

STIFEL

Salix Pharmaceuticals, Ltd.
SLXP – NASDAQ
Hold
Pharmaceuticals: Specialty

Analysis of Sales/Earnings

3Q14: Uncovered Inventories Leaves Many Open Questions; Downgrade to Hold

SLXP reported 3Q14 mired in more wholesaler inventory issues, an audit, and a CFO resignation. Reported revenues fell well below expectations at \$355mn (Consensus \$392), seemingly from lower-than-expected sales of key products, higher-than-budgeted wholesaler discounts, and higher rebates on SNTS products. Surprisingly, EPS were in line with guidance at \$1.53. Though demand for the products remains robust (based on prescription trends), given the revelation of enormous wholesaler inventories that have to work out of the channel (as much as nine months for Xifaxan and Apriso), we no longer have faith in SLXP's past demand or inventory calculations. Furthermore, lack of clarity on the pace of inventory work down injects significant ambiguity in the numbers. We have lost confidence in our projection abilities and do not expect clarity for several quarters. We downgrade to Hold.

Issues cloud decent prescription growth: Though prescription demand for its key products remains robust (Xifaxan 23% y/y, Apriso 15% y/y, Uceris +76% y/y), SLXP financial performance has been clouded by significantly miscalculated wholesaler inventories, rebates and sales performance. Last quarter, we were led to believe that SLXP products were experiencing inventory destocking from 10-12 weeks (to 6-8 weeks) with solid underlying demand. Instead, we learned that inventory levels have been stable for Xifaxan/Apriso at nine months and Glumetza/Uceris at seven and five months, respectively. Based on this discovery, SLXP is undergoing an audit of its inventories and cannot provide explanation of the disconnect with past quarters, nor firm guidance regarding future destocking impact. For now, SLXP significantly lowered 2014 revenue guidance to \$1.4bn (from \$1.6bn), suggesting a big (and almost arbitrary) hit to 4Q14, with concurrent impact EPS to \$5.20 (from \$6.16) with managed expenses.

Remediation through distribution agreements: To improve inventory visibility, SLXP will enter into distribution service agreements (DSA) with expectation of maintaining three months in the channel (still large by industry standards). This suggests that up to six months of inventory (~\$600mn) has to come out of numbers for the foreseeable future. SLXP indicated it will work these down in a controlled manner through 2016, but could provide no clarity on the actual speed, given simultaneous demand growth for its products. Assuming even work down, we expect \$75mn/quarter revenue hit, or ~\$300mn/year, significantly impacting 2015/16 projections. See Changes Table.

Acquisition prospects temper: While we still believe that SLXP represents the best specialty GI franchise, we believe these irregularities have exposed deeper financial management issues at the company. If there is a silver lining, we believe there are multiple players who could see this vulnerability as an opportunity to grab premier assets in the space, but immediacy of take-out is less certain.

Changes	Previous	Current
Rating	Buy	Hold
Target Price	\$185.00	NA
FY14E EPS	\$6.16	\$5.35
FY15E EPS	\$7.31	\$5.90
FY14E Rev (Net)	\$1.60B	\$1.45B
FY15E Rev (Net)	\$2.03B	\$1.68B

Price (11/06/14):	\$138.55
52-Week Range:	\$173 – \$71
Market Cap.(mm):	10,290.1
Shr.O/S-Diluted (mm):	74.3
Avg Daily Vol (3 Mo):	1,855,704
Dividend(\$ / %)	\$0.00 / 0.0%
S&P Index	1,980.40

EPS	2013A	2014E	2015E
Q1	\$0.63	\$1.05A	\$NE
Q2	0.76	1.59A	NE
Q3	0.89	1.53A	NE
Q4	1.06	1.17	NE
FY Dec	\$3.37A	\$5.35	\$5.90
P/E	41.1x	25.9x	23.5x

Quarterly EPS do not add to annual as annual sharecount is an average.

Rev (Net)	2013A	2014E	2015E
FY Dec	\$933.8A	\$1.45B	\$1.68B

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All relevant disclosures and certifications appear on pages 8 - 9 of this report.

Outlook: We recognize that these inventory issues are temporary and only cloud the true value and growth of SLXP's premier GI portfolio and attractive pipeline. However, we see no clarity in the near term, see possibility for more rapid work down, and no longer have conviction in true financial performance into 2015. This increased risk premium brings us to Hold.

Other issues:

Sales turnover high, but prescription growth seems marginal: Inventory issues aside, SLXP highlighted a significant amount of turnover among its SNTS/Inventiv sales force (35-40%) that it believes resulted in a shortfall relative to expectations. We find this surprising as we did not see this within IMS prescription trends, which have shown consistent growth throughout the year for ALL core products. SLXP has re-hired and re-trained these reps.

