

# Cipla Europe Launches may Trigger Rerating

Advair's launch is likely to generate \$50-55 m in revenues for the co by 2015-16: Experts

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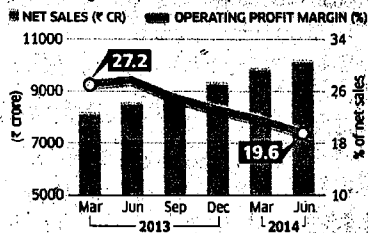
**ET Intelligence Group:** Cipla's shares have vaulted to a record high after the launch of first of its combination inhalers in Germany and Sweden that marked its entry into Europe. Analysts say the launch will lead to a gradual rerating of the stock of the drug maker which has been underperforming its peers.

The maiden launch increases the possibility and visibility of subsequent launches of the company's inhalers in other countries over the next 12-18 months. Cipla has launched the generic version of combination inhaler Advair MDI in the two European countries. While these markets are small, the overall opportunity of this generic is \$800 million (about ₹4,800 crore) in Europe.

A major trigger for the company's stock will be the launch of the generic in the UK - the dominant market in Europe. Rashmi

## Waiting to Exhale

(on a trailing four quarters basis)



Sancheti of KR Choksey Research estimates Cipla will be able to generate revenues of \$50-55 million from the launch of generic Advair MDI in the European Union in 2015-16, considering a 10% market share.

Cipla has a pipeline of 10 combination inhalers targeted for launch in the US and EU. Overall combination inhalers present a limited competition opportunity worth \$8 billion (about ₹48,000 crore) in regulated markets of

Europe and the US, with only five major players - Cipla, Teva, Sandoz, Mylan and Actavis - targeting it.

According to Hitesh Mahida of Antique Stock Broking, Cipla's confidence in prospects of the generic combination inhalers in Europe in the second half of the current fiscal is justified. Cipla has guided for launch of combination inhalers in two-three European markets in the second half, which will be a game chang-

er for the company's exports business. Cipla is likely to be among the first makers of generic drugs to launch generic Seretide MDI in the UK, a large market that does not have too much competition.

Cipla is believed to be at the threshold of its next growth phase. According to Aarthisundari Jayakumar of Elara Securities, the company will benefit from expanding presence in Africa, leveraging on its presence in South Africa and Uganda.

The company is targeting 15-20 launches in the US market through partners. It expects to launch combination inhalers in Europe in the current fiscal, the benefits of which will flow into the next year. It is building a pipeline in generic respiratory as well as complex oncology injectables to be monetised by 2016-17. In the domestic market, Cipla is likely to continue to outperform the average growth of the industry by leveraging its leadership position, improving field force efficiency and launching new products.

Company