

April 29, 2012

Stock Rating
Overweight

Industry View
In-Line

Sagent Pharmaceuticals Inc

IMS Tracker: March 2012

Total March IMS sales were \$15M, with total 1Q12 at \$41MM, tracking slightly below MSe of \$44MM and consensus of \$42.6MM. The predictive value of IMS is limited for Sagent's revenue but the 1Q12 IMS trends are consistent with guidance for a slow start to 2012.

Limited data quality on new shortage launches paclitaxel and vecuronium. Vecuronium was flat on a weekly average basis over February while paclitaxel was down as Hospira gained share. IMS data for paclitaxel highlight the benefits and risks of shortage product growth drivers. Levofloxacin IMS data continue to be volatile as the bulk of volume is shipped directly to customers. IMS capture for shortage products is generally poor.

Topotecan stabilized. February and March share has been flat at ~20% suggesting stable competitive dynamics in this market.

Cefepime performing well, with market share moving from 37% in February to 41% in March. Weekly average sales modestly increased ~+10% MoM in February and March.

Heparin share holding stable. Sagent's share has been in the ~20% range for 5+ months. However, significant pricing and margin pressure remains for this product.

Gemcitabine stabilizing. Data quality for this product has been suspect. Unit share looks more stable month over month as Hospira's solution formulation gains stabilize, but IMS dollar share remains under pressure at ~4.5% in March.

Key Ratios and Statistics

Reuters: SGNT.O Bloomberg: SGNT US

Biotechnology / United States of America

Price target	\$28.00
Shr price, close (Apr 27, 2012)	\$18.17
Mkt cap, curr (mm)	\$365
52-Week Range	\$29.23-13.50

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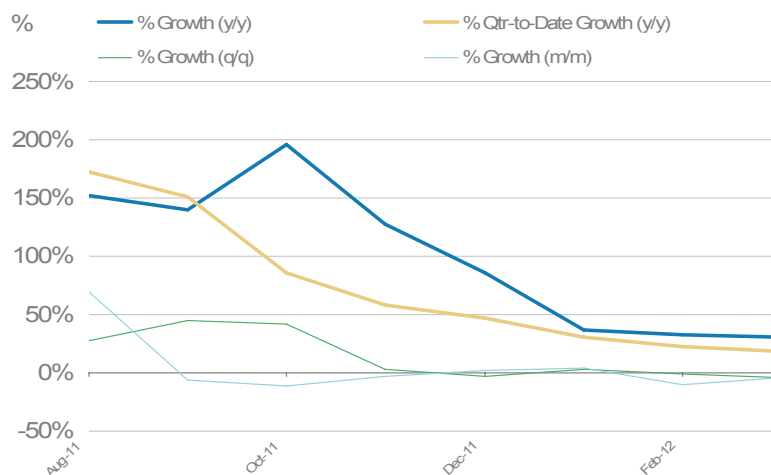
Sagent 1Q12 IMS Trend Through March

Sagent Product Sales

Total IMS Sales

	March		1Q		MSe 1Q	
Total Sales (MM)	\$15		\$41		\$44	
	March		February		January	
Y/Y Growth	12%	↑	14%	↑	31%	↑
	1Q		4Q		3Q	
Y/Y Growth	19%	↑	47%	↑	151%	↑
<u>Base Business</u>						
	M/M		Y/Y		Q/Q	
March	7%	↑	21%	↑	0%	→

US IMS Product Sales for Sagent



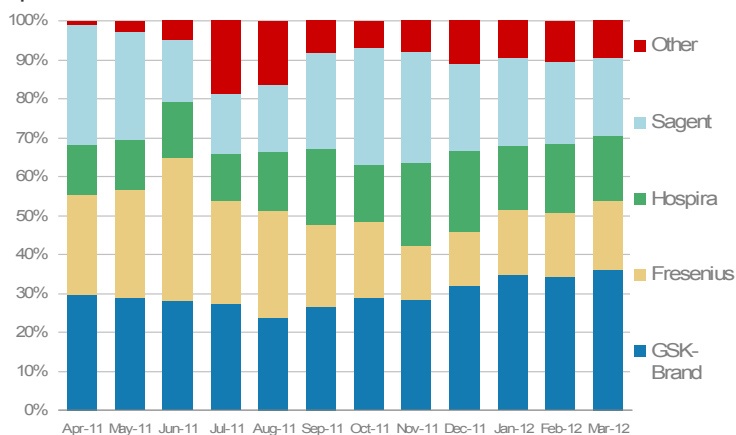
Source: IMS, Morgan Stanley Research.

