Amneal Pharmaceuticals, Inc. (NASDAQ: AMRX)

Recommendation: **BUY**

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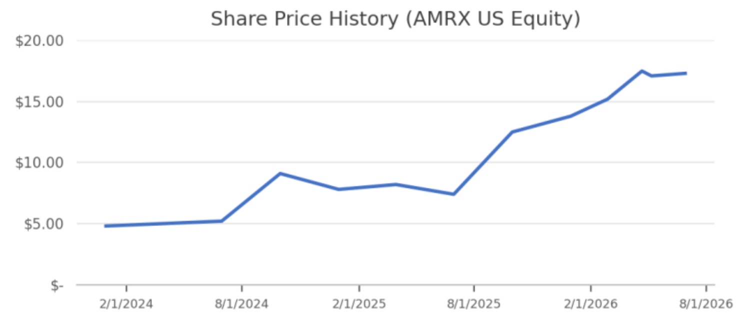
Amneal Pharmaceuticals (Nasdaq: AMRX)	
Share Price (as of 6/29/26)	$17.31
Shares Out. (mm)	333
Market Cap ($mm)	**$5,764**
Cash ($mm)	$150
Debt ($mm)	$2,940
TEV ($mm)	**$8,554**
FY25 Adj. EBITDA ($mm)	**$577**
EV / FY25 EBITDA	14.8x
EV / FY26E EBITDA (NTM)	10.6x

Base Case Valuation Summary (FY28E exit):	
FY2028E EBITDA	$1,012
Target Multiple	9.5x
EV	$9,614
Net Debt	$2,590
Equity Value	$7,024
Shares Out.	337
2-Year Price Target	**$20.84**
Total Return	+20%
IRR	**+10%**



Executive Summary

AMRX is completing a multi-year transformation from a commodity generics manufacturer into a vertically integrated biosimilar and specialty pharmaceutical platform, trading at 10.6x NTM EBITDA. The Kashiv BioSciences acquisition — announced April 22, 2026, at $750 million — is the catalytic event that makes the next two years the most consequential in the company's history. We rate AMRX a BUY with a 12-month price target of $23.00, representing +33% upside from the current price of $17.31. Our target is anchored 50% to a DCF ($20.30, WACC 11%, terminal growth 2.5%), with the balance reflecting a re-rating premium as Kashiv closes and the market shifts AMRX from generic multiples (~8-10x EBITDA) toward specialty/biosimilar multiples (~12-14x). FY2025 — the company's first-ever GAAP profitable full year ($72M net income vs. a $117M loss in FY2024) — confirms the structural improvement is real, not accounting-driven. Risk/reward is 3.7x: bull case +77% to $30.64, bear case −73% to $4.70, with the bear case hinging almost entirely on Kashiv integration stumbling.

Business Overview

Amneal Pharmaceuticals (AMRX) is a New Jersey-based biopharmaceutical company that develops, manufactures, and distributes generic drugs, biosimilars, sterile injectables, and specialty branded pharmaceutical products. With $3.02 billion in FY2025 revenue, it operates across three segments: Affordable Medicines (57.8% of revenue — complex generics, injectables, and five approved biosimilars), Specialty (17.5% — led by CREXONT in Parkinson's disease), and AvKARE (24.7% — government pharmaceutical distribution to the DoD and VA).

The company was founded in 2002 by brothers Chirag and Chintu Patel, who continue to serve as Co-CEOs — an unusual leadership structure that provides continuity but also creates governance complexity (discussed further in Risks). Amneal went public via a

SPAC merger with Impax Laboratories in May 2018 at $16/share and spent six years below that IPO price before CREXONT's launch and FY2025 profitability drove the stock back through that level in 2026.

The company manufactures primarily in India and Ireland, with U.S. commercial operations run from New Jersey. The Affordable Medicines business sources active pharmaceutical ingredients from India and China, creating a tariff exposure the company flagged as a new risk factor in its FY2025 10-K.

Investment Thesis

Three things must be true for this investment to work. All three are supported by evidence available in public filings today.