Other explanations...or questions: Based on reversal of "inventory de-stocking" from last quarter, and seemingly robust prescription trends, we question whether lighter 1H14 was more related to higher discounting to wholesalers than initially disclosed. Finally, that inventories has reached as high as nine months, we question how long this inventory has been building unnoticed. Bottom line, we have little clarity on historical performance, and hence future performance.

Pipeline developments:

Xifaxan 550 IBS-d: FDA has set a PDUFA date of Feb 28, 2015.

Oral Relistor NDA: Following discussions with FDA, SLXP expects to file Oral Relistor NDA by end of 2Q15, faster than we had expected. The proposal is for a change in formulation and dose from the currently approved. FDA will consider the robustness of efficacy data as well as its tolerability relative to the SubQ formulation, recently approved for non-cancer OIC. In the interim, SLXP will conduct preclinical PK and drug-drug interaction studies.

Ruconest: FDA approved Ruconest for acute HAR and has recently launched.

Uceris Foam: FDA approved the foam in October, with launch pending.

Management Guidance & Estimates					
	Management Guidance		Stifel Estimates		Street Consensus
	New	Prior	New	Prior	
4Q14					
Revenues	\$325mn		\$355mn	\$396mn	\$394.6mn
Gross margin	80%				
R&D	\$38mn		\$48mn		
SG&A	\$101mn		\$110mn		
EBITDA	\$120mn		\$161mn	\$157mn	
Tax Rate	1%		7%	6%	
Net Income (Non-GAAP)	\$92mn		\$122mn	\$122mn	
EPS (Non-GAAP)	\$1.16		\$1.53	\$1.61	\$1.6mn
Share count	79mn		\$80mn	\$76mn	
FY 2014					
Revenues	\$1,400mn	\$1,600mn	\$1,446mn	\$1,604mn	\$1,598mn
Gross margins	79%	78%	77.3%	77.3%	
R&D	\$145mn	\$165mn			
SG&A	\$416mn	\$430mn			
EBITDA	\$573mn	\$650mn	\$576mn	\$644mn	
Tax Rate	13%	12%	12%	13%	
Net Income (Non-GAAP)	\$400mn	\$475mn	\$412mn	\$465mn	
EPS (Non-GAAP)	\$5.20	\$6.16	\$5.35	\$6.17	\$6.19
Share count	77mn		77.1mn	75.3mn	

Source: Company data, FactSet, Stifel estimates

Company Description

Salix Pharmaceuticals is a specialty pharmaceutical company focused exclusively on gastroenterology. The company currently markets Xifaxan for travelers' diarrhea and hepatic encephalopathy, Relistor for advanced-illness chronic pain-related OIC, Colazal/Giazo for ulcerative colitis, OsmoPrep and MoviPrep for cleansing the colon prior to colonoscopy, and multiple other products to high-prescribing gastroenterologists via an approximate 170-person internal sales force and 40 key account managers.

Model Changes

	Previous Estimates										
<i>\$ thousands, except per share data</i>	FY2012	FY2013	1Q14	2Q14	3Q14E	4Q14E	FY2014E	FY2015E	FY2016E	FY2017E	FY2018
Revenues	\$ 735,445	\$ 933,838	\$ 384,374	\$ 382,000	\$ 384,851	\$ 446,794	\$ 1,598,019	\$ 2,028,158	\$ 2,131,788	\$ 2,426,659	\$ 2,794,505
Cost of Goods Sold	124,597	179,392	97,566	82,625	83,128	96,508	359,826	324,505	294,826	326,628	377,258
Operating Expenses											
Selling, General & Administrative	236,776	262,043	108,795	107,433	107,758	116,167	440,153	517,180	554,265	618,798	670,681
Research & Development	117,680	149,974	52,758	37,231	39,255	37,978	167,221	202,816	208,915	237,813	251,505
Other Operating (Licenses, Royalties, etc.)	-	-	(14,500)	-	-	-	(14,500)	-	-	-	-
Operating Expenses	354,456	412,017	147,053	144,664	147,013	154,144	592,874	719,996	763,180	856,611	922,187
EBITDA	\$ 256,392	\$ 342,429	\$ 139,755	\$ 154,711	\$ 154,710	\$ 196,143	\$ 645,319	\$ 983,657	\$ 1,073,781	\$ 1,243,420	\$ 1,495,060
Depreciation & Amortization	-	-	(9,500)	-	-	-	(9,500)	-	-	-	-
Operating Income	\$ 256,392	\$ 342,429	\$ 149,255	\$ 154,711	\$ 154,710	\$ 196,143	\$ 654,819	\$ 983,657	\$ 1,073,781	\$ 1,243,420	\$ 1,495,060
Pre-tax Income	233,091	344,436	120,604	125,688	125,710	167,143	539,145	879,657	977,781	1,147,420	1,399,060
Taxes	27,647	121,505	42,700	5,700	6,914	9,193	64,507	307,880	342,224	401,597	489,671
Net Income	\$ 205,444	\$ 222,931	\$ 77,904	\$ 119,988	\$ 118,796	\$ 157,950	\$ 474,638	\$ 571,777	\$ 635,558	\$ 745,823	\$ 909,389
Diluted EPS	\$ 3.21	\$ 3.37	\$ 1.05	\$ 1.59	\$ 1.54	\$ 1.97	\$ 6.16	\$ 7.31	\$ 8.08	\$ 9.44	\$ 11.45
Diluted Shares Outstanding	63,934	66,063	73,900	75,453	77,000	80,000	77,088	78,245	78,636	79,029	79,424

