

Biogen is a biotech company that develops, manufactures, and sells therapies for treating neurological and neurodegenerative diseases. The company is the market leader in MS drugs and launched the first approved treatments for spinal muscular atrophy and AD. The company also sells products that treat plaque psoriasis, non-Hodgkin's lymphoma, lymphocytic leukemia, and rheumatoid arthritis. Current research continues on MS and has expanded to include neuroimmunology, ophthalmology, lupus, and other neuromuscular and movement disorders. Founded in 1978, the company is located in Cambridge, Massachusetts, employs 7,605 people, and is a component of the S&P 500.

Analyst's Notes

Analysis by Jasper Hellweg, May 2, 2025

ARGUS RATING: HOLD

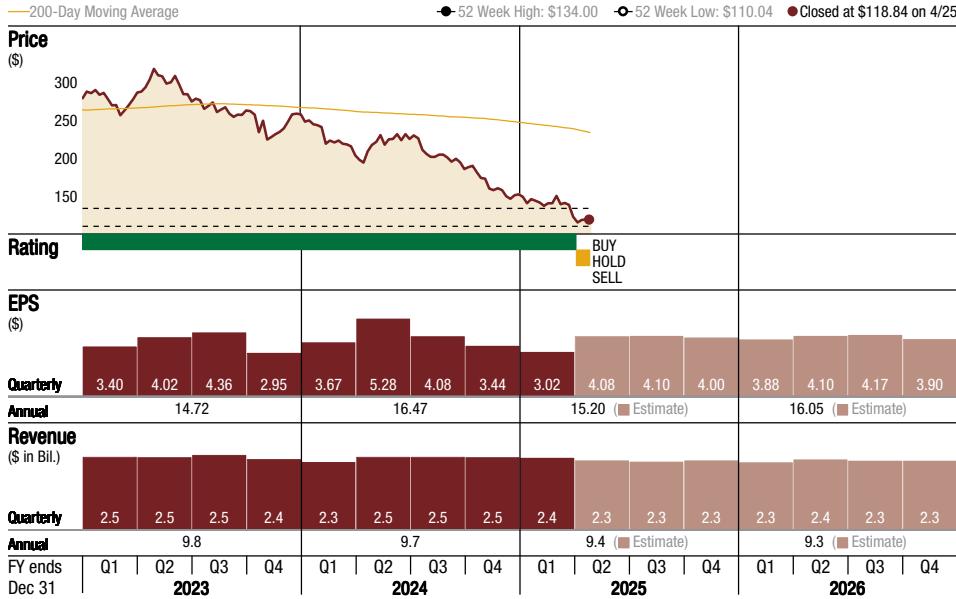
- Lowering our EPS estimates for 2025 and 2026
- As we lower our non-GAAP earnings estimates for 2025 and 2026, our rating on Biogen remains a HOLD.
- While the company has been at the forefront of the development of treatments for Alzheimer's disease (AD), with its drug Leqembi (lecanemab-irmb) now approved for the treatment of early AD in a number of key markets, it has also experienced setbacks, with other countries denying their approvals or reimbursement coverage for Leqembi due to safety concerns.
- Outside of Biogen's AD programs, the company's multiple sclerosis (MS) business, which represented 55% of its product revenue in the first quarter, continues to see its revenue fall.
- Dutch courts have invalidated a key patent for Biogen's MS drug Tecfidera, citing a lack of inventiveness and failure to meet reproducibility standards, while certain other products face the upcoming loss of regulatory exclusivity, including Plegridy in the U.S. in 2026 and Spinraza in the EU in 2029.

INVESTMENT THESIS

Our rating on Biogen Inc. (NGS: BIIB) is HOLD. While the company has been at the forefront of the development of treatments for AD, with its drug Leqembi (lecanemab-irmb) now approved for the treatment of early AD in a number of key markets, it has also experienced setbacks, with other countries denying their approvals or reimbursement coverage for Leqembi due to safety and efficacy concerns. On this front, the Therapeutic Goods Administration (TGA) of Australia recently confirmed a prior decision to decline the approval of lecanemab as a treatment for early AD, citing the factor that an increasing number of ApoE4 alleles poses a potential risk factor for amyloid-related imaging abnormalities (ARIA). Separately, the UK's National Health Service (NHS) has denied reimbursement coverage of the drug.

