# Alkermes plc (ALKS)

**$19.40** (As of 02/05/20)

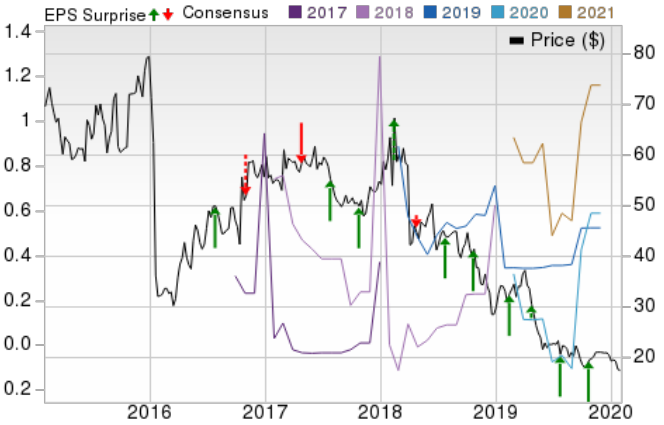
Price Target (6-12 Months): **$21.00**

| | | |
|---|---|---|
| Long Term: 6-12 Months | **Zacks Recommendation:** (Since: 12/31/19) Prior Recommendation: Outperform | **Neutral** |
| Short Term: 1-3 Months | **Zacks Rank:** (1-5) | **3-Hold** |
| | Zacks Style Scores: | VGM:C |
| | Value: C \| Growth: B \| Momentum: F | |

## Summary

Alkermes reported impressive third-quarter results wherein both earnings and sales beat estimates. With increasing traction of Aristada in the market, Alkermes is emerging as a leader in the treatment of schizophrenia. This year will be an important one for the company's late-stage pipeline owing to the planned submission of the NDA for ALKS 3831 for both schizophrenia and bipolar I disorder indications. The company also expects action on the regulatory review of the recently submitted NDA for Vumerity (diroximel fumarate) for multiple sclerosis in the fourth quarter. However, Alkermes is highly dependent on manufacturing and/or royalty revenues from partners, which is a concern. Shares have underperformed the industry year to date.

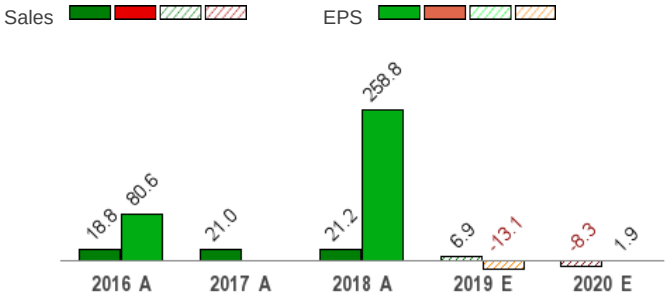
## Price, Consensus & Surprise




## Data Overview

| | |
|---|---|
| 52 Week High-Low | **$37.75 - $16.95** |
| 20 Day Average Volume (sh) | **1,433,562** |
| Market Cap | **$3.1 B** |
| YTD Price Change | **-4.9%** |
| Beta | **1.97** |
| Dividend / Div Yld | **$0.00 / 0.0%** |
| Industry | **Medical - Biomedical and Genetics** |
| Zacks Industry Rank | **Top 31% (80 out of 255)** |
| Last EPS Surprise | **80.0%** |
| Last Sales Surprise | **1.0%** |
| EPS F1 Est- 4 week change | **-19.0%** |
| Expected Report Date | **02/13/2020** |
| Earnings ESP | **0.8%** |
| P/E TTM | **88.2** |
| P/E F1 | **35.9** |
| PEG F1 | **1.6** |
| P/S TTM | **2.9** |

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




## Sales Estimates (millions of $)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2020 | 229 E | 275 E | 276 E | 304 E | 1,072 E |
| 2019 | 223 A | 280 A | 255 A | 408 E | 1,170 E |
| 2018 | 225 A | 305 A | 249 A | 316 A | 1,094 A |

## EPS Estimates

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2020 | $0.24 E | $0.23 E | $0.25 E | $0.25 E | $0.54 E |
| 2019 | -$0.17 A | $0.09 A | -$0.04 A | $0.66 E | $0.53 E |
| 2018 | -$0.09 A | $0.29 A | $0.07 A | $0.34 A | $0.61 A |

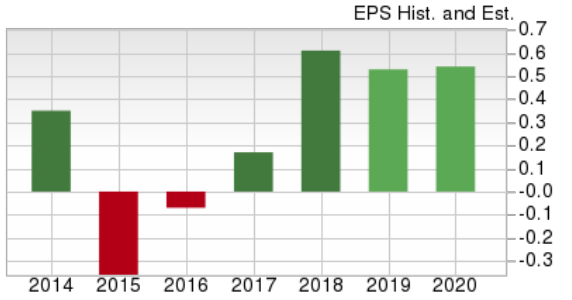
*Quarterly figures may not add up to annual.

