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Valuation of ANI Pharmaceuticals, Inc.

Carmen Borgen
carmenborgen@gmail.com

ANI Pharmaceuticals, Inc.

ANIP / NASDAQ

Investment Rating: Sell

PRICE: 73.19 USD S&P 500: 2,881.40 DJIA: 25,942.37 RUSSELL 2000: 1,572.99

- Using mergers and acquisitions to continue to capture market share
- Heavily leveraged using debt to finance purchases
- Remaining competitive for market share of niche and specialty products

Valuation	2018 A	2019 E	2020 E
EPS	1.31	2.98	3.56
P/E	23.9	12.0	11.6
CFPS	1.0	.51	.58
P/CFPS	32.91	70.80	71.24

Market Capitalization		Stock Data	
Equity Market Cap (USD):	838,770,000	52-Week Range (USD):	73.19/41.17
Enterprise Value (USD):	1,010,000,000	12-Month Stock Performance:	
Shares Outstanding (M):	11.88	Dividend Yield:	0.0
Estimated Float (M):	9.03	Book Value Per Share (USD):	16.63
6-mo Avg. Daily Volume (M):	1.136	Beta:	1.97

Company Quick View:

Location: *210 Main Street West, Baudette, MN 56623 United States*
Industry: *Pharmaceutical preparations 325412 / Pharmaceutical Preparation Manufacturing NAICS 325412*
Description: *ANI Pharmaceuticals, Inc. is an integrated specialty pharmaceutical company whose focus is delivering value to customers and shareholders by developing, marketing, and manufacturing high quality branded and generic pharmaceuticals in niche and high barrier to entry arenas.*
Key Products & Services: *The main products that ANI Pharmaceuticals Inc. markets and sells are pharmaceutical drugs related to oncolytics, hormones and steroids, controlled substances, and complex formulations.*
Website: *http://www.anipharmaceuticals.com*

Analyst: *Carmen Borgen*

STOCK PRICE PERFORMANCE

The figure below shows the five year stock price performance graph for ANI Pharmeceuticals. Using this figure, we can determine that ANIP's lowest price was $25.62 during July of 2015 and has nearly tripled since then closing May 10, 2019 with a stock price of $73.19.

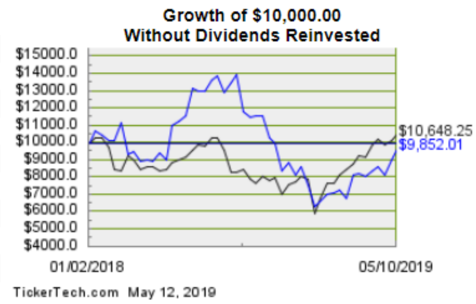
In early 2016, the stock price also took a large dip down to the mid-$30 range before rebounding. From reading their Form 10-K for 2016 I have determined that this large dip was due to their acquisition of the NDAs (new drug application) for Corticotripin and Corticotrpin Zinc in Janauary of 2016, and the market was hesitant that it would be a good investment for the company. Their focus was to purchase these NDAs so that they could recommercialize the products.

Figure 1: 5-year Stock Price Performance

Source: Yahoo Finance 5/11/19

ANI Pharmaceutical's YTD total return as of May 12, 2019 is 62.57% with an annualized gain of 177.05%. Over the past year the stock price has fluctuated greatly, specifically around December 2018 where it reached a low of $41.17. Other than that dip that lasted around one month, it has remained within the $51-$71 range.

	ANIP	EGRX
Start date:	01/02/2018	01/02/2018
End date:	05/10/2019	05/10/2019
Start price/share:	$68.73	$58.21
End price/share:	$73.19	$57.35
Dividends collected/share:	$0.00	$0.00
Total return:	6.49%	-1.48%
Average Annual Total Return:	4.77%	-1.10%
Starting investment:	$10,000.00	$10,000.00
Ending investment:	$10,648.25	$9,852.01
Years:	1.35	1.35



Source: https://www.ytdreturn.com/?symbol=anip/

The previous graph shows a the year-to-date return for ANIP and the competitor I have chosen for comparison, Eagle Pharmaceuticals. Over the past year and four months, ANIP has gradually provided a much better return at 6.49% compared to -1.48% on investment.

INVESTMENT SUMMARY

The objective of this analysis was to determine a recommendation for shareholders on whether to buy, sell, or hold stock in ANI Pharmaceuticals, Inc. Both quantitative and qualitative data were taken into consideration regarding ANIP, the industry it operates in, its competitors, and economic risk factors. Finally, a discounted cash flow model was designed to forecast future free cash flows of the company. The model estimated that ANIP's common stock was overvalued as the current stock price is $73.19 and the model calculated the stock to be worth $32.91 as of May 12, 2019.

The current stock price at the market is selling for $41 more than it is worth. This should encourage investors to sell now before the market has the time to recalibrate and narrow in on the true value of the company.

INVESTMENT THESIS

Using my discounted cash flows model I have calculated a stock price for ANIP of $31.23 as of December 31, 2018 and $32.91 as of May 12, 2019. In comparison to what the stock is currently trading at, $73.19, the company appears to be heavily overvalued in the market which is a sign for investors to sell their stock now to make a profit before the market adjusts. Although I believe ANIP as a company is functioning well in the pharmaceutical manufacturing and preparations space I feel that their stock is overvalued. The company and the nature of the business takes on a large amount of risk and due to multiple mergers, purchase agreements, and the high cost of operating in this industry the company has been forced to borrow a large amount of long-term debt as well as finance a majority of their purchases through shareholder equity. Operating in this fashion adds a heavy burden of financial risk to the business that is already undertaking high risk for the industry and markets that they operate in.

COMPANY DESCRIPTION

ANI Pharmaceuticals is an integrated specialty pharmaceutical company whose principal offices are in Baudette, MN. Their focus is on developing, manufacturing, and marketing generic as well as branded prescription pharmaceuticals. Per their 2018 Form 10-K their focus within the industry is to "niche and high barrier to entry opportunities including controlled substances, anti-cancer, hormones and steroids, and complex formulations." They have manufacturing facilities located in both Baudette, MN and Ontario, Canada.

History

ANI Pharmaceuticals Inc was organized originally as a Canadian company in August of 1996 and in December of 1996 was organized in Wyoming as Structured Biologicals Inc. In 2001, the company was reincorporated in Delaware as Ben-Abraham Technologies Inc. The name was then changed to BioSante and this name is still seen attributed to the company on occasion. The company acquired ANIP Acquisition Company in June of 2013 in a tax-free reorganization and took on the name ANI Pharmaceuticals Inc. during this acquisition. Since 2013

ANIP has acquired multiple licenses, rights, and interests in different drugs as well as other pharmaceutical companies.

