

US Biopharmaceuticals

What to Expect at Next Week's HC Conference

Industry Overview

January conference to set tone for eventful 2024

Next week's Healthcare Conference (Jan 8-10) is the first major Biopharma event of the year, and with it, an opportunity to gauge the tone for the sector. We expect enthusiasm to be high, particularly as we await binary events for a myriad of names (e.g., Lilly, Novo (covered by Jain + Parry), Vertex) which investors have been eagerly awaiting. However, while some may be waiting for M&A activity, we'd argue it's hard to predict, particularly given the recent slew of acquisitions. But Biopharma's meaningful firepower (>\$200B in cash) and favorable net leverage makes us think the appetite for M&A will remain strong with J&J and Merck likely primed for deals. We think SMid cap biotech is also slated for a return to growth given the potential backdrop of risk-on rotations and reduced rates, but we're taking a wait and see approach with broader generalist/specialist interest mostly in Big Biotech and Major Pharma. In this note, we've provided summaries for key bigger cap names in our coverage universe in terms of what we expect (and don't expect) to hear. **For our latest industry thematic thoughts published earlier this week, please see [The 2024 US Biopharma Outlook](#) as well as our company specific discussions, [What to Expect in 2024 from Each Company in our Coverage Universe](#).**

Stocks to watch

AbbVie, Gilead, J&J, Merck, Pfizer, Royalty, Seagen, and Vertex typically provide only incremental updates on pipeline and strategy for the upcoming year. We may see updated catalysts but are unlikely to see major data updates or guidance.

Regeneron: Ahead of the conference, Regeneron typically discloses preliminary 4Q product revenue for US Eylea (BofA \$1.3B SD / \$104M HD; cons \$1.5B SD/ \$128M HD). Following the favorable patent ruling vs. Mylan in December, we think Regeneron will discuss potential scenarios and read-through to May 2024 LOE. Outside of the retinal franchise, other key topics in 2024 include Dupixent COPD label expansion (2024e BofA \$12.4B; cons \$13.3B), odronextamab and linvoseltamab approval and commercialization.

Moderna: We suspect Moderna may provide updates on 2023e Spikevax revenue (2023e BofA \$5.9B, \$6.1B cons)/ cash and we may get updates on signed 2024 APAs (BofA \$3.8B, \$3.9B cons). But of acute focus, to us, will be management comments on launch strategies for flu/ RSV + flex of OpEx spend.

BioMarin: The conference will be the first opportunity for BioMarin's new CEO, Alex Hardy (Roche) to provide a framework for its 1) new product cycle of Voxzogo + Roctavian (2024 BofA \$453M, cons \$167M), 2) legacy products (2024 BofA \$2B, cons \$2B), 3) OpEx (2024 BofA \$1.8B, cons \$1.8B), 4) early-stage pipeline. Overall, with enhanced strategic interest and a new CEO, we think there's a lot to like.

Lilly: While Lilly hasn't provided annual guidance yet—in contrast to prior years— we still expect Lilly to wait to provide 2024 guidance during its 4Q23 call versus the conference (2024 rev/ EPS: BofA \$42B/ \$13.55 vs. \$39B/ \$12.52). In terms of what we expect, based on our discussions with management, we suspect the discussion will focus on Lilly's 'diabetes' portfolio, including access and persistence of use questions.

See page 2 for additional company summaries >>>

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Equity
United States
Biopharmaceuticals

Geoff Meacham
Research Analyst
BofAS
+1 646 855 1004
geoff.meacham@bofa.com

Alexandria Hammond
Research Analyst
BofAS
alexandria.hammond@bofa.com

Susan Chor
Research Analyst
BofAS
susan.chor@bofa.com

Charlie Yang
Research Analyst
BofAS
charlie.yang@bofa.com

John Joy
Research Analyst
BofAS
john.joy@bofa.com

Abbreviations:

