

01 April 2024

India | Equity Research | Company Update

Blue Jet Healthcare

Speciality Chemicals

Esperion receives nod for bempedoic acid label expansion; positive for BlueJet

Esperion has recently received USFDA approval for label expansion for its bempedoic acid and it includes indications for primary hyperlipidemia, alone or in combination with a statin, and is the only LDL-C lowering non-statin drug indicated for primary prevention patients. The company expects label expansion to increase treatable population to 70mn patient from 10mn currently. It expects acceleration from Q2CY24. BlueJet has a multi-year contract to supply n-2 intermediate for producing bempedoic acid; therefore, the company may also benefit from acceleration in adoption of the medication. We have assumed revenue of INR 2bn from intermediate in FY26E while it has created capacity with peak revenue of INR 5bn. We maintain our estimates and target price of INR 450 (26x FY26E EPS). Maintain **BUY**.

Esperion's bempedoic acid received label expansion approvals

On Mar 22, '24, Esperion received the approval ([link](#)) from the USFDA for broad label expansions of its Nexletol (bempedoic acid) and Nexlizet based on positive data that includes indications for cardiovascular risk reduction and expanded LDL-C lowering in both primary and secondary prevention patients. It also included new indications for primary hyperlipidemia, alone or in combination with a statin, and is the only LDL-C lowering non-statin drug indicated for primary prevention patients. Notably, earlier bempedoic acid was allowed to be used as only secondary prevention patients. The company believes this label expansion approval will enable 70mn patient eligible for bempedoic acid from current ~10mn patient.

The other key message from Esperion - 'The FDA approvals also come on the heels of a positive opinion from the European Committee for Medicinal Products for Human Use, or CHMP, last week, and we therefore expect a similar positive decision from the EMA on our European submissions by the end of the second quarter.' Esperion has already done settlement with Daiichi which will market bempedoic acid in Europe, and label expansion in EU will add more treatable patients.

Sanjesh Jain

 sanjesh.jain@icicisecurities.com
 +91 22 6807 7153

Ashvik Jain

ashvik.jain@icicisecurities.com

Market Data

Market Cap (INR)	66bn
Market Cap (USD)	797mn
Bloomberg Code	BLUEJET IN
Reuters Code	BLUJ.BO
52-week Range (INR)	433 /319
Free Float (%)	12.0
ADTV-3M (mn) (USD)	1.4

Price Performance (%)

	3m	6m	12m
Absolute	3.8	0.0	0.0
Relative to Sensex	2.1	0.0	0.0

Financial Summary

Y/E March (INR mn)	FY23A	FY24E	FY25E	FY26E
Net Revenue	7,210	7,246	9,871	12,530
EBITDA	2,191	2,488	3,320	4,196
EBITDA Margin (%)	30.4	34.3	33.6	33.5
Net Profit	1,600	1,810	2,379	3,008
EPS (INR)	9.2	10.4	13.7	17.3
EPS % Chg YoY	(11.9)	13.1	31.5	26.4
P/E (x)	41.5	36.7	27.9	22.1
EV/EBITDA (x)	27.7	24.6	18.5	14.6
RoCE (%)	23.8	21.6	23.2	24.9
RoE (%)	41.7	33.9	31.5	32.0

Previous Reports

 15-03-2024: [Initiating Coverage](#)

Esperion can reach a treatable population of 70mn patients in the US

This approval marks bempedoic acid as now the only LDL-lowering non-statin indicated for cardiovascular risk reduction in both primary and secondary prevention patients, a major differentiator among other currently available therapies such as Leqvo, Zetia, Repatha, and Praluent.

The label expansion has multiple benefits – 1) bempedoic acid now has a broad cardiovascular risk reduction indication; 2) can now be used in primary prevention patients or those who have not yet had a cardiovascular event; 3) the statin use requirement has been removed.