ANIP completed a follow-on public offering in March of 2014 and issued Convertible Senior Notes in December of the same year in a registered public offering to raise capital. In December of 2018 they repurchased about 20% of the previously issued Convertible Senior Notes. They also entered into multiple credit agreements with Citizens Bank N.A. which allowed them to purchase multiple product rights, drug applications, and distribution rights for various products. They restructured a majority of these credit agreements as they were set to be due in December of 2019 and now will be due in December of 2023.

Corporate Strategy

The mission of the company is to create long term shareholder value by building a sustainable business within the generic and branded pharmaceutical market. The company also aims to advance the opportunity to re-commercialize Cortrophin gel and Cortrophin-Zinc, which they acquired in January of 2016 and is the reason they have a segment related specifically to Cortrophin product development.

Products

As of December 31, 2018, ANIP has 42 products in their portfolio they can offer for sale and distribution. Below is a complete listing of both their generic and branded products as of December 31, 2018.

Generic Products	Branded Products
Candesartan Hydrochlorothiazide	Arimidex
Cholestyramine	Atacand
Desipramine Hydrochloride	Atacand HCT
Diphenoxylate Hydrochloride and Atropine Sulfate	Casodex
Erythromycin Ethylsuccinate	Cortenema
Esterified Estrogen with Methyltestosterone	Inderal LA
Etodolac	Inderal XL
Ezetimibe-Simvastatin	InnoPran XL
Felbamate	Lithobid
Fenofibrate	Reglan
Flecainide	Vancocin
Fluvoxamine	
Hydrocortisone Enema	
Hydrocortisone Rectal Cream (1% and 2.5%)	
Indapamide	
Lithium Carbonate ER	
Mesalamine Enema	
Methazolamide	
Metoclopramide Syrup	
Morphine Sulfate Oral Solution	
Nilutamide	
Nimodipine	
Opium Tincture	
Oxycodone Hydrochloride Capsules	
Oxycodone Hydrochloride Oral Solution (5 mg/5 mL)	
Oxycodone Hydrochloride Oral Solution (100 mg/5 mL)	
Pindolol	
Propafenone	
Propranolol ER	
Terbutaline Sulfate	
Vancomycin	

Source: ANI Phamaceutical Form 10-K Filing

The markets in which the company operates are based mainly off the complexity of the manufacturing process, which usually leads to high barriers of entry for other companies. The main markets with these distinctions are controlled substances, oncolytics, hormones and steroids, and complex formulations. They currently produce five controlled substances which are determined by the DEA as a Schedule II substance. Their facility in Baudette as well as in Oakville are approved by the proper governing authorities to produce these substances on the premises. They also have one ANDA (abbreviated new drug application) for this specific market. ANIP has three oncolytic, or anti-cancer, drugs on the market and they target products which are subject to priority review by the FDA. They also focus on hormone and steroid drugs primarily to assist in alleviating menopausal symptoms in women, as well as treating hormone-sensitive cancers. The complex formulation market is targeted since their facilities can already manufacture these formulations and this market typically has very high barriers to entry so there are less competitors currently. Complex formulations usually relate to extended release and combination products. They currently have eleven complex formulation products with eight extended- release products and five combination products in the works.

Competitors

The main competitors of ANIP are Amneal Pharmaceuticals, Amphastar Pharmaceuticals, Creekwood Pharmaceuticals, Eagle Pharmaceuticals Inc, Endo Pharmaceuticals, Glenmark Pharmaceuticals, Impax Laboratories, Lannett, Mallinckrodt, Mylan, Par Pharmaceutical, Purdue Pharma, Roxane Laboratories, Sandoz, Teva Pharmaceuticals, and Watson Pharmaceuticals. Many of these companies have a vastly different market capitalization than ANIP and specialize in different types of products and would not be great candidates for comparison purposes. I used Eagle Pharmaceuticals as the comparison company for the purpose of this report due to a similar market capitalization.

Recent News and Mergers & Acquisitions

Prior to the completion of the December 31, 2018 financial statements and after the close of the period, ANIP terminated all future royalty obligations with Teva Pharmaceuticals and paid Teva $16 million in consideration for the termination of their prior agreement that had stated royalties must be paid to Teva for ten ANDAs under a purchase agreement.

In August of 2018, the Canadian subsidiary, ANI Pharmaceuticals Canada Inc., acquired all the interest of WellSpring Pharma Services Inc.

WellSpring performed contract development services and manufacturing of pharmaceutical products within Canada, ANIP bought WellSpring for $16.7 million. The purchase included another manufacturing facility, laboratory, book of business, workforce, and offices.

INDUSTRY ANALYSIS

The SIC code for ANIP is 2834 which is the code for pharmaceutical preparations industry and the NAICS code for ANIP is 325412 which is the industry code for pharmaceutical preparation manufacturing. Demand in this industry is driven heavily by government regulation, drug affordability, disease prevalence, the attitudes of consumers, and aging demographics.

Competitive Rivalry

ANIP has a significant amount of competition within the pharmaceutical preparations and manufacturing industry and this is the main reason they have tried to find a specific niche of the market to target. They specifically work with biotechnology and controlled substances to set themselves apart from their competitors. The also aim to market drugs that are difficult to develop and produce. One specific market ANIP develops products for is the hormone therapy market and the reasoning behind this market is that the gaining baby boom population is expected to support continued growth in the market as a majority of this population is women. Obtaining NDAs and ANDAs from government regulations is one of the main ways to stay competitive in the prescription drug market. An NDA is a “New Drug Application” which is filed when a company would like to market a newly developed branded product, new dosage form, or new delivery system. An ANDA is filed to receive approval to market a generic equivalent of a drug already approved under an NDA. ANIP is constantly researching and looking to develop their own NDAs and ANDAs as well as obtain them from other companies through merger and acquisition or purchases.

Supplier Power

Pharmaceutical preparation manufacturers require a large supply of raw materials to create their products and some of these materials and active pharmaceutical ingredients require approval from the Drug Enforcement Administration. Specifically, for ANIP, this helps to regulate the transport and purchase of highly controlled substances that are required to produce several of their products. Without this approval on specific amounts that they can purchase they wouldn't be able to fully produce their products. It can take up to 18 months to receive approval from the FDA to use certain suppliers for products, thus ANIP usually only works with one supplier for the controlled substances that are necessary. Due to the high costs of changing suppliers for the non-controlled raw materials they usually only use one supplier for those materials as well, as it is more cost beneficial to purchase in bulk from one supplier and maintain a mutual beneficial working relationship with them. They have used a few international suppliers in the past and have found that some of the shipments from outside the US can be held up in transport by the FDA creating delays on receiving the necessary supplies. The government regulatory agencies have power over the buyers and suppliers of the raw materials for production.