Market Data

Pricing reflects previous trading week's closing price.



Argus Recommendations

Twelve Month Rating	SELL	HOLD	BUY
Five Year Rating	SELL	HOLD	BUY
Sector Rating	Under Weight	Market Weight	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 26% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	\$120.93
Target Price	--
52 Week Price Range	\$110.04 to \$238.00
Shares Outstanding	146.53 Million
Dividend	\$0.00

Sector Overview

Sector	Healthcare
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	11.20%

Financial Strength

Financial Strength Rating	MEDIUM-HIGH
Debt/Capital Ratio	28.7%
Return on Equity	13.8%
Net Margin	15.1%
Payout Ratio	--
Current Ratio	1.35
Revenue	\$9.82 Billion
After-Tax Income	\$1.48 Billion

Valuation

Current FY P/E	7.96
Prior FY P/E	7.34
Price/Sales	1.81
Price/Book	1.04
Book Value/Share	\$115.87
Market Capitalization	\$17.72 Billion

Forecasted Growth

1 Year EPS Growth Forecast	-7.71%
5 Year EPS Growth Forecast	12.00%
1 Year Dividend Growth Forecast	N/A
Beta	0.70
Institutional Ownership	90.03%

Analyst's Notes ...Continued

Outside of Biogen's AD programs, the company's MS business, which represented 55% of the company's product revenue in the first quarter, continues to see its revenue fall. This decline stems in part from rising generic alternatives for Biogen's products, with Dutch courts having recently invalidated a key patent for Biogen's MS drug Tecfidera, citing a lack of inventiveness and failure to meet reproducibility standards. Amid these issues, management expects revenue to decline at a mid-single-digit rate at constant currency compared with 2024, as further declines in MS product revenue are expected to overshadow the increases in revenue from product launches. Meanwhile, the company looks for adjusted diluted EPS of \$14.50-\$15.50, implying a decline of 6%-12% for the year. Given Biogen's declining sales for its MS products, the introduction of generics for some of its products, and the mixed regulatory response to Leqembi in certain markets, we believe that a HOLD rating remains appropriate. We would consider upgrading the stock if the company lowers its reliance on MS sales, upon the release of further studies reinforcing the safety or efficacy profile of Leqembi, or on signs that its earnings are expected to reach double-digit growth.

RECENT DEVELOPMENTS

BIIB shares have underperformed over the past quarter, declining 15% compared to a 6% decline for the S&P 500. The stock has also underperformed over the past year, falling 44% versus a gain of 12% for the market, and over the past five years,

falling 60% compared with an advance of 98% for the market. The beta on BIIB is slightly below the peer average.

On May 1, the company reported 1Q25 results that beat expectations for revenue but missed on earnings. Total revenue was \$2.43 billion, up 6% as reported and 8% in constant currency. Sales were \$200 million above consensus. The growth in revenue primarily reflected the company's rare disease portfolio and growth in its contract manufacturing, royalty, and other revenues, as well as growth in its AD collaboration revenue, but was partially offset by a decline in the company's MS, biosimilars, and anti-CD20 therapeutic programs portfolios. The non-GAAP R&D expense of \$427 million was 18% of revenue. The company posted adjusted EPS of \$3.02, down from \$3.67 in 1Q24 and \$0.30 below the consensus estimate.

Along with the 1Q results, management updated its guidance for 2025. It now looks for adjusted diluted EPS of \$14.50-\$15.50, implying a decline of 6%-12% for the year, lowered from its earlier guidance for adjusted earnings of \$15.25-\$16.25 per share. Management noted that its updated non-GAAP diluted EPS guidance range reflects a negative \$0.95 per share impact from a \$165 million upfront transaction payment to Stoke Therapeutics Inc. related to the collaboration agreement for zorevunersen in Dravet syndrome, although this was partially offset by a \$0.20 benefit mainly from foreign exchange. Meanwhile, management reiterated its expectation for revenue to decline at a mid-single-digit rate at constant currency compared with 2024 as further declines in