Topotecan – Stabilized

Share

March	20%
February	21%
January	22%

Topotecan Share



Source: IMS, Morgan Stanley Research.

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Slight Bump for Cefepime

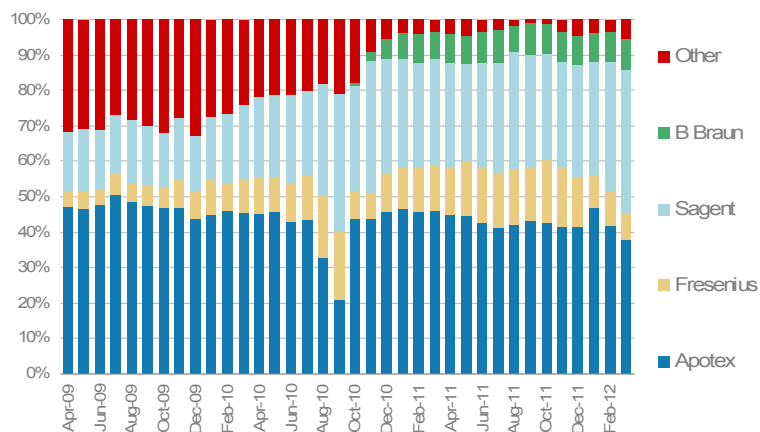
Share

March	41%
February	37%
January	32%

Weekly Average Sales

	Sales (MM)	M/M Growth
March	\$0.5	11% ↑
February	\$0.5	10% ↑
January	\$0.4	10% ↑

Cefepime Share



Source: IMS, Morgan Stanley Research.

Heparin Share Flat

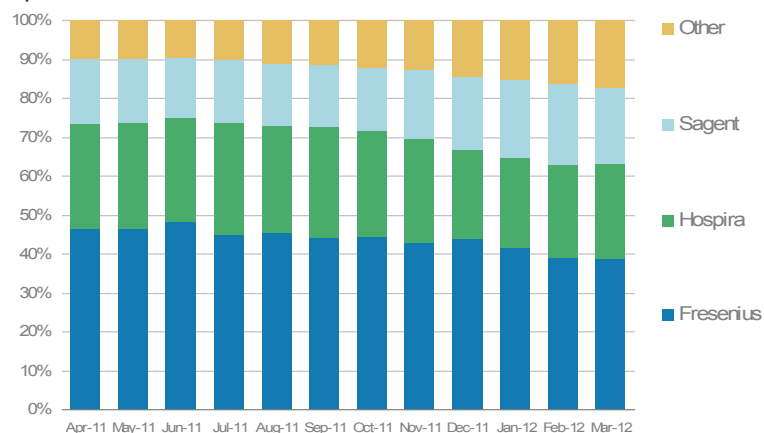
Share

March	20%
February	20%
January	20%

Weekly Average Sales

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

Heparin Share



Source: IMS, Morgan Stanley Research

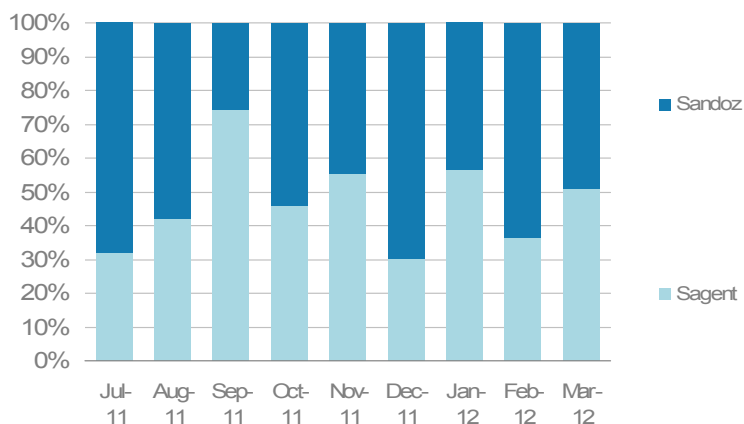
Levofloxacin Market Has Poor IMS Capture

Generic Share

	March	February	January
Sagent	51%	36%	56%
Novartis	49%	64%	44%

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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(as of March 31, 2012)

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Equal-weight/Hold	1242	42%	471	43%	38%
Not-Rated/Hold	101	3%	26	2%	26%
Underweight/Sell	478	16%	126	12%	26%
Total	2,926		1088		

