



Rating
Buy

North America
United States

Health Care
Biotechnology

Company
Aegerion Alert

Reuters: AEGR.OQ Bloomberg: AEGR.UQ Exchange: NMS Ticker: AEGR

Date
18 November 2013

Company Update

Price at 15 Nov 2013 (USD)	74.73
Price target	115.00
52-week range	97.24 - 20.17

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Update post speaking with Management

We spoke to AEGR management regarding their plans for 2014 and are updating our model to reflect the information. In particular we are raising our SG&A expenses in 2014 in-line with the company's plans to invest in sales and marketing. Our model also reflects the company guidance of becoming profitable in 2H'14. **Notably, the co would provide 2014 guidance at JPM conference early next year.**

Incremental color on SG&A increase. Invest upfront with 3 year outlook. Acc to management, they believe it is more prudent to invest in SG&A keeping a 3 year outlook and invest upfront for those years. The co would be increasing sales force substantially in 2014 instead of increasing sales force every year. Before the launch of Juxtapid, the co guided for 15 sales reps in the US. We believe the number is higher now and is expected to increase.

Focus on customer care to help with prescriptions/reimbursement. The co will be making investments in all three buckets of SG&A 1) sales, 2) marketing and 3) medical affairs. The co expects to make substantial investments in customer care reps who take care of reimbursement and prescription generation. The co. launched with 4 customer care reps and now have 8 such reps. The co expects to increase this to 20 by YE 2013 and to 40 by YE 2014. **We are now modeling 2014 SG&A expenses at \$125M vs. \$95M prev. This is ~67%(\$50M) higher vs. current SG&A run rate of \$75M (Q3'13).**

Guidance raise in Q3'13 was a reflection of management style. 4Q would likely come in line with the guidance. Management style is conservative at the beginning of the year but likely will be in-line toward end of year. The company seems confident of achieving 2013 guidance as the company has good visibility about scripts which would lead to new patient starts in 4Q. 4Q'13 numbers would likely come in-line in given management style. This guidance assumes shipping delays due to some patients delaying treatment which comes with diet modifications till holidays end. The guidance also accounts for less shipping days in 4Q.

Given the increase in expenses, we are now modeling the company becoming profitable in 2H'14 which is in-line with the guidance.

2014 to be reimbursement year in the EU. Consensus might be high. Management also noted that 2014 would be the year of reimbursement negotiations in the EU and they do not expect substantial revenues from the EU in 2014. The company expects most of the EU companies to come online by the end of 2014. We are reducing our EU revenues to \$10M vs. \$13M previous and note that consensus is at \$17M for 2014 EU revenues. SBC to increase in 2014 due to stock price increase. We are raising SBC to \$30M vs. \$25M previous.

We reiterate BUY with \$115 TP.

Stock & option liquidity data

Market cap (USD)	2,153.6
Shares outstanding (m)	28.8
Free float (%)	100
Volume (15 Nov 2013)	276,887
Option volume (und. shrs., 1M avg.)	-

Source: Deutsche Bank

Key data

FYE 12/31	2012A	2013E	2014E
1Q EPS	-0.55	-	-
2Q EPS	-0.63	-	-
3Q EPS	-0.59	-	-
4Q EPS	-0.86	-	-
FY EPS (USD)	-2.64	-1.96	1.47
P/E (x)	-	-	51.0

Source: Deutsche Bank
* Includes the impact of FAS123R requiring the expensing of stock options.

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