Bristol-Myers (BMY)

$56.95 (As of 06/17/20)

Price Target (6-12 Months): **$60.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 02/18/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM:A
	Value: A | Growth: A | Momentum: A	

Summary

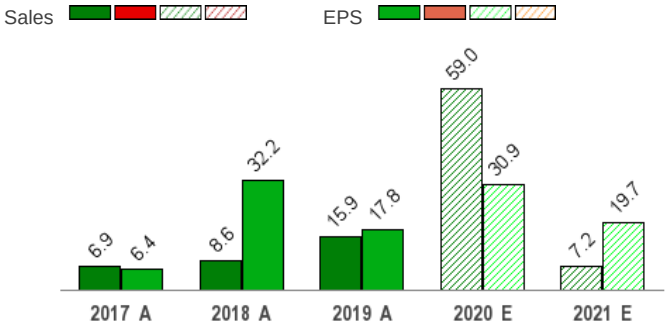
Bristol-Myers' blockbuster immuno-oncology drug, Opdivo, and blood thinner drug, Eliquis, maintain momentum. Eliquis is the leading oral anti-coagulant drug and the company continues to witness growth in both Eliquis brand and the market. The label expansion of Opdivo for first-line NSCLC should boost performance. The addition of sales from Celgene's drugs (acquired in November 2019) has boosted growth prospects. In particular, the addition of Revlimid has strengthened its oncology portfolio. Shares have outperformed the industry in the past year. However, the company trimmed its revenue forecast with the first-quarter results. Opdivo's performance was dismal as it faces stiff competition from Keytruda and Tecentriq. Moreover, concerns will rise once Revlimid loses patent protection. Pipeline setbacks too weighed on shares.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$68.34 - $42.48**
20 Day Average Volume (sh)	**14,664,624**
Market Cap	**$128.9 B**
YTD Price Change	**-11.3%**
Beta	**0.72**
Dividend / Div Yld	**$1.80 / 3.2%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Top 9% (23 out of 253)**
Last EPS Surprise	**16.2%**
Last Sales Surprise	**8.6%**
EPS F1 Est- 4 week change	**0.0%**
Expected Report Date	**07/23/2020**
Earnings ESP	**-0.2%**
P/E TTM	**10.8**
P/E F1	**9.3**
PEG F1	**1.8**
P/S TTM	**4.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	10,941 E	11,241 E	11,257 E	11,588 E	44,553 E
2020	10,781 A	9,960 E	10,316 E	10,697 E	41,578 E
2019	5,920 A	6,273 A	6,007 A	7,945 A	26,145 A

EPS Estimates

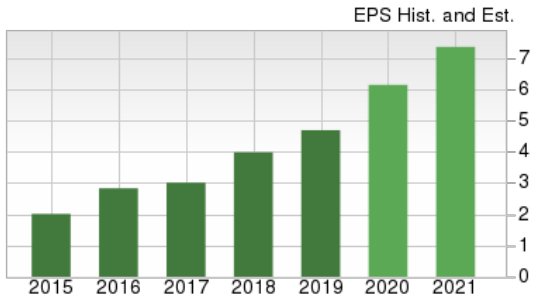
	Q1	Q2	Q3	Q4	Annual*
2021	$1.78 E	$1.84 E	$1.83 E	$1.82 E	$7.35 E
2020	$1.72 A	$1.46 E	$1.53 E	$1.44 E	$6.14 E
2019	$1.10 A	$1.18 A	$1.17 A	$1.22 A	$4.69 A

*Quarterly figures may not add up to annual.

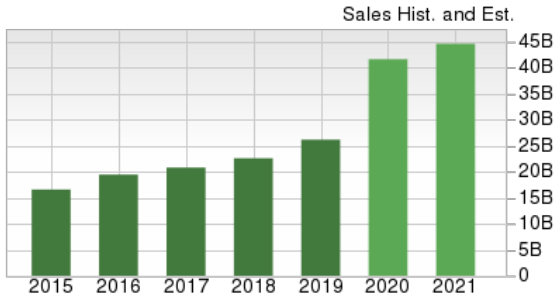
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/17/2020. The reports text is as of 06/18/2020.

