

BridgeBio Pharma

Core programs on track lead by acoramidis: Thoughts post the 4Q23 update

Reiterate Rating: BUY | PO: 50.00 USD | Price: 33.60 USD

Broad clinical progress expected in 2024

BridgeBio announced an encouraging 4Q23 update as the company prepares for the [anticipated approval of acoramidis in ATTR-CM with a November 29 PDUFA \(see report\)](#). Highlighting [continued positive acoramidis data \(see report\)](#), we think the company release shows progress towards key late stage milestones including a 2024 acoramidis launch (95% PoS) and enrollment completion for pivotal trials (ADH1 2024; achondroplasia 2024; LGMD2i 2024). Beyond the late stage enrollment progress, we also look for data updates from the CAH gene therapy program (3Q24) and the clinical program initiation of low-dose infigratinib in hypochondroplasia (2024). [With the recent licensing deal in Japan for the achondroplasia program \(see report\)](#) and the PROPEL 3 trial ongoing, we also focus on the late-stage achondroplasia program which we view as a sizeable opportunity for the company (\$1.3B risk-adjusted peak sales; 70% PoS). Given the continued progress across BridgeBio's broad pipeline and anticipated approval and launch of acoramidis in ATTR-CM, we reiterate Buy, new PO \$50 (from \$52).

Focus on acoramidis approval in November

With a launch expected after the November 29 PDUFA, we model \$20M for 2024 acoramidis sales and \$4.4B in risk-adjusted peak sales (95% PoS) for the program. We look for continued details from the company regarding launch strategy as the anticipated launch date approaches.

Model Updates

We update our model for 4Q23 reporting and increase our OpEx assumptions, resulting in a new PO of \$50 (from \$52). We now model 2024 and 2025 EPS of -\$4.26 (from -\$3.77) and -\$3.27 (from -\$2.71), respectively. BridgeBio has \$376M in cash and cash equivalents.

See our catalyst calendar below (Exhibit 1):

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	(3.26)	(3.95)	(4.26)	(3.24)	0.81
EPS Change (YoY)	16.4%	-21.2%	-7.8%	23.9%	NM
Consensus EPS (Bloomberg)			(3.48)	(2.65)	(0.96)
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	NM	NM	41.5x
EV / EBITDA*	NM	NM	NM	NM	19.9x
Free Cash Flow Yield*	-9.0%	-11.2%	-13.2%	-11.0%	2.7%

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

23 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	52.00	50.00
2024E EPS	-3.77	-4.26
2025E EPS	-2.71	-3.24
2026E EPS	1.19	0.81

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Stock Data

Price	33.60 USD
Price Objective	50.00 USD
Date Established	23-Feb-2024
Investment Opinion	C-1-9
52-Week Range	10.57 USD - 44.32 USD
Mrkt Val (mn) / Shares Out (mn)	4,711 USD / 140.2
Free Float	73.3%
Average Daily Value (mn)	58.90 USD
BofA Ticker / Exchange	BBIO / NAS
Bloomberg / Reuters	BBIO US / BBIO.QQ
ROE (2024E)	NA
Net Dbt to Eqty (Dec-2023A)	NA
ESGMeter TM	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"](#).

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Timestamp: 23 February 2024 10:03AM EST

iQprofileSM BridgeBio Pharma

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	-66.9%	-120.9%	-175.4%	-226.0%	88.3%
Return on Equity	NM	NM	NM	NM	NM
Operating Margin	-659.6%	-6,528.8%	-3,394.7%	-209.4%	25.6%
Free Cash Flow	(424)	(529)	(623)	(518)	127

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	-6.1x	3.6x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	78	9	20	247	1,219
% Change	11.4%	-88.0%	114.1%	1,142.7%	392.5%
Gross Profit	78	9	18	228	1,121
% Change	11.4%	-88.0%	96.9%	NM	392.5%
EBITDA	(512)	(607)	(676)	(518)	312
% Change	11.2%	-18.6%	-11.3%	23.3%	NM
Net Interest & Other Income	28	(46)	(85)	(85)	(86)
Net Income (Adjusted)	(389)	(528)	(636)	(478)	297
% Change	27.6%	-35.9%	-20.4%	24.8%	NM

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(481)	(643)	(753)	(597)	176
Depreciation & Amortization	0	0	0	0	0
Change in Working Capital	28	5	18	(36)	(175)
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	-518	127
% Change	17.0%	-24.7%	-17.7%	16.8%	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	76	215
Trade Receivables	17	2	2	25	122
Other Current Assets	155	100	96	122	226
Property, Plant & Equipment	15	12	12	13	14
Other Non-Current Assets	60	57	61	64	71
Total Assets	623	546	454	300	648
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	121	144	162	179	212
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	1,949	1,986
Total Equity	(1,245)	(1,343)	(1,476)	(1,649)	(1,337)
Total Equity & Liabilities	623	546	453	300	648

* 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 1,752,959

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

We look for the approval of acoramidis on the November 29th PDUFA date.

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

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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 \$50/share for BridgeBio, which includes \$31/share for acoramidis, \$3/share for ribitol in LGMD2i, \$10/share for infigratinib in achondroplasia, \$4/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
	Immatics	IMTX	IMTX US	Alec W. Stranahan
	Insmmed 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

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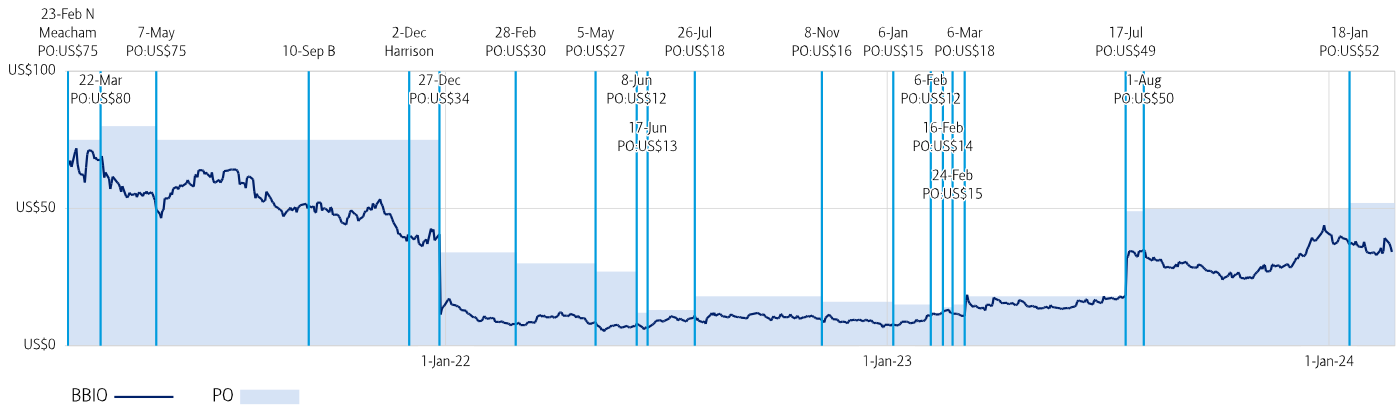
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BridgeBio Pharma (BBIO) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

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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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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