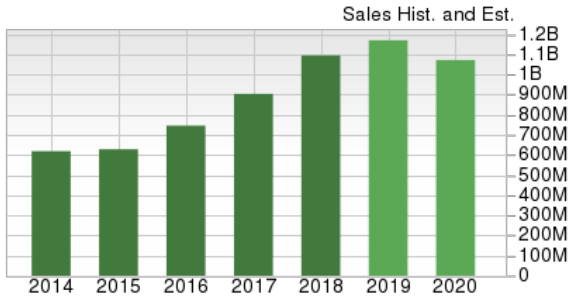
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 02/05/2020. The reports text is as of 02/06/2020.

## Overview

Dublin, Ireland-based Alkermes plc was formed by the Sep 2011 merger of Waltham, MA-based Alkermes, Inc. and Elan Drug Technologies (EDT), the drug delivery unit of Elan Corporation, plc. Elan was acquired by Perrigo in 2013. The combined entity is a fully integrated global biopharmaceutical company that utilizes proprietary technologies to research, develop and commercialize, both with partners and on its own, pharmaceutical products to address unmet medical needs of patients in major therapeutic areas.

Alkermes holds a diversified product portfolio and a promising pipeline of candidates targeting major central nervous system (CNS) disorders including schizophrenia, depression, addiction and multiple sclerosis.




Alkermes derives revenues on net sales of its proprietary products – Vivitrol (alcohol and opioid dependence) and Aristada (schizophrenia), and manufacturing and/or royalty revenues on net sales of products commercialized by the company's partners. These include Risperdal Consta (schizophrenia and bipolar I disorder), Invega Sustenna (schizophrenia and schizoaffective disorder)/Xeplion (schizophrenia), Invega Trinza/Trevicta (schizophrenia), Ampyra/Fampyra (to improve walking in patients with multiple sclerosis) and Bydureon (type II diabetes).

Further, Alkermes has a robust pipeline. Interesting late-stage candidates in the company's pipeline include ALKS 5461 (major depressive disorder/MDD), ALKS 3831 (schizophrenia) and BIIB098 (initially known as ALKS 8700) is being developed in collaboration with Biogen to treat relapsing forms of (multiple sclerosis).

The company's proprietary drugs – Vivitrol and Aristada – generated more than 27% and 13%, respectively, of the total revenues in 2018. Vivitrol posted sales of $302.6 million, up 12.4%. Sales of Aristada increased 58% to 147.7 million in 2018.

In 2018, Alkermes reported total revenues of $1.09 billion, up 21%.

## Reasons To Buy:

> Alkermes' strong product portfolio and pipeline progress have been impressive. Divestment and restructuring initiatives are also a positive for the company.

- **Strong Product Portfolio:** Alkermes' revenues are being driven by its proprietary products, Vivitrol and Aristada, and the five partnered products – Risperdal Consta, Invega Sustenna/Xeplion, Invega Trinza/Trevicta, Ampyra/Fampyra and Bydureon. We expect these products to continue contributing to the company's top-line growth in the coming quarters.

  Alkermes continues to witness robust sales of Vivitrol in both the Medicaid and commercial setting. The company expects Vivitrol to be the primary growth driver.

  On the other hand, Aristada is growing impressively in a long-acting injectable (LAI) market, The United States LAI market could cross $4 billion in 2020. The company expects Aristada net sales to be $185-$190 million in 2019. On Jul 2, 2018, the FDA approved Aristada Initio (aripiprazole lauroxil) extended-release product for the treatment of schizophrenia in adults. The approval of Aristada Initio makes Aristada the first and only long-acting atypical antipsychotic that can be initiated on day one, which plays a significant role to treat a complex disease like schizophrenia. The launch of Aristada Initio continues to gain traction as payers and providers recognize the value proposition of this important new offering, particularly in combination with the Aristada two-month dose that provides the unique ability to fully dose a patient on day one for up to two months.

