

December 29, 2011

Stock Rating
Overweight

Industry View
In-Line

Sagent Pharmaceuticals Inc

IMS Tracker: November 2011

Total November IMS sales were \$13M or +36% Y/Y establishing a run rate of \$42MM that is slightly below MSe revenue of \$47MM for 4Q11. That said, the predictive value of IMS has been imperfect due to limited capture making the data more useful for analyzing broader growth trends.

New launches: Paclitaxel strong, Vecuronium declines modestly. Paclitaxel maintained a run rate of \$1+MM for the quarter. On a weekly average basis, Vecuronium showed a sequential decline but capture is poor for this shortage drug.

Heparin and Cefepime solid. Share for Heparin increased from 16% to 18% in November, while Cefepime crept up from 29% to 30%. Heparin share has been stable in the current range but pricing remains the bigger unknown.

Topotecan maintaining position. Share is stable in the 30% range and appears to have stabilized over September levels of 25%.

Levofloxacin solid share trend. Levo gained 10% share in the November IMS data from Sandoz. However, IMS offers limited insight into this product as the bulk of Sagent levofloxacin is shipped directly to customers and accordingly are not picked up by IMS. We expect a solid showing in 4Q.

Gemcitabine sees pressure from greater competition. Data quality for this product is suspect, but Hospira's solution formulation took ~9% share in November, a trend that is likely to continue.

Key Ratios and Statistics

Reuters: SGNT.O Bloomberg: SGNT US

Biotechnology / United States of America

Shr price, close (Dec 28, 2011)	\$20.05
Mkt cap, curr (mm)	\$559
52-Week Range	\$29.23-13.50

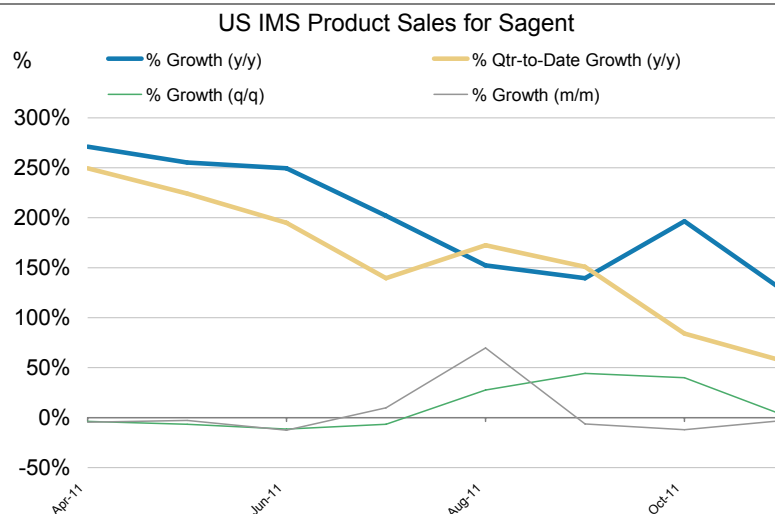
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Sagent 4Q11 IMS Trend Through October

Sagent Product Sales

<u>Total IMS Sales</u>		4Q Run Rate		MSe 4Q	
	November				
Total Sales (MM)	\$13		\$42		\$47
	November		October		September
Y/Y Growth	36%	↑	84%	↑	127%
	4Q		3Q		2Q
Y/Y Growth	56%	↑	173%	↑	224%
<u>Base Business</u>		M/M		Y/Y	
November	-4%	→	56%	↑	-8%

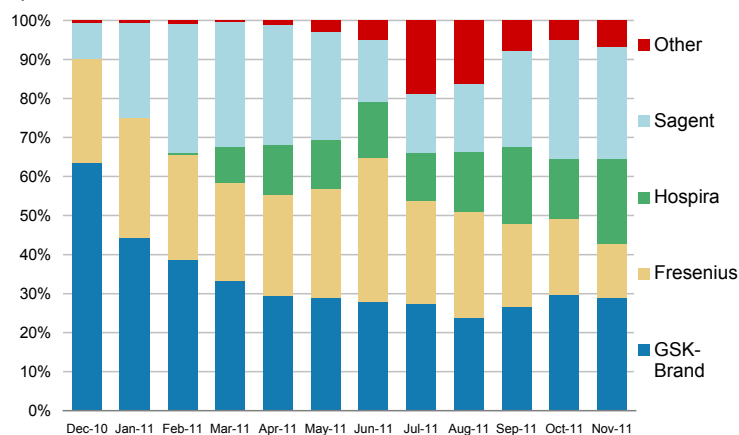


Source: IMS, Morgan Stanley Research.

