

February 29, 2012

Stock Rating  
**Overweight**

Industry View  
**In-Line**

## Sagent Pharmaceuticals IMS Tracker: January 2012

**Total January IMS sales were \$14MM, implying a 1Q12 run rate of \$44.4MM, roughly in-line with MSe of \$44MM. Consistent with guidance for a slow start to the year, January trends were as expected with most of the key products flat.**

**New launches paclitaxel and vecuronium off modestly.** Both drugs were down on a weekly average basis in January but IMS capture for shortage products remains unclear.

**Topotecan stabilized.** November and December share has been flat at 22% suggesting competitive dynamics in this market are stabilizing.

**Another steady month for cefepime,** with market share unchanged at 32%. Weekly average sales have shown a modest increase of late with +10% and +7% MoM in January and December respectively.

**Heparin share hanging in but margins to remain pressured.** Sagent's share has been in the ~20% range for 3+ months. However, pricing pressure in this market means heparin's EBITDA contribution will remain modest.

**Gemcitabine stabilizing.** Data quality for this product has been suspect, but share pressure from Hospira's solution formulation stabilized month over month. This remains a fiercely price competitive market and total Sagent gemcitabine weekly average sales were down month over month (~12%) with share at 9% vs 8% in December.

**Levofloxacin unchanged.** IMS read-through is limited for this drug, but share remains evenly split between Sandoz and Sagent. Weekly average sales were up 14% MoM.

### Key Ratios and Statistics

Reuters: **SGNT.O** Bloomberg: **SGNT US**  
**Biotechnology** / United States of America

|                                 |               |
|---------------------------------|---------------|
| Shr price, close (Jan 27, 2012) | \$22.26       |
| Mkt cap, curr (mm)              | \$448         |
| 52-Week Range                   | \$29.23-13.50 |

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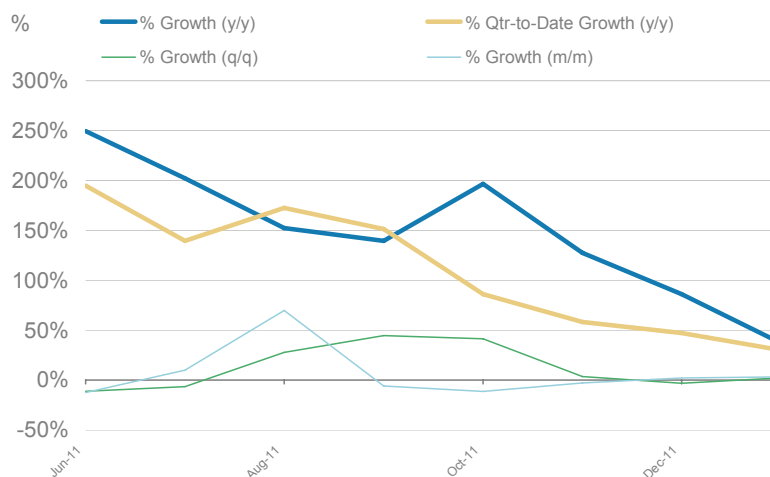
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## Sagent 1Q12 IMS Trend Through January

### Sagent Product Sales

| <u>Total IMS Sales</u> |         | 1Q Run Rate |          | MSe 1Q |          |
|------------------------|---------|-------------|----------|--------|----------|
|                        | January |             |          |        |          |
| Total Sales (MM)       | \$14    |             | \$44     |        | \$44     |
|                        | January |             | December |        | November |
| Y/Y Growth             | 30%     | ↑           | 33%      | ↑      | 37%      |
|                        | 1Q      |             | 4Q       |        | 3Q       |
| Y/Y Growth             | 30%     | ↑           | 86%      | ↑      | 140%     |
|                        | 1Q      |             | 4Q       |        | 3Q       |
| <u>Base Business</u>   |         | Y/Y         |          | Q/Q    |          |
|                        | M/M     |             |          |        |          |
| January                | -4%     | →           | 33%      | ↑      | 6%       |