Esperion bempedoic acid was limited to use only for LDL-C lowering in patients with ASCVD that are on maximally tolerated statin doses and are not at their LDL-C goal which constituted ~10mn patients. However, new label expansion will meaningfully increase the eligible patient population to ~70mn patients with or at the risk of cardiovascular disease who are unable to achieve their risk reduction goals on current therapies alone.

Advantage BlueJet which supplies intermediate to Esperion's bempedoic acid

BlueJet Healthcare has secured multi-year supply agreement with Esperion for n-2 intermediate (Diethyl 2,2,14,14-tetramethyl-8-oxo pentadecanedioate or BBA-04) which is used to produce bempedoic acid. The company has already started the supplies of intermediate in FY24, and it anticipates to expand the supplies as demand for the product increases. Further, BlueJet has expanded capacity for intermediate for bempedoic acid from 36tpa to 144tpa to cater to the growing demand for Esperion. The expanded capacity can produce revenue upwards of INR 5bn. However, our assumption builds only INR 2bn revenue for BlueJet from intermediate for bempedoic acid, and we see significant upside risk to our estimates.

Key comments from Esperion call on FDA approval

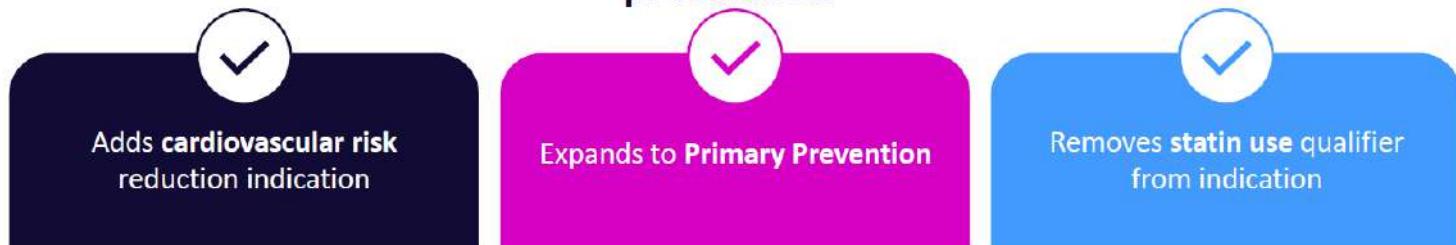
- 'We've recently expanded our sales force, deploying about 60 new territory managers into the field and bringing our team up to ~150 representatives. Together, with updated digital resources, we are able to reach a target universe of ~45,000 healthcare providers, comprising both primary care and specialists.'
- '...we have a team of about 150 people calling around 20,000 HCPs. That gives us a good coverage of the population that we have talked about, this 30mn population. We also have our digital efforts, which enable us to broaden that reach to about 45,000. That gets us about 80% coverage that we have talked about. Now, that's on the 30mn base of patients, but we will be working to expand that reach and capture that additional 40mn population as well.'
- 'We anticipate traction starting in Q2CY24, and it will take a few interactions, somewhere around five interactions to start changing the behaviour.'

Risks

- High concentration of one key product and one key customer. Any unfavourable development can materially harm prospects for BlueJet.
- Two out of three new products of BlueJet have exposure to NCE where market development for these products is critical for sale of intermediates for BlueJet.