1. **The Kashiv acquisition closes in H2 2026 and delivers the biosimilar pipeline it promises.** Kashiv brings roughly 6 additional biosimilar molecules in development — more than doubling Amneal's pipeline. The combined platform's first target is denosumab ($5B+ reference market), followed by omalizumab ($3B+, BLA filed September 2025). AMRX is now one of only five U.S. FDA-approved biosimilar manufacturers.

   The deal was approved by an independent conflicts committee — the appropriate mechanism for a related-party transaction — even if the CFO's Q1 2026 answer on deal pricing ended on a hedge ('hopefully').

2. **CREXONT replaces RYTARY fast enough that Specialty doesn't collapse.** CREXONT launched September 2024 and generated $21M in Q1 2026 (on pace for ~$84M annualized, growing 15-20% per quarter). RYTARY, the drug it replaces, generated $44M in the same quarter. Management noted 80% of IR patients are converting to CREXONT and expects to double market share in 2026. We model CREXONT reaching $140M in FY2026 and $280M by FY2028.

3. **Recent transactions provide a valuation floor and re-rating precedent.** Amneal's own Kashiv deal priced at ~8.5x EBITDA — a floor reference for AMRX's biosimilar platform value. In the broader group, accolade (health navigation) was acquired by Transcarent in January 2025 at 18.6x next year's EBITDA, and Alight divested its Payroll/Professional Services business for ~10x FY23 EBITDA in 2024. These transactions bracket the range the market has recently paid for recurring healthcare-services assets.

Date	Seller	Acquirer	Terms	Multiple
Apr 2026	Kashiv BioSciences	Amneal Pharma.	$750M ($375M cash + $375M stock + up to $350M milestones + 25% royalty)	**~8.5x**
Jan 2025	Accolade Inc.	Transcarent	$7.03/sh, $621M total	18.6x
Mar 2024	Alight Payroll/Prof. Svcs.	H.I.G. Capital	$1.2B total consideration	~10.0x
2023	Lannett Co. (proposed)	Private Equity	$0.9B	5.8x
2021	Arena Pharmaceuticals	Pfizer Inc.	$6.7B ($100/share premium)	N.M.
2020	Mylan N.V.	Pfizer (Upjohn)	$12B stock deal	9.2x
2019	Allergan plc	AbbVie Inc.	$63B cash/stock deal	18.4x
2018	Akorn Inc.	Fresenius Kabi	$4.3B ($34/share)	14.8x

4. **Gross margin expands to 43-45%, re-rating AMRX from generic to specialty multiples.** This is the single most important driver in the model. Gross margin moved from 32.6% (FY2023) to 36.9% (FY2025) to 44.3% (Q1 2026 actual), with management guiding ~45% for full-year 2026. As Specialty and biosimilar revenue mix grows from 17.5% today toward 22-25% by FY2028, a company with 44-45% gross margin and 26-28% EBITDA margin deserves a 12-14x EBITDA multiple, not the 7-8x pure generics peers (Teva, Viatris) trade at.

5. **AvKARE stabilizes and no longer masks the core transition.** AvKARE's government distribution revenue was guided down to $625-700M for FY2026 (from $745M in FY2025) as DoD/VA ordering patterns normalize; this segment is low-margin and non-core to the thesis but was large enough historically to obscure the margin improvement happening in Affordable Medicines and Specialty. As AvKARE stabilizes and its relative weight shrinks, the consolidated margin story becomes cleaner.**The gap between where AMRX trades today ($17.31, 10.6x NTM EBITDA) and where it belongs on a specialty/biosimilar multiple basis ($23+) is where the investment opportunity lives.**

Management Team and Board of Directors

Chirag Patel co-founded Amneal in 2002 with his brother Chintu and has served as Co-Chief Executive Officer and President since August 2019, having previously led the company as Co-Chairman and Co-CEO from 2005 until its 2018 combination with Impax Laboratories. Alongside Chintu, he has personally backed several independent biopharmaceutical ventures, including Kashiv BioSciences — the target of Amneal's pending $750 million acquisition.