Buyer Power

In recent years the buyers of pharmaceutical products that are marketing in this industry have faced heavy consolidation of the wholesale distributor networks. The customers of ANIP purchase and distribute the products to the end users who are those individuals that are ordered a prescription of an ANIP product to help treat an illness. The five main customers of ANIP are AmerisourceBergen, Cardinal Health, McKesson, Anda, and Morris Dickson who distribute the products through three major retail pharmacy chains: CVS, Rite Aid, and Walgreens. ANIP also sells to group purchasing organizations and national mail order houses such as CVS Caremark, Humana, and ExpressScripts. ANIP has less power than their buyers in this situation since there are such limited customers to market to due to intense consolidation of the pharmaceutical wholesale distributors in recent years. As of December 31, 2018, 81% of their net revenues were attributed to only three wholesalers meaning that they are open to material risk if one of the buyers were to back out of their purchase arrangements.

Threat of Substitution

The main threat of substitution within the pharmaceutical manufacturing and preparations industry would be consumers using generic drugs rather than branded drugs or opting for more natural homeopathic remedies which do not require conventional prescription medications. For the generic substitution, when the life of the patent for branded drugs runs out other pharmaceutical companies have the ability to formulate generic drugs which can drastically decrease the value of the branded drugs. Patents for branded drugs can last up to twenty years depending on the type of drug and it uses. ANIP develops both branded drugs as well as generic drugs where there is flexibility with existing patents. As far as consumers opting for more homeopathic way of medicine that can be heavily swayed by demographics and consumer attitudes. The ongoing opioid crisis has many consumers blaming pharmaceutical companies for a role in the production and promotion of drugs that can eventually lead to addiction. This has changed attitudes in recent years to try other methods rather than drugs, especially controlled substance drugs.

Threat of New Entry

ANIP has specifically stated that they aim to develop and market products that have high barriers to entry thus helping to eliminate possible competition and increase their market capitalization. The pharmaceutical industry has high barriers to entry such as expensive start-up costs, overhead, and personnel needed to operate and develop products. Pharmaceutical development, production, and testing are very highly regulated by the Food and Drug Administration, Drug Enforcement Agency, and the Centers for Medicare and Medicaid Services within the United States and other regulatory agencies outside the U.S. ANIP specifically deals with the regulatory agencies in Canada as well as within the U.S. Patents of new technology related to pharmaceutical production as well as applications for new drugs can be costly and restrict other companies from being able to recreate the same type of drug for up to twenty years before it can be produced in a generic form. The economies of scale that are needed to be able to develop and produce new drugs is also very great as the technology and knowledge required is very costly. Due to the reasons listed above there is a very low threat of entry into the industry in which ANIP operates which allows them to be less concerned with new competitors arising into the pharmaceutical space.

PEER ANALYSIS

The peer group of ANIP includes many pharmaceutical companies that develop similar products and have similar market caps. I used their SIC and NAICS codes to narrow down companies that operate their business within the same space. The SIC code for ANIP is 2834 which is the code for the pharmaceutical preparations industry and their NAICS code is 325412 which is the industry code for pharmaceutical preparation manufacturing. For comparison analysis I chose, Amphastar Pharmaceuticals Inc., AMAG Pharmaceuticals Inc., and Eagle Pharmaceuticals Inc. so that there was a range in their market capitalization comparisons but also consistency among their markets and industry.

Amphastar Pharmaceuticals, Inc. (AMPH/NASDAQ)

Amphastar Pharmaceuticals, Inc. (AMPH/NMS) is a specialty pharmaceutical company based out of Rancho Cucamonga, California that develops, manufactures, markets, and sells both generic and proprietary products. They deal mostly with injectables, inhalation and intranasal products that aim to treat deep vein thrombosis, opioid overdose, asthma and products that screen for adrenocortical insufficiency. Amphastar was founded in 1996 and the primary end users of its products are hospitals and urgent care locations. The company produces 15 injectable products and looks to develop new products that have high technical barriers to entry. There is no PE ratio data in the table below since the company’s earnings per share was negative in 2018.

AMAG Pharmaceuticals, Inc. (AMAG/NASDAQ)

AMAG Pharmaceuticals, Inc. (AMAG/NMS) is a biopharmaceutical company based in Waltham, Massachusetts. They focus on developing and selling therapeutic products related to maternal and women's health as well as oncology. One of their main values is to produce products for patients with currently unmet medical needs. They currently market four products that aim to resolves issues with pregnancy complications, anemia, menopause issues and women's sexual function.

Eagle Pharmaceuticals, Inc (EGRX/NASDAQ)

Eagle Pharmaceuticals, Inc. (EGRX/NMS) is a specialty pharmaceutical company based out of Woodcliff, New Jersey operating in the specialty and generic drug manufacturing space. They focus mainly on oncology and critical care developing and manufacturing injectable products. Eagle was founded in 2007 and has a similar market capitalization to ANIP. Their product line includes four FDA-approved products and they have multiple products in development and collaborative agreements. Eagle also highly emphasizes safety and efficiency in production so that there are limited errors in dosage and use.

From the comparisons on the table below, it is easy to see that both the mid-range market capitalization companies, ANIP and EGRX, have been providing a much better return to their shareholders based on their return on equity as well as being able to adequately use their assets to provide a return. The debt to asset ratio is over 0.5 for ANIP which means that the company uses more debt than equity to finance their assets while the three comparison companies use more equity than debt to finance their assets since their ratio is under 0.5. Both AMPH and AMAG has shown negative earnings per share for the end of 2018, which explains why they do not have a PE ratio available.

Company	Ticker Symbol	Market Cap (millions)	PE Ratio ttm	P/BV mrq	EV/EBITDA	Debt/Assets	ROA ttm	ROE ttm
ANI Pharmaceuticals Inc	ANIP	838.7 mil	54.62	4.27	12.90	0.5419	6.52%	8.33%
Amphastar Pharmaceuticals Inc	AMPH	1,010.2 mil	N/A	3.16	135.21	0.2905	-1.12%	-1.91%
AMAG Pharmaceuticals, Inc.	AMAG	362.06 mil	N/A	0.51	3.26	0.3648	-2.61%	-22.04%
Eagle Pharmaceuticals, Inc.	EGRX	815.29 mil	28.09	5.08	14.11	0.3262	11.42%	18.77%

Source: MergentOnline as of April 30, 2019

Research and Development Expenses	2018		2017		2016	
	Total Expense	% of Net Revenue	Total Expense	% of Net Revenue	Total Expense	% of Net Revenue
ANIP	$ 15,388	7.63%	$ 9,070	5.13%	$ 2,906	2.26%
Amphastar Pharma	$ 57,564	19.54%	$ 43,503	18.11%	$ 41,522	16.27%
AMAG Pharma	$ 44,846	9.46%	$ 75,017	15.13%	$ 65,561	15.16%
Eagle Pharma	$ 44,419	20.82%	$ 32,607	13.78%	$ 28,289	14.93%

Source: Company Annual 10-Ks for 2018

The above chart displays the amount of expenses allocated to research and development for each company. This is a key metric to look at since the pharmaceutical manufacturing and sales industry must rely heavily on research and development to continue to remain competitive and relevant among their competitors. ANIP has the lowest research and development expense as well as the lowest percentage of net revenue compared to the benchmark companies used in this report. This would tell an investor and management that they must start investing more in their research and development department in order to remain competitive and could also explain why their stock price is currently overvalued and you would want to sell before it loses value.