LOE: Loss of exclusivity
SD: standard dose
HD: high dose
COPD: chronic obstructive pulmonary disease
HIV: Human immunodeficiency virus
APA: Advanced purchase agreement
RSV: Respiratory syncytial virus
PrEP: pre-exposure prophylaxis

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Expectations for Additional Updates

Bristol: Given the Karuna and Rayze deal announcements in December, we expect proforma integration will be a major topic this year (2024e BofA: \$47.4B pro forma). While we don't anticipate management to provide an updated medium to long-term outlook until the deals close, expected in 1H24, we anticipate management to provide more clarity on how it plans to execute commercially near term for recent/new product launches, including Sotyktu (2024 BofA \$775M vs. \$545M cons), Reblozyl (2024 BofA \$1.4B vs. \$1.3B cons), and Breyanzi/ Abecma (2024 BofA \$1.5B vs. \$1.3B cons).

Biogen: With three product launches in the works for Leqembi for Alzheimer's (2024 BofA \$261M, cons \$102M), Skyclarys for Fredrich's ataxia (2024 BofA \$367M, cons \$374M), and Zuruvae for postpartum depression (2024 BofA \$14M, cons \$35M), Biogen is likely to focus on the totality of these launches versus its declining legacy business, in our view. We expect acute investor focus on Leqembi's ongoing launch, especially any readthroughs on Leqembi reaching >10K patients treated by the end of 1Q24 (guidance from Eisai).

AbbVie: Given the ImmunoGen / Cerevel deal announcements in December, we expect proforma integration will be a major topic this year. Separately, we anticipate AbbVie will discuss Humira formulary status in 2024e (US Humira: BofA: -48% to \$7.2B vs. cons: -38% to \$8.9B), especially following CVS removal, and update long-term guidance for key portfolios (e.g., Skyrizi / Rinvoq >\$17B by 2025e vs BofA \$17.5B and cons \$18.8B). While we don't think there will be an update through EPS guidance, we think management will seek to set expectations ahead of 4Q (2024e: BofA \$10.95, cons \$11.22).

Gilead: If Gilead's presentation is in-line with prior, we don't expect the company to disclose any detailed material updates, instead mostly focusing on portfolio growth expectations. We think a major focus this year will be on the PURPOSE lenacapavir PreEP pivotal studies with a readout in 3Q likely, highlighting the potential market opportunity expansion on top of the consistent growth observed today (2024e HIV growth: BofA +8%; cons +4%). We also expect Gilead to highlight oncology progress toward the goal of 1/3 revs from oncology by 2030e with Trodelvy label expansion data ahead.

J&J: Given the Enterprise Business Review Day in December (2024 guidance: Operational Sales Growth Guidance excluding the COVID-19 Vaccine of 5.0% -6.0% and Adjusted Operational Earnings Per Share of \$10.55 - \$10.75 or 7.3% at the mid-point), we anticipate discussions to focus mainly on 1) M&A opportunities in Pharma, 2) talc liability and update on latest discussion, and 3) pipeline updates/ launch for nipocalimab, TARIS, and aticaprant. For TARIS, given CG Oncology's recent IPO filing, we see conversations on TARIS platform and potential differentiation. For aticaprant, in light of recent focus on neuropsych space, we see management to provide additional thoughts on trial expectations and long-term opportunities.

Merck: The presentation is likely to be high level and could provide incremental updates on strategies to navigate the Keytruda LOE as well as updates to pipeline and BD priorities; we don't anticipate management will provide 2024e guidance (BofA \$65.9B vs. \$65.6B cons revenue). While a major focus this year will be on sotatercept approval and launch trajectory, HER3-DXd approval/ launch in June 2024 can provide incremental revenue. Importantly, we see an opportunity for management to provide an outline of revenue growth through Keytruda LOE, with contributions from various franchises, including Gardasil (2030e BofA \$13.4B vs. \$12.8B cons), sotatercept (2030e BofA \$4.2B vs. \$4.4B cons), and Daiichi/Kelun ADCs (2030e BofA \$6B vs. \$3B cons).

