Acorda Therapeutics (ACOR)

$0.98 (As of 03/30/20)

Price Target (6-12 Months): **$1.25**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 03/29/20) Prior Recommendation: Neutral	**Outperform**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**1-Strong Buy**
	Zacks Style Scores:	VGM:C
	Value: A | Growth: F | Momentum: B	

Summary

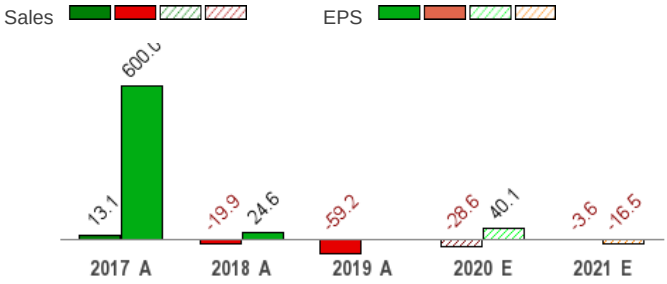
Acorda got a huge boost from the approval of its Parkinson's disease drug Inbrija in the United States. The drug was launched in February 2019 and is off to a solid start ever since, which in turn, should aid the company's top line in the future quarters. Moreover, the approval of Inbrija in the EU during last September should drive sales in the days ahead. The restructuring initiative is also cutting costs which is a positive. However, the company's key multiple sclerosis drug Ampyra is facing generic competition which is significantly hurting the 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. Shares have underperformed the industry in the past year.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$13.53 - $0.70**
20 Day Average Volume (sh)	**1,224,695**
Market Cap	**$47.2 M**
YTD Price Change	**-51.8%**
Beta	**1.62**
Dividend / Div Yld	**$0.00 / 0.0%**
Industry	**Medical - Biomedical and Genetics**
Zacks Industry Rank	**Top 16% (40 out of 254)**
Last EPS Surprise	**63.4%**
Last Sales Surprise	**11.9%**
EPS F1 Est- 4 week change	**0.0%**
Expected Report Date	**05/07/2020**
Earnings ESP	**0.0%**
P/E TTM	**NA**
P/E F1	**NA**
PEG F1	**NA**
P/S TTM	**0.3**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	32 E	36 E	43 E	48 E	132 E
2020	39 E	37 E	33 E	28 E	137 E
2019	44 A	50 A	48 A	51 A	192 A

EPS Estimates

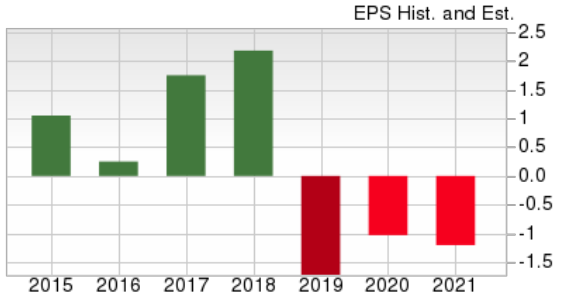
	Q1	Q2	Q3	Q4	Annual*
2021	-$0.39 E				-$1.20 E
2020	-$0.41 E	-$0.35 E	-$0.32 E	-$0.30 E	-$1.03 E
2019	-$0.56 A	-$0.55 A	-$0.46 A	-$0.15 A	-$1.72 A

*Quarterly figures may not add up to annual.

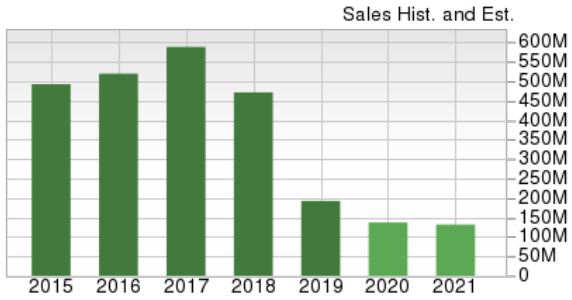
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 03/30/2020. The reports text is as of 03/31/2020.