Chintu Patel co-founded Amneal in 2002 and has served as Co-Chief Executive Officer since August 2019, following an earlier stint as Co-Chairman and Co-CEO from the company's founding until 2018. Before Amneal, he spent eight years as a pharmacist and manager at Eckerd Pharmacy. Like Chirag, he holds a personal investment stake in Kashiv BioSciences, the counterparty in Amneal's pending acquisition.

Tasos Konidaris has served as Amneal's Chief Financial Officer since March 2020, overseeing finance, accounting, internal audit, investor relations, and IT. He brings more than 30 years of corporate finance experience, including CFO roles at Alcresta Therapeutics and Ikaria, and earlier finance leadership positions at Dun & Bradstreet.

Because Chirag and Chintu Patel hold a personal investment stake in Kashiv BioSciences on both sides of the transaction, the deal was reviewed and approved by an independent conflicts committee of Amneal's board — the appropriate governance mechanism for a related-party acquisition of this size. That said, the CFO's hedged answer to a direct pricing question on the Q1 2026 earnings call (he ended on 'hopefully') is a detail worth monitoring as the proxy statement discloses full deal terms.

Valuation

	Base FY28E	***Bull FY28E***	***Bear FY28E***
Revenue	$3,575	$3,890	$2,980
3yr Growth	*5.8%*	*8.8%*	*-0.3%*
Adj. EBITDA	$1,012	$1,165	$625
Margin	*28.3%*	*29.9%*	*21.0%*
FCF	$606	$710	$290
Margin	*17.0%*	*18.3%*	*9.7%*
Conversion	*59.9%*	*61.0%*	*46.4%*
EBITDA Multiple	9.5x	11.0x	7.0x
EV	$9,614	$12,815	$4,375
Net Debt	$2,590	$2,490	$2,790
Equity Value	$7,024	$10,325	$1,585
Sh. Out.	337	337	337
Price Target	**$20.84**	**$30.64**	**$4.70**
Upside/Downside	+20%	+77%	-73%
IRR	**+10%**	**+33%**	**-43%**
Risk/Reward vs Bear	—	3.7x	1.0x

The base case assumes the Kashiv acquisition closes on schedule in H2 2026, CREXONT reaches $140M of FY2026 revenue and $200M in FY2027, gross margin holds 43-45%, and AvKARE stabilizes at $660-700M. Applying a 9.5x FY2028E EBITDA multiple — above the current peer average of 7.1x, but justified by AMRX's shift toward biosimilar and specialty mix — suggests a $20.84 price target, or 20% upside and a 10% two-year IRR.

The bear case assumes Kashiv integration stumbles — cost overruns, manufacturing delays, or an FDA audit — while RYTARY erosion outpaces the CREXONT ramp and generic price erosion worsens to -7-8% per year. Gross margin stalls at 38-40%. Applying a 7.0x multiple on a $625M FY2028E EBITDA base suggests a $4.70 price target: a 73% decline and a -43% IRR.

The bull case assumes Kashiv integration finishes six months ahead of schedule, the omalizumab biosimilar is approved in Q1 2027, and CREXONT reaches $275M+ by FY2028 as the market re-rates AMRX toward the specialty/biosimilar range (11-13x). Applying an 11.0x multiple on FY2028E EBITDA of $1,165M implies a $30.64 price target: 77% upside and a 33% IRR.

Ticker	Name	Price	Mkt Cap	EV	1Yr%	YTD%	Sales	SalesGR	EV/EBITDA Crnt Yr	P/E Crnt Yr	P/E NY	EBIT Mgn T12M	Dvd Yld

