

BioMarin

Initial Thoughts on 4Q23 Earnings

Maintain Rating: BUY | PO: 150.00 USD | Price: 89.97 USD

'24 rev/ EPS guidance in-line, with room for upside

BioMarin had a mixed 4Q print, with outperformance on the topline (\$646M; +\$9M vs. consensus), driven by Voxzogo (\$146M; +\$11M vs. cons), while the bottom-line was in-line (\$0.49; +\$0.04 vs. consensus). Looking to 2024, in-line with commentary at the healthcare conference earlier this year, new CEO Alexander Hardy provided 1) revenue guidance of \$2.75B at the midpoint (BofA \$3.1B; cons \$2.8B), 2) non-GAAP operating margin guidance of 23.5% at the midpoint, and 3) non-GAAP EPS guidance of \$2.70 at the midpoint (BofA \$3.40; cons \$2.93). Given guidance was relatively conservative, we could see BMRN shares pressured, particularly as some investors were hoping for a cost restructuring plan following investment from the activist fund, Elliott (see [our thoughts on the investment here](#)). That said, we think BioMarin remains a dynamic story given Voxzogo's strong ongoing launch + potential for label expansions (e.g., hypochondroplasia), a durable core enzyme replacement therapy (ERT) business, and its relative insulation from the IRA. Maintain Buy, \$150 PO.

On the rest of the business, Palynziq (\$88M; +\$4M) and Vimizim (\$176M; +\$4M) were in-line, while Roctavian (\$3M; -\$3M) and Naglazyme (\$98M; -\$15M) were soft. BioMarin is hosting a public call today at 4:30pm ET, 888-330-3073; ID: 1816377.

Exhibit 1: BioMarin variance

BioMarin 4Q23 estimates vs. consensus

	4Q23 Performance				4Q23 Growth		4Q23 Variance	
\$ in millions	4Q23	vs. Cons	BofA	Cons	Q/Q	Y/Y	BofA	Cons
Kuvan	37	IN-LINE	38	38	-14%	-32%	(1)	(1)
Palynziq	88	IN-LINE	90	84	11%	21%	(3)	4
Naglazyme	98	MISS	113	114	-10%	-2%	(15)	(15)
Vimizim	176	BEAT	175	171	11%	15%	1	4
Brineura	44	IN-LINE	56	45	6%	2%	(12)	(2)
Roctavian	3	MISS	5	5	N/A	N/A	(2)	(3)
Voxzogo	146	BEAT	163	135	18%	118%	(17)	11
Total Product Sales	633	BEAT	672	626	11%	20%	(39)	7
Total Revenue	646	BEAT	691	637	11%	20%	(45)	9
COGS	135		151	138	8%	6%	(16)	(3)
SG&A	275		240	240	23%	12%	35	35
R&D	206		207	203	8%	19%	(1)	3
Non-GAAP Net Income	95		112	93	5%	51%	(17)	2
Non-GAAP EPS - Diluted	0.49	IN-LINE	0.58	0.45	6%	49%	(0.09)	0.04
Guidance Summary	Guidance		2024E		Growth	Mdpt Var.		
	Company Guidance							
	Low	High		BofA	Cons	Y/Y	BofA	Cons
Revenue (\$M)	2,700	2,800	BELOW	3,050	2,828	13.7%	(300)	(78)
Non-GAAP EPS (\$M)	2.60	2.80	BELOW	3.40	2.93	29.8%	(0.70)	(0.23)

Source: Company report, BofA Global Research, Bloomberg, Visible Alpha

BofA GLOBAL RESEARCH

22 February 2024

Equity

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Stock Data

Price	89.97 USD
Price Objective	150.00 USD
Date Established	26-Jan-2024
Investment Opinion	B-1-9
52-Week Range	76.02 USD - 105.69 USD
Mkt Val (mn) / Shares Out (mn)	16,947 USD / 188.4
Free Float	99.1%
Average Daily Value (mn)	120.21 USD
BofA Ticker / Exchange	BMRN / NAS
Bloomberg / Reuters	BMRN US / BMRN.OQ
ROE (2023E)	8.5%
Net Dbt to Eqty (Dec-2022A)	7.5%
ESGMeter™	Medium

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Abbreviations:

OpEx: operating expenses

IRA: inflation reduction act

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Refer to important disclosures on page 3 to 5. Analyst Certification on page 2. Price Objective Basis/Risk on page 2.

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Timestamp: 22 February 2024 04:40PM EST

Price objective basis & risk

BioMarin (BMRN)

Our valuation approach for BMRN shares employs a discounted cash flow analysis of approved and pipeline products reflected in our \$150 price objective. We value BioMarin shares using a sum-of-the-parts net present value (NPV) analysis of approved assets, which assumes a weighted average cost of capital (WACC) of 6% and terminal growth rate of -5.5%. Under our assumptions, our NPV analysis suggests a legacy product value of \$70/share, Roctavian and Voxzogo of \$60/share, early stage pipeline of \$11/share and cash value of \$9/share.

Risks to our price objective are 1) faster-than-expected revenue runoff from Kuvan, 2) competition from other orphan drug developers, 3) slower-than-expected growth of new drug launches, and 4) clinical trial failures.

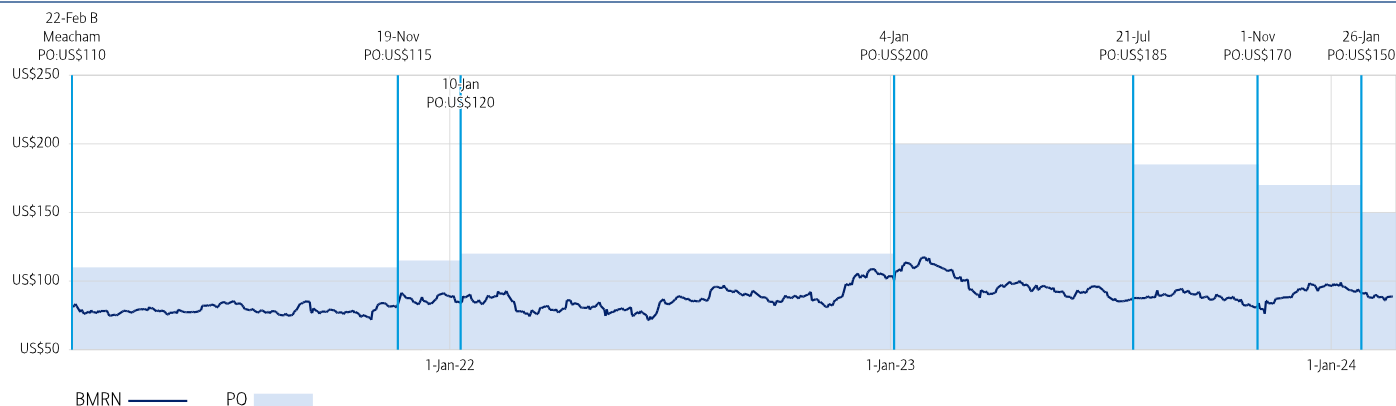
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BioMarin (BMRN) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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