

## Acorda Therapeutics (ACOR)

**\$0.79** (As of 05/13/20)

Price Target (6-12 Months): **\$1.00**

Long Term: 6-12 Months

**Zacks Recommendation:** Outperform

(Since: 03/29/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**2-Buy**

Zacks Style Scores:

VGM:A

Value: A

Growth: B

Momentum: F

### Summary

Acorda's earnings and revenues lag estimates in Q1. The company got a huge boost from the approval of its Parkinson's disease drug Inbrija in the United States. The drug was launched in February 2019 and was off to a solid start, which should aid the company's top line in the future quarters. Moreover, the nod to Inbrija in the EU last September should contribute to sales growth. However, Acorda's key multiple sclerosis drug Ampyra is facing a generic competition, which is significantly hurting its top line. The company expects to see a persistent decline in Ampyra sales in the quarters ahead. Further, its pipeline is in early stage of development. Sales of Inbrija too can get affected due to the COVID-19 pandemic in the future quarters. Shares have underperformed the industry in the year so far.

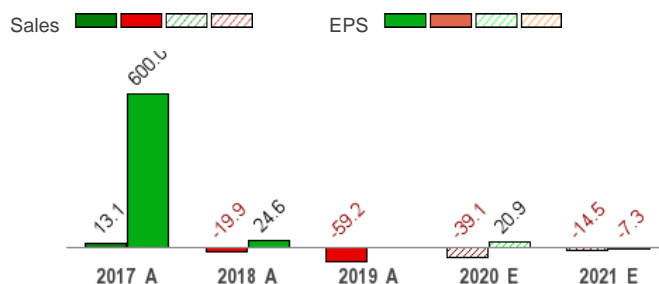
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$11.91 - \$0.70
20 Day Average Volume (sh)	2,252,384
Market Cap	\$38.1 M
YTD Price Change	-61.1%
Beta	1.62
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Medical - Biomedical and Genetics</a>
Zacks Industry Rank	Top 4% (11 out of 253)

### Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-45.7%
Last Sales Surprise	-28.6%
EPS F1 Est- 4 week change	-10.5%
Expected Report Date	08/06/2020
Earnings ESP	0.0%
P/E TTM	NA
P/E F1	NA
PEG F1	NA
P/S TTM	0.2

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	20 E	21 E	22 E	22 E	100 E
2020	28 A	26 E	31 E	32 E	117 E
2019	44 A	50 A	48 A	51 A	192 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	-\$0.66 E	-\$0.56 E	-\$0.48 E	-\$0.42 E	-\$1.46 E
2020	-\$0.51 A	-\$0.39 E	-\$0.22 E	-\$0.20 E	-\$1.36 E
2019	-\$0.56 A	-\$0.55 A	-\$0.46 A	-\$0.15 A	-\$1.72 A

\*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 05/13/2020. The reports text is as of 05/14/2020.

## Overview

Ardley, NY-based Acorda Therapeutics, Inc. is a commercial-stage biotechnology company focused on the development and commercialization of novel treatments that improve neurological function in people suffering from multiple sclerosis (MS), spinal cord injury (SCI) and other nervous system disorders.

The company's lead marketed product is Ampyra (dalfampridine), approved for the improvement of walking in MS patients. Acorda has a license and collaboration agreement with Biogen for commercialization of Ampyra, known as Fampyra outside the United States. Ampyra generated sales of \$163.2 million in 2019, reflecting a 64.1% plunge.

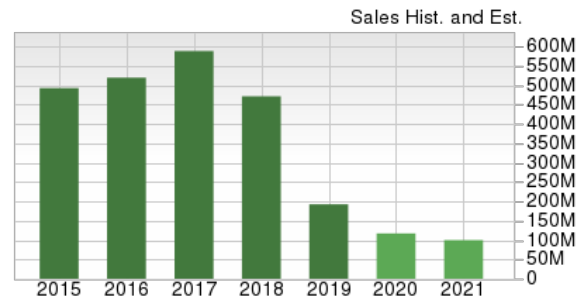
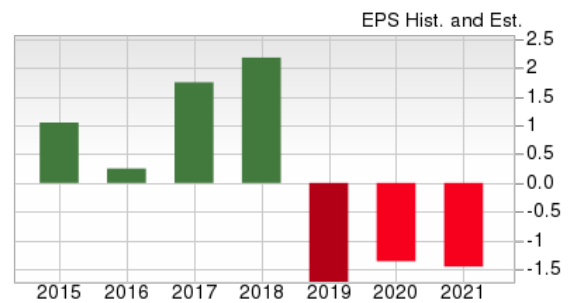
However, Ampyra revenues have been persistently weak as authorized generic version of the drug was launched last September. Ampyra is witnessing a sharp decline in sales, a trend it believes will continue over time in the future ahead.

