

BridgeBio Pharma

Royalty deal shows confidence in durable acoramidis franchise

Maintain Rating: BUY | PO: 52.00 USD | Price: 36.91 USD

Refinancing and royalty deal strengthen balance sheet

BridgeBio announced a positive financing raise today of \$1.25B total from Blue Owl and CPP Investments, including a \$500M royalty sale of 5% on global net sales of acoramidis. The raise also included a \$450M credit facility to refinance existing senior secured credit to extend maturity to 2029 (from 2026), and the possibility of \$300M of additional credit to support potential M&A. With the deal suggesting durable growth of acoramidis sales beyond 2029 and \$5B+ in peak sales (\$4.6B unadjusted peak sales BofAe), we think BridgeBio is in a strong place for an anticipated launch of acoramidis in ATTR-CM in 2H24. While the company noted potential partnerships for the commercialization of acoramidis are still a possibility, we note the deal today reduces the pressure to find a partner. Overall we see the raise as an encouraging step for BridgeBio to strengthen its balance sheet and [as one of our top picks for 2024 \(see report\)](#), we look for positive clinical development and commercial execution from BridgeBio as the year continues. Maintain Buy, new PO \$52 (from \$50).

Deal details

Under the terms of the collaboration with Blue Owl and CPPIB Credit, BridgeBio entered into a royalty agreement including a \$500M cash payment upon FDA approval of acoramidis (2H24) in exchange for 5% of worldwide net sales. Future royalty payments are capped at 1.9 times the invested capital. BridgeBio also announced a refinancing of the existing senior credit facility with Blue Owl, including \$450M of committed capital funded at close to refinance from 2026 to 2029. The refinancing also includes an additional tranche of up to \$300M which can be funded to support strategic corporate development. The company maintains its cash guidance of 2H24. We update our model for the terms of the raise, resulting in a new PO of \$52 from \$50 and new 2024 EPS of - \$3.07 (from -\$2.94).

Focus on acoramidis approval in 2H24

[With encouraging clinical data \(see report\)](#) and [defined launch plans \(see report\)](#), we think BridgeBio is in a strong position to launch acoramidis once it is approved (2H24; 95% PoS). We currently model 25% peak penetration and \$4.4B risk-adj. peak sales for acoramidis in ATTR-CM.

See our catalyst calendar below (Exhibit 1):

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	(3.90)	(3.26)	(3.80)	(3.07)	(1.48)
EPS Change (YoY)	-2.6%	16.4%	-16.6%	19.2%	51.8%
Consensus EPS (Bloomberg)			(3.81)	(3.56)	(2.32)
DPS	0	0	0	0	0
Valuation (Dec)					
Free Cash Flow Yield*	-9.9%	-8.2%	-9.9%	-8.8%	-4.3%

* For full definitions of *IQmethod*SM measures, see page 5.

18 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	50.00	52.00
2024E Rev (m)	128.5	136.0
2025E Rev (m)	486.1	478.2
2024E EPS	-2.94	-3.07
2025E EPS	-1.25	-1.48

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Stock Data

Price	36.91 USD
Price Objective	52.00 USD
Date Established	18-Jan-2024
Investment Opinion	C-1-9
52-Week Range	7.94 USD - 44.32 USD
Mkt Val (mn) / Shares Out (mn)	5,175 USD / 140.2
Free Float	73.1%
Average Daily Value (mn)	72.42 USD
BofA Ticker / Exchange	BBIO / NAS
Bloomberg / Reuters	BBIO US / BBIO.QQ
ROE (2023E)	NA
Net Dbt to Eqty (Dec-2022A)	NA
ESGMeter™	Low

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

ATTR-CM: transthyretin amyloidosis cardiomyopathy

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Timestamp: 18 January 2024 08:06AM EST

iQprofileSM BridgeBio Pharma

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	-69.9%	-66.9%	-126.2%	-126.8%	-44.7%
Return on Equity	NM	NM	NM	NM	NM
Operating Margin	-827.1%	-659.6%	-7,296.2%	-333.5%	-39.5%
Free Cash Flow	(511)	(424)	(512)	(454)	(225)