Topotecan – Flat

<u>Share</u>	
November	29%
October	31%
September	25%

Topotecan Share



Source: IMS, Morgan Stanley Research.

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Sagent Pharmaceuticals

Cefepime Share Flat

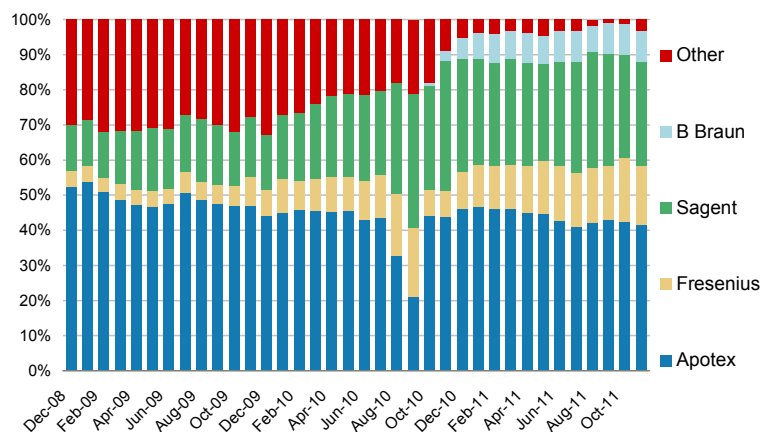
Share

November	30%
October	29%
September	32%

Weekly Average Sales

	Sales (MM)	M/M Growth
November	\$0.3	0% →
October	\$0.3	-4% →
September	\$0.4	-1% →

Cefepime Share



Source: IMS, Morgan Stanley Research.

Heparin Slight Share Bump

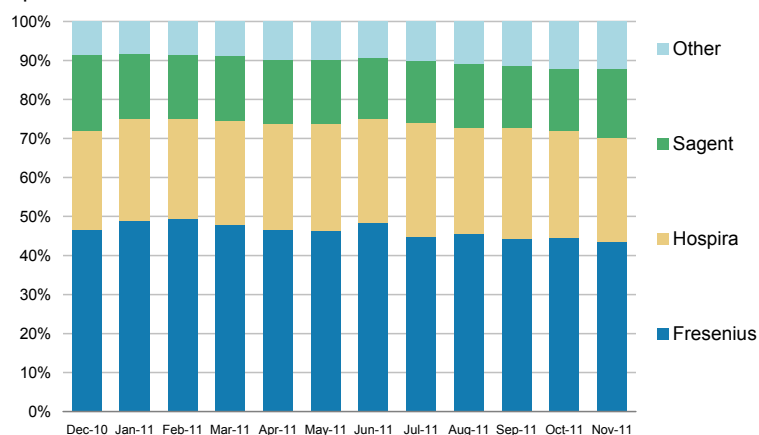
Share

November	18%
October	16%
September	16%

Weekly Average Sales

	Sales (MM)	M/M Growth
November	\$0.9	0% →
October	\$0.8	0% →
September	\$0.8	0% →

Heparin Share



Source: IMS, Morgan Stanley Research

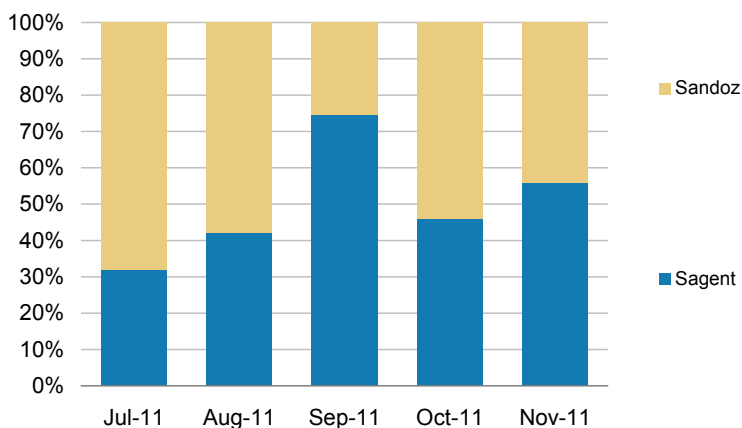
Levofloxacin Takes Solid Share

Generic Share

	November	October	September
Sagent	56%	46%	74%
Novartis	44%	54%	26%

****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

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.