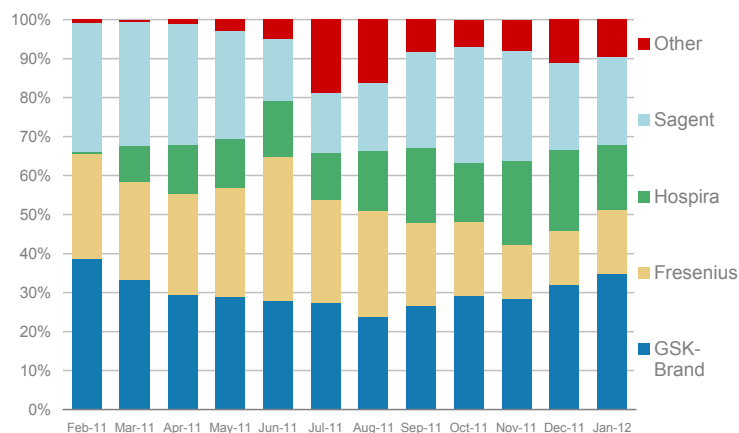
### US IMS Product Sales for Sagent



### Topotecan – Stabilized

| <u>Share</u> |     |
|--------------|-----|
| January      | 22% |
| December     | 22% |
| November     | 28% |

### Topotecan Share



February 29, 2012  
Sagent Pharmaceuticals

## Cefepime Flat

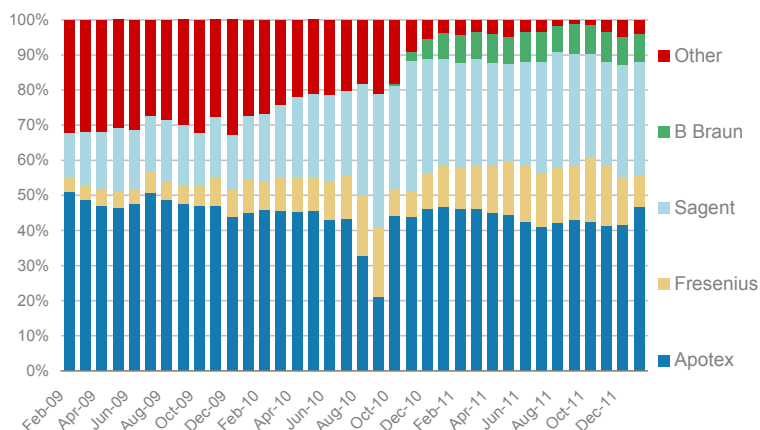
### Share

|          |     |
|----------|-----|
| January  | 32% |
| December | 32% |
| November | 30% |

### Weekly Average Sales

|          | Sales (MM) | M/M Growth |
|----------|------------|------------|
| January  | \$0.4      | 10% ↑      |
| December | \$0.4      | 7% ↑       |
| November | \$0.3      | 0% →       |

## Cefepime Share



Source: IMS, Morgan Stanley Research.

## Heparin Slight Share Increase for 3<sup>rd</sup> Month

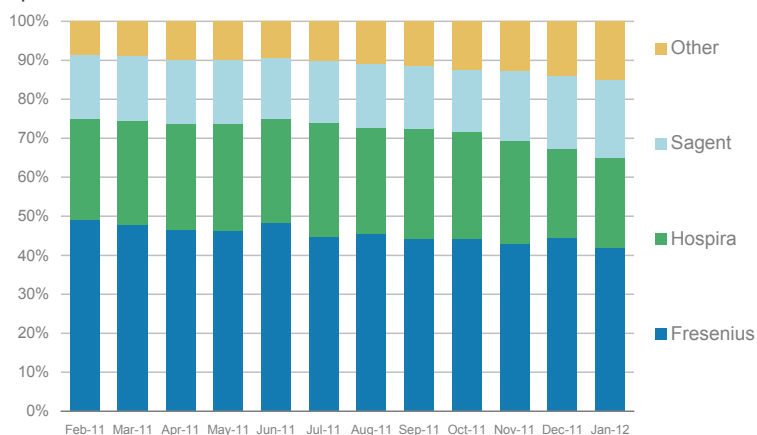
### Share

|          |     |
|----------|-----|
| January  | 20% |
| December | 19% |
| November | 18% |