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	NM	NM	NM	NM	NM
Asset Replacement Ratio	NA	NA	NA	NA	NA
Tax Rate	NM	NM	NM	NM	NM
Net Debt-to-Equity Ratio	NM	NM	NM	NM	NM
Interest Cover	-12.6x	-15.5x	-8.0x	-5.4x	-2.3x

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	70	78	8	136	478
% Change	745.1%	11.4%	-90.3%	1,700.0%	251.5%
Gross Profit	70	78	8	117	408
% Change	745.1%	11.4%	-90.3%	NM	249.1%
EBITDA	(577)	(512)	(551)	(454)	(189)
% Change	-21.5%	11.2%	-7.7%	17.7%	58.4%
Net Interest & Other Income	(10)	28	(69)	(84)	(84)
Net Income (Adjusted)	(537)	(389)	(506)	(425)	(161)
% Change	-26.3%	27.6%	-30.1%	15.9%	62.2%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(563)	(481)	(611)	(532)	(270)
Depreciation & Amortization	0	0	0	0	0
Change in Working Capital	(4)	28	44	(23)	(60)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	69	34	60	106	111
Capital Expenditure	(13)	(5)	(5)	(5)	(6)
Free Cash Flow	-511	-424	-512	-454	-225
% Change	-25.6%	17.0%	-20.6%	11.3%	50.5%
Share / Issue Repurchase	(184)	7	298	5	205
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	1,064	(20)	0	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	394	377	203	254	235
Trade Receivables	20	17	0	13	47
Other Current Assets	475	155	123	138	176
Property, Plant & Equipment	30	15	15	16	17
Other Non-Current Assets	94	60	58	60	64
Total Assets	1,013	623	400	480	538
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	135	121	115	121	137
Long-Term Debt	1,704	1,708	1,708	1,708	1,708
Other Non-Current Liabilities	39	39	39	39	39
Total Liabilities	1,878	1,868	1,862	1,868	1,884
Total Equity	(866)	(1,245)	(1,462)	(1,387)	(1,346)
Total Equity & Liabilities	1,013	623	400	480	538

* For full definitions of iQmethodSM measures, see page 5.

Company Sector

Biotechnology

Company Description

BridgeBio is a clinical stage biopharmaceutical company dedicated to developing treatment for genetic diseases and cancers with a single genetic driver.

Investment Rationale

We rate BridgeBio as Buy as de-risked late stage assets have potential to become meaningful contributors while the broad pipeline continues developing and new growth drivers emerge.

Stock Data

Average Daily Volume 1,961,967

Quarterly Earnings Estimates

	2022	2023
Q1	-1.35A	-0.92A
Q2	-0.07A	-0.98A
Q3	-0.93A	-1.08A
Q4	-0.92A	-0.89E

Exhibit 1: BridgeBio Catalyst Calendar
We model a launch of acoramidis in 2H24.

Company	Asset	Indication	Event	Timing	Importance
BridgeBio	Acoramidis	ATTR-CM	Global marketing authorization applications	2024	Moderate
BridgeBio	Acoramidis	ATTR-CM	Anticipated FDA approval and launch	2H24	High
BridgeBio	low-dose infigratinib	Achon.	LPI	1H24	Moderate
BridgeBio	low-dose infigratinib	Achon.	Study completion	2025	High
BridgeBio	low-dose infigratinib	hypochondroplasia	Clinical program initiation	2024	High
BridgeBio	BBP-418	LGMD2i	Complete enrollment	2024	Moderate
BridgeBio	Encaleret	ADH1	Phase 3 readout	early 2025	Moderate
BridgeBio	Gene therapy	CAH	Phase 2 data readout	3Q24	High
BridgeBio	BBP-418	LGMD2i	FORTIFY topline data	1H25	High
BridgeBio	BBO-8520	Oncology	IND filing	2024	Low

Source: BofA Global Research, company reports

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Price objective basis & risk

BridgeBio Pharma (BBIO)

Our net present value (NPV) sum-of-the-parts valuation gives a price objective of \$52/share for BridgeBio, which includes \$32/share for acoramidis, \$3/share for ribitol in LGMD2i, \$11/share for infigratinib in achondroplasia, \$6/share for encaleret, \$5/share for CAH gene therapy, and -\$4/share in net cash. We assume a weighted-average cost of capital (WACC) of 15% and terminal growth rates ranging from -50% to 0%.

