



Healthcare

NOVARTIS (BUY - Top Picks, FV CHF100) | Amneal supply issues represent an opportunity for Sandoz

- Yesterday Amneal Pharmaceuticals issued a press release to announce a “comprehensive restructuring plan” to reduce costs, right size its organization and optimize its global manufacturing infrastructure. These decisions were taken in response to continuing market pressures and additional competition on key generics, delays in product approvals and launches and also because “uncertainty of supply” from its third-party supplier for the epinephrine auto-injector Adrenaclick, the main competitor to Mylan’s EpiPen, which was taking profit from supply issues and gap coverage from the iconic brand, which had also been under attack because of excessive price increases.
- There is no good time for supply issues but this particular market has of course a significant seasonality in sales because in Q3 parents and schools are usually stocking up epinephrine injectors for the upcoming school year.
- Almost simultaneously Adamis announced that its partner Sandoz in the US had just made its competing product Symjepi available in retail pharmacies under the 0.3 and 0.15 mg doses across the country. This initiative is seen as at least partly behind Amneal’s comment since Symjepi was launched earlier this year (to hospitals and hospital providers) for USD250 the two-pack which compared to USD600 for EpiPen. Since then, Mylan launched an half-priced authorized generic. Although it is under pressure and for Sandoz a shared-profit product, Symjepi is an opportunity to help the US business reduce its decline, which we do expect to see in the Q3 numbers too.

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