- **Promising Pipeline:** Alkermes' pipeline has expanded significantly following the acquisition of the EDT unit. The company's progress with pipeline candidates targeting major CNS disorders, such as schizophrenia, addiction, depression and multiple sclerosis, has been impressive. An important pipeline candidate is ALKS 5461 being developed for the treatment of MDD. In January 2018, a new drug application (NDA) was submitted to the FDA for ALKS 5461 and the same was accepted for review by the FDA in April 2018. If approved, this would be the first therapeutic option for patients with depression with a novel mechanism of action.

  Other interesting candidates include ALKS 3831. In November 2019, the company submitted a new drug application (NDA) to the FDA seeking approval of ALKS 3831 for the treatment of schizophrenia and bipolar I disorder. Alkermes is seeking approval of fixed dosage strengths of ALKS 3831 composed of 10 mg of samidorphan co-formulated with 5 mg, 10 mg, 15 mg or 20 mg of Zyprexa. In July, after a pre-NDA meeting with the FDA, the company announced its plans to expand the NDA for the candidate to include the treatment of bipolar I disorder in addition to that for schizophrenia. Approval of the additional indication will help Alkermes gain access to a broader section of patients. In Jan 2020, the FDA accepted the company's NDA for the same.

  Vumerity/diroximel fumarate is being developed in collaboration with Biogen to treat relapsing forms of multiple sclerosis (MS). In October 2019, the FDA granted approval to Vumerity, positioning Biogen for potential commercial launch in early 2020. Alkermes received a $150 million milestone payment from Biogen following the FDA approval of the NDA for Vumerity. The company may also receive a mid-teens percentage royalty on worldwide net sales. Further, Alkermes is also conducting the EVOLVE-MS-2 study, a five-week, head-to-head gastrointestinal (GI) tolerability study evaluating diroximel fumarate versus dimethyl fumarate.

  Another important candidate in Alkermes' pipeline is cancer immunotherapy ALKS 4230, which is being evaluated under ARTISTRY Clinical Development Program in patients with advanced solid tumors. The company is developing ALKS 4230 in three distinct stage under ARTISTRY-1 program, an ongoing monotherapy dose-escalation stage, a monotherapy expansion stage and an ongoing combination therapy stage with the Merck's PD-1 inhibitor Keytruda (pembrolizumab) – in patients with select advanced solid tumors. The ARTISTRY-2 program has two phase I/II studies evaluating subcutaneous administration of ALKS 4230 as monotherapy and in combination with Merck's Keytruda in patients with advanced solid tumors. In February 2019, Alkermes signed a collaboration to evaluate ALKS 4230 in combination with Clovis Oncology's PARP inhibitor Rubraca (rucaparib), and lucitanib across multiple tumor types. In July 2019, the company initiated the monotherapy expansion stage of its ARTISTRY-1 study to evaluate the efficacy, safety and tolerability of ALKS 4230 in treating patients with renal cell carcinoma or melanoma following selection of the recommended phase II dose in the dose-escalation stage of the study. The company will initiate a phase II study to evaluate ALKS 4230+Keytruda in patients with advanced or recurrent head and neck squamous cell cancer who did not achieve complete remission with an anti-PD-1/PD-L1 antibody treatment by the end of 2019.

  Successful development and subsequent commercialization of these candidates would be a huge boost for the company.

- **Acquisition of Rodin Therapeutics, a Boost :** Alkermes acquired Rodin Therapeutics, Inc. , a privately held biopharmaceutical company in November 2019. This transaction builds on Alkermes' experience in central nervous system (CNS) diseases and expands Alkermes' CNS development efforts into a wide range of neurodegenerative disorders.

  At the closing of the transaction, Alkermes made an upfront cash payment of $100 million (subject to customary adjustments) to Rodin's former security holders.

  Alkermes plans to advance investigational new drug (IND)-enabling activities for lead preclinical assets in the Rodin development candidate portfolio. Alkermes also intends to continue Rodin's preclinical research program focused on the subset of frontotemporal dementia patients with an inherited mutation of the progranulin gene (FTD-GRN) and exploratory work in hematological disorders and oncology.

  Alkermes expects to incur about $20 million of incremental Research & Development (R&D) expenses in 2020.