Growth & Valuation Analysis

GROWTH ANALYSIS

(\$ in Millions, except per share data)	2020	2021	2022	2023	2024
Revenue	13,445	10,982	10,173	9,836	9,676
COGS	1,805	2,110	2,278	2,533	2,310
Gross Profit	11,639	8,872	7,895	7,302	7,366
SG&A	2,505	2,674	2,404	2,550	2,404
R&D	3,991	2,501	2,231	2,462	2,042
Operating Income	4,446	2,808	2,902	1,831	2,219
Interest Expense	181	243	157	-30	183
Pretax Income	5,048	1,745	3,592	1,297	1,906
Income Taxes	992	53	633	135	274
Tax Rate (%)	20	3	18	10	14
Net Income	4,001	1,556	3,047	1,161	1,632
Diluted Shares Outstanding	161	150	146	146	146
EPS	24.80	10.40	20.87	7.97	11.18
Dividend	—	—	—	—	—
GROWTH RATES (%)					
Revenue	-7.3	-17.1	-7.8	-7.8	1.0
Operating Income	-36.8	-36.8	3.3	-36.9	21.2
Net Income	-32.1	-61.1	95.8	-61.9	40.6
EPS	-21.1	-58.1	100.7	-61.8	40.3
Dividend	—	—	—	—	—
Sustainable Growth Rate	41.1	14.6	24.7	10.7	10.5
VALUATION ANALYSIS					
Price: High	\$374.99	\$468.55	\$311.88	\$319.76	\$268.30
Price: Low	\$223.25	\$221.72	\$187.16	\$220.86	\$145.07
Price/Sales: High-Low	4.5 - 2.7	6.4 - 3.0	4.5 - 2.7	4.7 - 3.3	4.0 - 2.2
P/E: High-Low	15.1 - 9.0	45.1 - 21.3	14.9 - 9.0	40.1 - 27.7	24.0 - 13.0
Price/Cash Flow: High-Low	9.6 - 5.7	29.1 - 13.8	19.1 - 11.4	34.2 - 23.6	18.4 - 10.0

Financial & Risk Analysis

FINANCIAL STRENGTH	2022	2023	2024
Cash (\$ in Millions)	3,419	1,050	2,375
Working Capital (\$ in Millions)	6,518	3,425	1,928
Current Ratio	2.99	2.00	1.35
LT Debt/Equity Ratio (%)	49.4	48.6	29.2
Total Debt/Equity Ratio (%)	49.4	49.6	39.7
RATIOS (%)			
Gross Profit Margin	77.6	74.2	76.1
Operating Margin	28.5	18.6	22.9
Net Margin	29.9	11.8	16.9
Return On Assets	12.6	4.5	5.9
Return On Equity	25.1	8.2	10.4
RISK ANALYSIS			
Cash Cycle (days)	202.9	293.1	403.5
Cash Flow/Cap Ex	5.7	5.0	8.0
Oper. Income/Int. Exp. (ratio)	15.6	6.3	8.6
Payout Ratio	—	—	—

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Analyst's Notes ...Continued

MS product revenue are expected to be partially offset by increases in revenue from product launches.

The BIIB share price is driven in part by pipeline developments.

Leqembi (lecanemab). On April 15, the European Commission granted marketing authorization to Leqembi for the treatment of adult patients with a clinical diagnosis of mild cognitive impairment and mild dementia due to Alzheimer's disease (early AD) who are apolipoprotein E $\text{\AA}^{\text{R}}\text{4}$ (ApoE $\text{\AA}^{\text{R}}\text{4}$) non-carriers or heterozygotes with confirmed amyloid pathology. With this approval, Leqembi is the first therapy that targets an underlying cause of the disease to be authorized in the EU for eligible people with early AD. Mild cognitive impairment due to AD and AD dementia currently affects an estimated 15.2 million (mild AD) and 6.9 million (AD dementia) people in Europe, respectively.

While the European Commission's approval marks the 13th approval for Leqembi, not all regulatory bodies have viewed its applications favorably. On March 3, the TGA of Australia confirmed its October 2024 decision to decline the approval of lecanemab as a treatment for early AD. While reconsidering its initial decision, the TGA proposed an alternative narrow therapeutic indication only for ApoE4 noncarriers as an increasing number of ApoE4 alleles is a potential risk factor for ARIA. They did not agree that safety has been established for ApoE4 heterozygotes. Biogen's development partner for the drug, Japan-based Eisai, proposed alternative indications, one of which was to maintain the ApoE4 noncarrier and heterozygote indication,

but with heterozygotes treated in specialist centers and supervised by physicians with expertise in treatment of AD and monitoring for ARIA; however, the TGA rejected this proposal. Separately, the UK's NHS has denied reimbursement coverage of Leqembi.

