

June 30, 2011

Stock Rating
Overweight

Industry View
In-Line

Sagent Pharmaceuticals Inc

IMS Tracker: May 2011

Investment conclusion: Total IMS sales were up 201% in May y/y. Excluding heparin and toptecan sales were up 43%. QoQ and MoM sales were down -7% & down -3% respectively on a weekly average basis. Heparin, toptecan and cefepime were 66% of sales in May compared to 68% in April. The current weekly run rate implies \$32.3MM in sales for 2Q (before gross to net adjustments) compared to our estimate of \$33MM. However, this does not include the impact of recently approved Levofloxacin, Zosyn or additional new products.

Topotecan hanging in: Sagent's share was 28% in May compared to 31% in April and 32% in March. Hospira gained 350 bps of share in April following a March launch with share coming largely from the branded drug (GSK's Hycamtin).

Heparin share holding flat: Total heparin share was flat sequentially at ~ 16% where it has been YTD. Excluding the lock-flush products, share was 18% for Sagent (down -45 bps MoM, up 47 bps QoQ).

Cefepime share flat at ~ 30%: Sagent's market share was 28%, which is consistent with 29% in April and 30% in March. Weekly average sales were approximately flat at -2% MoM.

Key Ratios and Statistics

Reuters: SGNT.O Bloomberg: SGNT US

Medical Technology / United States of America

Shr price, close (Jun 29, 2011)	\$27.45
Mkt cap, curr (mm)	\$57
52-Week Range	\$29.23-17.98

Fiscal Year ending	12/10	12/11e	12/12e	12/13e
ModelWare EPS (\$)	ND	(0.60)	0.46	1.55
Prior ModelWare EPS (\$)	-	-	-	-
P/E	ND	NM	59.7	17.7
Consensus EPS (\$)	(7.28)	(0.39)	0.67	2.03
Div yld (%)	ND	0.0	0.0	0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).

\$ = Consensus data is provided by FactSet Estimates.

e = Morgan Stanley Research estimates

Quarterly ModelWare EPS

Quarter	2010	2011e Prior	2011e Current	2012e Prior	2012e Current
Q1	(3.89)	-	(2.09)a	-	0.12
Q2	ND	-	(0.28)	-	0.11
Q3	ND	-	(0.07)	-	0.11
Q4	ND	-	0.00	-	0.11

e = Morgan Stanley Research estimates, a = Actual company reported data

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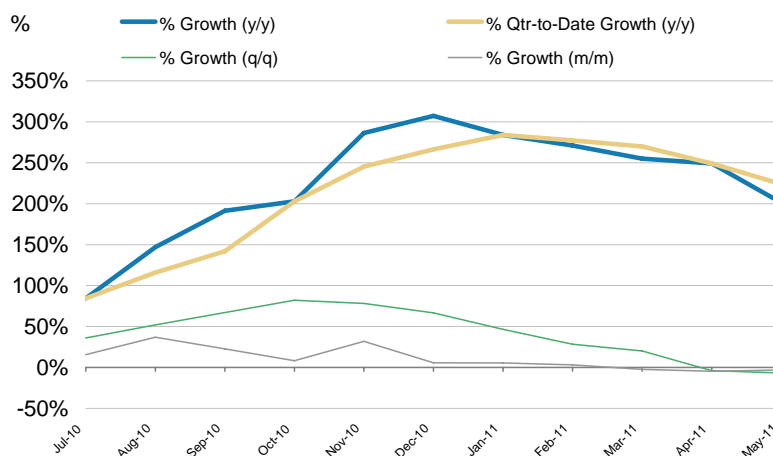
Sagent 2Q11 IMS Trend Through April

Sagent Product Sales

Total IMS sales were up 201% in May y/y. Excluding heparin and topotecan, sales were up 43%. QoQ sales were down -7% and MoM sales were down -3% on a weekly average basis. Q4 was helped by inventory stocking. The fastest growth products were 1) vinorelbine (2% of sales, +274% y/y), 2) epirubicin (1% of sales, +224% y/y, and 3) fludarabine (3% of sales, +171% y/y).

The current run rate implies \$32.3M in sales for 2Q (before gross to net adjustment) compared to our estimate of \$33MM but this does not include the impact of recently approved Levofloxacin, Zosyn or other new approvals.

US IMS Product Sales for Sagent

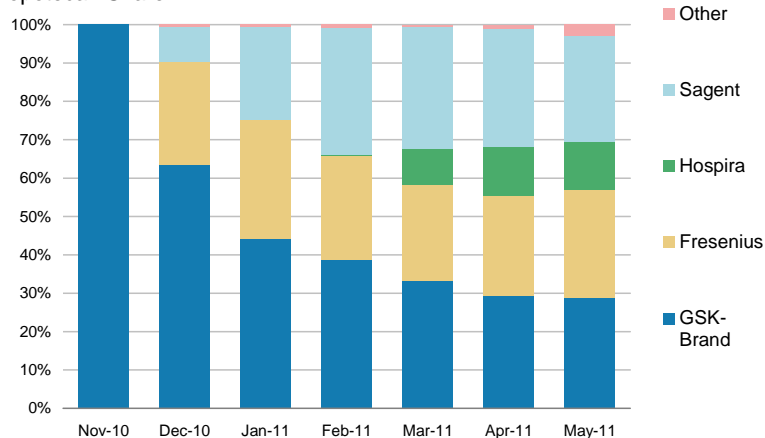


Source: IMS, Morgan Stanley Research.

