source: Jefferies & Company, Inc. and Company financials.

Company Description

Aegerion Pharmaceuticals, Inc., a biopharmaceutical company, engages in the development and commercialization of life-altering therapeutics for rare and often fatal genetic lipid disorders. Its lead product in Phase III clinical development, lomitapide, is a small molecule, oral therapy to treat severe lipid disorders for an orphan patient population. Lomitapide has demonstrated the lowering of both bad cholesterol (LDL-C) and triglyceride (TG) levels in patients with a rare form of hypercholesterolemia. The company plans to initiate a clinical program to treat patients with a severe genetic form of hypertriglyceridemia called familial chylomicronemia (FC). Aegerion Pharmaceuticals, Inc. was founded in 2005 and is headquartered in Bridgewater, New Jersey.

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Risk which may impede the achievement of our Price Target

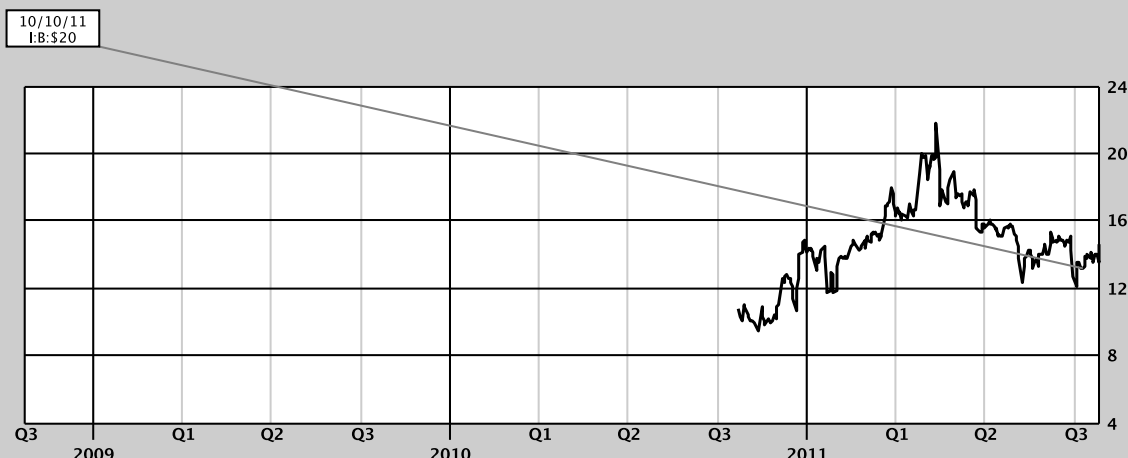
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Other Companies Mentioned in This Report

- ISIS Pharmaceuticals, Inc. (ISIS: \$7.96, BUY)
- Pfizer, Inc. (PFE: \$19.28, BUY)

Rating and Price Target History for: Aegerion Pharmaceuticals, Inc. (AEGR) as of 10-26-2011



Rating and Price Target History for: ISIS Pharmaceuticals, Inc. (ISIS) as of 10-26-2011



Rating and Price Target History for: Pfizer, Inc. (PFE) as of 10-26-2011

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Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
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HOLD	556	40.20%	54	9.71%
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