Among other regions of the world, on January 26, the FDA approved a Supplemental Biologics License Application for once-every-four-weeks Leqembi intravenous maintenance dosing. After 18 months of once-every-two-weeks initiation phase, a transition to the maintenance dosing regimen of 10 mg/kg once every four weeks may be considered or the regimen of 10 mg/kg once every two weeks may be continued. Management noted that the maintenance dosing is important because with continuous administration, Leqembi clears highly toxic protofibrils, which can continue to cause neuronal injury even after the amyloid-beta plaque has been cleared from the brain. On a related note, on January 13, the FDA accepted a Biologics License Application for Leqembi subcutaneous autoinjector weekly maintenance dosing, setting a Prescription Drug User Fee Act action date of August 31, 2025. If Leqembi subcutaneous maintenance dosing is approved by the FDA, it will be the only treatment for AD that can be administered subcutaneously at home using an autoinjector.

BIIB080. On April 2, Biogen announced that the FDA has granted Fast Track designation to BIIB080, an investigational antisense oligonucleotide (ASO) therapy targeting tau, for the treatment of Alzheimer's disease. Fast Track designation is intended to facilitate the development and expedite the review of

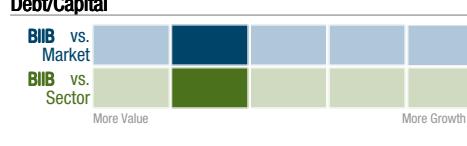
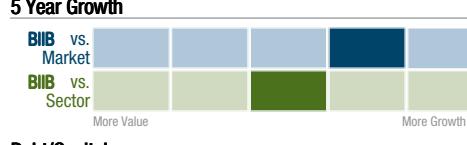
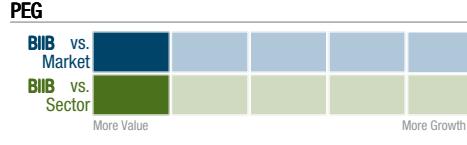
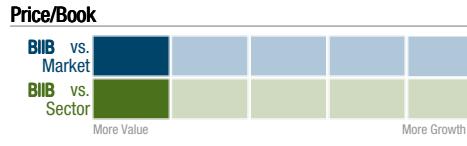
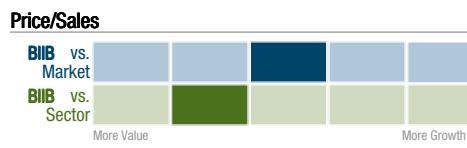
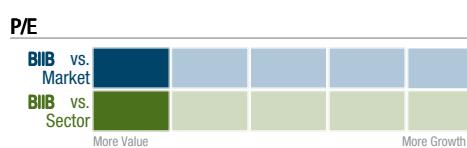
Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare BIIB versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how BIIB stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how BIIB might fit into or modify a diversified portfolio.



Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)		Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
			Current FY P/E	Rate (%)			
AMGN	AMGEN Inc.	152,574	10.0	13.5	17.4	6.0	BUY
GILD	Gilead Sciences, Inc.	128,563	5.0	13.2	20.8	7.0	BUY
VRTX	Vertex Pharmaceuticals, Inc.	128,247	13.0	27.4	-4.9	10.4	BUY
REGN	Regeneron Phars, Inc	62,628	8.0	13.7	31.9	14.7	BUY
BIIB	Biogen Inc	17,720	12.0	8.0	15.1	5.6	HOLD
INCY	Incyte Corp.	12,007	19.0	10.9	.5	14.0	BUY
MRNA	Moderna Inc	10,450	17.0	-2.8	-105.7	38.5	HOLD
Peer Average		73,170	12.0	12.0	-3.6	13.7	



Analyst's Notes ...Continued

investigational drugs that treat serious conditions and address unmet medical needs. BIIB080 is the first tau-targeting ASO to enter clinical development for Alzheimer's disease and is currently being evaluated in a global Phase 2 study in individuals with early-stage disease. As previously announced, results from a Phase 1b study showed dose-dependent reductions in soluble tau protein in cerebrospinal fluid, decreases in aggregated tau pathology in the brain as measured by positron emission tomography, and favorable trends in exploratory clinical outcomes, supporting the potential for clinical benefit. In the high-dose groups, favorable trends were observed across multiple exploratory measures of cognition and function. The Phase 2 study is now fully enrolled, with a data readout expected in 2026.

