

November 29, 2011

Stock Rating
Overweight

Industry View
In-Line

Sagent Pharmaceuticals IMS Tracker: October 2011

Total October IMS sales were \$13M or +83% Y/Y, establishing a run rate that is more or less in line with MSe revenue of \$47MM for 4Q11. That said, IMS precision for Sagent has been limited, making the data more useful for analyzing broad growth trends.

New launches getting underway. Shortage product launch data are encouraging with paclitaxel and vecuronium already at a ~\$1MM or more quarterly run rate, which we expect to improve over 4Q. Moreover, shortage product capture by IMS can be poor.

Heparin and Cefepime stable. Share remained roughly steady at ~16% and ~29% respectively, where they have ranged for most of the year.

Topotecan regains some ground. After losing IMS market share over the summer, Sagent share improved to 31% in October from 25% in September.

Levofloxacin capture limited. Sagent had ~50% generic share in October, down from September and flat over August. However, IMS offers limited insight into this product as the bulk of Sagent levofloxacin is shipped directly to customers and we expect another solid showing in 4Q.

Gemcitabine hanging in with ~\$1.5MM in sales for October despite challenging competitive dynamics and the launch of Hospira's solution formulation. Again, we suspect data quality for this product is still limited.

Key Ratios and Statistics

Reuters: SGT.O Bloomberg: SGNT US

Biotechnology / United States of America

Shr price, close (Nov 28, 2011)	\$21.12
Mkt cap, curr (mm)	\$589
52-Week Range	\$29.23-13.50

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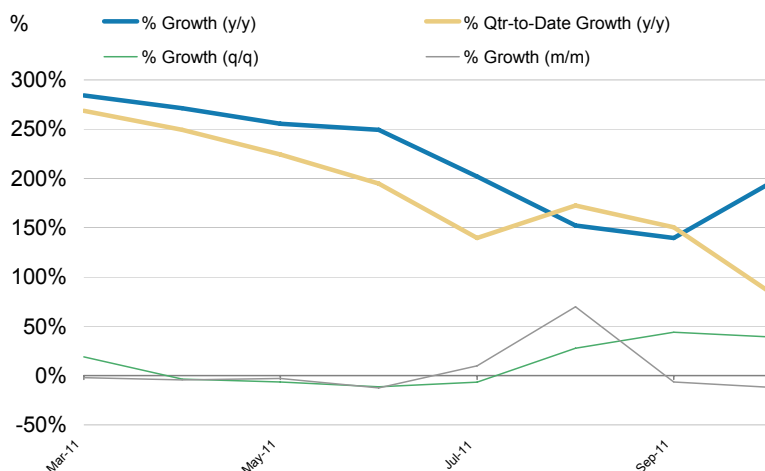
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Sagent 4Q11 IMS Trend Through October

Sagent Product Sales

<u>Total IMS Sales</u>		4Q Run		MSe 4Q	
	October		Rate		
Total Sales (MM)	\$13		\$43		\$47
	October		September		August
Y/Y Growth	83%	↑	126%	↑	196%
	4Q		3Q		2Q
Y/Y Growth	83%	↑	140%	↑	249%
<u>Base Business</u>					
	M/M		Y/Y		Q/Q
October	17%	↑	90%	↑	39%

US IMS Product Sales for Sagent

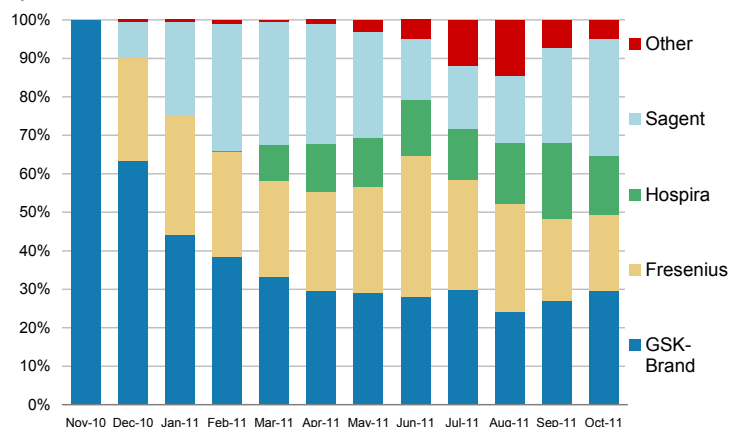


Source: IMS, Morgan Stanley Research.