Downside risks to our price objective are 1) clinical trial failures, 2) inability to raise capital to fund development programs, and 3) superior data from competitors.

Upside risks to our price objective are 1) stronger-than-expected uptake in infigratinib, 2) unexpected de-risking data for early programs, and 3) clinical trial failures from competing companies.

Analyst Certification

I, Greg Harrison, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Biopharmaceuticals Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	89bio, Inc	ETNB	ETNB US	Geoff Meacham
	Acumen Pharma	ABOS	ABOS US	Geoff Meacham
	Agios Pharmaceuticals	AGIO	AGIO US	Greg Harrison, CFA
	Amylyx Pharmaceuticals	AMLX	AMLX US	Geoff Meacham
	BioMarin	BMRN	BMRN US	Geoff Meacham
	BioXcel Therapeutics	BTAI	BTAI US	Greg Harrison, CFA
	BridgeBio Pharma	BBIO	BBIO US	Greg Harrison, CFA
	Caribou	CRBU	CRBU US	Geoff Meacham
	CRISPR Therapeutics	CRSP	CRSP US	Geoff Meacham
	Eli Lilly and Company	LLY	LLY US	Geoff Meacham
	Gilead Sciences Inc.	GILD	GILD US	Geoff Meacham
	HUTCHMED	HCM	HCM US	Alec W. Stranahan
	Insmo Incorporated	INSM	INSM US	Jason Zemansky
	Intellia Therapeutics	NTLA	NTLA US	Greg Harrison, CFA
	Janux Therapeutics	JANX	JANX US	Geoff Meacham
	Keros	KROS	KROS US	Greg Harrison, CFA
	Kiniksa Pharmaceuticals, Ltd.	KNSA	KNSA US	Geoff Meacham
	Krystal Biotech	KRYS	KRYS US	Alec W. Stranahan
	Kura Oncology	KURA	KURA US	Jason Zemansky
	Liquidia Corporation	LQDA	LQDA US	Greg Harrison, CFA
	Lyell Immunopharma	LYEL	LYEL US	Geoff Meacham
	MeiraGTx	MGTX	MGTX US	Alec W. Stranahan
	Merck & Co.	MRK	MRK US	Geoff Meacham
	Mineralys Therapeutics	MLYS	MLYS US	Greg Harrison, CFA
	Neumora Therapeutics	NMRA	NMRA US	Geoff Meacham
	Rani Therapeutics	RANI	RANI US	Geoff Meacham
	Regenxbio, Inc.	RGNX	RGNX US	Alec W. Stranahan
	Revolution Medicines	RVMD	RVMD US	Alec W. Stranahan
	Rocket Pharmaceuticals, Inc.	RCKT	RCKT US	Greg Harrison, CFA
	Royalty Pharma	RPRX	RPRX US	Geoff Meacham
	Sana Biotechnology	SANA	SANA US	Geoff Meacham
	SpringWorks	SWTX	SWTX US	Alec W. Stranahan
	Syndax Pharmaceuticals	SNDX	SNDX US	Jason Zemansky
	Traverse Therapeutics Inc	TVTX	TVTX US	Greg Harrison, CFA
	Turnstone Biologics	TSBX	TSBX US	Geoff Meacham
	Vertex Pharmaceuticals Inc.	VRTX	VRTX US	Geoff Meacham