	Change in Estimates										
(In thousands, except per share data)	FY2012	FY2013	1Q14	2Q14	3Q14A	4Q14E	FY2014E	FY2015E	FY2016E	FY2017E	FY2018E
Revenues	\$ -	\$ -	\$ -	\$ -	\$ (30,132)	\$ (121,522)	\$ (151,653)	\$ (348,665)	\$ (311,804)	\$ (5,679)	\$ (4,370)
Cost of Goods Sold	-	-	-	-	570	(31,453)	(30,883)	(55,786)	(43,122)	(764)	(590)
Operating Expenses											
Selling, General & Administrative	-	-	-	-	1,746	(15,167)	(13,421)	(88,909)	(81,069)	(1,448)	(1,049)
Research & Development	-	-	-	-	8,582	22	8,605	(34,866)	(30,557)	(557)	(393)
Other Operating (Licenses, Royalties, etc.)	-	-	-	-	(47,500)	1,000	(46,500)	-	-	-	-
Operating Expenses	-	-	-	-	(37,172)	(14,144)	(51,316)	(123,776)	(111,626)	(2,005)	(1,442)
EBITDA	\$ -	\$ -	\$ -	\$ -	\$ 6,470	\$ (75,925)	\$ (69,454)	\$ (169,102)	\$ (157,056)	\$ (2,910)	\$ (2,338)
Depreciation & Amortization	-	-	-	-	-	-	-	-	-	-	-
Operating Income	\$ -	\$ -	\$ -	\$ -	\$ 6,470	\$ (75,925)	\$ (69,454)	\$ (169,102)	\$ (157,056)	\$ (2,910)	\$ (2,338)
Pre-tax Income	-	-	-	-	5,470	(73,925)	(68,454)	(169,102)	(157,056)	(2,910)	(2,338)
Taxes	-	-	-	-	2,086	(8,193)	(6,107)	(59,186)	(54,969)	(1,018)	(818)
Net Income	\$ -	\$ -	\$ -	\$ -	\$ 3,384	\$ (65,732)	\$ (62,348)	\$ (109,916)	\$ (102,086)	\$ (1,891)	\$ (1,520)
Diluted EPS	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.81)	\$ (0.81)	\$ (1.40)	\$ (1.30)	\$ (0.02)	\$ (0.02)
Diluted Shares Outstanding	-	-	-	-	2,900	(1,000)	(25)	(25)	(26)	(26)	(26)

	Current Estimates										
<i>\$ thousands, except per share data</i>	FY2012	FY2013	1Q14	2Q14	3Q14A	4Q14E	FY2014E	FY2015E	FY2016E	FY2017E	FY2018E
Revenues	\$ 735,445	\$ 933,838	\$ 384,374	\$ 382,000	\$ 354,719	\$ 325,273	\$ 1,446,366	\$ 1,679,493	\$ 1,819,984	\$ 2,420,980	\$ 2,790,135
Cost of Goods Sold	124,597	179,392	97,566	82,625	83,698	65,055	328,944	268,719	251,704	325,864	376,668
Operating Expenses											
Selling, General & Administrative	236,776	262,043	108,795	107,433	109,504	101,000	426,732	428,271	473,196	617,350	669,632
Research & Development	117,680	149,974	52,758	37,231	47,837	38,000	175,826	167,949	178,358	237,256	251,112
Other Operating (Licenses, Royalties, etc.)	-	-	(14,500)	-	(47,500)	1,000	(61,000)	-	-	-	-
Operating Expenses	354,456	412,017	147,053	144,664	109,841	140,000	541,558	596,220	651,554	854,606	920,745
EBITDA	\$ 256,392	\$ 342,429	\$ 139,755	\$ 154,711	\$ 161,180	\$ 120,218	\$ 575,864	\$ 814,554	\$ 916,726	\$ 1,240,510	\$ 1,492,722
Depreciation & Amortization	-	-	(9,500)	-	-	-	(9,500)	-	-	-	-
Operating Income	\$ 256,392	\$ 342,429	\$ 149,255	\$ 154,711	\$ 161,180	\$ 120,218	\$ 585,364	\$ 814,554	\$ 916,726	\$ 1,240,510	\$ 1,492,722
Pre-tax Income	233,091	344,436	120,604	125,688	131,180	93,218	470,690	710,554	820,726	1,144,510	1,396,722
Taxes	27,647	121,505	42,700	5,700	9,000	1,000	58,400	248,694	287,254	400,579	488,853
Net Income	\$ 205,444	\$ 222,931	\$ 77,904	\$ 119,988	\$ 122,180	\$ 92,218	\$ 412,290	\$ 461,860	\$ 533,472	\$ 743,932	\$ 907,870
Diluted EPS	\$ 3.21	\$ 3.37	\$ 1.05	\$ 1.59	\$ 1.53	\$ 1.17	\$ 5.35	\$ 5.90	\$ 6.79	\$ 9.42	\$ 11.43
Diluted Shares Outstanding	63,934	66,063	73,900	75,453	79,900	79,000	77,063	78,219	78,610	79,003	79,398

