Zacks Small-Cap Research

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Antares Pharma, Inc. (ATRS - NASDAQ)

Xyosted & Epi Pen Available for Sale

Based on our DCF model and a 15% discount rate, ATRS is valued at approximately $6.00 per share. Our model applies a range of probabilities for development projects seeking ANDA and sANDA approval and eventual commercialization.

Current Price (11/29/2018)	$3.49
Valuation	**$6.00**

OUTLOOK

Antares Pharma is a specialty pharmaceutical company that develops and commercializes self-administered parenteral pharmaceutical products and technologies. The company has developed strategic alliances with several leading pharmaceutical companies using Antares' drug delivery systems to enhance their partners' drug compounds and delivery methods.

ATRS develops and manufactures novel, pressure-assisted injectors, with and without needles, which allow patients to self-inject branded and generic pharmaceutical products. Antares has eight injectors that are either marketed or in development internally or with partners including AMAG, Teva and Pfizer.

At the current price, we view Antares shares as undervalued, with appreciation potential given the growth expected in current products and future launch of others. We believe that continued achievement of their milestones and expansion of their relationship with Teva and AMAG can provide additional upside to our valuation.

SUMMARY DATA

52-Week High	**3.93**
52-Week Low	**1.68**
One-Year Return (%)	**89.7**
Beta	**0.26**
Average Daily Volume (sh)	**1,558,078**
Shares Outstanding (mil)	**157.4**
Market Capitalization ($mil)	**549.3**
Short Interest Ratio (days)	**4.09**
Institutional Ownership (%)	**37.5**
Insider Ownership (%)	**7.5**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**19.3**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2018 Estimate	**N/A**
P/E using 2019 Estimate	**16.6**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	$12.0 A	$13.4 A	$15.1 A	$14.0 A	$54.5 A
2018	$12.7 A	$14.2 A	$17.4 A	$18.9 E	$63.2 E
2019					$146.9 E
2020					$241.4 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	-$0.03 A	-$0.02 A	-$0.03 A	-$0.02 A	-$0.11 A
2018	-$0.04 A	-$0.03 A	-$0.01 A	-$0.01 E	-$0.09 E
2019					$0.21 E
2020					$0.60 E

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What's New

The last week of November has been a good one for Antares Pharma, Inc. (NASDAQ: ATRS) with both Epi Pen and Xyosted now commercially available. These make the second and third approved and commercialized products this year for the company, following Makena in February.

Teva Pharmaceuticals (NYSE: TEVA) announced on Tuesday that the recently approved AB-rated generic Epinephrine Pen is now available in the United States. For the remainder of 2018, only the Epi Pen 0.3 mg version will be available in limited quantities with additional supply of the 0.3 mg version and Epi Pen Jr (0.15 mg) to be available in 2019. The Israeli generic drug manufacturer noted that the Wholesale Acquisition Cost (WAC) will be set at $300, matching Mylan's (NYSE: MYL) authorized generic price. Mylan began to suffer shortages in 2017 following an FDA inspection at the Pfizer (NYSE: PFE) plant where they were manufactured, which has continued to date. We expect that this has created pent up demand for the product that should allow Teva to dispense the entirety of the limited quantities that are now available. We further expect additional device sales at Antares to begin shortly as Teva works through existing inventory and royalties to appear in 2019, with a one-quarter delay.

On Thursday, Antares had more good news publicizing the commercial availability of Xyosted QuickShot auto injector. Xyosted is available in three dosages: 50 mg, 75 mg and 100 mg. Sales reps have been hired and are now in training and should be available in the coming weeks to begin physician and institutional communications. Cross training with the Otrexup sales team should increase efficiencies and market penetration and all Antares sales reps should be able to commercialize both products in the Antares portfolio.

Valuation

We update our valuation to reflect the commercial availability of Epi Pen and Xyosted and roll forward our DCF model to 2019. This increases our target price from $5.00 per share to $6.00 per share. Antares has benefitted from a number of favorable catalysts in 2018 including the approval and launch of Makena in the first quarter and now Epi Pen and Xyosted in the fourth quarter. We anticipate similarly positive news in 2019 for teriparatide. We also note the development portfolio, including the rescue pen project with Pfizer which provides additional catalysts in the years to come and additional upside to our estimates when details emerge.

Summary

Despite a CRL last year, Antares has benefitted from three product approvals and related sales in 2018. The company has also sharpened its focus, divesting its ZomaJet asset and using capital from this sale to pursue new opportunities including the arrangement with Pfizer. Based on the commercialization of Epi Pen and Xyosted and the roll forward of our DCF model, we increase our target price to $6.00 per share.