Topotecan: hanging in despite competition

Sagent's share was 28% in May compared to 31% in April and 32% in March. Sales down -14% MoM on a weekly average basis. The Hospira launch in March was been the dominant factor gaining 350 bps of share in April with 350bps coming from the branded drug (GSK).

Topotecan Share



Source: IMS, Morgan Stanley Research.

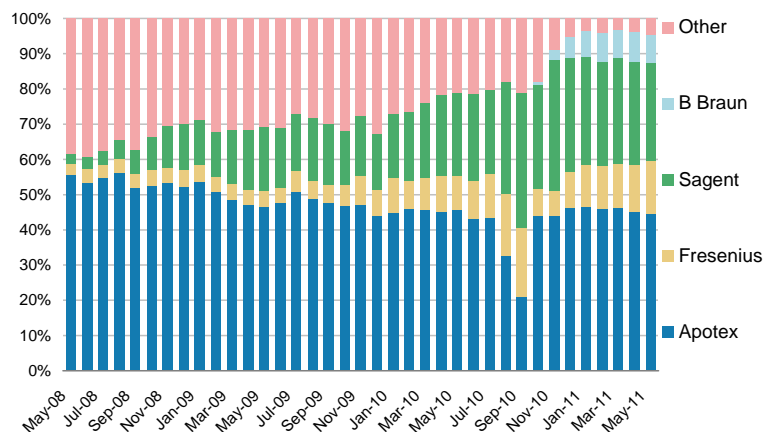
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Sagent Pharmaceuticals

Cefepime share flat at ~30%

Sagent's market share was 28%, which is consistent with 29% in April and 30% in March. Weekly average sales were approximately flat MoM at -2% and up 12% y/y.

Cefepime Share

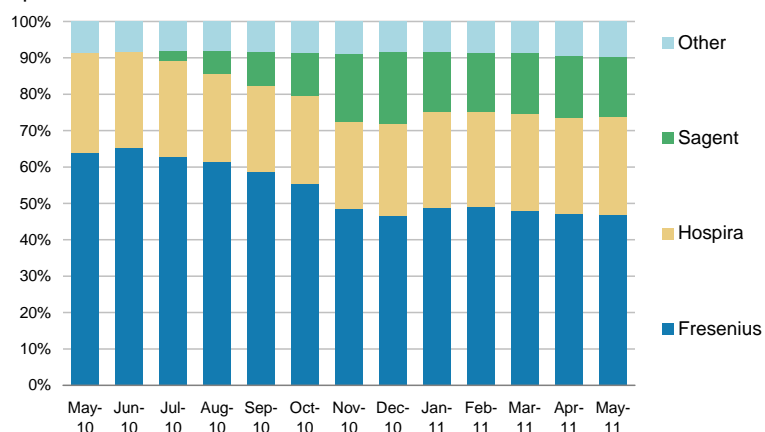


Source: IMS, Morgan Stanley Research.

Heparin share holding flat

Total heparin share was flat sequentially at 16% where it has been all year. Excluding the lock-flush products, share was 18% for Sagent. Sales were down -3% on a weekly average basis over April and the 1Q average.

Heparin Share



Source: IMS, Morgan Stanley Research

Company Description

Sagent Pharmaceuticals, Inc., a specialty injectables company, engages in developing, manufacturing, sourcing, and marketing injectable pharmaceutical products in the United States and internationally. It offers injectable products in the therapeutic areas of cardiovascular, anti-infective/antibacterial, antineoplastic agents, and antiemetic.

Medical Technology/United States of America

Industry View: In-Line

GICS Sector: Health Care

Strategist's Recommended Weight: 16.0%

S&P 500 Weight: 11.9%



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June 30, 2011

Sagent Pharmaceuticals

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(as of May 31, 2011)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	1153	41%	464	48%	40%
Equal-weight/Hold	1140	41%	365	38%	32%
Not-Rated/Hold	108	4%	20	2%	19%
Underweight/Sell	390	14%	108	11%	28%
Total	2,791		957		