Source: Company data, Stifel estimates

Salix Pharmaceuticals, Inc. (SLXP)

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Fiscal year ending December 31

Consolidated Income Statement (FY 2009 - 2018E)

(In thousands, except per share data)

	FY2009	FY2010	FY2011	FY2012	FY2013	1Q14	2Q14	3Q14A	4Q14E	FY2014E	FY2015E	FY2016E	FY2017E	FY2018E
Revenues														
Product Sales	232,890	336,973	540,488	735,445	933,838	384,374	382,000	354,719	325,273	1,446,366	1,679,493	1,819,984	2,420,980	2,790,135
Collaborative Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenues	\$ 232,890	\$ 336,973	\$ 540,488	\$ 735,445	\$ 933,838	\$ 384,374	\$ 382,000	\$ 354,719	\$ 325,273	\$1,446,366	\$1,679,493	\$1,819,984	\$2,420,980	\$2,790,135
Cost of Goods Sold														
Product Sales	52,025	68,677	95,369	124,597	179,392	97,566	82,625	83,698	61,825	325,714	253,988	235,420	296,666	327,701
Collaborative Agreements	-	-	-	-	-	-	-	-	3,230	12,919	14,731	16,284	29,198	48,968
Cost of Goods Sold	52,025	68,677	95,369	124,597	179,392	97,566	82,625	83,698	65,055	328,944	268,719	251,704	325,864	376,668
Gross Profit	180,865	268,296	445,119	610,848	754,446	286,808	299,375	271,021	260,218	1,117,422	1,410,775	1,568,280	2,095,116	2,413,467
Operating Expenses														
Research & Development	88,966	70,779	85,823	117,680	149,974	52,758	37,231	47,837	38,000	175,826	167,949	178,358	237,256	251,112
Selling, General & Administrative	120,020	145,827	170,884	236,776	262,043	108,795	107,433	109,504	101,000	426,732	428,271	473,196	617,350	669,632
Other Operating (Licenses, Royalties, etc.)	500	-	-	-	-	(14,500)	-	(47,500)	1,000	(61,000)	-	-	-	-
Operating Expenses	209,486	216,606	256,707	354,456	412,017	147,053	144,664	109,841	140,000	541,558	596,220	651,554	854,606	920,745
EBITDA	\$ (28,621)	\$ 51,690	\$ 188,412	\$ 256,392	\$ 342,429	\$ 139,755	\$ 154,711	\$ 161,180	\$ 120,218	\$ 575,864	\$ 814,554	\$ 916,726	\$1,240,510	\$1,492,722
Depreciation & Amortization	11,485	-	-	-	-	(9,500)	-	-	-	(9,500)	-	-	-	-
Operating Income	\$ (40,106)	\$ 51,690	\$ 188,412	\$ 256,392	\$ 342,429	\$ 149,255	\$ 154,711	\$ 161,180	\$ 120,218	\$ 585,364	\$ 814,554	\$ 916,726	\$1,240,510	\$1,492,722
Non-Operating Income														
Interest Income (Expense), Net	(5,525)	(8,331)	(12,796)	(24,829)	(10,015)	(28,960)	(29,000)	(28,200)	(27,000)	(113,160)	(104,000)	(96,000)	(96,000)	(96,000)
Other Non-Operating Income (Expense), Net	-	2,627	2,349	1,528	12,022	309	(23)	(1,800)	-	(1,514)	-	-	-	-