Overview

Ardsley, 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, ex-U.S. trade name: Fampyra), 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 regimenin 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. Acorda gets royalty revenues on the authorized generic sales of Zanaflex Capsules.

In October 2018, Acorda sold its dermal patch Qutenza, approved for managing neuropathic pain, to Germany-based pharma company Grunenthal.

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

Reasons To Buy:

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

- **Inbrija Gets a Positive Start:** In December 2018, the FDA approved Acorda's Parkinson's disease (PD) inhalation therapyInbrija. Following this nod, the product 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 strong 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, more than 350,000 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 with the ailment.

- **Strong Pipeline:** The company has an early-stage candidate, CVT-427 which is being evaluated in phase I special population study for the treatment of acute migraine using the ARCUS drug delivery technology.

  Another early-stage candidate rHIgM22, 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 rHIgM22 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 on Savings 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. The restructuring is also aimed at maximizing patient access to Ampyra extended release 10 mg tablets.

  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 reduced the workforce by almost 25%. The company expects to realize estimated annualized cost savings of approximately $21 million owing to headcount reduction.

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 Ampyrain 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 has stopped further development of 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.

Last Earnings Report

Acorda Q4 Earnings Top Estimates, Revenues Fall Y/Y

Quarter Ending	12/2019
Report Date	**Feb 13, 2020**
Sales Surprise	**11.88%**
EPS Surprise	**63.41%**
Quarterly EPS	**-0.15**
Annual EPS (TTM)	**-1.72**

Acorda reported fourth-quarter 2019 loss per share of 15 cents, much narrower than the Zacks Consensus Estimate of a loss of 41 cents. However, the figure came in against the year-ago earnings of 45 cents.

The company generated total revenues of $50.5 million in the fourth quarter, beating the Zacks Consensus Estimate of $45.1 million. However, sales declined 26.9% year over year due to lower sales of Ampyra.

Quarter in Detail

Inbrija registered sales of $6.1 million in the reported quarter, accounting for a sequential increase of 24.5%.

Notably, the majority of Acorda's net product revenues come from Ampyra, which generated sales of $40.8 million in the fourth quarter, reflecting a 36.4% plunge year over year due to generic launches. However, sale of the drug grew 8.5% sequentially.Acorda believes that Ampyra sales will continue to see a sharp decline in the quarters ahead.

Royalty revenues were $3.1 million in the quarter, up 10.7% from the year-ago reported figure.

Research and development (R&D) expenses (excluding share-based compensation expenses) were $8.4 million, down 67.5% year over year.

Selling, general and administrative (SG&A) expenses (excluding share-based compensation expenses) were $39.2 million, up 18.8% year over year.

2020 Guidance

Acorda expects total product 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's 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, lowered from the previous range of $180-190 million.

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.

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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 51.7% in the year-to-date period and 92.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Medical sector are down 10.8% and 16.6% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is down 11.7% and the sector is down 16.1%.

The S&P 500 index is down 21.1% in the year-to-date period and down 11.8% in the past year.

The stock is currently trading at 0.24X trailing 12-month sales per share, which compares to 2.75X for the Zacks sub-industry, 2.65X for the Zacks sector and 2.75X 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 1.89X. Our Outperform recommendation indicates that the stock will perform better than the market. Our $1.25 price target reflects 0.30X 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	0.24	2.75	2.65	2.75
	5-Year High	3.92	4.69	4.17	3.69
	5-Year Low	0.19	2.15	2.34	2.43
	5-Year Median	1.89	2.67	3.26	3.19
P/B TTM	Current	0.15	3.24	3.21	3.42
	5-Year High	3.22	5.46	5.05	4.55
	5-Year Low	0.12	2.45	2.84	2.85
	5-Year Median	1.6	3.29	4.3	3.63

As of 03/30/2020

Industry Analysis **Zacks Industry Rank:** Top 16% (40 out of 254)