Inbrija was approved in December 2018 as inhaled levodopa for treating OFF periods in patients suffering Parkinson's and receiving a carbidopa / levodopa regimen in the United States. The drug was launched in the United States last February and generated sales worth \$15.3 million in 2019.

Inbrija was added to Acorda's portfolio with the Oct 2014 acquisition of Civitas Therapeutics.

In October 2018, Acorda sold its dermal patch Qutenza, approved for managing neuropathic pain, to Germany-based pharma company Grunenthal. Acorda gets royalty revenues on the authorized generic sales of Zanaflex Capsules.

Acorda recorded total revenues of \$192.4 million in 2019, down 59.2% year over year.



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## Reasons To Buy:

▲ **Inbrija Gets a Positive Start:** With approval in December 2018, Inbrija became the first and the only approved inhaled levodopa for treating OFF periods in patients suffering Parkinson's and receiving a carbidopa / levodopa regimen. The approval also lowered the company's heavy reliance on Ampyra for revenues. Inbrija was launched in February 2019 and is off to a promising start. Inbrija generated sales of \$15.3 million in 2019.

In September 2019, Inbrija was granted a marketing approval by the European Commission (EC) and the drug could be launched in the EU during 2020. This should boost the drug's sales in the future quarters. Acorda is seeking collaborations for the ex-U.S. distribution of Inbrija with potential partners both across Europe and Japan.

Notably, an estimated 400,000 people in the United States are suffering OFF periods related to Parkinson's disease. Inbrija will help address this largely unmet medical need for those affected by the ailment.

▲ **Growing Pipeline:** The company has been exploring opportunities using its ARCUS drug delivery technology for other proprietary products in which the inhaled delivery of medicine can provide a significant therapeutic benefit to patients.

Another early-stage candidate rHlgM22, a remyelinating antibody, is being developed as a potential treatment for multiple sclerosis (MS). Acorda completed a phase I study using one of the two doses of rHlgM22 or placebo in MS patients, who experienced an acute relapse. The study showed no difference between the treatment groups. The company is planning the next steps for this program.

Such candidates are key to long-term growth at Acorda as these target lucrative markets.

▲ **Restructuring Initiatives to Save Costs:** In April 2017, the decision by the U.S. District Court for the District of Delaware to invalidate four of Acorda's patents on Ampyra opened doors to the generic competition for the drug. Acorda announced a streamlining plan to reduce its cost structure and focus its resources on Inbrija. As part of this restructuring, the company trimmed its headcount by approximately 20%, which led to substantial cost savings.

Moreover, in October 2019, Acorda implemented a corporate restructuring whereby it trimmed the workforce by almost 25%. Majority of the lay-off took place in the fourth quarter of 2019 immediately after the announcement of restructuring, and the remainder was completed in the first quarter of 2020. The company expects to realize estimated annualized cost savings of approximately \$21 million owing to the headcount reduction.

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Acorda received a huge boost with the approval and subsequent launch of Inbrija. Restructuring initiatives should generate annualized cost savings.

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## Risks

- **Ampyra Facing Generic Competition:** We are persistently concerned about the company's dependence on Ampyra for growth. In 2019, sales of Ampyra tanked 64.1% year over year due to generic competition. Acorda believes that Ampyra sales will continue to see a sharp decline in the near future.

In September 2018, the U.S. Court of Appeals invalidated four patents of Ampyra, which paved the way for the entry of a generic product. Mylan launched its authorized generic version of Ampyra in September 2018.

Although Inbrija is off to a positive start, it still remains to be seen if the product can deliver the desired results and be a perfect replacement for Ampyra in the long run.

- **Pipeline Setbacks:** The company has its share in pipeline setbacks too. In November 2017, Acorda decided to discontinue the phase III study on one of its PD candidates, tozadenant. Meanwhile, in August 2017, Inbrija received a refusal-to-file letter from the FDA, which delayed its commercial launch, previously expected in the first half of 2018. In November 2016, Acorda announced that it is discontinuing development of Ampyra for an expanded indication of post-stroke walking difficulties (PSWD). Such setbacks are detrimental to the company's growth prospects.