There has also been news on Biogen's other products and clinical programs. On March 11, Biogen announced the initiation of dosing in a global clinical study designed to evaluate the efficacy and safety of the investigational drug felzartamab compared to placebo in adult kidney transplant recipients diagnosed with late antibody-mediated rejection (AMR). AMR is a leading cause of kidney transplant loss, with approximately 23,000 patients living with all forms of AMR in the U.S. In addition to beginning a Phase 3 study of felzartamab in AMR, Biogen plans to initiate Phase 3 trials of felzartamab in IgA nephropathy and primary membranous nephropathy in 2025. Felzartamab, with demonstrated proof of concept in multiple immune-mediated diseases, represents a key asset in Biogen's late-stage immunology portfolio.

In other news, on January 23, Biogen announced that the FDA had accepted the company's supplemental New Drug Application and the European Medicines Agency had validated the application for a higher dose regimen of nusinersen for spinal muscular atrophy. The higher dose regimen of nusinersen comprises a more rapid loading regimen, two 50 mg doses 14 days apart, and higher maintenance regimen, 28 mg, every 4 months, compared to the approved nusinersen regimen. Nusinersen is currently commercialized under the brand name Spinraza in over 71 countries at the label-approved dose of 12 mg.

Biogen has also grown by partnering with other organizations. On February 18, Biogen and Stoke Therapeutics announced a collaboration for the development and commercialization of zorevunersen, a potential first-in-class disease-modifying medicine in development for the treatment of Dravet syndrome, in all territories outside the U.S., Canada, and Mexico. Dravet syndrome is a severe, genetic developmental and epileptic encephalopathy characterized by severe, recurrent seizures as well as significant cognitive and behavioral impairments. There are no approved disease-modifying therapies for Dravet syndrome, which is difficult to treat and has a poor long-term prognosis. Zorevunersen is an investigational ASO that targets the SCN1A gene, the underlying cause of most cases of Dravet syndrome. Stoke recently announced plans to initiate a global Phase 3 registrational study of zorevunersen following successful alignment with regulatory agencies in the U.S., Europe, and Japan. The study is on track to initiate in the second quarter of 2025, with a pivotal data readout expected in the second half of 2027, which is anticipated to support global regulatory filings. Upon closing of this transaction, Stoke will receive an upfront payment of \$165 million. The parties will share external clinical development costs for zorevunersen, with Biogen funding 30% and Stoke funding 70% of the costs. Additionally, Stoke may receive up to \$385 million in development

and commercial milestone payments. Stoke will also be eligible to receive tiered royalties ranging from low double digits to high teens on potential net sales in the Biogen territory.

EARNINGS & GROWTH ANALYSIS

Biogen reports product revenue in the following categories: Multiple Sclerosis (39% of total 1Q25 revenue), Rare Diseases (23%), Biosimilars (7%), and Other product revenue (1%). The company also generates roughly 16% of its total revenue from anti-CD20 therapeutic programs; 12% from contract manufacturing, royalties, and other revenue sources; and 1% from Alzheimer's collaboration revenue. First-quarter results for these categories are summarized below.

MS product revenue was \$953 million, down 10% from the prior year in constant currency. The decline in MS product revenue reflected declines across nearly the entire MS portfolio, with the one exception being Vumerity growing 9%. Rare Diseases revenue was \$563 million, up 36% from the prior year in constant currency. Growth in this segment was driven primarily by the international launch of Skyclarys and growth across markets for both Spinraza and Qalsody. Revenue from biosimilars was \$181 million, down 5% in constant currency. Total product revenue rose 3% in constant currency to \$1.73 billion. Meanwhile, revenue from anti-CD20 therapeutic programs fell 4% in constant currency to \$378 million; contract manufacturing, royalties, and other revenue rose 63% to \$293 million; and Alzheimer's collaboration revenue rose to \$33 million from \$3 million in the prior-year period.