PROJECTED FINANCIALS

Antares Pharma, Inc. - Income Statement

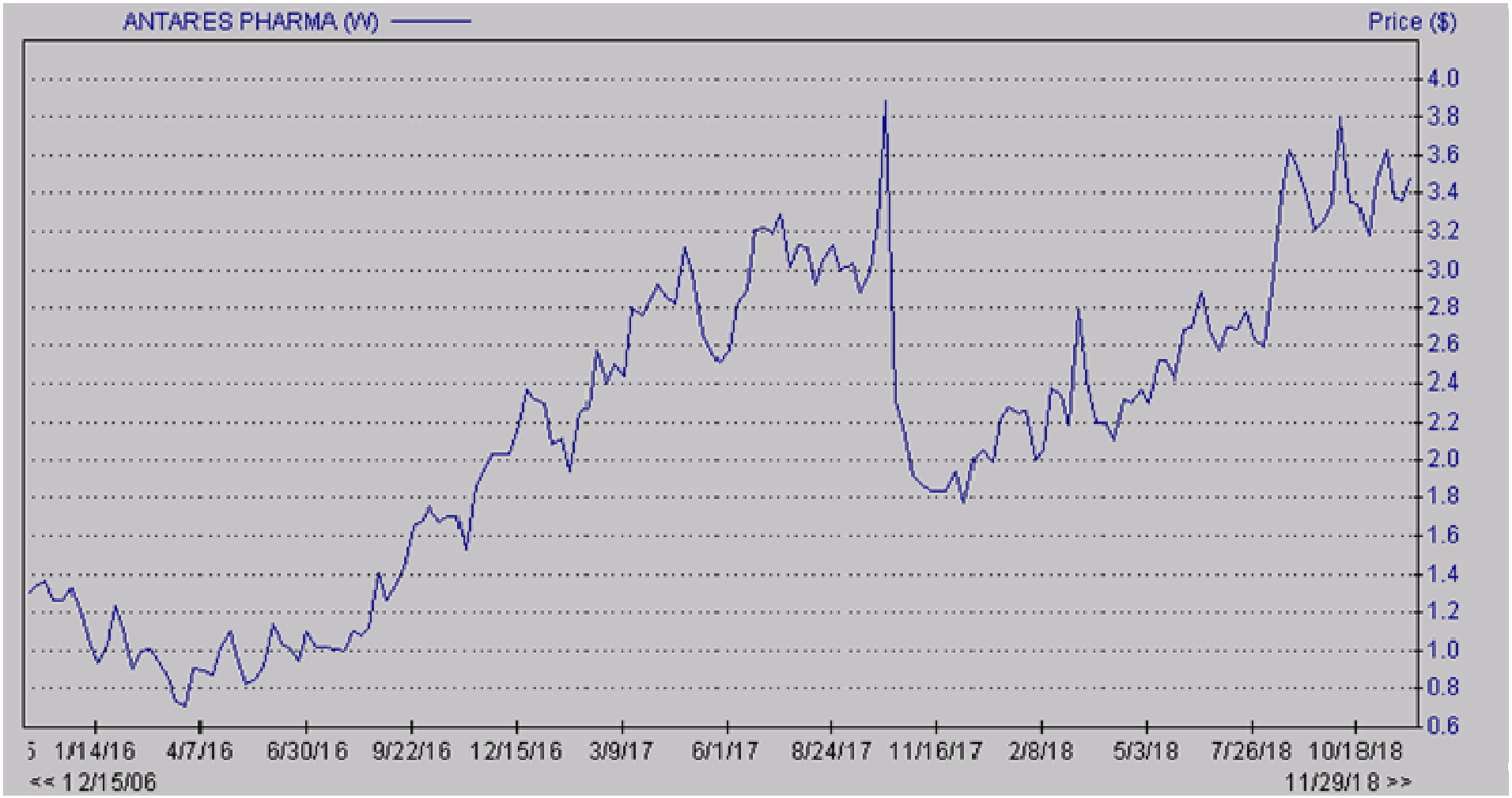
Antares Pharma, Inc.	2017 A	Q1 A	Q2 A	Q3 A	Q4 E	2018 E	2019 E	2020 E
Total Revenues	**$54,515**	**$12,703**	**$14,162**	**$17,868**	**$18,891**	**$63,624**	**$146,943**	**$241,397**
Cost of Product Sales	$22,317	$6,536	$6,677	$6,982	$7,943	$28,138	$63,394	$94,091
Cost of Development Revenue	$5,149	$650	$283	$307	$750	$1,990	$2,240	$2,240
Gross Profit	$27,050	$5,517	$7,202	$10,579	$10,198	$33,496	$81,309	$145,066
Product Gross Margin	*49.6%*	*43.4%*	*50.9%*	*59.2%*	*54.0%*	*52.6%*	*56.9%*	*61.0%*
R&D	$13,147	$3,320	$3,650	$3,611	$4,000	$14,581	$15,000	$14,000
SG&A	$30,353	$7,816	$7,463	$8,327	$7,700	$31,306	$32,245	$33,213
Other expenses	$0	$0	$0	$0	$0	$0	$0	$0
Operating Income	($16,451)	($5,619)	($3,911)	($1,359)	($1,502)	($12,391)	$34,064	$97,854
Operating Margin	*-30.2%*	*-44.2%*	*-27.6%*	*-7.6%*	*-7.9%*	*-19.5%*	*23.2%*	*40.5%*
Total Other Income	($292)	($574)	($609)	($577)	$0	($1,760)	$0	$0
Pre-Tax Income	($16,743)	($6,193)	($4,520)	($1,936)	($1,502)	($14,151)	$34,064	$97,854
Taxes & Other	$0	$0	$0	$0	$0	$0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	($16,743)	($6,193)	($4,520)	($1,936)	($1,502)	($14,151)	$34,064	$97,854
Reported EPS	**($0.11)**	**($0.04)**	**($0.03)**	**($0.01)**	**($0.01)**	**($0.09)**	**$0.21**	**$0.60**
Shares Outstanding	156,054.1	156,724.0	157,024.0	157,471.0	158,431.6	157,412.6	160,088.7	162,810.2

Source: Company Filing // Zacks Investment Research, Inc. Estimates

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HISTORICAL STOCK PRICE

Antares Pharma, Inc. – Share Price Chart



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