Overview

New York-based Bristol-Myers Squibb is a one of the leading global specialty biopharmaceutical companies focused on the development of treatments targeting serious diseases. Backed by its blockbuster immune-oncology drug, Opdivo, Bristol-Myers has a strong oncology portfolio, consisting of other drugs like Revlimid, Sprycel, Yervoy and Empliciti. Beyond oncology, the company has important immunology and cardiovascular drugs like Orencia and Eliquis, which diversify its portfolio. Notably, in the cardiovascular space, Eliquis is now the global leading oral anti-coagulant drug. The company continues to experience growth in both the Eliquis brand and the market, while also advancing its Factor XIa inhibitor program..



After the sale of the global Diabetes business to AstraZeneca (February 2014) and the discontinuation of discovery research efforts in virology (February 2016), Bristol-Myers is focusing solely on research in core therapeutic areas like oncology, immuno-oncology, immunoscience, cardiovascular, fibrosis and genetically defined diseases.



The acquisition of Celgene Corporation for $74 billion in November 2019 has strengthened its portfolio. The combined company is well positioned to address the needs of patients with cancer, inflammatory, immunologic, cardiovascular or fibrotic diseases through high-value innovative medicines and leading scientific capabilities. In 2019, Bristol-Myers received regulatory approvals for Reblozyl and Inrebic and submitted a regulatory application for liso-cel targeting diffuse large B-Cell lymphoma.

Bristol-Myers reported revenues of $26.1 billion in 2019, up 16% from 2018. Opdivo sales came in at $7.2 billion and Eliquis sales came in at $7.9 billion.

Reasons To Buy:

> Strong sales of drugs like Opdivo, Revlimid and Eliquis are encouraging and should continue to drive the top line. Bristol-Myers' efforts to develop its pipeline are also encouraging.

- **Share Price Performance:** Bristol-Myers' stock outperformed the industry in the past year.

- **Opdivo Continues to Perform Well:** Bristol-Myers' high-profile immuno-oncology drug, Opdivo, was the first PD-1 immune checkpoint inhibitor to gain regulatory approval in July 2014 and the drug continues to drive growth, having received approval for several cancer indications. The drug also became the first PD-1 inhibitor to be approved for a hematological malignancy — classical Hodgkin lymphoma — in the United States and the EU. It is also approved for the treatment of patients with recurrent or metastatic squamous cell carcinoma of the head and neck in the United States and Europe. The drug has been performing impressively due to demand resulting from the rapid commercial acceptance for several indications, including melanoma, renal cell carcinoma (RCC), hepatocellular carcinoma (HCC) and second-line non-small-cell lung cancer (NSCLC). The uptake has been strong in all new indications despite stiff competition.

  Meanwhile, Bristol-Myers is working on expanding the label of Opdivo. The FDA recently approved Opdivo in combination with Yervoy for the lucrative indication of first-line treatment of adult patients with metastatic NSCLC. The combination has been approved for NSCLC patients whose tumors express PD-L1 (?1%) as determined by an FDA-approved test, with no EGFR or ALK genomic tumor aberrations. This is the fifth indication approved for this combination. This is a very important indication for the combination, given the widespread prevalence. NSCLC is one of the most common types of lung cancer and accounts for approximately 84% of diagnoses. Opdivo was also approved by the FDA for the treatment of patients with unresectable advanced, recurrent or metastatic esophageal squamous cell carcinoma (ESCC) after prior fluoropyrimidine- and platinum-based chemotherapy. The FDA also approved Opdivo and Yervoy given with two cycles of platinum-doublet chemotherapy for the first-line treatment of adult patients with metastatic or recurrent NSCLC with no EGFR or ALK genomic tumor aberration. Label expansion into additional indications would give the product access to a higher patient population and increase its commercial potential significantly.

