

Bristol-Myers Squibb

Initial Thoughts on 4Q23 earnings

Maintain Rating: NEUTRAL | PO: 60.00 USD | Price: 48.67 USD

Good 4Q upside; 2024 guidance better than expected

Bristol beat 4Q top and bottom lines (+\$274M revs, +\$0.18 EPS vs. cons) and issued better-than-expected 2024 revenue guidance (low single-digit increase vs. consensus 1%). Of note, the non-GAAP EPS guidance midpoint of \$7.25 excludes Karuna and Rayzebio transactions while consensus \$7.11 may include the acquisition impact (-\$0.43). Higher revenues were driven by Eliquis (+\$93M), Revlimid (+\$63M), and New Launches (+\$63M; Reblozyl +\$46M). Overall, while the quarter and 2024 guidance look solid, a consistent commercial performance and growth momentum from the new launches are crucial to Bristol's story. To that end, we think it will take time before seeing a meaningful sales inflection from new launches. Maintain Neutral and \$60 PO.

New launches the key to unlock multiples

While some products have had slower than expected q/q ramp-up since launch and the performance was not consistent quarter over quarter, we think the acceleration of the New Launches is a matter of "when, not if" but patience is key. The top likely questions going into the call are 1) commercial performance for key franchises (e.g., Eliquis, Opdivo); 2) launch metrics from the "Big 9" and outlook for 2024; 3) update on recent acquisitions and KarXT launch expectations; 4) BD capacity and area of interest.

Bristol's 4Q23 call starts at 8:00 AM ET. Dial in: 866 910 2976; ID: retrieve pin

Exhibit 1: Bristol 4Q23 Variance and 2024 Guidance

Bristol's 4Q23 performance

\$ in millions	4Q23 Performance				4Q23 Growth		4Q23 Variance	
	4Q23A	vs. Cons	BofA	Cons	Q/Q	Y/Y	BofA	Cons
Opdivo	2,387	BEAT	2,265	2,369	5%	8%	122	18
Yervoy	566	MISS	618	590	(2%)	(0%)	(52)	(24)
Eliquis	2,874	BEAT	2,702	2,811	6%	7%	172	63
Revlimid	1,450	BEAT	1,433	1,357	1%	(36%)	17	93
New Launches	1,072	BEAT	1,053	1,009	16%	66%	19	63
Zeposia	133	BEAT	131	126	8%	68%	2	7
Opdualag	190	BEAT	195	187	14%	83%	(5)	3
Camzyos	88	BEAT	87	85	29%	450%	1	3
Sotyktu	63	MISS	65	65	(5%)	800%	(2)	(2)
Breyanzi	101	MISS	102	105	10%	84%	(1)	(4)
Abecma	100	MISS	116	103	8%	(20%)	(16)	(3)
Reblozyl	320	BEAT	267	274	29%	61%	53	46
Total Revenue	11,477	BEAT	11,041	11,203	4%	1%	436	274
COGS	2,707		2,689	2,735	6%	8%	18	(28)
SG&A	2,064		1,793	2,007	7%	(9%)	271	57
R&D	2,476		2,222	2,338	14%	(1%)	254	138
Adjusted Net Income	3,465		3,152	3,387	(16%)	(11%)	313	78
Non-GAAP EPS - Diluted	\$1.70	BEAT	\$1.55	\$1.52	(15%)	(7%)	0.15	0.18

2024 Guidance			2024E		Growth	Midpoint Variance	
	Low	High	Guidance	BofA	Cons	Y/Y	Cons
Total Revenue (\$M)	Low single % incr		Above	\$45,310	\$45,680	na	na
Non-GAAP EPS	\$7.10	\$7.40	Above	\$6.90	\$7.11	(3%)	\$0.35

Source: BofA Global Research, VisibleAlpha, Bloomberg, Beat/Miss in relation to consensus estimates *9 new product launches

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Stock Data

Price	48.67 USD
Price Objective	60.00 USD
Date Established	3-Jan-2024
Investment Opinion	B-2-7
52-Week Range	48.13 USD - 75.18 USD
Mkt Val (mn) / Shares Out (mn)	99,032 USD / 2,034.8
Free Float	99.9%
Average Daily Value (mn)	724.24 USD
BofA Ticker / Exchange	BMJ / NYS
Bloomberg / Reuters	BMJ US / BMJ.N
ROE (2023E)	49.3%
Net Dbt to Eqty (Dec-2022A)	97.0%
ESGMeter™	High

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Abbreviations:

MOA: mechanism of action

BD: Business development

Price objective basis & risk

Bristol-Myers Squibb (BMY)

Our \$60 price objective (PO) is based on a 50/50 blended average of our risk-adjusted discounted cash flow (DCF) and P/E multiple applied to 2024E EPS. Our DCF assumes 7% WACC and -4% terminal growth rate, and we assume an approximate 8x 2024 P/E multiple given an impending patent cliff and risks associated with later-stage pipeline.

Risks to our PO are 1) uninspiring readouts from late-stage trials in key I/O indications, 2) more rapid deceleration of Revlimid erosion than expected, 3) negative outcomes from the company's later-stage pipeline assets in development, 4) pressures from headline risks facing the sector (including drug pricing reform), and 5) negative patent rulings.

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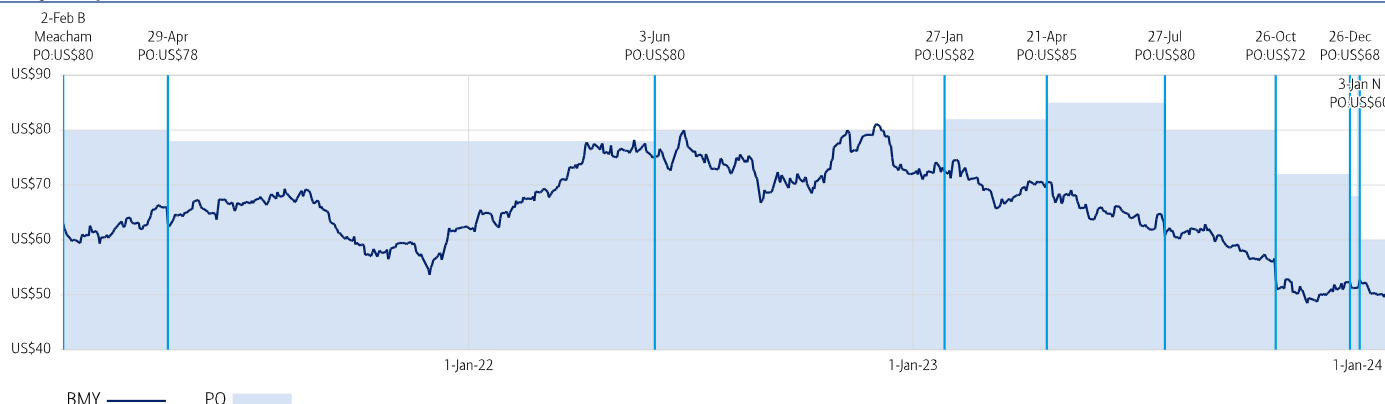
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Bristol-Myers Squibb (BMY) Price Chart



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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