

3rd May 2016

Healthcare

**AstraZeneca**

Price 3,928p

**First Crestor generic hits the US market**

**Fair Value 5100p (+30%)**

**BUY**

Bloomberg	AZN LN
Reuters	AZN.L
12-month High / Low (p)	4,628 / 3,890
Market Cap (GBPm)	49,670
Avg. 6m daily volume (000)	2 601

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.1%	-12.7%	-5.5%	-14.9%
Healthcare	3.3%	-3.3%	-10.9%	-10.5%
DJ Stoxx 600	2.4%	2.0%	-9.4%	-6.7%

	2015	2016e	2017e	2018e
P/E	13.5x	14.4x	15.1x	14.6x
Div yield (%)	4.9%	4.9%	4.9%	4.9%

#### ANALYSIS

- The first Crestor generic rosuvastatin was approved and immediately launched in the US by Allergan yesterday, under the terms of an agreement reached in 2013 between AstraZeneca and Actavis, now part of Allergan. The patent holder has allowed the company to launch generic versions of the 5, 10, 20 and 40 mg tablets of Crestor 67 days before the expiry of pediatric exclusivity which is 8th July 2016.
- During this period of exclusivity granted to Allergan, the company will pay 39% of net sales of the product to AstraZeneca (we have assumed 39% x USD300m). Allergan is also allowed to launch a zinc alternate salt of rosuvastatin but we haven't heard of an intention to do so.
- Over the last four quarters, Crestor generated around USD2.9bn in sales in the US and we have assumed a sharp decline in the coming 12-18 months such that in 2017, Crestor would total only USD200m in reported sales. Crestor is set to lose its patent in most the key countries by the end of 2017, including in France, its second biggest market mid-2017.

#### VALUATION

- Overall, we see the drug collapsing from USD5bn in sales in 2015 to USD1.8bn in 2017 and USD1.3bn in 2018, when most of the remaining part will stem from emerging markets.
- This is of course well factored into the company's guidance and consensus numbers. No change.

#### NEXT CATALYSTS

- 26th May 2016: PDUFA date for ZS-9 in hyperkalaemia

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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