US - Biopharmaceuticals Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Werewolf Therapeutics	HOWL	HOWL US	Jason Zemansky
	Xencor	XNCR	XNCR US	Alec W. Stranahan
NEUTRAL				
	AbbVie	ABBV	ABBV US	Geoff Meacham
	Alector, Inc	ALEC	ALEC US	Greg Harrison, CFA
	Amgen Inc.	AMGN	AMGN US	Geoff Meacham
	Arcus Biosciences	RCUS	RCUS US	Jason Zemansky
	Beam Therapeutics	BEAM	BEAM US	Greg Harrison, CFA
	Biogen Inc.	BIIB	BIIB US	Geoff Meacham
	Bristol-Myers Squibb	BMJ	BMJ US	Geoff Meacham
	Cytokinetics, Incorporated	CYTK	CYTK US	Jason Zemansky
	Editas Medicine	EDIT	EDIT US	Greg Harrison, CFA
	Erasca	ERAS	ERAS US	Alec W. Stranahan
	Esperion	ESPR	ESPR US	Jason Zemansky
	Exscientia	EXAI	EXAI US	Alec W. Stranahan
	IGM Biosciences	IGMS	IGMS US	Greg Harrison, CFA
	Johnson & Johnson	JNJ	JNJ US	Geoff Meacham
	Kymera Therapeutics	KYMR	KYMR US	Geoff Meacham
	Moderna	MRNA	MRNA US	Geoff Meacham
	Pfizer	PFE	PFE US	Geoff Meacham
	Recursion Pharmaceuticals, Inc.	RXR	RXR US	Alec W. Stranahan
	Tyra Biosciences	TYRA	TYRA US	Greg Harrison, CFA
	Vir	VIR	VIR US	Geoff Meacham
	Y-mAbs Therapeutics, Inc	YMAB	YMAB US	Alec W. Stranahan
UNDERPERFORM				
	AlloVir, Inc.	ALVR	ALVR US	Jason Zemansky
	CureVac	CVAC	CVAC US	Geoff Meacham
	Day One Biopharmaceuticals	DAWN	DAWN US	Alec W. Stranahan
	LianBio	LIAN	LIAN US	Geoff Meacham
	Novavax	NVAX	NVAX US	Alec W. Stranahan
	Regeneron Pharmaceuticals Inc.	REGN	REGN US	Geoff Meacham
	Reneo Pharmaceuticals	RPHM	RPHM US	Jason Zemansky
	TG Therapeutics	TGTX	TGTX US	Alec W. Stranahan
	United Therapeutics Corporation	UTHR	UTHR US	Greg Harrison, CFA
RSTR				
	Immatics	IMTX	IMTX US	Alec W. Stranahan

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +
Other LT Liabilities
Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

Basic EBIT + Depreciation + Amortization



Valuation Toolkit

Numerator

Denominator

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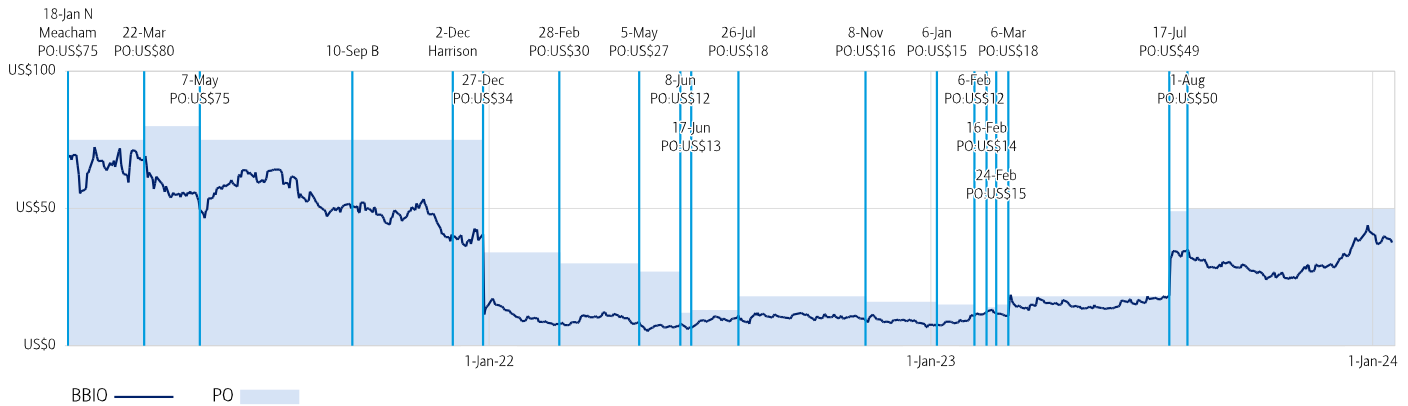
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Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

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%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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