TEVA	Teva Pharmaceutical Ind.	$17.80	$20.2	$34.1	32%	18%	$15.9	6.1%	6.8x	12.4x	9.8x	7.8%	—
VTRS	Viatris Inc.	$9.20	$7.8	$16.3	8%	3%	$14.7	1.2%	5.1x	18.2x	6.2x	11.8%	4.6%
SDZ	Sandoz Group AG	$38.50	$11.9	$16.2	28%	15%	$9.8	9.2%	9.4x	22.1x	17.4x	14.2%	—
HIK	Hikma Pharmaceuticals	$29.10	$3.4	$4.8	12%	6%	$3.2	5.4%	6.2x	11.8x	14.3x	13.8%	2.1%
AMPH	Amphastar Pharma.	$35.20	$1.9	$2.1	18%	12%	$0.8	9.3%	7.9x	14.2x	11.6x	21.8%	—
	Comp Group Average	**$25.96**	**$9.0**	**$14.7**	**20%**	**11%**	**$8.9**	**6.2%**	**7.1x**	**16.2x**	**11.9x**	**13.9%**	**1.3%**
	Comp Group Median	**$29.10**	**$7.8**	**$16.2**	**18%**	**12%**	**$9.8**	**6.1%**	**6.8x**	**14.3x**	**11.6x**	**13.8%**	**0.0%**
AMRX	**Amneal Pharmaceuticals**	**$17.31**	**$5.8**	**$8.6**	**34%**	**19%**	**$3.1**	**8.1%**	**10.6x**	**20.6x**	**16.2x**	**13.0%**	**—**

Risks

1. Kashiv integration fails or delays — manufacturing and regulatory integration across a $750M related-party transaction; a stumble defers the biosimilar pipeline value the bull case depends on.
2. RYTARY erosion could outpace the CREXONT ramp — Specialty's flat FY2026 guidance depends on the 80% IR-patient conversion rate holding.
3. Gross margin could stall below 40% — H2 2026 Kashiv integration costs hitting COGS is the wildcard against management's ~45% full-year guide, and the single biggest lever in the re-rating thesis.
4. Related-party governance — the Patel family holds a personal stake in Kashiv on both sides of the deal; despite independent committee approval, the CFO's hedged commentary on deal pricing warrants monitoring.
5. Tariff risk on India/China-sourced APIs, newly flagged in the FY2025 10-K and not yet quantified by management.
6. AvKARE government-channel disruption — DoD/VA contracts are sticky but exposed to shut down or continuing-resolution risk.

Financials

$mm unless noted	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	$2,393	$2,794	$3,019	$3,057	$3,285	$3,575	$3,823	$4,077
Growth	—	*16.8%*	*8.1%*	*1.3%*	*7.5%*	*8.8%*	*6.9%*	*6.6%*
Gross Profit	$780	$1,020	$1,113	$1,315	$1,445	$1,609	$1,720	$1,835
Margin	*32.6%*	*36.5%*	*36.9%*	*43.0%*	*44.0%*	*45.0%*	*45.0%*	*45.0%*
SG&A	$419	$476	$527	$520	$558	$590	$631	$673
Margin	*17.5%*	*17.0%*	*17.5%*	*17.0%*	*17.0%*	*16.5%*	*16.5%*	*16.5%*
R&D	$164	$191	$186	$199	$214	$250	$268	$285
Margin	*6.9%*	*6.8%*	*6.2%*	*6.5%*	*6.5%*	*7.0%*	*7.0%*	*7.0%*
EBITDA	$364	$376	$577	$804	$896	$1,012	$1,081	$1,154
Margin	*15.2%*	*13.5%*	*19.1%*	*26.3%*	*27.3%*	*28.3%*	*28.3%*	*28.3%*
D&A	$218	$215	$208	$214	$230	$250	$268	$285
Margin	*9.1%*	*7.7%*	*6.9%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*
Operating Income	$150	$249	$394	$590	$666	$762	$813	$869
Margin	*6.3%*	*8.9%*	*13.1%*	*19.3%*	*20.3%*	*21.3%*	*21.3%*	*21.3%*
Interest Expense, net	$219	$234	$241	$240	$230	$220	$210	$205
EBT	-$73	-$73	$128	$340	$426	$532	$593	$654
Tax	$8	$10	$0	$20	$26	$53	$77	$85
Net Income (AMRX)	-$144	-$116	$72	$280	$360	$439	$476	$529
Sh. Out. (mm)	311	316	325	333	335	337	338	339
EPS (diluted)	-$0.06	-$0.16	$0.22	$0.84	$1.07	$1.30	$1.41	$1.56
FCF	$77	$214	$228	$451	$508	$606	$663	$746
Net Leverage	6.0x	5.4x	4.2x	3.5x	3.0x	2.6x	2.3x	2.1x