MANGEMENT BACKGROUND AND PERFORMANCE

Executives & Key Executives

The next table shows management team at ANIP.

Name	Age	Year Started with ANIP	Position
Arthur S. Przybyl	61	2013	President and Chief Executive Officer
Stephen P. Carey	47	2016	Vice President and Chief Financial Officer
James G Marken	55	2016	Sr. Vice President, Operations and Product Development
Dr. David Sullivan	N/A	2014	Vice President, Quality Operations
Robert Schrepfer	46	2016	Sr. Vice President, Business Development and Specialty Sales
Dr. Mark J. Ginski	N/A	2016	Vice President, Corticotropin Product Development

Sources: Mergent Online, Bloomberg Online, and ANIP's Website

Management Incentives and Compensation

Executives are paid an annual base salary, which is a fixed cash compensation plan designed to attract and retain talent. They are also offered an annual bonus which is paid as a percentage of their base salary in cash and is designed to motivate and reward top executives to achieve the company's goals and foster accountability for continues performance. The last portion of executive compensation is the long-term equity awards which, in addition to the purposes of the prior compensation components, is designed to align compensation with long-term stockholder growth. The long-term equity awards are restricted stock and options-based awards which vest over four years in equal annual increments, there is no guaranteed payout and the awards are at the discretion of the Board upon recommendation by the Compensation Committee.

In 2017, the Compensation Committee also engaged Radford to consult on the executive compensation in comparison to 16 peer companies. For this engagement the 16 peer companies were as follows: Aceto, Acorda Therapeutics, AMAG Pharmaceuticals, Amphastar Pharmaceuticals, Depomed, Eagle Pharmaceuticals, Impax Laboratories, INSYS Therapeutics, Lannett Company, Momenta Pharmaceuticals, Spectrum Pharmaceuticals, Sucampo Pharmaceuticals, Supernus Pharmaceuticals, Teligent, Therapeutics MD and Vanda Pharmaceuticals. Radford also used their 2017 Global Life Sciences Survey, which reviews 33 public biopharmaceutical companies with similar net revenues and market capitalizations and used this information along with the 16 peer companies to help ANIP determine appropriate compensation for 2017 and 2018. As of December 31, 2018, the ratio of the CEO's total compensation to the median employee's total compensation was 80:1, where the median employee's total compensation is $52,389.

ANI Pharmaceuticals, Inc.'s ISS Governance QualityScore as of April 1, 2019 is 4. The pillar scores are Audit: 2; Board: 7; Shareholder Rights: 1; Compensation: 8. Corporate governance scores are a provided by Institutional Shareholder Services (ISS). Scores indicate decile rank relative to index or region. A decile score of 1 indicates lower governance risk, while a 10 indicates higher governance risk.

The following table shows the total compensation for a select few on the management team for the past three years.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Arthur S. Przybyl	2018	$ 726,925	$ -	$ 1,660,446	$ 1,104,928	$ 675,000	$ 30,634	$ 4,197,933
President, Chief Executive Officer and Director	2017	$ 647,270	$ -	$ 1,175,863	$ 1,223,600	$ 506,250	$ 27,309	$ 3,580,292
	2016	$ 572,000	$ 57,200	$ 761,063	$ 751,500	$ 343,200	$ 29,100	$ 2,514,063
Stephen P. Carey	2018	$ 431,157	$ -	$ 456,480	$ 301,344	$ 240,300	$ 9,469	$ 1,438,750
Vice President, Finance and	2017	$ 389,233	$ -	$ 328,004	$ 341,320	$ 180,000	$ 8,000	$ 1,246,557
Chief Financial Officer	2016	$ 229,848	$ -	$ -	$ 1,146,500	$ 96,012	$ -	$ 1,472,360
James G. Marken	2018	$ 387,695	$ -	$ 251,064	$ 166,367	$ 192,000	$ 12,463	$ 1,009,589
Senior Vice President, Operations and Product Development	2017	$ 353,342	$ -	$ 179,474	$ 186,760	$ 144,000	$ 11,919	$ 875,495
	2016	$ 315,067	$ 46,751	$ 76,106	$ 75,150	$ 117,339	$ 11,894	$ 642,307
Robert W. Schrepfer		$ 431,159	$ -	$ 456,480	$ 301,344	$ 240,300	$ 14,873	$ 1,444,156
Senior Vice President, New	2018							
Business Development and	2017	$ 385,504	$ -	$ 328,004	$ 341,320	$ 180,000	$ 10,497	$ 1,245,325
Specialty Sales	2016	$ 325,317	$ -	$ 192,803	$ 190,380	$ 138,460	$ 11,948	$ 858,908

Source: 2018 ANI Pharmaceuticals 10-K Filing

Board of Directors

The Board of Directors (Board) members at ANI Pharmaceuticals are listed below with their title and any other committees they serve on.

Name	Age	Year Started with ANIP	Position
Robert E. Brown	67	2013	Independent Chairman of the Board of Directors and Chair of the Nominating and Corporate Governance Committee
Thomas J. Haughey	54	2018	Independent Director, Chair of the Audit and Finance Committee, and Member of the Compensation Committee
David B. Nash	62	2018	Independent Director, Member of the Audit and Finance Committee, and Member of the Nominating and Corporate Governance Committee

Thomas A. Penn	72	2013	Independent Director, Chair of the Compensation Committee, and Member of the Nominating and Corporate Governance Committee
Arthur S. Przybyl	61	2013	Director, President and Chief Executive Officer of ANI Pharmaceuticals
Patrick D. Walsh	57	2018	Independent Director, Member of the Audit and Finance Committee, and Member of the Compensation Committee

Source: ANI Pharmaceutical's Website

The current Board Committees are an Audit and Finance Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The Audit and Finance Committee assists with oversight of the quality and integrity of the financial statements, quarterly reviews and annual independent audit. The Compensation Committee is to review and set the compensation of the CEO and other executive officers, administer the equity compensation plans, review and approve strategies for retaining and developing employees, and prepare and reports relating to executive compensation required by law. The Nominating and Corporate Governance Committee is tasked with identifying individuals qualified to become Board members, recommends director nominees at the annual meeting, and develops and recommends a set of corporate governance standards for the Board to adhere to.