- **Restructuring Initiative to Save Costs:** In October, Alkermes announced a restructuring plan to reduce costs, improve cost structure and focus on growth opportunities. The company stated that the plan will likely result in cost savings of approximately $150 million. It will cut 160 jobs as part of the plan.

## Reasons To Sell:

> Alkermes' heavy dependence on partners for revenues is concerning. Pipeline setbacks are also matters for concern.

- **Pipeline Setbacks:** Gaining approval for pipeline candidates has become difficult with an increasingly stringent regulatory environment. Any unfavorable outcome on the regulatory front or the ongoing development programs would have an adverse impact on the shares. Alkermes is no stranger to pipeline setbacks. In Oct 2016, the company terminated the development of CNS candidate ALKS 7119 due to tolerability issues that were observed in a small number of patients in the multiple-ascending-dose phase I study. The effects observed were not witnessed in the single-ascending dose study or anticipated based on pre-clinical models. Moreover, in Feb 2015, the company announced that ALKS 7106 (pain) failed to meet the company's pre-specified criteria to enter phase II studies.

  The company's pipeline setbacks also include the discontinuation of the development of phase II candidates, samidorphan (formerly known as ALKS 33 – binge-eating disorder) and ALKS 37 (opioid-induced constipation) in 2011 and 2012, respectively. Similar setbacks would be detrimental for the company's growth prospects.

  In February 2019, the FDA issued a Complete Response Letter ("CRL") related to its new drug application ("NDA") for ALKS 5461. The NDA sought approval for the candidate as an adjunctive treatment of major depressive disorder ("MDD"). The regulatory authority refused approval, due to a lack of evidence supporting efficacy of the oral medication. The CRL is likely to delay or result in a missed opportunity for the company.

  The FDA requested for additional clinical data to demonstrate substantial evidence of effectiveness of ALKS 5461 for the proposed indication. The company is planning to meet with the FDA to discuss the issues raised in the CRL and future steps related to the development of the candidate.

  On Apr 16, 2018, the FDA accepted for review the NDA for ALKS 5461. The FDA had initially issued a Refusal to File letter on Mar 30 for the candidate, stating that the NDA did not have enough evidence for the oral medication to work. The FDA suggested that additional studies might be required to demonstrate the drug's overall effectiveness for the proposed indication.

- **High Dependence on Partners:** Alkermes is highly dependent on manufacturing and/or royalty revenues on sales of products that are commercialized by the company's partners. For instance, Johnson and Johnson's Janssen is responsible for the commercialization of Risperdal Consta, Invega Sustenna/Xeplion, Invega Trinza and Vivitrol in Russia and certain Commonwealth of Independent States countries, while Ampyra is marketed by Acorda Therapeutics in the United States and Biogen in the ex-United States' markets. On the other hand, AstraZeneca is responsible for the commercialization of Bydureon. Partnership-related setbacks may weigh heavily on the company. Particularly, any significant negative development related to these products, or to the company's licensing agreements, could have a material adverse effect on its top-line growth. For instance, manufacturing and royalty business recorded a year-over-over decline in third-quarter 2016 due to lower sales of Risperdal Consta, Ampyra and Bydureon by the company's partners.

## Last Earnings Report

**Alkermes Earnings and Sales Beat Estimates in Q3**

| Quarter Ending | 09/2019 |
|---|---|
| Report Date | Oct 23, 2019 |
| Sales Surprise | 1.00% |
| EPS Surprise | 80.00% |
| Quarterly EPS | -0.04 |
| Annual EPS (TTM) | 0.22 |

Alkermes reported adjusted loss of 4 cents per share in the third quarter of 2019 in contrast to earnings of 7 cents in the year-ago quarter. However, the reported loss was narrower than the Zacks Consensus Estimate of a loss of 21 cents.

The company's revenues of $255.2 million in the quarter increased 2.6% from the year-ago quarter. The top line beat the Zacks Consensus Estimate of $250.98 million. The company's proprietary products, especially Aristada, drove revenues. However, this was offset by declining sales of Ampyra, following the entry of generics into the market in 2018.

**Factors Impacting Q3**

Manufacturing and royalty revenues from Risperdal Consta, InvegaSustenna/Xeplion and InvegaTrinza/Trevicta were $76.7 million, down 0.6% year over year. The same from Ampyra/Fampyra were down 62.1% year over year to $7.7 million due to generic competition. Research and development revenues, primarily from the collaboration with Biogen for Vumerity (diroximel fumarate) were $12.7 million, down 22.1% year over year.

