

Corium (CORI)

New Competitor Actavis Complicates Clonidine TDS Market

Key Takeaway

At market close on Wednesday, Actavis issued a press release indicating that it received FDA approval for its ANDA to Boehringer Ingelheim's Catapres-TTS, a transdermal formulation of generic drug clonidine. Presently, there are only two generic companies marketing transdermal versions of clonidine, Teva and Mylan. Corium is currently the exclusive manufacturer of Teva's clonidine patches and generates revenues in line with Teva's end market sales.

During the previous 12-month period, Teva, and thus Corium, witnessed substantial increases in market share (up to 90%+) and revenues (\$13.2M for Corium, +25.7% Y/Y) because Mylan encountered significant manufacturing issues and briefly ceased production. Within the last few months, however, Mylan has reestablished itself in the marketplace and has recaptured approximately 40% TRx share. Specifically for Corium, we already anticipated reduced revenues due to Mylan re-entering the market, as our current FY2014 forecast called for revenues to decline to \$10.3M (-21% Y/Y). With the introduction of Actavis, a highly skilled competitor, the current market duopoly is likely in jeopardy and our estimates could be at risk.

Corium is hosting its first earnings call as a public company next Tuesday, May 13 after the market close.

BUY

Price target \$13.00

Price \$7.02

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Company Description

Corium International, Inc. is a leader in applying advanced transdermal delivery systems and related technologies to address areas of unmet medical need. The company has developed two highly differentiated state of the art transdermal technologies, Microcor and Corplex, for the delivery of large and small molecules, respectively.

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Other Companies Mentioned in This Report

- Actavis (ACT: \$202.00, Suspended)



Rating and Price Target History for: Actavis (ACT) as of 04-24-2014



Distribution of Ratings

| Rating | Count | Percent | IB Serv./Past 12 Mos. | |
|--------------|-------|---------|-----------------------|---------|
| | | | Count | Percent |
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