

Share Review

DEPOMED Inc [DEPO] Price 5 August 2015 \$30.79 (O)

Depomed Inc. is a specialty pharmaceutical company focused on the development and commercialization of differentiated products that are based on oral drug delivery technologies. Specializes and focuses on the treatment on pain and other conditions and diseases of the central nervous system.

- **Company Facts** [Web Site](#) [Corporate Presentation Depomed Inc.](#)

Code	Market cap:	Sector	Exchange	Currency	Indices
DEPO	£1.08bn	Pharmaceuticals	NASDAQ	\$	NASDAQ

Key Features

- A Growing Specialty Pharmaceutical Company that was founded in 1995 and has established itself by developing and incorporating promising technology into differentiated therapeutic products
- The Company's products include **Gralise** (gabapentin) for the management of post herpetic neuralgia (PHN). **Zipsor** (diclofenac potassium) anti-inflammatory drug (NSAID) indicated for relief of mild to moderate acute pain in adults. **CAMBIA** (diclofenac potassium for oral solution) and **Lazanda** (fentanyl) nasal spray to manage break through pain in cancer patients.
- Strong Product Sales and \$500mm in Cash and marketable securities to support future for acquisitions
- All time high net product sales and revenues in 2014
- CAMBIA : Only single agent in its therapeutic class approved in the U.S. for treatment of acute migraine attacks in adults. market exclusivity protected until January 2023
- Lazanda : Growth Trajectory is Taking Off Product sales of \$2.3 million for third quarter 2014 up over 400%, compared to \$0.4 million for third quarter 2013
- Zipsor : Acquired in 2012; cumulative net, sales of approximately \$50 million since acquisition
- Intellectual Property Provides Revenue Upside over the next Decade.
- Year on year share performance increase 110.77% (1 July 2014 \$14.30 10 July 2015 \$30.14)

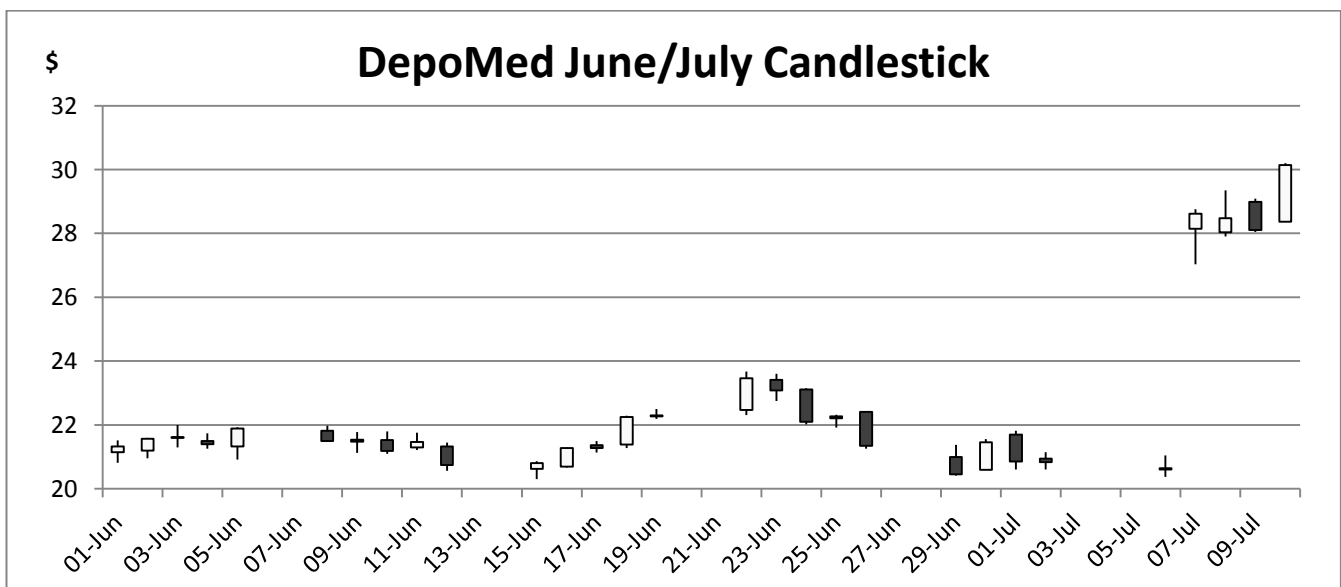
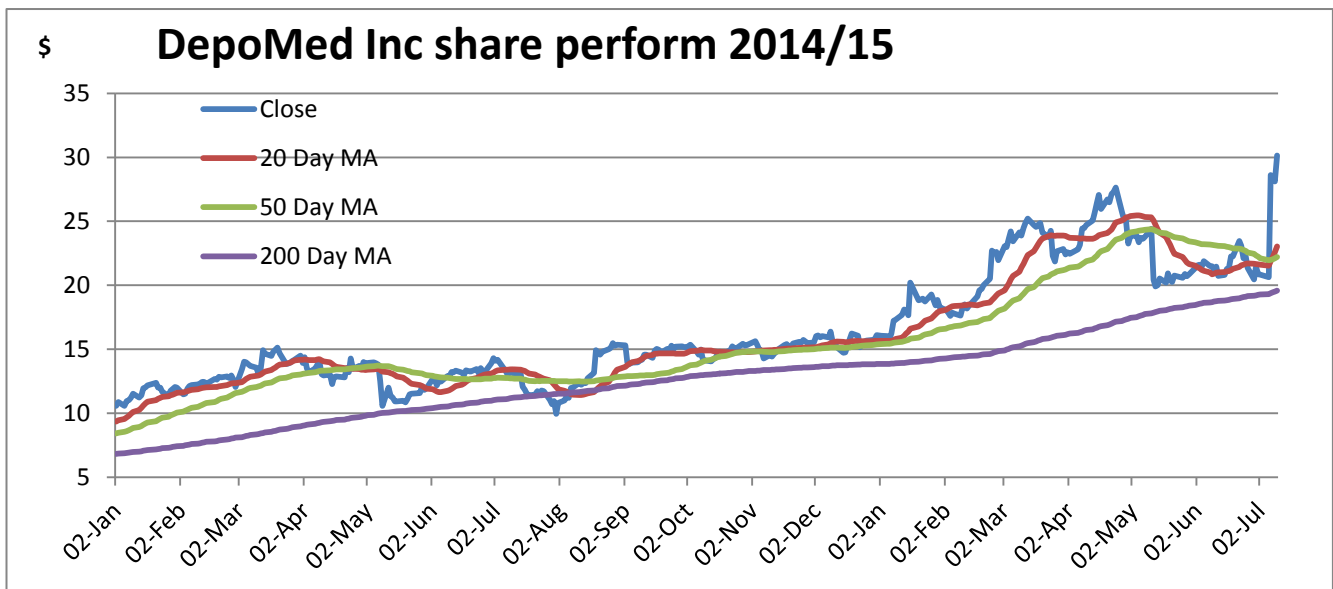
Recent News