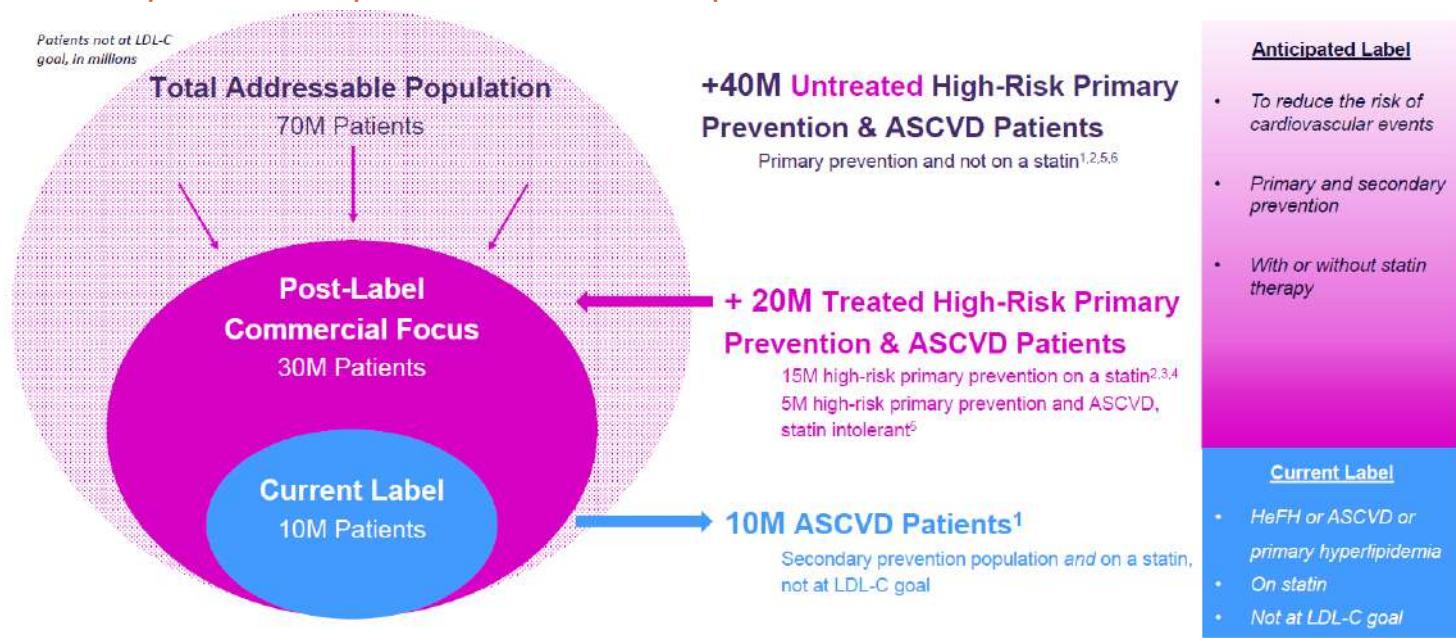
Exhibit 1: Esperion's new label expansion approval exceeded expectations

Only LDL-C lowering non-statin to be indicated for primary prevention



Positions NEXLETOL and NEXLIZET as the non-statin of first choice in cardiovascular risk reduction and LDL-C lowering treatment paradigms

Source: Company data, I-Sec research

Exhibit 2: Esperion's label expansion increases treatable patients


Source: Company data, I-Sec research

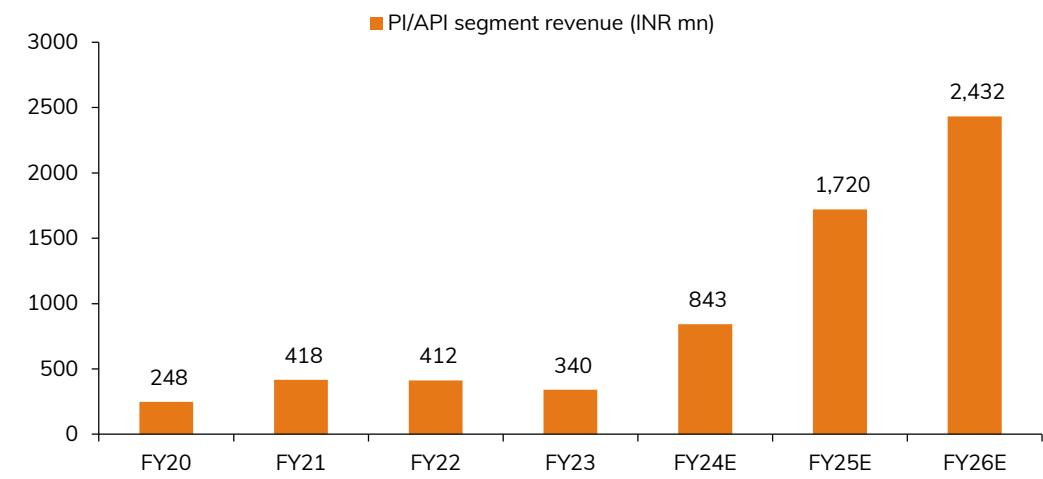
Exhibit 3: Esperion's new label expansion pushes bempedoic acid (Nexletol / Nexlizet) ahead of peers