Pretax Income	(45,631)	45,986	177,965	233,091	344,436	120,604	125,688	131,180	93,218	470,690	710,554	820,726	1,144,510	1,396,722
Taxes														
Tax Rate	4%	2.858%	(1,298)%	27,647%	121,505%	42,700%	5,700%	9,000%	1,000%	58,400%	248,694%	287,254%	400,579%	488,853%
Net Income (Non-GAAP)	\$ (43,619)	\$ 43,128	\$ 179,263	\$ 205,444	\$ 222,931	\$ 77,904	\$ 119,988	\$ 122,180	\$ 92,218	\$ 412,290	\$ 461,860	\$ 533,472	\$ 743,932	\$ 907,870
EPS (Non-GAAP)	\$ (0.88)	\$ 0.75	\$ 2.62	\$ 3.21	\$ 3.37	\$ 1.05	\$ 1.59	\$ 1.53	\$ 1.17	\$ 5.35	\$ 5.90	\$ 6.79	\$ 9.42	\$ 11.43
Diluted Shares Outstanding	49,350	65,156	65,483	63,934	66,063	73,900	75,453	79,900	79,000	77,063	78,219	78,610	79,003	79,398
Margin & Expense Analysis														
Gross Margin (Product Sales)	77.7%	79.6%	82.4%	83.1%	80.8%	74.6%	78.4%	76.4%	80.0%	77.3%	84.0%	86.2%	86.5%	86.5%
Gross Margin	77.7%	79.6%	82.4%	83.1%	80.8%	74.6%	78.4%	76.4%	80.0%	77.3%	84.0%	86.2%	86.5%	86.5%
EBITDA Margin	-12.3%	15.3%	34.9%	34.9%	36.7%	36.4%	40.5%	45.4%	37.0%	39.8%	48.5%	50.4%	51.2%	53.5%
Operating Margin	-17.2%	15.3%	34.9%	34.9%	36.7%	38.8%	40.5%	45.4%	37.0%	40.5%	48.5%	50.4%	51.2%	53.5%
Pretax Margin	-19.6%	13.6%	32.9%	31.7%	36.9%	31.4%	32.9%	37.0%	28.7%	32.5%	42.3%	45.1%	47.3%	50.1%
Net Margin	-18.7%	12.8%	33.2%	27.9%	23.9%	20.3%	31.4%	34.4%	28.4%	28.5%	27.5%	29.3%	30.7%	32.5%
Expenses as a % of Revenues														
Selling, General & Administrative	51.5%	43.3%	31.6%	32.2%	28.1%	28.3%	28.1%	30.9%	31.1%	29.5%	25.5%	26.0%	25.5%	24.0%
Research & Development	38.2%	21.0%	15.9%	16.0%	16.1%	13.7%	9.7%	13.5%	11.7%	12.2%	10.0%	9.8%	9.8%	9.0%
Other Operating (Licenses, Royalties, etc.)	0.2%	0.0%	0.0%	0.0%	0.0%	-3.8%	0.0%	-13.4%	0.3%	-4.2%	0.0%	0.0%	0.0%	0.0%
Depreciation & Amortization	4.9%	0.0%	0.0%	0.0%	0.0%	-2.5%	0.0%	0.0%	0.0%	-0.7%	0.0%	0.0%	0.0%	0.0%
Year/ Year Growth														
Revenues	30.3%	44.7%	60.4%	36.1%	27.0%	89.7%	62.2%	48.9%	26.3%	54.9%	16.1%	8.4%	33.0%	15.2%
Gross Profit	27.3%	48.3%	65.9%	37.2%	23.5%	69.2%	58.4%	38.8%	29.7%	48.1%	26.3%	11.2%	33.6%	15.2%
EBITDA	n/a	n/a	264.5%	36.1%	33.6%	100.4%	114.3%	63.5%	18.0%	68.2%	41.4%	12.5%	35.3%	20.3%
Operating Income	n/a	n/a	264.5%	36.1%	33.6%	114.0%	114.3%	63.5%	18.0%	70.9%	39.2%	12.5%	35.3%	20.3%
Pretax Income	n/a	n/a	287.0%	31.0%	47.8%	73.0%	51.7%	39.1%	-4.5%	36.7%	51.0%	15.5%	39.5%	22.0%
Net Income (Non-GAAP)	n/a	n/a	315.7%	14.6%	8.5%	94.1%	142.3%	104.3%	25.5%	84.9%	12.0%	15.5%	39.5%	22.0%
Diluted Shares Outstanding	3.0%	32.0%	0.5%	-2.4%	3.3%	16.5%	16.2%	19.6%	14.3%	16.7%	1.5%	0.5%	0.5%	0.5%

