

March 29, 2012

Stock Rating  
**Overweight**

Industry View  
**In-Line**

## Sagent Pharmaceuticals IMS Tracker: February 2012

**Total February IMS sales were \$12MM, implying a 1Q12 run rate of \$42MM, tracking roughly in line with MSe of \$44MM. February trends were as expected with most key products flat, consistent with guidance for a slow start to the year.**

**Limited data quality on new shortage launches paclitaxel and vecuronium.** Both drugs were down on a weekly average basis in February but IMS capture for shortage products is generally poor. Levofloxacin IMS data continue to be volatile as the bulk of volume is shipped directly to customers.

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

**Cefepime has a solid month,** with market share moving from 32% in January to 37% in February. Weekly average sales modestly increased +10% MoM in January and February.

**Heparin share holding stable.** Sagent's share has been in the ~20% range for 4+ months. However, pricing and margin pressure for this product likely remains significant.

**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 price competitive market and Sagent's gemcitabine share was flat at ~9% in both January and February.

### Key Ratios and Statistics

Reuters: SGNT.O Bloomberg: SGNT US

Biotechnology / United States of America

Shr price, close (Mar 28, 2012)	\$18.60
Mkt cap, curr (mm)	\$374
52-Week Range	\$29.23-13.50

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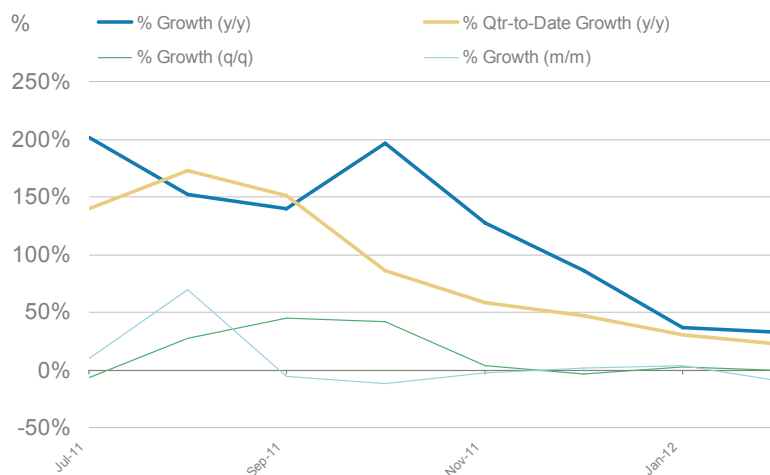
Sagent Pharmaceuticals

## Sagent 1Q12 IMS Trend Through February

### Sagent Product Sales

Total IMS Sales		1Q Run		MSe 1Q	
	February		Rate		
Total Sales (\$MM)	\$12		\$42		\$44
	February		January		December
Y/Y Growth	14%	↑	31%	↑	33%
	1Q		4Q		3Q
Y/Y Growth	22%	↑	58%	↑	173%
Base Business		M/M		Y/Y	
February	-18%	↓	27%	↑	5%
					→

### US IMS Product Sales for Sagent

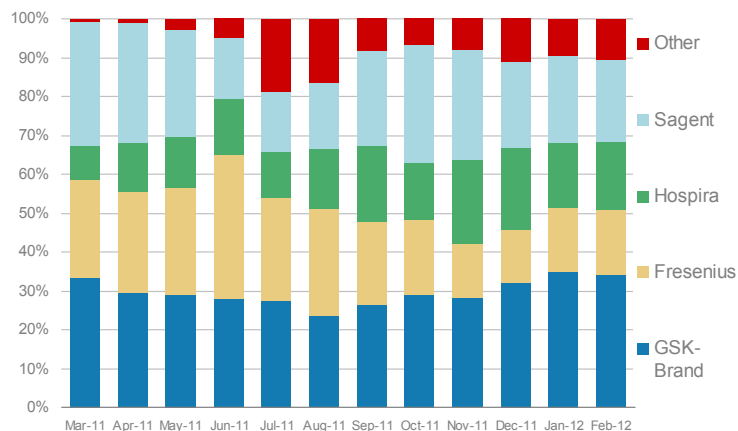


Source: IMS, Morgan Stanley Research.

### Topotecan – Stabilized

Share	
February	21%
January	22%
December	22%

### Topotecan Share



Source: IMS, Morgan Stanley Research.