Indication	NEXLETO [®]	NEXLIZET [®]	Zetia [®]	Repatha [®]	Praluent [®]	Leqvio [®]
CV Risk Reduction [#]						
Primary Prevention	✓	✓	✗	✗	✗	✗
Secondary Prevention	✓	✓	✗	✓	✓	✗
LDL-C Lowering [#]						
Primary Hyperlipidemia	✓	✓	✓	✓	✓	✓
Use Without a Statin	✓	✓	✓	✓	✓	✗

* Based on current version of FDA approved label, sourced from FDA drug approval database (drugs@fda); Comparison does not include Pediatric, HoFH or sitosterolemia indications.

Variations within the specific wording of each product indication.

Source: Company data, I-Sec research

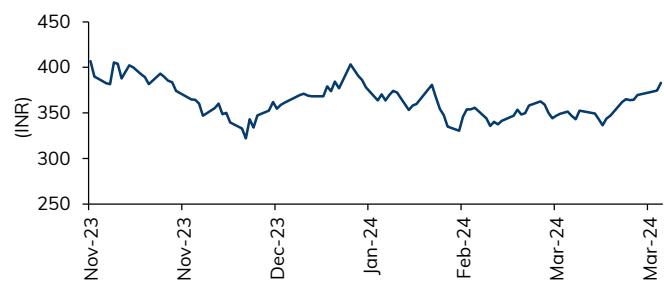
Exhibit 4: We have factored in INR 2bn revenue from intermediate to bempedoic acid in FY26E, and see significant upside risk


Source: Company data, I-Sec research

Exhibit 5: Shareholding pattern

%	Oct'23	Dec'23
Promoters	86.0	86.0
Institutional investors	6.7	6.6
MFs and others	2.3	2.2
FIs/Banks	0.6	0.0
Insurance	0.4	0.6
FIIIs	3.4	3.8
Others	7.3	7.4

Source: Bloomberg

Exhibit 6: Price chart


Source: Bloomberg

Financial Summary

Exhibit 7: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Net Sales	7,210	7,246	9,871	12,530
Operating Expenses	5,019	4,758	6,551	8,334
EBITDA	2,191	2,488	3,320	4,196
EBITDA Margin (%)	30.4	34.3	33.6	33.5
Depreciation & Amortization	251	289	406	455
EBIT	1,940	2,199	2,914	3,741
Interest expenditure	13	14	15	16
Other Non-operating Income	240	235	282	296
Recurring PBT	2,166	2,420	3,181	4,021
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	566	610	802	1,013
PAT	1,600	1,810	2,379	3,008
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,600	1,810	2,379	3,008
Net Income (Adjusted)	1,600	1,810	2,379	3,008

