

## Biogen Inc.

## Initial Thoughts on 4Q23 Earnings

Maintain Rating: NEUTRAL | PO: 280.00 USD | Price: 244.74 USD

## 4Q missed + 2024 guidance in-line; focus on Skylarys

Biogen had a mixed 4Q print, with both revenue (\$2.4B; -\$78M consensus) and EPS coming in light at \$2.95 (-\$0.22). Importantly, on 2024, Biogen guided to a low to mid-single digit % decline on revenue (BofA \$9.72B, -2% y/y; cons \$9.72B, -2% y/y) and non-GAAP EPS of \$15.50 at the midpoint (BofA \$15.75, +6% y/y; consensus \$15.64, +6% y/y), which was in-line with expectations, in our view. There weren't many surprises on the Leqembi front following Eisai's earnings, where mgmt provided color that ~2k patients are currently receiving treatment in the US, suggesting it's unlikely Biogen/Eisai will hit 10k patients on treatment by the end of 1Q24. But Biogen did mention it will co-promote Leqembi in the US. Notably, Skylarys for Friedrich's ataxia missed (\$56M; -\$7M), which we expect to validate investors' concerns on recent outperformance being due to a bolus, given the delay in availability following approval, versus continued strong demand. While Skylarys isn't particularly meaningful from a P&L perspective, it's incited further interest in Biogen's new product profile and serves as a bellwether for how investors view the Reata deal (Skylarys approved in EU yesterday). Moreover, Biogen's MS franchise continued to decline from generics/negative pricing and biosimilars (-\$5M) + the SMA franchise (-\$34M) missed, which we expect to bolster investor concerns on the core business. Maintain Neutral, \$280 PO.

Biogen's public conference call is today at 8am ET, Dial in: (888) 224-1005; ID# 6015683.

## Exhibit 1: BIIB 4Q23 Variance Table

4Q results + 2024 guidance across Biogen's key products / metrics

\$ in millions	4Q23		4Q23 Variance				4Q23 Growth	
	4Q23	vs. Cons	BofA	Cons	BofA	Cons	Q/Q	Y/Y
Tecfidera	244	BEAT	272	233	(28)	11	2%	-18%
Tysabri	465	BEAT	461	444	4	21	2%	-5%
Vumerity	156	MISS	168	171	(12)	(15)	-6%	3%
Avonex + Plegridy	280	BEAT	262	271	18	10	1%	-10%
Spinraza	413	MISS	443	447	(30)	(34)	-8%	-10%
Skylarys	56	MISS	66	63	(10)	(7)	30%	N/A
Biosimilars	188	MISS	192	193	(4)	(5)	-3%	8%
Total Revenue	2,386	MISS	2,436	2,464	(50)	(78)	-6%	-6%
COGS	587		694	564	(107)	23	-11%	3%
R&D	568		589	570	(21)	(2)	5%	-6%
SG&A	588		603	579	(15)	9	6%	-7%
Net Income (non-GAAP)	430	MISS	419	473	11	(43)	-32%	-27%
Non-GAAP EPS	2.95	MISS	2.86	3.17	0.09	(0.22)	-32%	-27%
2024 Guidance			Variance					
	Low	High	Guidance	BofA	Cons	Y/Y	BofA	Cons
Total Revenue (\$M)	low to mid-single digit % decline		IN-LINE	9,921	9,929	-5%	(577)	(585)
Non-GAAP EPS	\$15.00	\$16.00	ABOVE	14.90	14.98	5%	\$0.60	\$0.52

Source: Company Reports, Bloomberg, Visible Alpha,

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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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## Stock Data

Price	244.74 USD
Price Objective	280.00 USD
Date Established	26-Jan-2024
Investment Opinion	B-2-9
52-Week Range	220.86 USD - 319.76 USD
Mkt Val (mn) / Shares Out (mn)	35,536 USD / 145.2
Free Float	99.8%
Average Daily Value (mn)	228.21 USD
BofA Ticker / Exchange	BIIB / NAS
Bloomberg / Reuters	BIIB US / BIIB.OQ
ROE (2023E)	14.7%
Net Dbt to Eqty (Dec-2022A)	10.4%
ESGMeter™	High

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## Abbreviations:

a-beta: amyloid beta  
BBW: black-box-warning  
CRL: complete response letter  
CTAD: Clinical Trial Alzheimer's Disease  
MDD/ PPD: major depressive disorder and postpartum depression  
Midpoint: midpt  
MS: multiple sclerosis  
SMA: spinal muscular atrophy

## Price objective basis & risk

### Biogen Inc. (BIIB)

Our \$280 price objective is based on a sum-of-the parts net present value (NPV) analysis and a discount rate of 8%. We value the MS franchise at \$67/share, Spinraza at \$30/share, Roche collaboration/royalty at \$60/share, biosimilars at \$7/share, Alzheimer's at \$98/share, Zurzuvae at \$3/share, Skyclarys at \$46/share, the pipeline at \$4/share, and net cash at -\$34/share.

Upside risks to our PO are 1) less erosion of Tecfidera, Avonex, Plegridy, and Tysabri than anticipated, 2) Vumerity meaningfully capturing market share, 3) durability of Spinraza, 4) rapid uptake of Leqembi and Skyclarys, and 5) success of a number of pipeline programs

Downside risks are 1) greater-than-expected moderation of MS sales (Tecfidera, Avonex, Plegridy, and Tysabri) due to increased competition/ generics, 2) rapid erosion of Spinraza's market share in SMA, 3) limited success of the R&D pipeline, with many products failing to advance or approved with narrow indications for smaller patient populations, and 4) limited uptake of lecanemab.

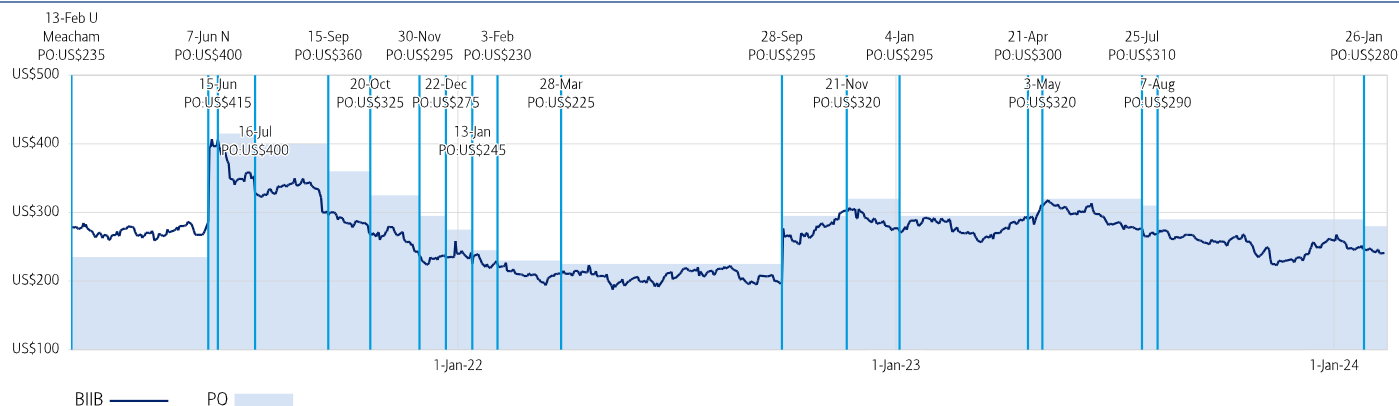
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### Biogen Inc. (BIIB) Price Chart



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 <sup>R1</sup>	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 <sup>R1</sup>	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%

<sup>R1</sup> 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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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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