There is no fixed retirement age or term limits to serving as a director on the Board. Loans and extensions of credit from ANIP to any directors or executive officers are prohibited. The Board also plans for succession for the CEO as well as other senior management positions that consider death, departure, or disability of any key persons on an untimely basis to help facilitate both interim and long-term leadership positions. Directors are encouraged but not required to attend continuing education programs tailored to directors of publicly-held companies. The Board is currently comprised of all male directors, and five out of the six members are independent of the company.

Year	ROIC of ANIP	ROIC of Competitor - Eagle Pharmaceuticals, Inc.
2018	6.06%	19.26%
2017	0.98%	52.14%
2016	2.67%	56.42%
2015	9.06%	9.16%
2014	13.73%	-173.86%

Source: Mergent Online

The continued positive ROIC of ANIP shows that the company uses their invested capital to create profits year after year even when involved with mergers and acquisitions of other companies. In comparison, Eagle shows that they are much more able to create returns on their invested capital as they boast higher percentages than ANIP. While still much higher than ANIP, Eagle appears to be fluctuating in its ability to use its invested capital to create profit and value for shareholders. As of the end of 2018 Eagle's ROIC was 13.2% higher than ANIP's.

SHAREHOLDER ANALYSIS

The total number of shares outstanding for ANIP is 11,862,193 as of December 31, 2018. Institutional shareholders own 61.76% of the total shares of stock while the remaining shares are held by individual investors most of which have been insiders at some point and received the shares or the option to purchase them from the company as compensation. The table below shows the top ten institutional investors out of the total 199 shareholders as of December 31, 2018 as well as the total number of shares held by all institutional investors and their value in USD.

Top 10 Institutional Investors As of 12/31/2018		Shares Owned	Percentage of Ownership		Total Value (USD)
1	BLACKROCK INC.	1,368,668	11.54%	$	61,603,747
2	MANGROVE PARTNERS	549,401	4.63%	$	24,728,539
3	VANGUARD GROUP INC	527,560	4.45%	$	23,745,476
4	DIMENSIONAL FUND ADVISORS LP	518,427	4.37%	$	23,334,399
5	STATE STREET CORP	241,398	2.04%	$	10,865,324
6	FIRST MANHATTAN CO	240,166	2.02%	$	10,809,872
7	INVESTMENT COUNSELORS OF MARYLAND LLC	207,300	1.75%	$	9,330,573
8	RENAISSANCE TECHNOLOGIES LLC	169,400	1.43%	$	7,624,694
9	CONSONANCE CAPITAL MANAGEMENT LP	142,943	1.21%	$	6,433,864
10	MATARIN CAPITAL MANAGEMENT, LLC	135,399	1.14%	$	6,094,309
	Remaining 189 Shareholders	3,225,177	27.19%	$	145,165,217
	Total Shares Held by Institutions	7,325,839	61.76%	$	329,736,013

Source: Yahoo Finance and NASDAQ.com

The next table lists the eight largest insider shareholders and their percentage ownership relative to the total number of shares outstanding for December 31, 2018. The company filed its SEC Form 4 filings as of March 27, 2019 for their insider shareholders.

Top 8 Insider Shareholders As of 3/27/2019		Shares Owned	Percentage of Ownership
1	Arthur Przybyl	242,356	2.04%
2	James G. Marken	75,928	0.64%
3	Robert W. Schrepfer	60,293	0.51%
4	Robert E. Brown	20,352	0.17%
5	Stephen P. Carey	26,569	0.22%
6	Thomas A. Penn	14,301	0.12%
7	Patrick D. Walsh	3,791	0.03%
8	David Nash	3,791	0.03%
	TOTAL	447,381	3.77%

Source: Yahoo Finance and Mergent Online

The last table illustrates that some of the non-institutional shareholders are not currently insider shareholders that earn their shares during their time as a director or other position within the company. The number of shares owned by these former insiders makes up at least 5% of total ownership. Note that the following list is not a complete list, I just chose the largest shareholders I could find.

Other Noteworthy Shareholders		Shares Owned	Percentage of Ownership
1	Tracy Marshbanks - Former Director	349,934	2.95%
2	Daniel Raynor - Former Director	289,003	2.44%
3	Fred Holubow- Former Director	14,811	0.12%
	TOTAL	653,748	5.51%

Source: Yahoo Finance

During 2018, there were multiple insider trading transactions reported. Most of these transactions were sales of stock after they had been exercised from an option or warrant or stock grants to insiders, likely as part of their compensation. There were 235,179 shares that were sold by indirect shareholders compared to 96,815 of shares that were sold by insiders during the 2018 calendar year. This indicates that the insiders are willing to hold their shares for future value and that the outsiders may want their money out now. The company currently does not pay dividends and does not plan to any time soon per their 2018 10-K filing. March of 2014 was the most recent date that the company issued common stock in a follow-on public offering.

ANIP also has six shareholders that hold their Class C Common stock which is not traded on an exchange. This stock allows voting rights and can be exchanged for common stock at any time.

INVESTMENT RISK

All companies operating in the pharmaceutical preparations and manufacturing industry face an immense amount of risk due to the nature of the work and the liability that they assume when producing products for use on humans.

Consolidation of Customer Groups

The consolidation of customer groups could lead to increased purchasing leverage by these companies or the risk that the consolidated company would choose another manufacture. Since the majority of ANIP's sales is linked to only three customers that make up 77% of their net revenues for 2018, the threat of consolidation could easily disrupt their business and profits. Another effect of consolidation of customer groups is that they could drive down prices for certain drugs which could also drastically affect the financial position of ANIP if the price decreases were to target one of their markets or drugs.

Products Without FDA Approval

ANIP produces and markets two products that as of 2018 made up 12% of their total revenue. There is no certainty that the FDA would not require them to apply for approval before continuing to market these products. The two products are Esterified Estrogen with Methyltestosterone (“EEMT”) and Opium Tincture. These drugs aren’t required to be approved before sold but the FDA takes a stance on them based on the drugs risks and on a case-by-case basis. ANIP feels confident that as long as they comply with manufacturing standards that the FDA will not take action. There is no guarantee the FDA won’t take action, so it does pose a large risk. The dollar amount of 12% of total net revenue in 2018 was $24,189,120 which would be material to the company.

Governmental Regulation Risk

Some of the more recent governmental regulations enacted in the Affordable Care Act “ACA” required states to expand their Medicaid and Medicare programs to additional individuals. Another requirement of ACA was that pharmaceutical companies were required to participate in rebate programs with Medicaid and other discount programs for Medicare. Calculating these rebates and discounts can be complex and is on a state by state basis as these programs are operated at the state level. ANIP is exposed to risk in its calculations of these rebates and discounts as well as to any future government regulations that determine how the pharmaceutical industry can operate.