- **Other Oncology Drugs Gaining Traction**: : The company's cancer portfolio got a major boost in December 2015 with the launch of Empliciti for the treatment of multiple myeloma and the drug has been performing well since then. Bristol-Myers is co-developing Empliciti with AbbVie. The company also has a leukemia drug, Sprycel, contributing significantly to the top line. The FDA recently approved the label expansion of Sprycel to include the indication of Philadelphia chromosome-positive chronic phase (CP) chronic myeloid leukemia (CML) in children, and a powder for oral suspension (PFOS) formulation. The label expansion of Empliciti and Sprycel should further drive the top line. Revlimid delivered strong growth in 2019, driven by triplet regimens and increased treatment duration. The momentum is expected to continue in 2020 as well.

- **Focus on Other Core Therapeutic Areas***:* Bristol-Myers also has a presence in other core therapeutic areas including immunoscience and cardiovascular. Eliquis has delivered a stellar performance in 2019, propelled by increases in share in the novel oral anticoagulant (NOAC) market. It is the leading oral anti-coagulant drug and the company continues to experience growth in both the Eliquis brand and market, while also advancing its Factor XIa inhibitor program. Bristol-Myers has a worldwide co-development and co-commercialization agreement with Pfizer for Eliquis. Rheumatoid arthritis (RA) drug, Orencia, also contributes to the company's top line. In September 2016, Orencia became the first biologic therapy to gain EU approval specifically for the treatment of methotrexate (MTX)-naïve RA patients with highly active and progressive disease. The drug's label was expanded in Europe to include psoriatic arthritis as well. The FDA also approved Orencia for the treatment of adults with active psoriatic arthritis. The label expansion of these drugs should further boost sales.The FDA approval of Zeposia (ozanimod) for the treatment of adults with relapsing forms of multiple sclerosis (RMS) will diversify the company's portfolio. Zeposia was also approved in Europe. In November 2019, the FDA approved Reblozyl (luspatercept-aamt) for the treatment of anemia in adults with beta thalassemia, who require regular RBC transfusions. The drug's label was recently expanded for the treatment of anemia failing an erythropoiesis stimulating agent and requiring 2 or more red blood cell (RBC) units over 8 weeks in adult patients with very low- to intermediate-risk myelodysplastic syndromes with ring sideroblasts (MDS-RS) or with myelodysplastic/myeloproliferative neoplasm with ring sideroblasts and thrombocytosis (MDS/MPN-RS-T).

  Approval of new drugs will fortify the company's portfolio. In March, the company and bluebird bio, Inc. submitted their Biologics License Application (BLA) to the FDA for idecabtagenevicleucel, their lead investigational B-cell maturation antigen (BCMA)-directed chimeric antigen receptor (CAR) T-cell immunotherapy, for the treatment of adult patients with multiple myeloma who have received at least three prior therapies. Approval of new drugs will fortify the company's portfolio.

- **Pursuing Deals and Acquisitions***:*Bristol-Myers is highly active on the deal signing/acquisition front. The company is looking to counter generic threat for its key drugs through deals and acquisitions, and introducing new products to augment its product portfolio. The company recently acquired Celgene Corporation for approximately $74 billion to boost its oncology franchise. Bristol-Myers owns approximately 69% of the company, while Celgene shareholders own approximately 31%. The acquisition is expected to be 40% accretive to the bottom line on a standalone basis in the first full year, following the closure of the transaction. The combined company is expected to generate more than $45 billion in cash flow over the first three full years post the acquisition. Bristol-Myers expects to realize cost synergies of approximately $2.5 billion by 2022.

  The addition has boosted the company's strong oncology portfolio and added diverse pipeline in the therapeutic areas of inflammatory, immunologic and cardiovascular diseases. The combined entity will have a market leading oncology portfolio in both solid tumors and hematologic malignancies led by Opdivo and Yervoy along with Revlimid and Pomalyst. In addition, it will also have a strong immunology and inflammation franchise led by Orencia and Otezla and a leading cardiovascular franchise led by Eliquis.