Source: Company data, Stifel estimates

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Fiscal year ending December 31

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Full Product Model (FY 2009 - 2018E)

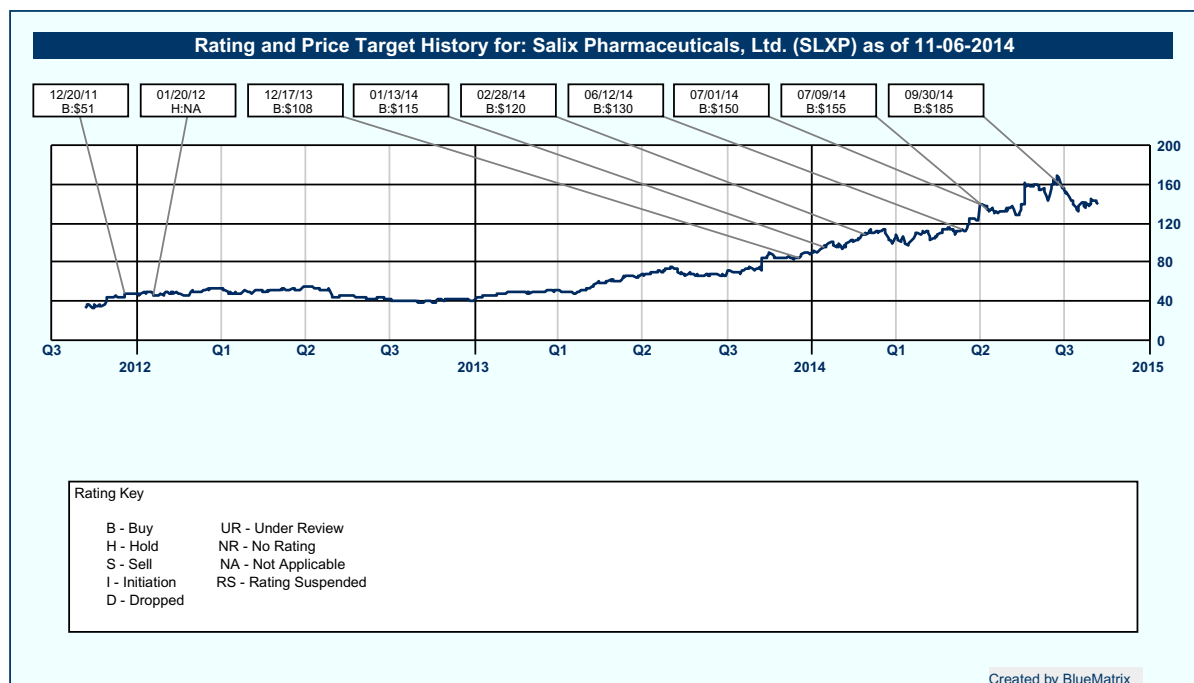
(\$ in thousands except per share data)