Technology Risk

Technology risk covers a broad spectrum of factors for pharmaceutical manufacturers including product and process innovation, research and development, and knowledge creation. If ANIP is not able to continually advance their research and development of new drugs there will be other pharmaceuticals companies that will use their technological advantage to corner more of their market share. It is crucial to stay up to date and continue to be innovation with their processes and products.

Product Liability Risk

Due to intense pressure from consumers and government alike to reduce the costs of prescription drugs this often means that pharmaceutical companies need to speed up their research and development phases which means the formulations will likely spend less time in testing. This could lead to a larger risk with patient safety if the products aren't properly and completely testing due to cost restrictions. ANIP bears product liability risk with all their products that they market and sell, and it can be very difficult to determine how much risk they are exposed to in this area. ANIP does utilize third-party insurance policies to help reduce their risk associated with product liability. Additional product liability increases the cost of insurance policies covering the risk which could harm future profits.

Demographic Risk

The risk associated with the demographic of consumers relates mostly to the age of the population. It was mentioned earlier that ANIP expanded into the hormone therapy market due to the fact that the aging population of women would continue to support sales and therefor research and development in this area, but as the baby boomers age there is not as many people to replace them. The company would have to continually reassess this risk and determine if this market is still profitable and drives shareholder value. Another factor that falls under demographic risk would be income distribution, if individuals are not able to afford their necessary medications they may either stop purchasing them altogether or encourage the government to introduce additional legislation that would make pharmaceuticals more affordable as was seen in the ACA.

Production, Manufacturing, and Packaging Risk

ANIP markets several products that they have acquired that they cannot manufacture in their facilities. If they cannot find reliable contract manufacturer then they would lose the sales of those products. There are also several of their products which are manufactured and/ or packaged by third parties which leads to the risk of incorrect product specifications, timeliness, and those facilities meeting regulator standards.

FINANCIAL RATIO ANALYSIS

I chose Eagle Pharmaceuticals as the competitor for analysis purposes and to compare their financial ratios. Eagle has a similar market capitalization to ANIP as well as operates within the same industry and faces similar industry risks.

In analyzing ANIP's productivity performance, most of the ratios have managed to stay consistent with the prior year with either slight upticks or downticks gradually overtime. Historically, ANIP's growth in sales increased from 2015 to 2016 and has been declining since 2016 through 2018. The most recent growth percentage was 14% and when compared to Eagle's growth rate of -9.9% it would indicate that ANIP is able to better manage their growth. I would attribute the high spike in sales in 2016 to the acquisition of the NDAs for Corticotropin and Corticotropin-Zinc as well as the launch of eleven other products that were not previously available.

ANIP has slightly lower liquidity ratios with their quick ratio being 0.92 in 2018 while Eagle's current ratio was 4.13. This means that ANIP would not be able to pay all their current liabilities as of the year end. ANIP also has longer operating and cash cycles by 63 days and 64 days, respectively.

The Financial risk (leverage) ratios have also remained somewhat constant especially in the last four years with a slight downturn from 2017 to 2018. ANIP's total debt-to-assets ratio is 0.50, meaning that half of their asset base is financed with debt. Eagle's total debt-to-asset ratio is only 0.27. The total debt-to-equity ratio for ANIP is 1.00 while Eagle's is 0.36. This shows that the amount of debt for ANIP matches the amount of equity which can be a riskier position to be in than Eagle. Most of the financial risk ratios for ANIP show that the company is taking on a large amount of financial risk with their borrowing of debt, hoping to capitalize on this debt with future returns.

Profitability and valuation ratios for ANIP have been fluctuating over the previous five years with a gross profit margin ranging from 55.3% to 83.4%. Most recently the gross profit margin for ANIP was 63.8% while the same metric for Eagle was 72.7% showing that Eagle is able to achieve 8.4% more profitability than ANIP. The ROIC metric was discussed previously in the Management Performance section. Neither of the companies pay dividends as seems customary with this type of industry. The net margin for ANIP was 7.7% in 2018 and was 17.4% for Eagle in 2018. ANIP is underperforming the benchmark in the profitability performance analysis.

Overall the financial ratios, ANIP appears to be underperforming in most categories compared to the benchmark of Eagle Pharmaceuticals. ANIP looks to be heavily leveraged and that could be too much risk for shareholders to want to bear.

FINANCIAL PERFORMANCE AND PROJECTIONS

ANI Pharmaceuticals was able to increase their net income in 2018 drastically over 2017, they also increased their operating profit which looks to be a better indicator of where the company is heading for the future. In 2017, the net income was negative which is an anomaly for the company over the last five years. This was due to the large amount of taxes that was paid that year. The change in tax rates due to the Tax Cuts and Jobs Act enacted on December 22, 2017 forced the company to revalue their deferred tax assets and liabilities and thus they incurred nearly four times as much tax than in the years following or preceding 2017.

I used my discounted free cash flow model to value and calculate future financial performance projections for ANIP over the next five years. These statements can be found at the end of this analysis paper along with applicable financial ratios and those that I calculated for the competitor used as a benchmark throughout the analysis, Eagle Pharmaceuticals, Inc.

I estimated that ANIP's sales will continue to grow at 14% as was the most recent growth rate as well as the trend over the prior five years of data. This seems like a likely growth rate to me since the company is continuing to acquire new NDAs and ANDAs as well as other companies that have the rights to certain sales. Compared to the growth rate of Eagle, which was a -9.9% for the previous five years, ANIP is doing a much better job of increasing their growth in sales.

The percentage of cost of goods sold (COGS) has steadily increased over time as the amount and price of inputs continues to increase in the industry. The COGS as a percentage of sales was 20.5% at the end of 2014 and has increased to 36.2% of sales as of the end of 2018. The selling, general, and administrative expenses have actually seen a steady decrease from 2014 from 36.5% of sales to 2017 of 23.0% of sales and then rose again to 29.8% of sales in 2018. This indicates to me that the company is trying to manage their overhead expenses so that they can focus on research and development costs for new drugs.

VALUATION

A discounted free cash flow model was used in the valuation of the common stock of ANIP. The future financial statements were estimated, and the forecasted free cash flows were discounted at the company's weighted average cost of capital (WACC). I calculated a relative valuation of ANIP's competitor, Eagle Pharmaceuticals to assist in determining the value of ANIP. I calculated that the price per share was to be $31.23 at December 31, 2018 and $32.91 at May 12, 2019, when this report was completed.

In the model, I calculated the cost of equity using the Capital Asset Pricing Model (CAPM). This model required that I make various assumptions to determine the weighted average cost of capital. The assumptions I used were a market risk premium of 6%, a beta of 1.97, and a risk-free rate of 2.5%, pretax cost of short-term debt of 5.5%, pretax cost of long-term debt of 6.56%, and a tax rate of 21%. My model calculates a WACC of 12.02%.