Moreover, over time, following a series of disappointing results from the respective studies, Acorda stopped further developing its two phase II candidates, namely SYN120 (PD dementia) and BTT1023 (primary sclerosing cholangitis). Both candidates were added to the company's portfolio after the acquisition of Biotie Therapies in 2016. Acorda plans to evaluate the potential of out-licensing BTT1023.

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## Last Earnings Report

### Acorda Q1 Earnings Lag Estimates, Revenues Fall Y/Y

Acorda reported first-quarter 2020 loss per share of 51 cents, wider than the Zacks Consensus Estimate of a loss of 35 cents but narrower than the year-ago loss of 56 cents.

The company generated total revenues of \$28.1 million in the first quarter, missing the Zacks Consensus Estimate of \$39 million. Moreover, sales plunged 36.3% year over year due to lower sales of Ampyra.

Quarter Ending **03/2020**

Report Date	May 05, 2020
Sales Surprise	-28.58%
EPS Surprise	-45.71%
Quarterly EPS	-0.51
Annual EPS (TTM)	-1.67

### Quarter in Detail

Inbrija, registered sales of \$4.4 million in the reported quarter, reflecting a significant year-over-year increase. However, Inbrija sales dropped 27.8% sequentially owing a decline in new prescription starts due to the COVID-19 pandemic. Notably, the majority of Acorda's net product revenues comes from Ampyra, which generated sales worth \$20.1 million in the first quarter, reflecting a 49.8% slump year over year due to generic launches.

Royalty revenues were \$3.4 million in the quarter, up 21.4% from the year-ago reported figure.

Research and development (R&D) expenses (excluding share-based compensation expenses) were \$7.3 million, down 52.2% year over year.

Selling, general and administrative (SG&A) expenses (excluding share-based compensation expenses) were \$39.6 million, down 20.6% year over year.

### 2020 Guidance

Acorda reiterated its financial outlook for 2020.

For 2020, the company envisions Ampyra net revenues within \$85-\$110 million. Operating expenses for the period are forecast within \$170-\$180 million.

However, Acorda believes that COVID-19 pandemic related stay-at-home orders and widespread decrease in physician office visits, may impact new prescription starts for Inbrija. Therefore, Acorda withdrew its 2020 guidance for the medicine. This also necessitated the withdrawal of total net product revenue outlook for 2020.

## Recent News

### Provides Preliminary Results for 2019 and 2020 Guidance – Jan 15

Acorda announced preliminary results of Inbrija sales for 2019, which totaled \$15.3 million. For 2019, Ampyra's preliminary sales were reported to be \$162.6 million. For the full year, Acorda generated preliminary total revenues worth approximately \$188 million including \$178 million of net product revenues.

#### 2020 Guidance

Acorda issued financial guidance for 2020.

The company expects total product net revenues in the range of \$120-\$150 million for the full year while total revenues are projected in the band of \$130-\$160 million.

Inbrija net revenues for the full year are predicted in the bracket of \$35-\$40 million.

For 2020, the company envisions Ampyra net revenues within \$85-\$110 million. Operating expenses for the period are forecast within \$170-\$180 million.

### Appoints Non-Executive Chairman – Nov 27

Acorda announced that its Board of Directors has elected Mr. John Kelley as the non-executive board Chair, with effect from Nov 25, 2019.

## Valuation

Acorda's are down 61.1% in the year-to-date period and 92.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Medical sector are up 7% and down 3.8% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 12.6% and the sector is up 2.4%.

The S&P 500 index is down 10.9% in the year-to-date period but up 0.4% in the past year.

The stock is currently trading at 0.21X trailing 12-month sales per share, which compares to 3.40X for the Zacks sub-industry, 3.00X for the Zacks sector and 3.14X for the S&P 500 index.

Over the past five years, the stock has traded as high as 3.92X and as low as 0.19X, with a 5-year median of 1.86X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$1.00 price target reflects 0.26X trailing 12-month sales per share.