	FY2009	FY2010	FY2011	FY2012	FY2013	1Q14	2Q14	3Q14A	4Q14E	FY2014E	FY2015E	FY2016E	FY2017E	FY2018E
SLXP Product Sales														
Xifaxan	\$ 117,939	\$ 250,459	\$ 371,660	\$ 514,540	\$ 645,600	\$ 114,300	\$ 140,500	\$ 159,700	\$ 169,733	\$ 584,233	\$ 754,215	\$ 931,699	\$ 1,311,631	\$ 1,483,355
Growth Rate	47.6%	112.4%	48.4%	38.4%	25.5%	-25.4%	-6.7%	-3.7%	-3.5%	-9.5%	29.1%	23.5%	40.8%	13.1%
Xifaxan	\$ 117,939	\$ 250,459	\$ 371,660	\$ 514,540	\$ 645,600	\$ 114,300	\$ 140,500	\$ 159,700	\$ 169,733	\$ 584,233	\$ 754,215	\$ 931,699	\$ 1,311,631	\$ 1,483,355
Growth Rate	47.6%	112.4%	48.4%	38.4%	25.5%	-25.4%	-6.7%	-3.7%	-3.5%	-9.5%	29.1%	23.5%	40.8%	13.1%
Inflammatory Bowel Disease	\$ 5,782	\$ 24,459	\$ 51,551	\$ 84,203	\$ 119,517	\$ 6,200	\$ 25,371	\$ 26,500	\$ 28,804	\$ 86,875	\$ 147,260	\$ 165,354	\$ 223,580	\$ 242,322
Growth Rate	-45.2%	323.0%	110.8%	63.3%	41.9%	-65.6%	-35.8%	-31.0%	22.1%	-27.3%	69.5%	12.3%	35.2%	8.4%
Colazal / Giazio	\$ (4,666)	\$ 1,257	\$ 2,151	\$ 13,913	\$ (10,103)	\$ (8,000)	\$ (5,429)	\$ -	\$ 234	\$ (13,195)	\$ (4,930)	\$ (5,180)	\$ (5,442)	\$ (5,717)
Growth Rate	-428.1%	-126.9%	71.1%	546.7%	-172.6%	-2789.2%	-1909.7%	-100.0%	-102.1%	30.6%	-62.6%	5.1%	5.1%	5.1%
Apriso	\$ 10,448	\$ 23,202	\$ 49,400	\$ 70,290	\$ 129,620	\$ 14,200	\$ 30,800	\$ 26,500	\$ 28,570	\$ 100,070	\$ 152,190	\$ 170,534	\$ 229,022	\$ 248,039
Growth Rate	14.5%	122.1%	112.9%	42.3%	84.4%	-19.9%	-21.4%	-30.4%	-17.4%	-22.8%	52.1%	12.1%	34.3%	8.3%
Purgatives	\$ 76,287	\$ 54,207	\$ 86,611	\$ 64,872	\$ 84,034	\$ 7,100	\$ 9,100	\$ (1,181)	\$ 1,892	\$ 16,911	\$ 114,822	\$ 123,637	\$ 133,079	\$ 143,188
Growth Rate	21.4%	-28.9%	59.8%	-25.1%	29.5%	-49.3%	-56.3%	-106.2%	-93.7%	-79.9%	579.0%	7.7%	7.6%	7.6%
Visicol	\$ (1,778)	\$ 181	\$ 307	\$ 191	\$ 10,916	\$ -	\$ -	\$ 30	\$ 148	\$ 178	\$ 3,086	\$ 3,306	\$ 3,541	\$ 3,794
Growth Rate	32.9%	-110.2%	69.4%	-37.7%	5618.3%	-100.0%	-100.0%	-35.2%	-98.0%	-98.4%	1637.2%	7.1%	7.1%	7.1%
OsmoPrep	\$ 20,441	\$ 10,890	\$ 10,897	\$ 11,014	\$ 9,383	\$ 2,344	\$ 3,260	\$ 1,796	\$ 1,744	\$ 9,144	\$ 12,403	\$ 13,093	\$ 13,821	\$ 14,589
Growth Rate	-32.7%	-46.7%	0.1%	1.1%	-14.8%	6.5%	26.5%	-18.0%	-27.8%	-2.5%	35.6%	5.6%	5.6%	5.6%
MoviPrep	\$ 57,624	\$ 43,136	\$ 75,407	\$ 53,667	\$ 63,735	\$ 4,756	\$ 5,840	\$ (2,966)	\$ -	\$ 7,630	\$ 99,332	\$ 107,238	\$ 115,716	\$ 124,805
Growth Rate	70.2%	-25.1%	74.8%	-28.8%	18.8%	-59.3%	-60.3%	-117.5%	-100.0%	-88.0%	1201.9%	8.0%	7.9%	7.9%
Other Products	\$ 32,882	\$ 7,848	\$ 30,666	\$ 71,830	\$ 83,486	\$ 12,848	\$ 24,150	\$ 23,800	\$ 22,176	\$ 82,974	\$ 170,012	\$ 200,249	\$ 272,067	\$ 368,549
Growth Rate	29.3%	-76.1%	290.7%	134.2%	16.2%	-25.7%	3.5%	62.1%	-21.3%	-0.6%	104.9%	17.8%	35.9%	35.5%
Relistor			\$ 19,800	\$ 33,090	\$ 39,360	\$ 4,900	\$ 9,000	\$ 10,800	\$ 10,639	\$ 35,339	\$ 43,412	\$ 47,930	\$ 100,164	\$ 182,333
Growth Rate			67.1%	18.9%	18.9%	-35.2%	5.9%	151.2%	-44.0%	10.4%	22.8%	10.4%	109.0%	82.0%
Fulyzaq (crofelemer)			\$ -	\$ -	\$ 1,198	\$ 500	\$ 1,250	\$ -	\$ -	\$ 1,750	\$ 40,000	\$ 50,000	\$ 55,000	\$ 58,000