Within my model it calculated the free cash flows using estimates to predict the future cash flows and therefore the share price. These estimates were typically taken from the averages of the prior five years of financial information. There were certain cases where it was necessary to use the most recent information instead of the average, such as the where taxes were concerned since there was recent regulation that changed the companies tax rate from forward from January 1, 2018.

Although ANIP had better sales growth than the benchmark they were much more heavily leveraged and their ROIC was remarkably lower. This combined with the estimated price per share that I calculated shows that ANIP is currently priced at a much higher number than its actual and future value. I would encourage investors to sell this stock before the price realigns with the actual performance of the company and drops. I believe there is a good chance that this company could be profitable in the future and show a great return on investment for shareholders but since it is so overvalued at this time it would not be a good time to buy

SOURCES OF INFORMATION

ANI Corporate Governance Guidelines
https://www.anipharmaceuticals.com/docs/Corporate-Governance-Guidelines.pdf

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ANI Pharmaceuticals, Inc.
In thousands of USD

Income Statement	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**	**12/31/2022**	**12/31/2023**
Sales	128,622	176,842	201,576	229,797	261,968	298,644	340,454	388,117
Costs of goods sold (COGS)	48,780	79,032	73,024	83,247	94,902	93,159	106,201	121,070
Sales, general and administrative expense (SGA)	30,809	40,595	60,001	66,480	75,787	86,397	98,492	112,281
Depreciation	22,343	27,928	33,742	23,475	26,761	30,508	34,779	39,648
Operating profit	**26,690**	**29,287**	**34,809**	**56,595**	**64,518**	**88,580**	**100,981**	**115,118**
Interest expense	11,327	12,035	14,758	10,779	9,812	10,701	11,032	11,356
Interest income	-	-	-	-	-	-	-	-
Nonoperating income (Expense)	-	-	-	-	-	-	-	-
Earnings before taxes (EBT)	15,363	17,252	20,051	45,816	54,706	77,879	89,949	103,762
Tax expense	4,744	17,425	4,557	10,413	12,433	17,700	20,443	23,582
Net income before extraordinary items	10,619	(173)	15,494	35,403	42,273	60,180	69,506	80,180
After-tax extraordinary income (Expense)	-	-	-	-	-	-	-	-
Net income (NI)	**10,619**	**(173)**	**15,494**	**35,403**	**42,273**	**60,180**	**69,506**	**80,180**
Dividends-- preferred	-	-	-	-	-	-	-	-
Dividends-- common	-	-	-	-	-	-	-	-
Additions to RE	10,619	(173)	15,494	35,403	42,273	60,180	69,506	80,180
Balance Sheet	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**	**12/31/2022**	**12/31/2023**
Assets								
Cash	27,365	31,144	43,008	49,029	55,893	63,718	72,639	82,808
Inventory	26,183	37,727	40,503	42,630	48,598	55,402	63,158	72,000
Accounts receivable	45,895	58,788	64,842	73,872	84,214	96,004	109,444	124,767
Other short-term operating assets	3,564	3,946	4,524	4,973	5,670	6,463	7,368	8,400
Short-term investments	-	-	-	-	-	-	-	-
Total current assets	103,007	131,605	152,877	170,504	194,375	221,587	252,610	287,975
Net plant, property, & equipment (PPE)	10,998	20,403	38,090	26,500	30,210	34,439	39,261	44,757
Other long-term operating assets	184,315	240,045	214,240	244,234	278,426	317,406	361,843	412,501
Long-term investments	5,002	5,006	5,021	4,233	4,826	5,501	6,272	7,150
Total assets	**303,322**	**397,059**	**410,228**	**445,471**	**507,837**	**578,934**	**659,985**	**752,382**
Liabilities and Equity								
Accounts payable (AP)	3,389	3,630	8,884	7,603	8,668	9,881	11,265	12,842
Accruals	23,428	23,971	27,683	32,654	37,225	42,437	48,378	55,151
Other operating current liabilities	5,756	8,274	13,263	10,012	11,414	13,012	14,833	16,910
All short-term debt	-	3,353	115,719	64,486	65,795	57,426	47,350	35,331
Total current liabilities	32,573	39,228	165,549	114,755	123,102	122,756	121,826	120,234
Long-term debt	120,643	198,154	67,296	95,504	107,955	120,023	133,415	148,271
Deferred taxes	(26,227)	(22,667)	(27,964)	(5,155)	(5,877)	(6,700)	(7,638)	(8,707)
Preferred stock	-	-	-	-	-	-	-	-
Other long-term liabilities	-	-	496	113	129	147	168	191
Total liabilities	126,989	214,715	205,377	205,217	225,309	236,227	247,771	259,989
Par plus PIC Less treasury (and other adjustments)	121,592	127,776	134,789	134,789	134,789	134,789	134,789	134,789
Retained earnings (RE)	54,741	54,568	70,062	105,465	147,738	207,918	277,424	357,604
Total common equity	176,333	182,344	204,851	240,254	282,527	342,707	412,213	492,393
Total liabilities and equity	**303,322**	**397,059**	**410,228**	**445,471**	**507,837**	**578,934**	**659,985**	**752,382**

ANI Pharmaceuticals, Inc.
In thousands of USD

Statement of Cash Flows	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**	**12/31/2022**	**12/31/2023**
Operating Activities								
Net income	10,619	(173)	15,494	35,403	42,273	60,180	69,506	80,180
Depreciation	22,343	27,928	33,742	23,475	26,761	30,508	34,779	39,648
Change in deferred tax	(8,911)	3,560	(5,297)	22,809	(722)	(823)	(938)	(1,069)
Change in inventory	(12,796)	(11,544)	(2,776)	(2,127)	(5,968)	(6,804)	(7,756)	(8,842)
Change in accounts receivable	(23,963)	(12,893)	(6,054)	(9,030)	(10,342)	(11,790)	(13,441)	(15,322)
Change in other short-term operating assets	(984)	(382)	(578)	(449)	(696)	(794)	(905)	(1,032)
Change in accounts payable	1,323	241	5,254	(1,281)	1,064	1,213	1,383	1,577
Change in accruals	16,386	543	3,712	4,971	4,572	5,212	5,941	6,773
Change in other current liabilities	3,108	2,518	4,989	(3,251)	1,402	1,598	1,822	2,077
Net cash from operating activities	**7,125**	**9,798**	**48,486**	**70,520**	**58,344**	**78,500**	**90,392**	**103,990**
Investing Activities								
Investment in PPE	(26,210)	(37,333)	(51,429)	(11,885)	(30,471)	(34,737)	(39,600)	(45,145)
Investment in other long-term oper. ass.	(116,080)	(55,730)	25,805	(29,994)	(34,193)	(38,980)	(44,437)	(50,658)
Net cash from investing activities	**(142,290)**	**(93,063)**	**(25,624)**	**(41,878)**	**(64,664)**	**(73,717)**	**(84,037)**	**(95,803)**
Financing Activities								
Change in short-term investments	-	-	-	-	-	-	-	-
Change in long-term investments	(5,002)	(4)	(15)	788	(593)	(676)	(770)	(878)
Change in short-term debt	-	3,353	112,366	(51,233)	1,309	(8,369)	(10,076)	(12,019)
Change in long-term debt	7,216	77,511	(130,858)	28,208	12,452	12,068	13,392	14,856
Preferred dividends	-	-	-	-	-	-	-	-
Change in preferred stock	-	-	-	-	-	-	-	-
Change in other long-term liabilities	-	-	496	(383)	16	18	21	23
Change in common stock (Par + PIC)	5,632	6,184	7,013	-	-	-	-	-
Common dividends	-	-	-	-	-	-	-	-
Net cash from financing activities	**7,846**	**87,044**	**(10,998)**	**(22,620)**	**13,184**	**3,042**	**2,566**	**1,982**
Net cash flow	(127,319)	3,779	11,864	6,021	6,864	7,825	8,921	10,169
Starting cash	154,684	27,365	31,144	43,008	49,029	55,893	63,718	72,639
Ending cash	**27,365**	**31,144**	**43,008**	**49,029**	**55,893**	**63,718**	**72,639**	**82,808**