From an earnings standpoint, given the company's guidance for 2025 and the company's first-quarter results, we are lowering our 2025 EPS forecast to \$15.20 from \$15.85, which implies a decline of 8% from 2024. While we expect a modest return to growth in 2026 as the company launches new products, we are lowering our EPS estimate to \$16.05 from \$16.15, which assumes growth of about 6% from our 2025 estimate but also a 3% decline from the company's 2024 results.

FINANCIAL STRENGTH

Our financial strength rating on Biogen is Medium-High, the second highest level on our five-point scale. As of March 31, 2025, the company had \$2.60 billion in cash and cash equivalents, up from \$2.38 billion at the end of 2024. Total debt was \$6.3 billion at the end of the period, down from \$6.7 billion at the end of 2024. The next debt maturity of \$1.75 billion is in September 2025. The company's debt is rated as Baa2/stable by Moody's and BBB+/stable by S&P. First-quarter cash flow from operations was \$259 million, down from \$553 million in 1Q24, while free cash flow was \$222 million, down from free cash flow of \$507 million in the prior-year period.

Biogen does not pay a dividend.

MANAGEMENT & RISKS

Christopher Viehbacher has served as Biogen's president and CEO since November 2022. Previously, Mr. Viehbacher co-founded Gurnet Point Capital, a Cambridge, Massachusetts-based healthcare investment fund; he also served as the CEO of Sanofi SA for six years and worked at GlaxoSmithKline for over 20 years. Robin Kramer serves as CFO, having recently succeeded former CFO Michael R. McDonnell following his retirement in February 2025. Ms. Kramer previously served as the company's chief accounting officer. She has worked at

Analyst's Notes ...Continued

Biogen since 2018. Caroline Dorsa serves as the chair of Biogen's board and has served on the board since 2010.

The company faces product concentration risk as a substantial portion of revenue comes from MS drugs. The company is a leader in the MS market but is facing competition from several large pharma companies. We note that Biogen receives royalty revenue from sales of MS drug Ocrevus but does not own any commercial rights to the drug, which is marketed by Roche Holding AG. Biogen co-developed Ocrevus with Roche and then opted to exchange its 30% interest for royalty payments. As a result, Biogen receives royalties on a product that competes with its own MS drugs.

Like other biotech and pharma companies, Biogen faces significant risks related to the costs of new drug development, the ability to maintain a strong pipeline, and the loss of patent protection. In recent patent news, Dutch courts invalidated a key patent for Biogen's MS drug Tecfidera in January 2025, citing a lack of inventiveness and failure to meet reproducibility standards, opening the door for generic versions of the drug as early as February. While German courts have since prohibited generic manufacturers from launching their own version of Tecfidera in the German market, we note that international sales of the drug represented 10% of the company's total worldwide product revenue in 4Q24. In addition to its patent protections, certain of the company's products are entitled to temporary regulatory exclusivity in the U.S. and the EU, with that exclusivity expiring for Plegridy in the U.S. in 2026 and for Spinraza in the EU in 2029.

With roughly 56% of product revenue generated in international markets in 1Q25, the company is exposed to currency risk.

COMPANY DESCRIPTION

Biogen is a biotech company that develops, manufactures, and sells therapies for treating neurological and neurodegenerative diseases. The company is the market leader in MS drugs and launched the first approved treatments for spinal muscular atrophy and AD. The company also sells products that treat plaque psoriasis, non-Hodgkin's lymphoma, lymphocytic leukemia, and rheumatoid arthritis. Current research continues on MS and has expanded to include neuroimmunology, ophthalmology, lupus, and other neuromuscular and movement disorders. Founded in 1978, the company is located in Cambridge, Massachusetts, employs 7,605 people, and is a component of the S&P 500.

VALUATION

We believe that BIIB shares are appropriately valued at current prices near \$120, near the base of their 52-week range of \$110-\$238. BIIB shares are trading at 8-times our 2025 EPS estimate, below the average of 14-times for our coverage universe of pharmaceutical/biotech stocks. Given Biogen's declining sales for its MS products, the introduction of generics for some of its products, and the mixed regulatory response to Leqembi in certain markets, we believe that this discount is appropriate. As such, our rating on the stock remains a HOLD. We would consider upgrading the stock if the company lowers its reliance on MS sales, upon the release of further studies reinforcing the safety or efficacy profile of Leqembi, or on signs that its earnings are expected to reach double-digit growth.

On May 2 at midday, HOLD-rated BIIB traded at \$123.29, up \$2.36.

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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