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## Slight Bump for Cefepime

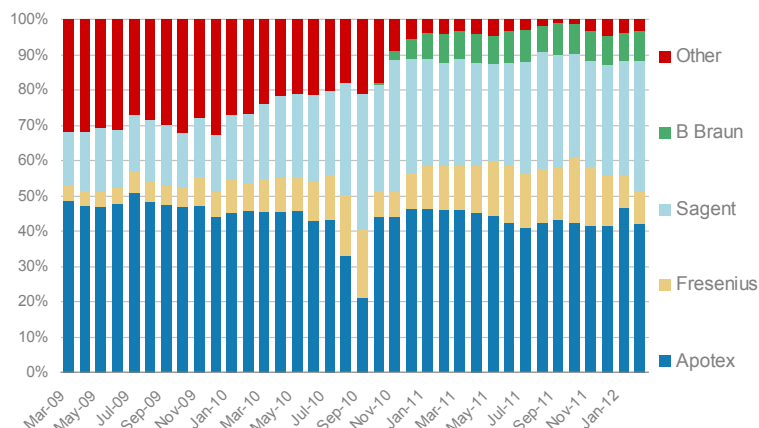
### Share

February	37%
January	32%
December	32%

### Weekly Average Sales

	Sales (MM)	M/M Growth
February	\$0.5	10% ↑
January	\$0.4	10% ↑
December	\$0.4	7% ↑

## Cefepime Share



Source: IMS, Morgan Stanley Research.

## Heparin Slight Share Increase for 4<sup>th</sup> Month

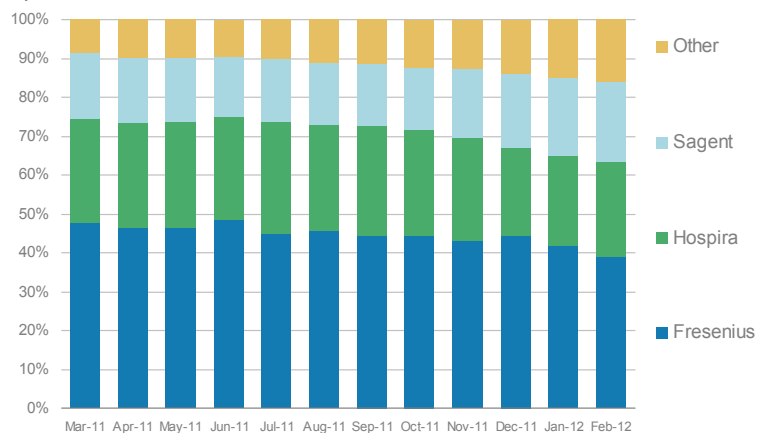
### Share

February	21%
January	20%
December	19%

### Weekly Average Sales

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

## Heparin Share



Source: IMS, Morgan Stanley Research

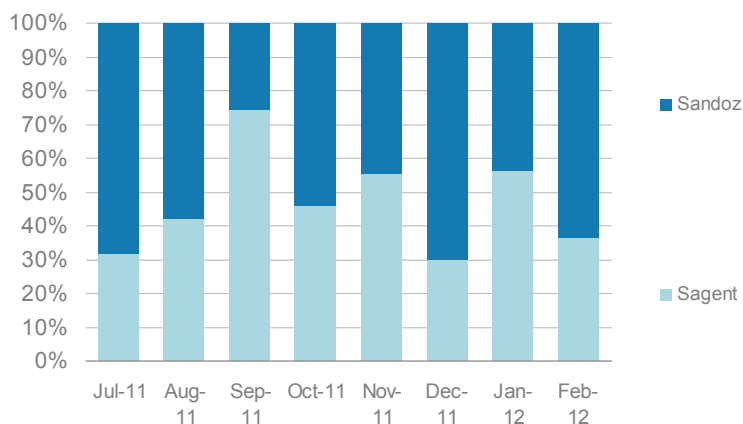
## Levofloxacin Market Has Poor IMS Capture

### Generic Share

	February	January	December
Sagent	36%	57%	30%
Novartis	64%	43%	70%

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

## \$ Share of Generic, Injectable, Levofloxacin



Source: IMS, Morgan Stanley Research

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Sagent Pharmaceuticals

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## 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: 11.3%