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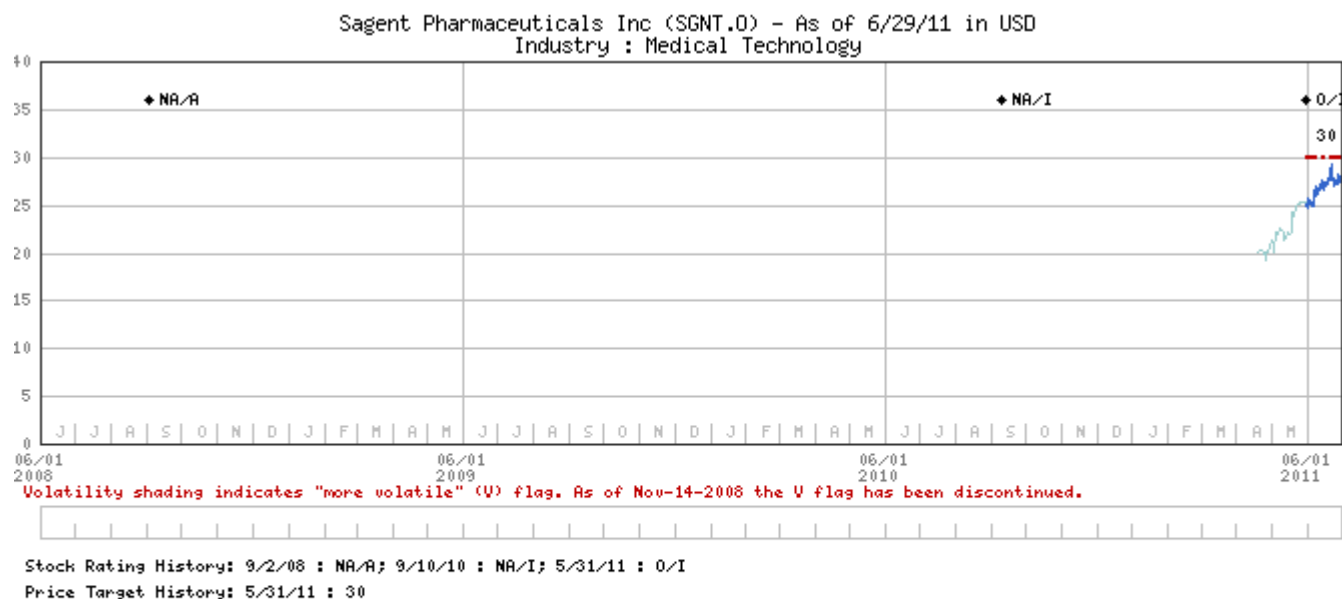
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)

June 30, 2011

Sagent Pharmaceuticals



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Industry Coverage: Medical Technology

Company (Ticker)	Rating (as of)	Price* (06/29/2011)
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David R. Lewis

Abbott Laboratories (ABT.N)	O (09/04/2008)	\$52.16
Abiomed (ABMD.O)	E (02/06/2009)	\$16.02
American Medical Systems Holdings, Inc. (AMMD.O)	NA (05/26/2011)	\$29.98
Baxter International (BAX.N)	O (09/04/2008)	\$59.48
Becton Dickinson (BDX.N)	E (07/31/2009)	\$85.84
Boston Scientific (BSX.N)	E (09/10/2010)	\$6.93
C.R. Bard (BCR.N)	E (01/03/2011)	\$109.16
CareFusion Corp. (CFN.N)	O (05/20/2010)	\$26.77
Covidien (COV.N)	O (07/15/2010)	\$53.43
Edwards Lifesciences (EW.N)	E (09/04/2008)	\$85.58
Haemonetics Corporation (HAE.N)	U (01/03/2011)	\$63.86
Hansen Medical, Inc. (HNSN.O)	U (01/08/2009)	\$3.01
Hologic, Inc. (HOLX.O)	E (05/05/2009)	\$19.85
Integra LifeSciences (IART.O)	E (09/10/2010)	\$47.24
Intuitive Surgical Inc. (ISRG.O)	E (10/02/2007)	\$368.4
Johnson & Johnson (JNJ.N)	E (08/10/2010)	\$66.31
Medtronic Inc. (MDT.N)	E (09/04/2008)	\$38.09
St. Jude Medical (STJ.N)	U (01/03/2011)	\$47.61
Stryker Corporation (SYK.N)	O (01/08/2010)	\$58.13
Zimmer Holdings, Inc. (ZMH.N)	E (07/16/2009)	\$62.65

Marshall Urist, M.D., Ph.D.

Affymetrix (AFFX.O)	E (07/20/2009)	\$7.85
Beckman Coulter (BEC.N)	++	\$83.47
Gen-Probe Inc. (GPRO.O)	E (11/21/2008)	\$68.97
Hospira (HSP.N)	E (07/16/2009)	\$56.27
Illumina (ILMN.O)	O (01/23/2009)	\$75.3
Life Technologies (LIFE.O)	O (03/19/2009)	\$52.44
Myriad Genetics (MYGN.O)	E (03/19/2009)	\$22.83
Pacific Biosciences of California, Inc. (PACB.O)	O (12/06/2010)	\$11.67
Qiagen NV (QGEN.O)	E (10/25/2010)	\$18.79
Sagent Pharmaceuticals Inc (SGNT.O)	O (05/31/2011)	\$27.45
Thermo Fisher Scientific Inc (TMO.N)	O (09/11/2009)	\$64.07
Waters Corp (WAT.N)	E (12/12/2008)	\$95.35

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.