

Questcor Pharmaceuticals (QCOR) November Acthar Prescriptions - MS Is Soft But Offset By NS and IS

Key Takeaway

The company provides Nov prescription update ahead of an investor conference later this week, and suggests prescriptions may be tracking slightly ahead of our Q4 estimates although MS prescriptions appear soft, but offset by nephrotic syndrome and infantile spasms. Net-net, the vial count appears slightly ahead of our Q4 estimates, and we're confident in Acthar net sales of \$66M in Q4 and GAAP EPS of \$0.35.

MS Prescriptions Appear Soft: We estimate MS new paid prescriptions of 986 in Q4, and we believe the company is tracking ~955 new paid prescriptions in Q4. QCOR reported 615-625 new paid prescriptions in Oct and Nov (295 in Oct; 320-330 in Nov). The company attributes this to potential impact from holidays, however, we have not observed a similar trend in previous years. MS prescriptions, in our view, are volatile. Recall, in early Sept, the company reported MS prescriptions were up 10% in the first two months of Q3 compared to Q2, but then Sept was a record month and Q3 was up 15% sequentially compared to Q2.

Nephrotic Syndrome In Line: We estimate NS new paid prescriptions of 112 in Q4, and QCOR appears slightly ahead of our estimates. In the first two months of Q4, QCOR reported 83-87 new paid prescriptions (40 in Oct; 43-47 in Nov). On the surface, NS new paid prescriptions appear in line, and Dec may be a crucial month as we can ascertain the impact of the ASN meeting.

Infantile Spasm - Is This A One Quarter Phenomenon? We estimate IS new paid prescriptions will total 95 in Q4. QCOR reported IS prescriptions totaled 88-92 in Oct and Nov, and are tracking 50% ahead of our estimates. Recall, each IS prescription consists of four vials, and at least in Q4 it will more than offset any softening in Q4 MS prescriptions. In aggregate, while the data appears slightly positive, the prescriptions numbers are not as robust as previous updates and therefore we may see profit taking in light of shares outperforming in the last several weeks. We remain confident in our Q4 sales estimates of \$66M and GAAP EPS of \$0.35, and reiterate our Buy rating and \$50 PT.

BUY

Price target \$50.00

Price \$45.59

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Company Description

Questcor is a biopharmaceutical company dedicated to the commercialization of Acthar Gel in the U.S. Acthar is currently approved for 19 indications. Questcor generates a majority of its revenues by focusing on three indications: exacerbations related to multiple sclerosis, infantile spasms, and nephrotic syndrome.

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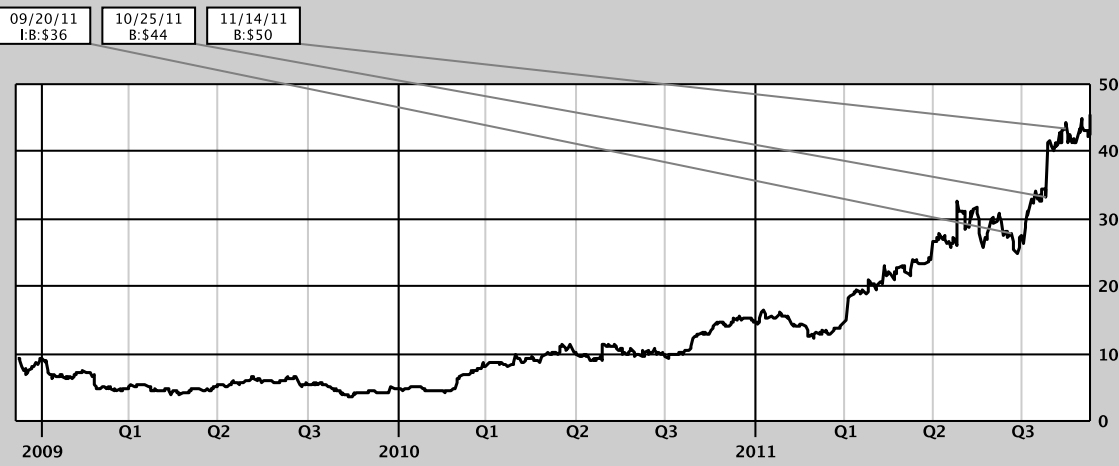
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Rating and Price Target History for: Questcor Pharmaceuticals (QCOR) as of 12-09-2011



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			Count	Percent
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