Vivitrol sales improved about 6.6% year over year to $85.2 million.

Aristada sales came in at $53.6 million, up 48.5% year over year.

Research and development (R&D) expenses were $107.7 million, down 6.3% year over year.

Selling, general and administrative (SG&A) expenses were $148.7 million, up 15.5% year over year.

**2019 Guidance**

Alkermes maintained its total revenue guidance for 2019 in the range of $1.14-$1.19 billion. The expected range includes milestone payment of $150 million, which will be triggered following final FDA approval for multiple sclerosis ("MS") candidate, Vumerity. The Zacks Consensus Estimate for 2019 revenues is $1.18 billion.

The company now expects Aristada net sales for 2019 to be $185-$190 million, down from its previous expectation of $200-$210 million.

The company narrowed its guidance for Vivitrol sales to the range of $330-$340 million from its previous range of $330-$350 million. It anticipates R&D expenses to be $430-$450 million compared with the previous range of $450-$480 million. Alkermes' guidance for SG&A expenses stands at $590-$610 million (previously $590-$620 million).

The company raised its profit guidance. It expects earnings per share to be 44-57 cents, compared with 25-43 cents expected previously. The Zacks Consensus Estimate for 2019 earnings is pegged at 36 cents.

**Pipeline Update**

The company stated that the FDA has tentatively approved Vumerity for treating relapsing form of MS. However, the final approval is pending and is expected by the end of 2019. Meanwhile, it intends to submit a new drug application for ALKS 3831 in both schizophrenia and bipolar I disorder and the first efficacy data for early-stage immuno-oncology candidate – ALKS 4230 before year-end.

## Recent News

**Alkermes' NDA for ALKS 3831 Accepted by FDA for Review-Jan 28**

Alkermes new drug application (NDA) seeking approval of ALKS 3831 (olanzapine/samidorphan) for the treatment of schizophrenia and for the treatment of bipolar I disorder has been accepted by the FDA for review. The NDA has been given an action date of Nov 15, 2020.

Schizophrenia is a chronic, severe and disabling brain disorder. Bipolar disorder is a brain disorder that causes unusual shifts in a person's mood, energy and ability to function.

The NDA for ALKS 3831 includes data from the completed ENLIGHTEN clinical development program in patients with schizophrenia and the pharmacokinetic (PK) bridging data comparing ALKS 3831 with Eli Lilly & Co.'s Zyprexa (olanzapine).

The NDA includes data to support the treatment of manic or mixed episodes associated with bipolar I disorder, with ALKS 3831 as a monotherapy, or adjunct to lithium or valproate, and the maintenance treatment of bipolar I disorder.

Approval of the additional indication will help Alkermes gain access to a broader patient population.

We remind investors that in July 2019, after a pre-NDA meeting with the FDA, Alkermes planned to expand the NDA for ALKS 3831 to include the treatment of bipolar I disorder in addition to that of schizophrenia. In November 2019, the company submitted an NDA to the FDA seeking approval of the candidate for the treatment of both diseases. Alkermes is seeking approval of fixed dosage strengths of ALKS 3831 composed of 10 mg of samidorphan co-formulated with 5 mg, 10 mg, 15 mg or 20 mg of Zyprexa.

**Completes the Acquisition of Rodin Therapeutics-Nov 25**

Alkermes announced that it has completed its previously announced acquisition of Rodin Therapeutics, Inc. , a privately held biopharmaceutical company. This transaction builds on Alkermes' experience in central nervous system (CNS) diseases and expands Alkermes' CNS development efforts into a wide range of neurodegenerative disorders.

At the closing of the transaction, Alkermes made an upfront cash payment of $100 million (subject to customary adjustments) to Rodin's former security holders.

Under the terms of the definitive agreement between Alkermes and Rodin, and subject to the conditions and adjustments set forth therein, Rodin's former security holders are eligible to receive future payments of up to $850 million upon achievement by Rodin's development candidates of certain specified clinical and regulatory milestones, and attainment of certain sales thresholds.

**Alkermes Submits NDA to FDA for Schizophrenia & Bipolar I Drug-Nov 19**

Alkermes announced that it has submitted a new drug application (NDA) to the FDA seeking approval of ALKS 3831 (olanzapine/samidorphan) for the treatment of schizophrenia and bipolar I disorder.