Pfizer: With Seagen-Pfizer deal closure and announced Oncology R&D Day on February 9th, we think Pfizer will focus on discussing the company's commercial re-organization plans, highlighting its oncology strategy. We think RSV outlook may also be a topic of discussion given recent US stockpiling and maternal / pediatric launch (2024e: \$915M vs \$1.1B cons). While we don't think management will revise annual guidance (2024e \$58.5-61.5B revs / \$2.05-2.25 EPS vs BofA \$58.1B / \$2.20 and cons \$60.2B / \$2.21), we

think there could be better line-of-sight on operational efficiencies and puts / takes on ex-COVID growth expectations (8-10% vs BofA 12% and cons 11%).

Royalty: Previously, RP has refined annual net cash provided by operating activities and adjusted cash receipts (2023e guidance \$2.95-3.0B vs BofA \$2.965B and cons \$2.968B) guidance, though stops short of providing forward outlook for the year ahead (2024e). We also expect RP to provide a high-level update on the company's cash deployment expectations and cost of capital outlook (7-8%). While difficult to predict, RP has announced new deals during this time.

Vertex: We don't expect to receive any guidance updates for Vertex, but rather the discussion is likely to focus on 1) growth opportunities in Cystic fibrosis (CF), particularly as we await pivotal results for its next-generation triple, vanzacaftor, in early 2024, 2) the commercial launch strategy for VX-548 in acute pain (phase 3 results in early 2024) + the clinical path forward in neuropathic pain following the phase 2 results in Diabetic peripheral neuropathy (see [our thoughts on the DPN results here](#)), and 3) Casgevy's, in partnership with CRISPR, commercial launch trajectory (2024 BofA \$166M, cons \$162M).

Meeting Schedule

Exhibit 1: Healthcare Conference Meeting Schedule for 2024

Below is a list of the conference schedule for our large-cap Biopharma coverage universe

Company	Ticker	Date	Time (EST)	Pre-announce 4Q?	2024 Guidance?	What Could We See?
AbbVie	ABBV	10 Jan (Wed)	11:00 AM	No	No	Proforma strategy and LT outlook guidance on key products
Biogen	BIIB	8 Jan (Mon)	1:30 PM	No	No	Focus on ongoing launches and cost savings plan
BioMarin	BMRN	8 Jan (Mon)	1:30 PM	No	Product level (e.g., Voxzogo/Roctavian)	New CEO's vision/ priorities
Bristol	BMJ	8 Jan (Mon)	10:30 AM	No	Possibly	Proforma integration + long-term outlook
Eli Lilly	LLY	9 Jan (Tues)	5:15 PM	No	No	Mounjaro/ Zepbound supply + access, strategy on new 'diabetes' portfolio
Gilead	GILD	8 Jan (Mon)	1:30 PM	No	No	HIV outlook ahead of pivotal lenacapavir PrEP data and oncology progress
J&J	JNJ	8 Jan (Mon)	12:45 PM	No	No	M&A opportunities in Pharma and talc litigation updates
Merck	MRK	8 Jan (Mon)	7:30 PM	No	No	Keytruda LOE, pipeline updates and sotatercept launch strategies
Moderna	MRNA	8 Jan (Mon)	6:45 PM	Possibly	Possibly	Spikevax supply agreements, commercial launch strategy + OpEx spend
Pfizer	PFE	8 Jan (Mon)	6:00 PM	No	No (unlikely to update)	Commercial re-organization strategy and outlook on ex-COVID growth expectations
Regeneron	REGN	8 Jan (Mon)	5:15 PM	Product sales (e.g., Eylea)	No	Pre-announce 4Q US Eylea and discuss upcoming commercial launches
Royalty Pharma	RPRX	9 Jan (Tues)	12:00 AM	No	No	Refine prior year guidance and discuss deal capacity; deal update unpredictable
Vertex	VRTX	8 Jan (Mon)	11:15 AM	No	No	CF growth opportunity and new product cycle commercial strategies

Source: Company Reports

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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