The table below shows summary valuation data for ACOR

Valuation Multiples - ACOR					
		Stock	Sub-Industry	Sector	S&P 500
P/S TTM	Current	0.21	3.4	3	3.14
	5-Year High	3.92	4.69	4.16	3.66
	5-Year Low	0.19	2.16	2.3	2.43
	5-Year Median	1.86	2.67	3.24	3.17
P/B TTM	Current	0.12	4.17	3.72	3.77
	5-Year High	3.22	5.46	5.05	4.55
	5-Year Low	0.12	2.45	2.92	2.84
	5-Year Median	1.53	3.33	4.28	3.65

As of 05/13/2020

## Industry Analysis Zacks Industry Rank: Top 4% (11 out of 253)



## Top Peers

Company (Ticker)	Rec	Rank
Eli Lilly and Company (LLY)	Outperform	1
Sanofi (SNY)	Outperform	2
AbbVie Inc (ABBV)	Neutral	3
Biogen Inc (BIIB)	Neutral	2
GlaxoSmithKline plc (GSK)	Neutral	2
Johnson Johnson (JNJ)	Neutral	3
Mylan NV (MYL)	Neutral	2
Novartis AG (NVS)	Neutral	3

Industry Comparison Industry: Medical - Biomedical And Genetics				Industry Peers		
	ACOR	X Industry	S&P 500	GSK	MYL	NVS
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	2	2	3
VGM Score	A	-	-	B	A	B
Market Cap	38.10 M	198.88 M	18.76 B	107.21 B	8.03 B	195.26 B
# of Analysts	3	3	14	6	9	5
Dividend Yield	0.00%	0.00%	2.23%	5.24%	0.00%	2.36%
Value Score	A	-	-	B	A	B
Cash/Price	2.54	0.23	0.06	0.07	0.05	0.03
EV/EBITDA	2.49	-3.54	11.39	10.84	7.31	13.85
PEG Ratio	NA	1.77	2.54	8.04	1.30	1.88
Price/Book (P/B)	0.12	3.86	2.56	4.16	0.71	3.83
Price/Cash Flow (P/CF)	0.16	15.94	10.04	9.86	1.87	10.92
P/E (F1)	NA	33.58	18.48	14.52	3.61	15.12
Price/Sales (P/S)	0.22	14.92	1.91	2.40	0.69	4.02
Earnings Yield	-172.15%	-15.56%	5.09%	6.88%	27.67%	6.62%
Debt/Equity	0.79	0.02	0.75	1.23	1.08	0.50
Cash Flow (\$/share)	4.83	-1.03	7.01	4.33	8.33	7.80
Growth Score	B	-	-	C	C	C
Hist. EPS Growth (3-5 yrs)	NA%	16.29%	10.82%	7.29%	2.42%	1.77%
Proj. EPS Growth (F1/F0)	20.74%	7.40%	-10.51%	-7.15%	-2.74%	7.56%
Curr. Cash Flow Growth	107.17%	13.90%	5.83%	4.83%	-3.91%	4.27%
Hist. Cash Flow Growth (3-5 yrs)	30.74%	7.77%	8.52%	1.08%	16.74%	7.11%
Current Ratio	2.38	4.98	1.27	0.87	1.26	0.74
Debt/Capital	44.09%	4.37%	44.25%	55.18%	51.83%	33.33%
Net Margin	-131.45%	-213.04%	10.59%	15.28%	0.54%	24.97%
Return on Equity	-19.83%	-64.55%	16.36%	43.97%	20.00%	24.39%
Sales/Assets	0.19	0.20	0.54	0.45	0.37	0.41
Proj. Sales Growth (F1/F0)	-39.11%	2.06%	-2.55%	1.86%	5.19%	4.76%
Momentum Score	F	-	-	B	C	A
Daily Price Chg	0.49%	-2.52%	-2.85%	1.26%	-4.25%	0.06%
1 Week Price Chg	-11.77%	6.36%	3.23%	1.70%	8.96%	1.82%
4 Week Price Chg	-25.10%	9.89%	-0.28%	7.33%	0.52%	-0.48%
12 Week Price Chg	-53.57%	-11.60%	-23.80%	-1.72%	-25.65%	-12.36%
52 Week Price Chg	-92.96%	-17.77%	-13.31%	7.98%	-22.49%	4.48%
20 Day Average Volume	2,252,384	254,647	2,552,088	3,684,841	6,335,991	2,035,202
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-0.44%	0.00%
(F1) EPS Est 4 week change	-10.46%	0.00%	-6.15%	-0.11%	-2.91%	-1.23%
(F1) EPS Est 12 week change	-36.05%	0.00%	-16.21%	-1.16%	-4.63%	-1.98%
(Q1) EPS Est Mthly Chg	-9.85%	0.00%	-12.28%	-5.00%	-9.32%	0.71%

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## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	B
Momentum Score	F
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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