+357 96 030922
info@marketpublishers.com

RANBAXY - Market Perform, Inline Q3 CY12 results – Base business margin improvement still awaited

https://marketpublishers.com/r/REB0E7F69AFEN.html
Date: November 2012
Pages: 6
Price: US$ 140.00 (Single User License)
ID: REB0E7F69AFEN

Abstracts

We reiterate our Market Perform rating on Ranbaxy post its Q3 CY12 result that was largely in line with our estimates. Going forward in FY 2013, the launch of Cip-Isotretinion (4Q-2012), Tricor (Jan-2013), and Diovan (Anytime) in the US market will help Ranbaxy reasonably compensate the loss of Lipitor Exclusivity. In the conference call, Ranbaxy indicated that they expect Cip-Isotretinoin to generate $50m in sales annually. We are cautious and believe the estimates are optimistic as it would be difficult for Ranbaxy to carve a significant share of Cip-Isotretinion market, where existing players (Mylan and Teva) are well entrenched.

Operating leverage from the facilities that are under the consent decree is a key earnings driver and without any clarity on the timing of resolution of consent decree it is difficult to estimate any margin improvement. Company expects to have clarity on this front in the next quarter. Also the rationalization of non performing business still seems to continue, adding to the uncertainty.

During the quarter the base business sales seem to have grown by 17-18% (YoY) largely due to forex, while EBITDA margin at ~ 10% witnessed a slight improvement (~100 bps) compared to the previous quarter. The company also launched generic Actos under 180- day exclusivity shared with Teva, Mylan and Watson in Q2 CY12. We estimate generic Actos and generic Lipitor sales for the quarter to be ~$47m and $15m respectively. Company could not launch Diovan on scheduled date 21 September 2012, but remains confident of retaining its 180-day exclusivity. Our analysis too concludes that Ranbaxy’s exclusivity has been safely parked and there is no risk of its forfeiture.

We keep our estimates unchanged. We now rollover our target price to CY13 earnings and derive our target price of Rs.509 by applying a PE of 18x on CY13 base business

+357 96 030922
info@marketpublishers.com

EPS and valuing the remaining Para IVs at Rs.150 per share adjusted by the USFDA penalty provision of $500m.

+357 96 030922
info@marketpublishers.com

I would like to order

Product name: RANBAXY - Market Perform, Inline Q3 CY12 results – Base business margin improvement still awaited

Product link: https://marketpublishers.com/r/REB0E7F69AFEN.html

Price: US$ 140.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:
info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page https://marketpublishers.com/r/REB0E7F69AFEN.html