- July 7, 2015 Depomed, Inc. received an unsolicited, highly conditional, non-binding proposal from Horizon Pharma plc (NASDAQ: HZNP) ("Horizon") to acquire all of the outstanding shares of Depomed in an all-stock transaction valued at \$29.25 per share (the "Proposal").
- Depomed, Inc. (NASDAQ:DEPO) [webcast for results 31 Dec 2014](#)
- [Transcript of 2014 fourth Quarter 2014-results-earnings \[Feb 2015\]](#)
- ability to develop and commercialize new drugs including the licensing of its unique drug-delivery technology, Acuform technology to six pharmaceutical partners
- Potential future cash flow from IP litigation against Purdue Pharma and Endo

FINANCIAL PERFORMANCE * [Annual Reports 2012-2014](#) * [Yahoo Analyst Estimates](#)

Income Statement	Year ended 31 Dec 2013	Year ended 31 Dec 2014	Movement %
Balance Sheet	\$000	\$000	
Total Revenues	134.21	390.36	190.8
Net Income	43.3	131.8	204.4
Total Assets	508.65	711.07	39.8
Stockholders Equity	137.42	364.5	165.2
Current Asset Ratio	1.75	9.85	4.63
Total Debt	24.28	26.64	9.7
Total Equity	137.42	364.4	165.2
Total Debt to Equity %	17.67%	7.31%	(58.6)

TECHNICAL ANALYSIS - Technical Diagnosis – Moving averages give a good indication of the vitality of the share in the long run. Since 2014 the 200 day moving average has been on an upward incline. The technicals have been affected by a recent hostile bid from Horizon Pharma on 7 July which saw DepoMed share price increase by \$8 a share in one day. Until the recent Horizon Bid the DepoMed share price had been on a decline and consolidation with the 20 Day MA crossing below its 50 day. Although a Doji appeared on the 7th July the significant price hike seems to be as a result of the hostile bid from Horizon. **No bid has been accepted as at 10 July by DepoMed and therefore no assumption should be made this would be successful.** Post price pattern performance since the bid would seem to indicate self momentum (whether justified or not) with positive candlesticks shown. On the 10 July, With a Bullish Marubozza on the 10 July normally indicative of an extremely strong bullish set up with the recent interest shown would seem to suggest that further upside potential is possible although not guaranteed. The recent hostile bid price was set at \$29.25 per share on 7 July. The closing price on the 10 July was \$30.14. Given the company's ambitious growth and medical innovation for cancer relief, I had previously acquired 366 shares at \$18.64 on 17 Feb and a further 172 shares on 24 Feb at \$22.50 in support of my conviction Please note this analysis is not advice but interpretation of potential market moves. Past performance is no guide to the future. First Share Reviewed on 17 Feb 2015 \$18.38 Current Price 4 August 2015 \$30.79 (Close)



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