### Weekly Average Sales

|          | Sales (MM) | M/M Growth |
|----------|------------|------------|
| January  | \$1.0      | 0% →       |
| December | \$0.9      | 0% →       |
| November | \$0.9      | 0% →       |

## Heparin Share



Source: IMS, Morgan Stanley Research

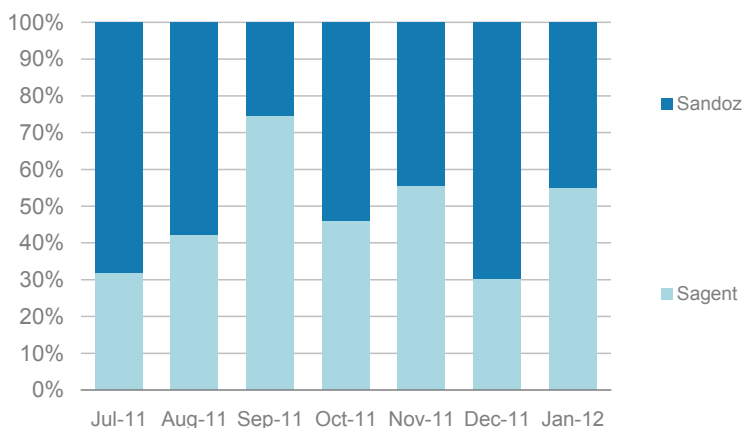
## Levofloxacin Market an Even Split

### Generic Share

|          | January | December | November |
|----------|---------|----------|----------|
| Sagent   | 55%     | 30%      | 56%      |
| Novartis | 45%     | 70%      | 44%      |

**\*\*Note:** Levofloxacin capture limited as the bulk of the product is shipped directly to customers\*\*

## \$ Share of Generic, Injectable, Levocfloxacin



Source: IMS, Morgan Stanley Research



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(as of February 29, 2012)

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| Stock Rating Category    | Coverage Universe |            | Investment Banking Clients (IBC) |                |                      |
|--------------------------|-------------------|------------|----------------------------------|----------------|----------------------|
|                          | Count             | % of Total | Count                            | % of Total IBC | % of Rating Category |
| <b>Overweight/Buy</b>    | <b>1120</b>       | <b>38%</b> | <b>461</b>                       | <b>44%</b>     | <b>41%</b>           |
| <b>Equal-weight/Hold</b> | <b>1229</b>       | <b>42%</b> | <b>449</b>                       | <b>42%</b>     | <b>37%</b>           |
| <b>Not-Rated/Hold</b>    | <b>105</b>        | <b>4%</b>  | <b>24</b>                        | <b>2%</b>      | <b>23%</b>           |
| <b>Underweight/Sell</b>  | <b>464</b>        | <b>16%</b> | <b>124</b>                       | <b>12%</b>     | <b>27%</b>           |
| <b>Total</b>             | <b>2,918</b>      |            | <b>1058</b>                      |                |                      |