Topotecan – Nice Share Bump

<u>Share</u>	
October	31%
September	25%
August	18%

Topotecan Share



Source: IMS, Morgan Stanley Research.

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Cefepime Flat to Nominally Down Sequentially

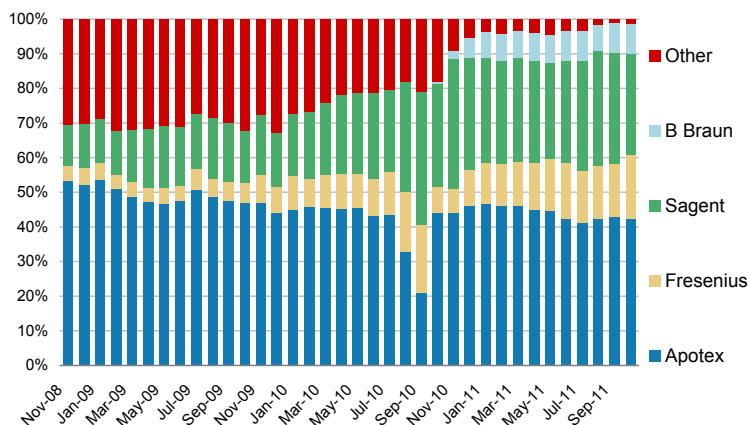
Share

October	29%
September	32%
August	33%

Weekly Average Sales

	Sales (MM)	M/M Growth
October	\$0.3	-4% →
September	\$0.4	-1% →
August	\$0.4	8% ↑

Cefepime Share



Source: IMS, Morgan Stanley Research.

Heparin Flat

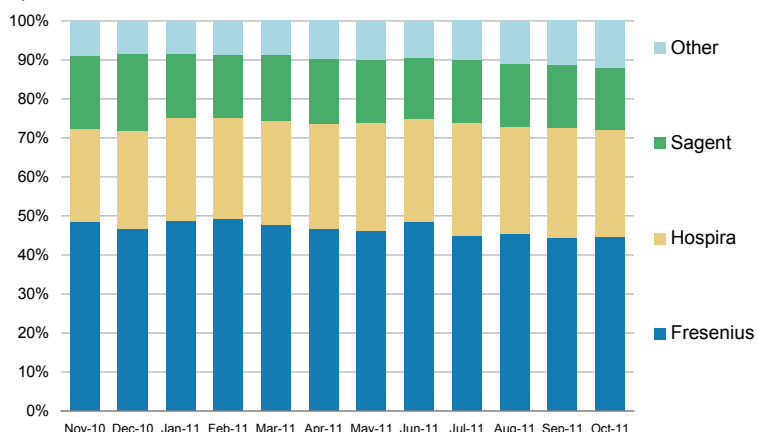
Share

October	16%
September	16%
August	16%

Weekly Average Sales

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

Heparin Share



Source: IMS, Morgan Stanley Research

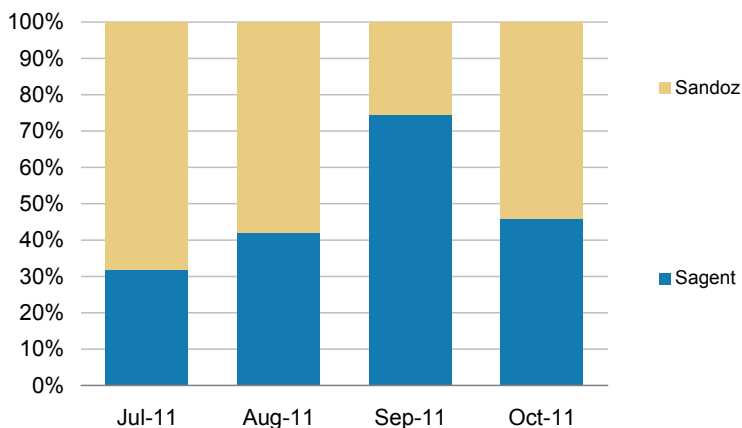
Levofloxacin Gives Back September Gains

Generic Share

	October	September	August
Sagent	46%	75%	42%
Novartis	54%	25%	58%

****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

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: 11.7%



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(as of October 31, 2011)