Schizophrenia is a chronic, severe and disabling brain disorder. Bipolar disorder is a brain disorder that causes unusual shifts in a person's mood, energy and ability to function. The NDA for ALKS 3831 includes data from the completed ENLIGHTEN clinical development program in patients with schizophrenia and pharmacokinetic (PK) bridging data comparing ALKS 3831 with Eli Lilly & Co.'s Zyprexa (olanzapine).

Alkermes is seeking approval of fixed dosage strengths of ALKS 3831 composed of 10 mg of samidorphan co-formulated with 5 mg, 10 mg, 15 mg or 20 mg of Zyprexa.

In July, after a pre-NDA meeting with the FDA, the company announced its plans to expand the NDA for the candidate to include the treatment of bipolar I disorder in addition to that for schizophrenia.

Approval of the additional indication will help Alkermes gain access to a broader section of patients.

**Alkermes to Acquire Rodin Therapeutics, Boost CNS Pipeline-Nov 18**

Alkermes announced that it will acquire privately-held Rodin Therapeutics for an upfront cash payment of $100 million and up to $850 million in milestone payments. The deal is expected to close by the end of November.

The deal will enable Alkermes to expand its central nervous system (CNS) development efforts into a wide range of neurodegenerative disorders through epigenetic control of synaptogenesis.

Rodin is developing therapeutics for synaptopathies by designing molecules that target specific histone deacetylase (HDAC) complexes. Synaptic dysfunction is a feature in many neurogenerative diseases and neuropsychiatric diseases, such as Alzheimer's disease, Huntington's disease, frontotemporal dementia and depression, and synaptic loss may result in cognitive decline.

Alkermes plans to advance investigational new drug (IND)-enabling activities for lead preclinical assets in the Rodin development candidate portfolio. Alkermes also intends to continue Rodin's preclinical research program focused on the subset of frontotemporal dementia patients with an inherited mutation of the progranulin gene (FTD-GRN) and exploratory work in hematological disorders and oncology.

Alkermes expects to incur about $20 million of incremental Research & Development (R&D) expenses in 2020. The company will provide financial expectations for 2020 in February.

**Announces Receipt of $150 Million Milestone Payment from Biogen-Nov 12**

Alkermes announced the receipt of a $150 million milestone payment from Biogen triggered by the recent FDA approval of Vumerity (diroximel fumarate), a novel oral fumarate with a distinct chemical structure, for the treatment of relapsing forms of multiple sclerosis, and Alkermes' transfer to Biogen Inc. of the new drug application and other regulatory documentation related to Vumerity. Alkermes' financial expectations for 2019, provided on Oct. 23, 2019, reflect this milestone payment. The company will record substantially all of the milestone payment as license revenue in the fourth quarter of 2019.

**Announces New Data From ALKS 4230-Nov 8**

Alkermes presented preliminary clinical data from ARTISTRY-1, the ongoing phase I/II study investigating ALKS 4230 administered intravenously, as well as study design details and preliminary safety data from ARTISTRY-2, the ongoing phase I/II study investigating ALKS 4230 administered subcutaneously. Both studies are evaluating ALKS 4230 as a monotherapy and in combination with pembrolizumab (Keytruda).

Data presented from the ongoing monotherapy dose-escalation stage of ARTISTRY-1 included five completed cohorts, spanning a dose range of 0.1 µg/kg/day to 6 µg/kg/day:

At doses of 3 µg/kg/day and 6 µg/kg/day of ALKS 4230, 8 of 14 patients with evaluable initial scans had stable disease. This includes one patient in the 6 µg/kg/day group with heavily pretreated pancreatic adenocarcinoma who received monotherapy ALKS 4230 for 10 months, with stable disease maintained for approximately 6 months. Following progressive disease, this patient rolled over to combination therapy with pembrolizumab for 4.5 months.

The most frequently reported adverse events (AEs), regardless of relationship to ALKS 4230, were fever and chills, which are anticipated effects of cytokine administration. No Grade 4 or 5 treatment-related AEs were reported, and no signs of vascular leak syndrome were observed at any dose. The maximum tolerated dose of monotherapy intravenous ALKS 4230 has not been determined and dose escalation is ongoing.