Top Peers

AbbVie Inc. **(ABBV)**	Neutral
Allergan plc **(AGN)**	Neutral
Biogen Inc. **(BIIB)**	Neutral
GlaxoSmithKline plc **(GSK)**	Neutral
Johnson & Johnson **(JNJ)**	Neutral
Mylan N.V. **(MYL)**	Neutral
Novartis AG **(NVS)**	Neutral
Sanofi **(SNY)**	Neutral

Industry Comparison Industry: Medical - Biomedical And Genetics

Industry Peers

	ACOR Outperform	X Industry	S&P 500	GSK Neutral	MYL Neutral	NVS Neutral
VGM Score	C	-	-	C	A	B
Market Cap	47.24 M	155.06 M	18.21 B	93.82 B	7.78 B	187.70 B
# of Analysts	3	2	13	6	9	5
Dividend Yield	0.00%	0.00%	2.3%	6.30%	0.00%	2.45%
Value Score	A	-	-	B	A	B
Cash/Price	2.78	0.30	0.06	0.07	0.06	0.06
EV/EBITDA	2.03	-2.21	11.22	9.70	6.88	12.73
PEG Ratio	NA	1.64	1.74	6.90	1.29	1.68
Price/Book (P/B)	0.15	2.90	2.41	4.00	0.65	3.38
Price/Cash Flow (P/CF)	0.20	12.27	9.70	8.68	1.81	10.49
P/E (F1)	NA	28.86	15.12	12.46	3.43	14.27
Price/Sales (P/S)	0.25	12.03	1.96	2.18	0.68	3.96
Earnings Yield	-105.10%	-20.59%	6.55%	8.03%	29.13%	7.01%
Debt/Equity	0.78	0.02	0.70	1.29	0.94	0.40
Cash Flow ($/share)	4.83	-1.02	7.01	4.33	8.33	7.80
Growth Score	F	-	-	C	C	C
Hist. EPS Growth (3-5 yrs)	23.20%	18.12%	10.89%	6.31%	2.42%	0.76%
Proj. EPS Growth (F1/F0)	40.12%	5.00%	1.80%	-4.79%	-0.60%	9.54%
Curr. Cash Flow Growth	107.17%	13.92%	5.93%	4.83%	-3.91%	4.27%
Hist. Cash Flow Growth (3-5 yrs)	30.74%	8.83%	8.55%	1.08%	16.74%	7.11%
Current Ratio	2.33	4.56	1.23	0.81	1.21	1.04
Debt/Capital	43.70%	4.30%	42.57%	56.24%	48.55%	28.42%
Net Margin	-141.87%	-229.34%	11.64%	13.72%	0.15%	24.73%
Return on Equity	-22.18%	-66.79%	16.74%	57.93%	19.35%	23.39%
Sales/Assets	0.19	0.20	0.54	0.47	0.37	0.39
Proj. Sales Growth (F1/F0)	-22.10%	9.66%	2.08%	4.54%	8.55%	6.74%
Momentum Score	B	-	-	C	B	B
Daily Price Chg	-5.37%	0.88%	2.63%	3.18%	1.28%	3.30%
1 Week Price Chg	6.81%	7.41%	12.32%	9.30%	-2.43%	9.47%
4 Week Price Chg	-27.63%	-21.19%	-18.22%	-11.63%	-13.79%	-5.72%
12 Week Price Chg	-60.32%	-23.80%	-23.36%	-19.14%	-27.79%	-14.18%
52 Week Price Chg	-92.66%	-36.49%	-17.22%	-10.07%	-47.07%	-14.43%
20 Day Average Volume	1,224,695	274,411	4,211,236	7,321,484	10,284,251	3,877,657
(F1) EPS Est 1 week change	0.00%	0.00%	-0.19%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	-3.07%	-0.60%	-1.89%	0.00%
(F1) EPS Est 12 week change	20.19%	-1.65%	-4.15%	-4.82%	-1.77%	1.20%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	-2.28%	-4.12%	0.00%	0.00%

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	F
Momentum Score	B
VGM Score	C

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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