Biotechnology/United States of America

Industry View: In-Line

GICS Sector: Health Care

Strategist's Recommended Weight: 15.1%

S&P 500 Weight: 11.8%



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(as of November 30, 2011)

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December 29, 2011
Sagent Pharmaceuticals

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	1109	39%	453	44%	41%
Equal-weight/Hold	1203	42%	434	42%	36%
Not-Rated/Hold	108	4%	24	2%	22%
Underweight/Sell	422	15%	122	12%	29%
Total	2,842		1033		

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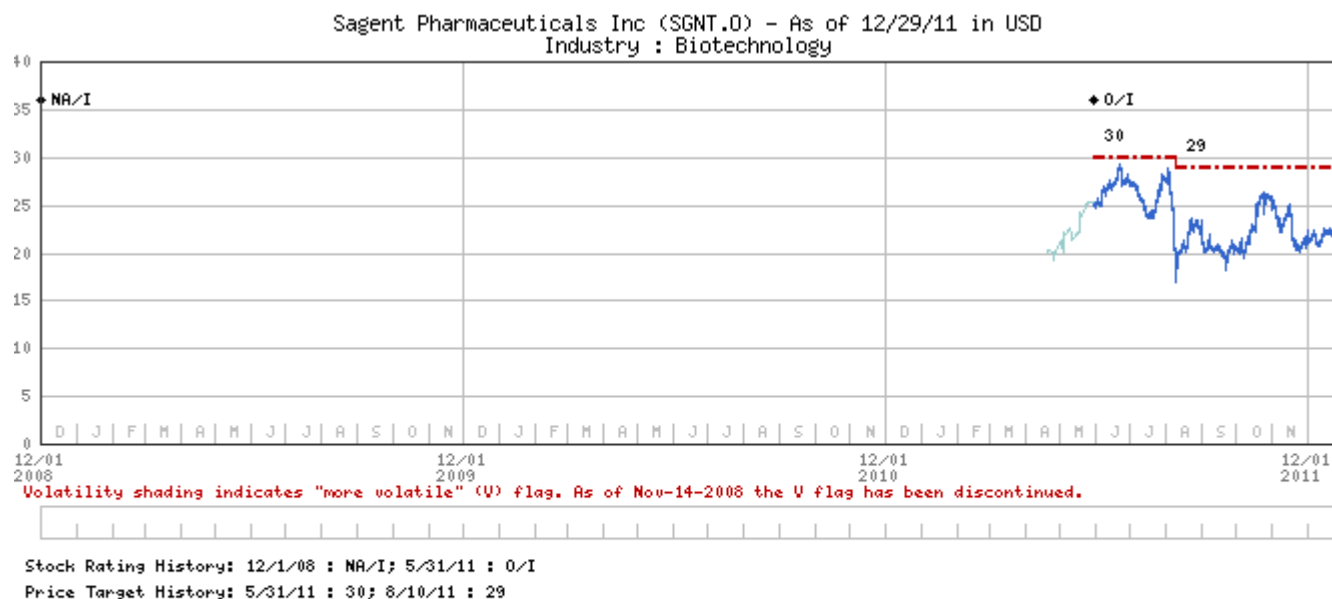
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

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Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

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

December 29, 2011
Sagent Pharmaceuticals



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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Industry Coverage:Biotechnology

Company (Ticker)	Rating (as of)	Price* (12/28/2011)
David Friedman, M.D.		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$18.97
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$70.92
Amylin Pharmaceuticals (AMLN.O)	U (09/07/2010)	\$11.3
Auxilium Pharmaceuticals (AUXL.O)	E (03/18/2011)	\$19.37
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$7.61
Incyte Corporation (INCY.O)	O (09/07/2010)	\$15.07
InterMune (ITMN.O)	E (09/07/2010)	\$11.96
Ironwood Pharmaceuticals, Inc. (IRWD.O)	O (03/18/2011)	\$11.78
Lexicon Pharmaceuticals, Inc. (LXRX.O)	E (09/07/2010)	\$1.14
Pharmasset (VRUS.O)	++	\$123.6
Vertex Pharmaceuticals (VRTX.O)	E (11/10/2011)	\$32.44
XenoPort Inc (XNPT.O)	E (08/26/2011)	\$3.57
Marshall Urist, M.D., Ph.D.		
Hospira (HSP.N)	E (07/16/2009)	\$30.16
Sagent Pharmaceuticals Inc (SGNT.O)	O (05/31/2011)	\$20.05

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* Historical prices are not split adjusted.