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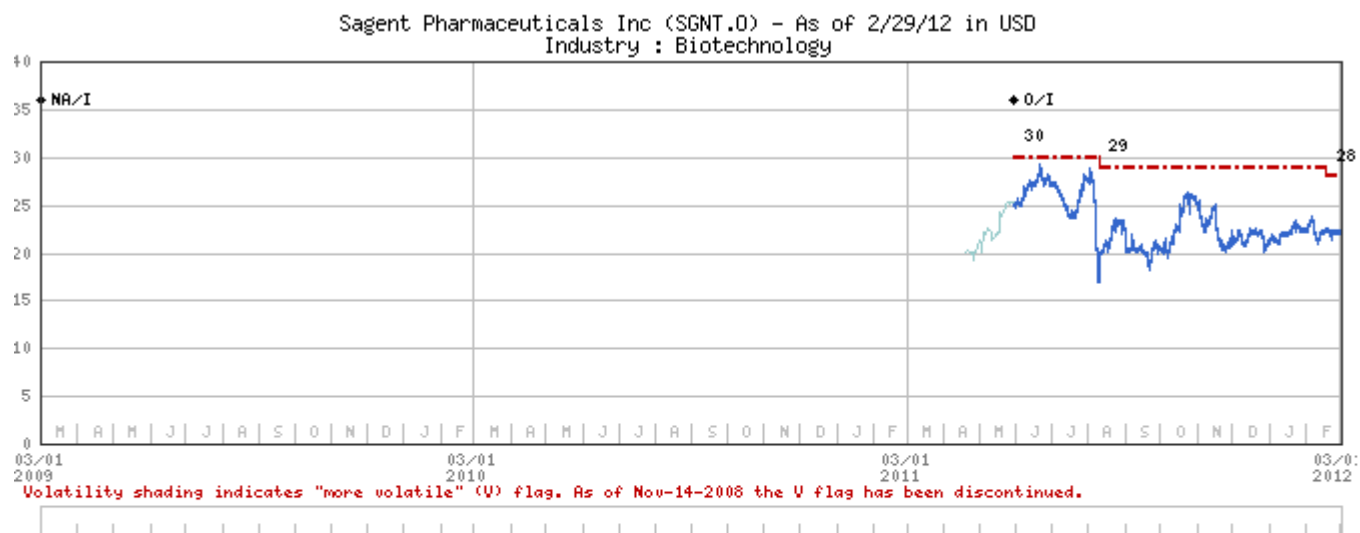
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## Stock Price, Price Target and Rating History (See Rating Definitions)

February 29, 2012  
Sagent Pharmaceuticals



Stock Rating History: 3/1/09 : NA/I; 5/31/11 : 0/I

Price Target History: 5/31/11 : 30; 8/10/11 : 29; 2/17/12 : 28

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)  
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —  
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View  
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) More Volatile (V) No Rating Available (NA)  
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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|---|----------------|---------------------|
| <b>David Friedman, M.D.</b>             |                |                     |
| AMAG Pharmaceuticals, Inc. (AMAG.O)     | E (11/21/2011) | \$15.81             |
| Alexion Pharmaceuticals (ALXN.O)        | O (09/07/2010) | \$83.73             |
| Amylin Pharmaceuticals (AMLN.O)         | U (09/07/2010) | \$17.09             |
| Auxilium Pharmaceuticals (AUXL.O)       | E (03/18/2011) | \$19.76             |
| Idenix Pharmaceuticals, Inc. (IDIX.O)   | E (03/18/2011) | \$11.78             |
| Incyte Corporation (INCY.O)             | E (02/16/2012) | \$16.96             |
| InterMune (ITMN.O)                      | E (09/07/2010) | \$13.42             |
| Ironwood Pharmaceuticals, Inc. (IRWD.O) | O (03/18/2011) | \$13.39             |
| Lexicon Pharmaceuticals, Inc. (LXRX.O)  | E (09/07/2010) | \$1.7               |
| Theravance Inc (THR.X.O)                | U (01/31/2012) | \$18.7              |
| Vertex Pharmaceuticals (VRTX.O)         | E (11/10/2011) | \$38.92             |
| XenoPort Inc (XNPT.O)                   | E (08/26/2011) | \$4                 |
| <b>Marshall Urist, M.D., Ph.D.</b>      |                |                     |
| Amgen Inc. (AMGN.O)                     | E (02/09/2012) | \$68.01             |
| Aveo Pharmaceuticals (AVEO.O)           | E (02/09/2012) | \$13.04             |
| Biogen Idec Inc. (BIIB.O)               | O (02/09/2012) | \$116.47            |
| Celgene Corp (CELG.O)                   | O (02/09/2012) | \$73.33             |
| Gilead Sciences Inc. (GILD.O)           | O (02/09/2012) | \$45.53             |
| Hospira (HSP.N)                         | E (07/16/2009) | \$35.62             |
| Onyx Pharmaceuticals Inc. (ONXX.O)      | U (02/09/2012) | \$38.32             |
| Sagent Pharmaceuticals Inc (SGNT.O)     | O (05/31/2011) | \$21.69             |

Stock Ratings are subject to change. Please see latest research for each company.  
\* Historical prices are not split adjusted.