

BridgeBio Pharma

Licensing agreement further supports commercial launch of acoramidis

Reiterate Rating: BUY | PO: 50.00 USD | Price: 32.36 USD

Acoramidis opportunity amplified with Bayer deal

BridgeBio announced an exclusive licensing agreement with Bayer to develop and commercialize acoramidis in the EU, including up to \$310M in upfront and near-term milestones and a low-thirties tiered royalty on acoramidis net sales by Bayer. With a [focus on the anticipated acoramidis launch and approval \(see 4Q23 takeaways\)](#), we think the deal today further supports the commercial opportunity for acoramidis. Supported by [continued positive clinical data \(see report\)](#), we model an EU based launch in 2025 with the recent acceptance of the MAA for the approval of acoramidis by the EMA and an approval expected in 2025. With the [accepted NDA \(see report\)](#) and a PDUFA set for November 29, 2024, we continue to model a late 2024 launch of acoramidis in the US. Given the continued late stage and regulatory progress across BridgeBio's broad pipeline, including the anticipated approval and subsequent launch of acoramidis, we maintain Buy, PO \$50.

Deal terms

Under the terms of the exclusive licensing agreement, BridgeBio is eligible to receive up to \$310M in upfront, regulatory and sales milestone payments through 2026 and additional payments subject to certain undisclosed sales milestones. BridgeBio is also entitled to tiered royalties beginning in the low-thirties percent of acoramidis net sales by Bayer. The exclusive license agreement allows Bayer to develop and commercialize acoramidis in the EU and member states of the European Patent Organization.

Model updates

We update our model for the royalty agreement, with an assumed EU launch in 2025. We model \$5.1B risk-adj. peak global sales of acoramidis, including \$2.1B risk-adj. peak US sales.

See our catalyst calendar below (Exhibit 1):

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	(3.26)	(3.95)	(4.26)	(3.16)	0.59
EPS Change (YoY)	16.4%	-21.2%	-7.8%	25.8%	NM
Consensus EPS (Bloomberg)			(3.65)	(2.74)	(1.09)
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	NM	NM	54.8x
EV / EBITDA*	NM	NM	NM	NM	24.1x
Free Cash Flow Yield*	-9.4%	-11.7%	-13.7%	-11.1%	2.4%

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

04 March 2024

Equity

Key Changes

(US\$)	Previous	Current
2025E Rev (m)	247.5	230.9
2026E Rev (m)	1,218.7	1,088.6
2025E EPS	-3.24	-3.16
2026E EPS	0.81	0.59

Greg Harrison, CFA

Research Analyst
BofAS
+1 646 855 1476
gregory.harrison@bofa.com

Mary Kate Davis

Research Analyst
BofAS
+1 646 855 1778
mary.k.davis@bofa.com

Stock Data

Price	32.36 USD
Price Objective	50.00 USD
Date Established	23-Feb-2024
Investment Opinion	C-1-9
52-Week Range	11.75 USD - 44.32 USD
Mrkt Val (mn) / Shares Out (mn)	4,537 USD / 140.2
Free Float	73.3%
Average Daily Value (mn)	52.13 USD
BofA Ticker / Exchange	BBIO / NAS
Bloomberg / Reuters	BBIO US / BBIO.OQ
ROE (2024E)	NA
Net Dbt to Eqty (Dec-2023A)	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"](#).

MAA: Marketing Authorization Application

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Timestamp: 04 March 2024 10:28AM EST

iQprofileSM BridgeBio Pharma

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	-66.9%	-120.9%	-175.4%	-212.6%	73.6%
Return on Equity	NM	NM	NM	NM	NM
Operating Margin	-659.6%	-6,528.8%	-3,394.7%	-218.3%	23.0%
Free Cash Flow	(424)	(529)	(623)	(503)	108

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	NM	NM	NM	NM	0.4x
Asset Replacement Ratio	NA	NA	NA	NA	NA
Tax Rate	NM	NM	NM	NM	21.0%
Net Debt-to-Equity Ratio	NM	NM	NM	NM	NM
Interest Cover	-15.5x	-9.6x	-8.0x	-5.9x	2.9x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	78	9	20	231	1,089
% Change	11.4%	-88.0%	114.1%	1,059.4%	371.5%
Gross Profit	78	9	18	213	1,007
% Change	11.4%	-88.0%	96.9%	NM	372.7%
EBITDA	(512)	(607)	(676)	(504)	250
% Change	11.2%	-18.6%	-11.3%	25.4%	NM
Net Interest & Other Income	28	(46)	(85)	(85)	(86)
Net Income (Adjusted)	(389)	(528)	(636)	(464)	249
% Change	27.6%	-35.9%	-20.4%	27.0%	NM