ANI Pharmaceuticals, Inc.

Ratios	2018	2017	2016	2015	2014
Productivity Ratios					
Growth in sales	14.0%	37.5%	68.5%	36.4%	N/A
Receivables turnover	3.11	3.01	2.80	3.48	3.24
Inventory turnover	4.98	4.69	4.91	5.70	7.44
Operating working capital turnover	1.96	1.85	1.83	0.42	0.31
Net fixed asset turnover	0.80	0.68	0.66	1.01	1.07
Total asset turnover	0.49	0.45	0.42	0.28	0.23
Invested capital turnover	0.57	0.50	0.48	0.30	0.24
Liquidity Ratios					
Current ratio	0.92	3.35	3.16	16.38	14.80
Quick ratio	0.68	2.39	2.36	15.24	14.23
Cash ratio	0.26	0.79	0.84	13.16	12.77
Short-term investments over invested capital	0.00	0.00	0.00	0.00	0.00
Operating Cycle	190.75	199.21	204.54	168.91	161.83
Cash Cycle	174.66	191.71	194.92	159.03	144.52
Financial Risk (Leverage) Ratios					
Total debt-to-equity ratio	1.00	1.18	0.72	0.67	0.78
Total debt-to-equity ratio (excluding deferred taxes)	1.14	1.30	0.87	0.78	0.89
Total financial debt-to-equity ratio	0.89	1.11	0.68	0.71	0.79
Interest coverage ratio (accounting-based)	2.36	2.43	2.36	2.97	25.62
Interest coverage ratio (cash-based)	4.65	4.75	4.33	3.60	30.55
Total debt-to-assets ratio	0.50	0.54	0.42	0.40	0.44
Total financial debt over total assets	0.45	0.51	0.40	0.42	0.45
Long-term financial debt over invested capital	0.19	0.56	0.45	0.44	0.47
Profitability/Valuation Ratios					
Gross profit margin	63.8%	55.3%	62.1%	83.4%	79.5%
EBITDA margin	34.0%	32.4%	38.1%	51.9%	43.0%
Operating profit margin	17.3%	16.6%	20.8%	42.9%	36.0%
NOPAT margin	10.7%	1.5%	5.3%	27.9%	25.9%
Earnings before taxes margin	9.9%	9.8%	11.9%	28.5%	34.6%
Net margin	7.7%	-0.1%	8.3%	20.1%	51.4%

Return on Assets	8.49%	7.38%	8.80%	12.22%	8.12%
Net investment rate	-3.71%	3484.92%	139.62%	99.39%	1623.69%
Dividend payout ratio	0.00%	0.00%	0.00%	0.00%	0.00%
ROIC	6.06%	0.98%	2.67%	9.06%	N/A

Eagle Pharmaceuticals, Inc. – Competitor Analysis

Ratios	**2018**	**2017**	**2016**	**2015**	**2014**
Productivity Ratios					
Growth in sales	(0.10)	0.25	1.86	10.83	N/A
Receivables turnover	3.21	4.40	4.49	2.52	0.47
Inventory turnover	25.69	46.25	69.18	4.40	4.51
Operating working capital turnover	2.07	2.47	2.69	0.37	0.03
Net fixed asset turnover	2.76	2.92	2.44	28.21	14.47
Total asset turnover	0.89	0.88	1.02	0.53	0.11
Invested capital turnover	0.60	0.66	0.71	0.26	0.02
Liquidity Ratios					
Current ratio	4.13	3.99	2.66	3.57	2.24
Quick ratio	3.92	3.88	2.60	3.13	2.18
Cash ratio	1.99	2.42	1.29	2.31	1.57
Short-term investments over invested capital	-	-	-	-	-
Operating Cycle	127.97	90.88	86.55	227.67	860.23
Cash Cycle	111.00	72.41	58.21	206.41	632.04
Financial Risk (Leverage) Ratios					
Total debt-to-equity ratio	0.36	0.42	0.23	0.38	0.79
Total debt-to-equity ratio (excluding deferred taxes)	0.44	0.48	0.41	0.38	0.79
Total financial debt-to-equity ratio	0.25	0.26	0.15	-	-
Interest coverage ratio (accounting-based)	17.90	68.94	6,568.63	232.73	(6,565.00)
Interest coverage ratio (cash-based)	18.33	69.76	6,648.75	242.91	(6,552.00)
Total debt-to-assets ratio	0.27	0.29	0.18	0.27	0.44
Total financial debt over total assets	0.18	0.18	0.12	-	-
Long-term financial debt over invested capital	0.18	0.19	0.15	-	-
Profitability/Valuation Ratios					
Gross profit margin	72.69%	77.42%	71.65%	76.54%	20.07%
EBITDA margin	23.50%	33.48%	28.07%	4.03%	-117.00%
Operating profit margin	22.96%	33.08%	27.73%	3.87%	-117.23%
NOPAT margin	20.52%	32.09%	26.90%	3.86%	-98.32%

Earnings before taxes margin	21.75%	32.64%	27.77%	3.89%	-117.23%
Net margin	17.40%	26.19%	43.49%	3.88%	-98.32%
Return on Assets	20.33%	29.04%	28.16%	2.05%	-13.11%
Net investment rate	-53.18%	101.99%	103.12%	2441.71%	-506.87%
Dividend payout ratio	0.00%	0.00%	0.00%	0.00%	0.00%
ROIC	19.26%	52.14%	56.42%	9.16%	N/A