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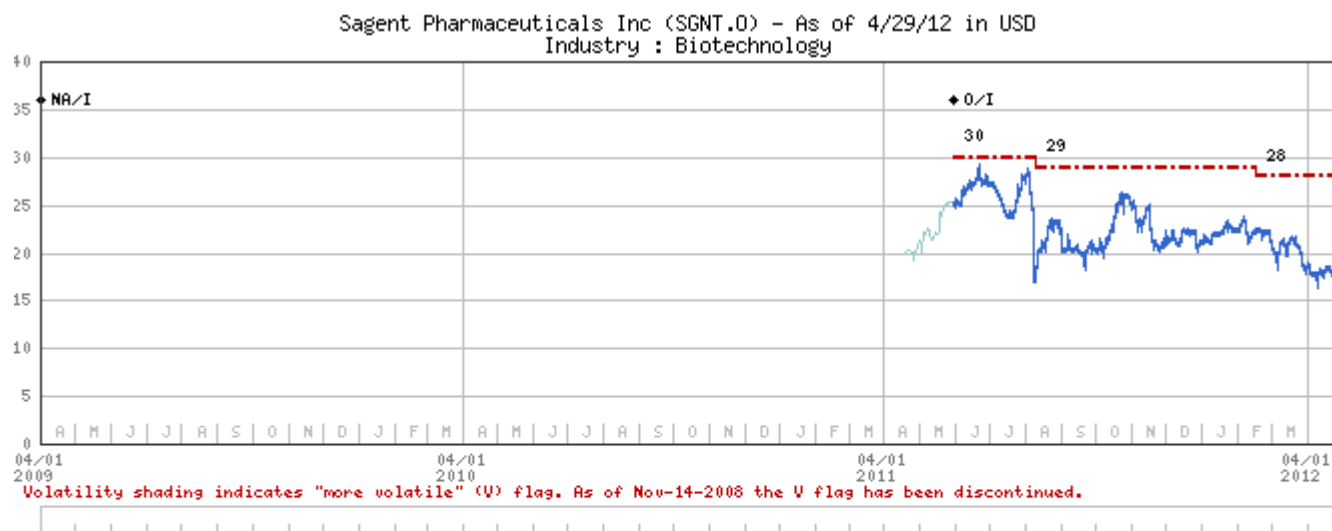
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Stock Price, Price Target and Rating History (See Rating Definitions)

April 29, 2012
Sagent Pharmaceuticals Inc



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Sagent Pharmaceuticals Inc

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Industry Coverage:Biotechnology

Company (Ticker)	Rating (as of)	Price* (04/27/2012)
David Friedman, M.D.		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$16.01
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$90.56
Amylin Pharmaceuticals (AMLN.O)	U (09/07/2010)	\$25.42
Auxilium Pharmaceuticals (AUXL.O)	E (03/18/2011)	\$18.3
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$8.55
Incyte Corporation (INCY.O)	E (02/16/2012)	\$22.94
InterMune (ITMN.O)	E (09/07/2010)	\$10.32
Ironwood Pharmaceuticals, Inc. (IRWD.O)	O (03/18/2011)	\$13.09
Lexicon Pharmaceuticals, Inc. (LXRX.O)	E (09/07/2010)	\$1.7
Synageva Biopharma Corp (GEVA.O)	O (04/20/2012)	\$37.48
Theravance Inc (THRX.O)	U (01/31/2012)	\$21.73
Vertex Pharmaceuticals (VRTX.O)	U (03/19/2012)	\$38.62
XenoPort Inc (XNPT.O)	E (08/26/2011)	\$4.57
Marshall Urist, M.D., Ph.D.		
Amgen Inc. (AMGN.O)	E (02/09/2012)	\$71.64
Aveo Pharmaceuticals (AVEO.O)	E (02/09/2012)	\$11.25
Biogen Idec Inc. (BIIB.O)	O (02/09/2012)	\$133.16
Celgene Corp (CELG.O)	O (02/09/2012)	\$73.38
Gilead Sciences Inc. (GILD.O)	O (02/09/2012)	\$52.16
Hospira (HSP.N)	E (07/16/2009)	\$35.42
Onyx Pharmaceuticals Inc. (ONXX.O)	U (02/09/2012)	\$46.76
Sagent Pharmaceuticals Inc (SGNT.O)	O (05/31/2011)	\$18.17

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