Source Company data, I-Sec research

Exhibit 8: Balance sheet

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Total Current Assets	6,650	6,047	7,175	9,024
of which cash & cash eqv.	656	640	278	620
Total Current Liabilities & Provisions	1,739	1,730	2,250	2,850
Net Current Assets	4,912	4,317	4,925	6,174
Investments	1,893	1,393	1,393	1,393
Net Fixed Assets	1,815	4,026	5,313	5,857
ROU Assets	228	228	228	228
Capital Work-in-Progress	305	305	305	305
Total Intangible Assets	-	-	-	-
Other assets	155	167	193	220
Deferred Tax Assets	-	-	-	-
Total Assets	8,621	10,241	12,681	15,102
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	10	10	10	10
Provisions	41	41	57	74
Other Liabilities	-	-	-	-
Equity Share Capital	347	347	347	347
Reserves & Surplus	6,468	8,097	10,001	11,805
Total Net Worth	6,815	8,444	10,347	12,152
Minority Interest	-	-	-	-
Total Liabilities	8,621	10,241	12,681	15,102

Source Company data, I-Sec research

Exhibit 9: Quarterly trend

(INR mn, year ending March)

	Jun-23	Sep-23	Dec-23
Net Sales	1,795	1,814	1,668
% growth (YOY)		(4.7)	(1.3)
EBITDA	590	626	546
Margin %	32.8	34.5	32.7
Other Income	51	82	68
Extraordinaries			97
Adjusted Net Profit	441	479	321

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Operating Cashflow	1,745	1,880	2,518	3,183
Working Capital Changes	(329)	65	(979)	(918)
Capital Commitments	(593)	(2,500)	(1,692)	(1,000)
Free Cashflow	823	(555)	(153)	1,264
Other investing cashflow	(880)	735	282	296
Cashflow from Investing Activities	(880)	735	282	296
Issue of Share Capital	-	-	-	-
Interest Cost	0	(14)	(15)	(16)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	0	(181)	(476)	(1,203)
Others	(14)	-	-	-
Cash flow from Financing Activities	(42)	(195)	(491)	(1,219)
Chg. in Cash & Bank balance	(99)	(15)	(362)	342
Closing cash & balance	654	640	278	620

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY23A	FY24E	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	9.2	10.4	13.7	17.3
Adjusted EPS (Diluted)	9.2	10.4	13.7	17.3
Cash EPS	10.7	12.1	16.1	20.0
Dividend per share (DPS)	-	1.0	2.7	6.9
Book Value per share (BV)	39.3	48.7	59.7	70.1
Dividend Payout (%)	-	10.0	20.0	40.0
Growth (%)				
Net Sales	5.5	0.5	36.2	26.9
EBITDA	(12.1)	13.6	33.4	26.4
EPS (INR)	(11.9)	13.1	31.5	26.4
Valuation Ratios (x)				
P/E	41.5	36.7	27.9	22.1
P/CEPS	35.9	31.6	23.8	19.2
P/BV	9.7	7.9	6.4	5.5
EV / EBITDA	27.7	24.6	18.5	14.6
EV/SALES	8.4	8.4	6.2	4.9
Dividend Yield (%)	-	0.3	0.7	1.8
Operating Ratios				
Gross Profit Margins (%)	53.4	57.5	53.2	51.7
EBITDA Margins (%)	30.4	34.3	33.6	33.5
Effective Tax Rate (%)	26.1	25.2	25.2	25.2
Net Profit Margins (%)	22.2	25.0	24.1	24.0
NWC / Total Assets (%)	57.0	42.2	38.8	(6.1)
Net Debt / Equity (x)	(0.4)	(0.2)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(1.2)	(0.8)	(0.5)	(0.5)
Profitability Ratios				
RoCE (%)	23.8	21.6	23.2	24.9
RoE (%)	41.7	33.9	31.5	32.0
RoIC (%)	37.4	30.8	28.9	29.7
Fixed Asset Turnover (x)	4.0	1.8	1.9	2.1
Inventory Turnover Days	63.6	60.0	60.0	60.0
Receivables Days	121.2	120.0	120.0	120.0
Payables Days	27.2	30.0	30.0	30.0

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Sanjesh Jain, PGDM; Ashvik Jain, MBA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, *inter alia*, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122