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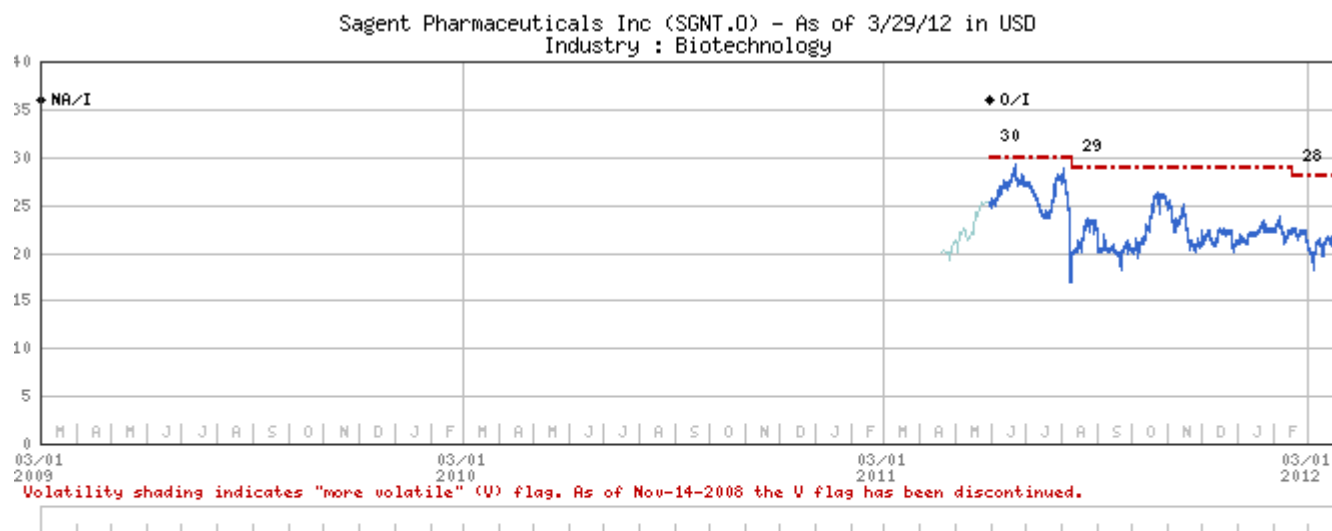
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## Stock Price, Price Target and Rating History (See Rating Definitions)

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**Industry Coverage:Biotechnology**

Company (Ticker)	Rating (as of)	Price* (03/28/2012)
<b>David Friedman, M.D.</b>		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$16.06
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$90.22
Amylin Pharmaceuticals (AMLN.O)	U (09/07/2010)	\$23.77
Auxilium Pharmaceuticals (AUXL.O)	E (03/18/2011)	\$18.75
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$9.74
Incyte Corporation (INCY.O)	E (02/16/2012)	\$19.53
InterMune (ITMN.O)	E (09/07/2010)	\$13.99
Ironwood Pharmaceuticals, Inc. (IRWD.O)	O (03/18/2011)	\$13.23
Lexicon Pharmaceuticals, Inc. (LXRX.O)	E (09/07/2010)	\$1.89
Theravance Inc (THR.X.O)	U (01/31/2012)	\$19.91
Vertex Pharmaceuticals (VRTX.O)	U (03/19/2012)	\$40.44
XenoPort Inc (XNPT.O)	E (08/26/2011)	\$4.53
<b>Marshall Urist, M.D., Ph.D.</b>		
Amgen Inc. (AMGN.O)	E (02/09/2012)	\$67.68
Aveo Pharmaceuticals (AVEO.O)	E (02/09/2012)	\$12.72
Biogen Idec Inc. (BIIB.O)	O (02/09/2012)	\$125.69
Celgene Corp (CELG.O)	O (02/09/2012)	\$77.94
Gilead Sciences Inc. (GILD.O)	O (02/09/2012)	\$47.38
Hospira (HSP.N)	E (07/16/2009)	\$37.82
Onyx Pharmaceuticals Inc. (ONXX.O)	U (02/09/2012)	\$38.24
Sagent Pharmaceuticals Inc (SGNT.O)	O (05/31/2011)	\$18.6

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\* Historical prices are not split adjusted.