Growth Rate	n/a	n/a	n/a	n/a	n/a	67.8%	316.7%	-100.0%	-100.0%	46.1%	2185.7%	25.0%	10.0%	5.5%
Budesonide Foam			\$ -	\$ -	\$ -				\$ -	\$ -	\$ 25,000	\$ 36,000	\$ 42,000	\$ 45,000
Growth Rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	44.0%	16.7%	7.1%
Solesta				\$ 2,910	\$ 5,980	\$ 600	\$ 1,200	\$ -	\$ 3,887	\$ 5,687	\$ 20,558	\$ 25,163	\$ 33,611	\$ 41,763
Growth Rate				n/a	105.5%	-49.2%	-20.0%	-100.0%	159.1%	-4.9%	261.5%	22.4%	33.6%	397.0%
Deflux				\$ 28,900	\$ 25,960	\$ 5,900	\$ 6,000	\$ 7,000	\$ 6,720	\$ 25,620	\$ 26,901	\$ 27,439	\$ 27,988	\$ 28,548
Growth Rate				-10.2%	-16.4%	1.7%	1.5%	1.5%	5.0%	-1.3%	5.0%	2.0%	2.0%	2.0%
Other Products	\$ 32,882	\$ 7,848	\$ 10,866	\$ 6,930	\$ 10,988	\$ 948	\$ 6,700	\$ 6,000	\$ 929	\$ 14,578	\$ 14,140	\$ 13,716	\$ 13,305	\$ 12,905
Growth Rate		-76.1%	38.5%	-36.2%	58.6%	-20.0%	-5.0%	-5.0%	-5.0%	32.7%	-3.0%	-3.0%	-3.0%	-3.0%
SNTS Product Sales														
Zegerid Franchise	\$ 119,242	\$ 89,470	\$ 43,238	\$ 48,037	\$ 95,660	\$ 37,600	\$ 27,200	\$ 27,000	\$ 28,743	\$ 120,543	\$ 113,806	\$ 89,477	\$ 58,206	\$ 53,881
Growth Rate	17.8%	-25.0%	-51.7%	11.1%	99.1%	52.7%	25.9%	-0.4%	28.7%	26.0%	-5.6%	-21.4%	-34.9%	-7.4%
Zegerid Royalties (GSK/MRK)	\$ 29,621	\$ 3,806	\$ 3,295	\$ 3,433	\$ 3,410	\$ 200	\$ 900	\$ -	\$ 900	\$ 2,000	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Growth Rate		-87.2%	-13.4%	4.2%	-0.7%	-78.3%	3.8%	-100.0%	0.0%	-41.3%	80.0%	0.0%	0.0%	0.0%
Uceris (Budesonide MMX)	\$ -	\$ -	\$ -	\$ -	\$ 64,875	\$ 62,900	\$ 42,500	\$ 49,300	\$ 34,476	\$ 189,176	\$ 193,523	\$ 250,542	\$ 305,192	\$ 377,779
Growth Rate	n/a	n/a	n/a	n/a	n/a	853.0%	162.3%	151.5%	53.4%	191.6%	2.3%	29.5%	21.8%	474.7%
Rifamycin SV MMX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Growth Rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cycloset	\$ -	\$ 700	\$ 8,639	\$ 14,400	\$ 17,400	\$ 10,100	\$ 7,500	\$ 6,700	\$ 5,500	\$ 29,800	\$ 27,000	\$ 30,000	\$ 32,000	\$ 34,000
Growth Rate	n/a	n/a	1134.1%	66.7%	20.8%	159.0%	74.4%	59.5%	10.0%	71.3%	-9.4%	11.1%	6.7%	6.3%
Fenoglide	\$ -	\$ -	\$ -	\$ 7,100	\$ 7,700	\$ 2,826	\$ 2,079	\$ -	\$ 2,079	\$ 6,984	\$ 7,543	\$ 3,771	\$ 1,886	\$ 1,697
Growth Rate	n/a	n/a	n/a	n/a	8.5%	48.7%	4.0%	-100.0%	-5.5%	-9.3%	8.4%	-50.0%	-60.0%	-10.0%
Ruconest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ 30,000	\$ 37,000	\$ 45,000	\$ 52,000
Growth Rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23.3%	21.6%	21.6%	15.6%
Glumetza Revenues	\$ 23,631	\$ 31,374	\$ 63,615	\$ 145,001	\$ 178,111	\$ 130,300	\$ 102,700	\$ 62,900	\$ 30,970	\$ 326,870	\$ 117,714	\$ (15,346)	\$ 34,739	\$ 29,764
Growth Rate	365.3%	32.8%	102.8%	127.9%	22.8%	214.0%	131.3%	38.0%	-33.6%	83.5%	-64.0%	-113.0%	-326.4%	-14.3%
Company Total														
Total Revenues	232,890	336,973	540,488	735,445	933,838	384,374	382,000	354,719	325,273	1,453,866	1,679,493	1,819,984	2,420,980	2,790,135
Growth Rate	-23.5%	44.7%	60.4%	36.1%	27.0%	89.7%	62.2%	48.9%	26.3%	55.7%	15.5%	8.4%	33.0%	15.2%

Source: Company data, Stifel estimates

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