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(481)	(643)	(753)	(583)	128
Depreciation & Amortization	0	0	0	0	0
Change in Working Capital	28	5	18	(35)	(145)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	34	110	113	117	127
Capital Expenditure	(5)	(1)	(1)	(1)	(2)
Free Cash Flow	-424	-529	-623	-503	108
% Change	17.0%	-24.7%	-17.7%	19.2%	NM
Share / Issue Repurchase	7	453	10	311	13
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(20)	0	0	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	377	376	283	91	212
Trade Receivables	17	2	2	22	102
Other Current Assets	155	100	96	118	203
Property, Plant & Equipment	15	12	12	13	14
Other Non-Current Assets	60	57	61	63	68
Total Assets	623	546	454	307	598
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	121	144	162	171	196
Long-Term Debt	1,708	1,727	1,727	1,727	1,727
Other Non-Current Liabilities	39	18	40	43	47
Total Liabilities	1,868	1,889	1,929	1,942	1,970
Total Equity	(1,245)	(1,343)	(1,476)	(1,635)	(1,372)
Total Equity & Liabilities	623	546	453	307	598

* 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 1,610,894

Quarterly Earnings Estimates

	2023	2024
Q1	-0.92A	-1.08E
Q2	-0.98A	-1.10E
Q3	-1.08A	-1.11E
Q4	-0.96A	-1.06E

Exhibit 1: BridgeBio Catalyst Calendar

Acoramidis has a PDUFA date set for November 29.

Company	Asset	Indication	Event	Timing	Importance
BridgeBio	Acoramidis	ATTR-CM	PDUFA	29-Nov	High
BridgeBio	low-dose infigratinib	Achon.	Last patient enrolled	2024	Moderate
BridgeBio	low-dose infigratinib	Achon.	Study completion	2025	High
BridgeBio	low-dose infigratinib	hypochondroplasia	Clinical program initiation	2024	Moderate
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

BofA GLOBAL RESEARCH

Price objective basis & risk

BridgeBio Pharma (BBIO)

Our net present value (NPV) sum-of-the-parts valuation gives a price objective of \$50/share for BridgeBio, which includes \$27/share for acoramidis, \$3/share for ribitol in LGMD2i, \$14/share for infigratinib in achondroplasia, \$4/share for encaleret, \$5/share for CAH gene therapy, and -\$3/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
	Immatics	IMTX	IMTX US	Alec W. Stranahan
	Insmid Incorporated	INSM	INSM US	Jason Zemansky
	Intellia Therapeutics	NTLA	NTLA US	Greg Harrison, CFA
	Janux Therapeutics	JANX	JANX US	Alec W. Stranahan
	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

US - Biopharmaceuticals Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Vertex Pharmaceuticals Inc.	VRTX	VRTX US	Geoff Meacham
	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
	Kymira 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	Alec W. Stranahan
	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
	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

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

*IQmethod*SM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

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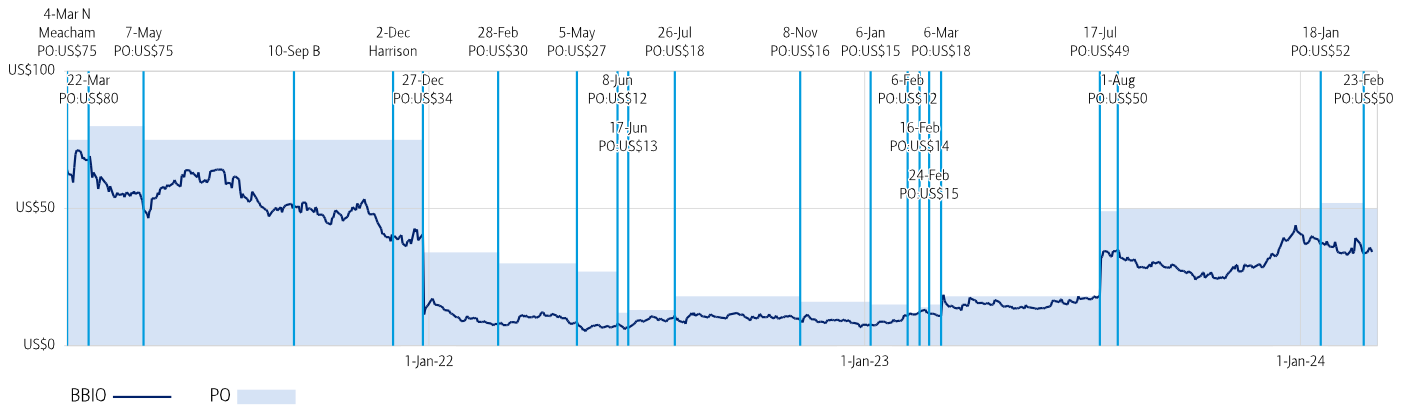
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Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

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%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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