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Sagent Pharmaceuticals

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	1126	40%	449	44%	40%
Equal-weight/Hold	1176	42%	431	42%	37%
Not-Rated/Hold	108	4%	23	2%	21%
Underweight/Sell	418	15%	115	11%	28%
Total	2,828		1018		

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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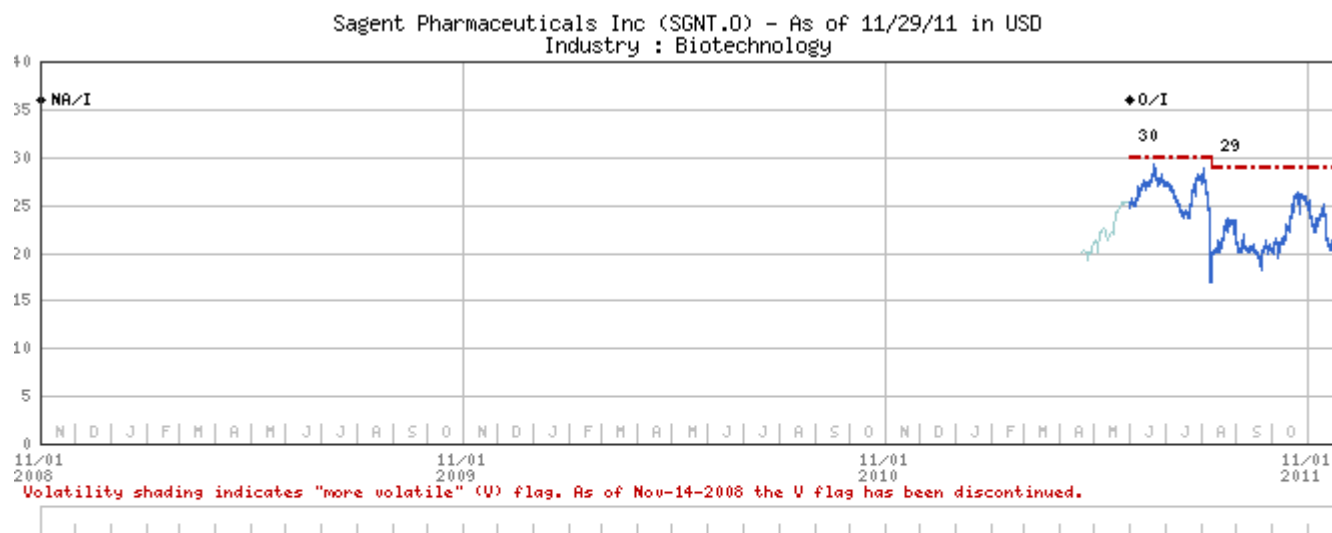
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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)



Stock Rating History: 11/1/08 : NA/I; 5/31/11 : O/I

Price Target History: 5/31/11 : 30; 8/10/11 : 29

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 Ratings/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) More Volatile (U) 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* (11/28/2011)
David Friedman, M.D.		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$16.57
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$67.47
Amylin Pharmaceuticals (AMLN.O)	U (09/07/2010)	\$10.55
Auxilium Pharmaceuticals (AUXL.O)	E (03/18/2011)	\$16.82
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$7.1
Incyte Corporation (INCY.O)	O (09/07/2010)	\$12.15
InterMune (ITMN.O)	E (09/07/2010)	\$18.18
Ironwood Pharmaceuticals, Inc. (IRWD.O)	O (03/18/2011)	\$11.72
Lexicon Pharmaceuticals, Inc. (LXRX.O)	E (09/07/2010)	\$1.08
Pharmasset (VRUS.O)	++	\$133.22
Vertex Pharmaceuticals (VRTX.O)	E (11/10/2011)	\$27.24
XenoPort Inc (XNPT.O)	E (08/26/2011)	\$4.44
Marshall Urist, M.D., Ph.D.		
Hospira (HSP.N)	E (07/16/2009)	\$30.98
Sagent Pharmaceuticals Inc (SGNT.O)	O (05/31/2011)	\$21.12

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* Historical prices are not split adjusted.