Data presented from the combination stage of ARTISTRY-1 focused on the cohort of PD-(L)1 inhibitor unapproved tumor types and one monotherapy rollover patient. These patients received the ALKS 4230 3 µg/kg/day dose in combination with pembrolizumab.

One patient with ovarian cancer had a confirmed partial response at Cycle 6 and demonstrated complete normalization of her CA-125 (tumor marker) levels at Cycle 4, which continued in the normal range. One patient with triple negative breast cancer showed a >50% reduction in target lesion size at Cycle 8.

In addition to data from ARTISTRY-1, the company also presented a trials-in-progress poster on ARTISTRY-2. The study's initial dose escalation cohort (n=7) has been completed at the once-weekly 0.3 mg subcutaneous dose of ALKS 4230. Initial signals of tolerability were observed, and no patient discontinued treatment due to AEs.

**Vumerity Receives FDA Approval – Oct 30**

Alkermes and partner Biogen announced that the FDA has granted approval to Vumerity for treating relapsing form of MS.

**Enters Clinical Collaboration With Fred Hutchinson – Oct 21**

Alkermes announced that it has entered into a clinical research collaboration with Fred Hutchinson Cancer Research Centerfor ALKS 4230. The company will evaluate ALKS 4230 in combination with Merck's Keytruda in a phase II study for treating patients with advanced or recurrent head and neck squamous cell cancer who did not achieve complete remission with an anti-PD-1/PD-L1 antibody treatment under this agreement. The study is expected to start before the end of 2019.

**Appoints New Independent Directors – Sep 13**

Alkermes announced that it has appointed Richard Gaynor and Frank Anders Wilson as new independent directors. While Gaynor has an experience of 18 years in the field of oncology-focused industrial drug development, Wilson has 30 years of financial expertiseand experience in strategic planning and business development. The company also announced that one of its directors, Floyd Bloom, has retired.

## Valuation

Alkermes' shares are down 4.9% in the year-to-date period and 37.6% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 0.7% and stocks in the Zacks Medical sector are up 3.0% in the year-to-date period. Over the past year, the Zacks sub-industry is down 0.1% while the sector is down 5.5%.

The S&P 500 index is up 3.4% in the year-to-date period and 22.1% in the past year.

The stock is currently trading at 2.84X trailing 12-month sales per share, which compares to 2.83X for the Zacks sub-industry, 3.21X for the Zacks sector and 3.62X for the S&P 500 index.

Over the past five years, the stock has traded as high as 18.99X and as low as 2.51X, with a 5-year median of 9.78X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $21.00 price target reflects 3.07X forward 12-month sales per share.

The table below shows summary valuation data for ALKS

Valuation Multiples - ALKS

| | | Stock | Sub-Industry | Sector | S&P 500 |
|---|---|---|---|---|---|
| P/S TTM | Current | 2.84 | 2.83 | 3.21 | 3.62 |
| | 5-Year High | 18.99 | 5.03 | 4.16 | 3.63 |
| | 5-Year Low | 2.51 | 2.12 | 2.7 | 2.48 |
| | 5-Year Median | 9.78 | 2.65 | 3.26 | 3.16 |
| P/B TTM | Current | 2.86 | 3.89 | 4.64 | 4.54 |
| | 5-Year High | 9.06 | 5.79 | 5.03 | 4.54 |
| | 5-Year Low | 2.53 | 2.43 | 3.43 | 2.85 |
| | 5-Year Median | 6.12 | 3.27 | 4.29 | 3.62 |

As of 02/05/2020

## Industry Analysis **Zacks Industry Rank:** Top 31% (80 out of 255)


## Top Peers

| | |
|---|---|
| Bristol-Myers Squibb Company **(BMY)** | Outperform |
| Pfizer Inc. **(PFE)** | Outperform |
| Bayer Aktiengesellschaft **(BAYRY)** | Neutral |
| Biogen Inc. **(BIIB)** | Neutral |
| Eli Lilly and Company **(LLY)** | Neutral |
| Novartis AG **(NVS)** | Neutral |
| Roche Holding AG **(RHHBY)** | Neutral |
| Sanofi **(SNY)** | Neutral |

## Industry Comparison Industry: Medical - Biomedical And Genetics

Industry Peers

| | ALKS Neutral | X Industry | S&P 500 | BIIB Neutral | LLY Neutral | RHHBY Neutral |
|---|---|---|---|---|---|---|
| **VGM Score** | C | - | - | A | C | A |
| Market Cap | 3.06 B | 209.33 M | 24.26 B | 60.06 B | 141.48 B | 298.32 B |
| # of Analysts | 8 | 3 | 13 | 28 | 5 | 4 |
| Dividend Yield | 0.00% | 0.00% | 1.75% | 0.00% | 1.75% | 1.56% |
| **Value Score** | C | - | - | A | C | C |
| Cash/Price | 0.21 | 0.23 | 0.04 | 0.09 | 0.01 | NA |
| EV/EBITDA | -348.61 | -3.64 | 14.19 | 8.74 | 28.49 | NA |
| PEG Ratio | 1.56 | 1.76 | 2.04 | 1.17 | 1.62 | 2.68 |
| Price/Book (P/B) | 2.86 | 3.93 | 3.31 | 4.50 | 40.86 | 8.26 |
| Price/Cash Flow (P/CF) | 31.35 | 13.45 | 13.70 | 8.86 | 21.23 | 13.63 |
| P/E (F1) | 36.02 | 30.84 | 19.17 | 10.09 | 21.75 | 16.41 |
| Price/Sales (P/S) | 2.85 | 14.02 | 2.67 | 4.18 | 6.34 | NA |
| Earnings Yield | 2.78% | -15.19% | 5.22% | 9.91% | 4.59% | 6.08% |
| Debt/Equity | 0.26 | 0.02 | 0.71 | 0.37 | 4.09 | 0.35 |
| Cash Flow ($/share) | 0.62 | -1.08 | 6.92 | 37.58 | 6.94 | 3.20 |
| **Growth Score** | B | - | - | B | D | A |
| Hist. EPS Growth (3-5 yrs) | NA% | 16.51% | 10.80% | 16.51% | 16.64% | NA |
| Proj. EPS Growth (F1/F0) | 2.34% | 7.31% | 7.35% | -1.73% | 12.15% | 4.53% |
| Curr. Cash Flow Growth | 126.78% | 19.71% | 10.12% | 6.04% | 20.58% | 11.61% |
| Hist. Cash Flow Growth (3-5 yrs) | -9.18% | 7.72% | 8.55% | 11.35% | 4.33% | 7.35% |
| Current Ratio | 2.69 | 5.12 | 1.20 | 1.72 | 1.17 | 1.30 |
| Debt/Capital | 20.46% | 3.95% | 42.91% | 26.75% | 80.34% | 26.10% |
| Net Margin | -18.71% | -197.98% | 11.79% | 40.96% | 37.27% | NA |
| Return on Equity | -6.08% | -64.16% | 17.21% | 46.51% | 188.01% | NA |
| Sales/Assets | 0.61 | 0.20 | 0.54 | 0.54 | 0.58 | NA |
| Proj. Sales Growth (F1/F0) | -8.37% | 17.19% | 4.15% | -1.05% | 7.94% | 7.01% |
| **Momentum Score** | F | - | - | D | C | B |
| Daily Price Chg | 10.73% | 0.79% | 1.40% | 17.50% | 2.73% | 2.76% |
| 1 Week Price Chg | -1.19% | -3.24% | -2.60% | -3.34% | 0.41% | 1.46% |
| 4 Week Price Chg | 0.57% | 1.23% | 1.96% | 13.74% | 10.20% | 6.66% |
| 12 Week Price Chg | 0.05% | 14.20% | 6.04% | 18.08% | 30.64% | 15.85% |
| 52 Week Price Chg | -40.29% | -7.24% | 16.68% | -0.11% | 23.54% | 30.18% |
| 20 Day Average Volume | 1,433,562 | 211,553 | 1,966,046 | 1,966,046 | 3,755,399 | 945,167 |
| (F1) EPS Est 1 week change | 0.00% | 0.00% | 0.00% | -1.93% | -0.14% | -0.19% |
| (F1) EPS Est 4 week change | -19.05% | 0.00% | 0.00% | -1.24% | -0.14% | 0.19% |
| (F1) EPS Est 12 week change | -19.05% | 0.00% | -0.08% | -1.55% | 4.94% | 3.11% |
| (Q1) EPS Est Mthly Chg | 0.00% | 0.00% | 0.00% | 1.05% | NA | NA |

## 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 | C |
| Growth Score | B |
| Momentum Score | F |
| 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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