Reasons To Sell:

- **Celgene Acquisition Risks:** While the acquisition looks positive prima facie, any buyout of this magnitude comes with its own set of integration risks. Though the prospects of Revlimid look solid, the drug will lose patent protection shortly, significantly impacting sales. Moreover, Bristol-Myers sold one of Celgene's key growth drivers, plaque psoriasis and psoriatic arthritis drug, Otezla, in light of concerns expressed by the U.S. Federal Trade Commission (FTC). The company has a tyrosine kinase 2 (TYK2) inhibitor, BMS-986165, in its pipeline that is being evaluated in several autoimmune diseases. The regulatory agency was concerned about a possible overlap between Otezla and BMS-986165. Retaining the same would have enabled Bristol-Myers to develop a strong inflammation portfolio along with its rheumatoid arthritis drug, Orencia.

Bristol-Myers has been facing generic competition for several of its key products. The company also faces stiff competition in the immuno-oncology space. Pipeline setbacks remain a threat as well.

- **Pipeline Setbacks***:* With generic competition looming large over the company, Bristol-Myers' pipeline needs to deliver. However, the company has had its share of pipeline and regulatory setbacks. Bristol-Myers had to voluntarily withdraw its supplemental Biologics License Application (sBLA) seeking approval of Opdivo+Yervoy as a treatment for first-line non-small cell lung cancer with tumor mutational burden ?10 mutations/megabase following discussions with the FDA. The withdrawal was disappointing given the potential in the NSCLC market. The failure of the part 2 of the Checkmate-227 study was disappointing, given the potential of the NSCLC market.

- **Fierce Competition***:* Bristol-Myers' products face intense competition in the market from both large pharma and biotech companies. Opdivo faces stiff competition from Merck's Keytruda and Roche's Tecentriq. Also, the immuno-oncology market is attracting a lot of attention with several companies inking deals and working on bringing their treatments to this high-revenue potential market. Moreover, Opdivo is facing stiff competition in the RCC space as well from the recent approvals.

- **High Debt Ratio**: As of Mar 31, 2020, Bristol-Myers' total debt to total capital ratio stood at 48.3X, which compares unfavorably with the industry's 45.6X. A higher debt ratio indicates higher financial risk and vice versa. Moreover, the company has cash, equivalents and marketable securities of $15.8 billion against long-term debt of $42.8 billion. The huge levels of debt are a concern and will remain an overhang on the shares.

Last Earnings Report

Bristol-Myers' Q1 Earnings & Sales Beat Estimates

Quarter Ending	03/2020
Report Date	**May 07, 2020**
Sales Surprise	**8.62%**
EPS Surprise	**16.22%**
Quarterly EPS	**1.72**
Annual EPS (TTM)	**5.29**

First-quarter 2020 earnings of $1.72 per share easily beat the Zacks Consensus Estimate of $1.48 and increased from the year-ago quarter's $1.10.

Total revenues of $10.8 billion comprehensively beat the Zacks Consensus Estimate of $9.9 billion and surged 82% from $5.9 billion in the year-ago period. Strong growth was mainly driven by the addition of Celgene's products, which contributed 71%.

Quarterly Details

Revenues were up 83% year over year when adjusted for foreign exchange impact. The quarter benefited by approximately $500 million due to COVID-19-related buying patterns.

Revenues increased 96% to $6.8 billion in the United States and 62% outside the country. Ex-U.S. revenues were up 65% when adjusted for foreign exchange impact.

Eliquis witnessed strong growth, rising 37% to $2.6 billion. However, sales of Opdivo, which is approved for multiple cancer indications, were down 2% year over year to $1.76 billion.

Leukemia drug, Sprycel, raked in sales of $521 million, up 14% year over year. Sales of rheumatoid arthritis drug, Orencia, grew 12% to $714 million. Melanoma drug, Yervoy, contributed $396 million to the top line, up 3% year over year.

Multiple myeloma drug, Empliciti, recorded sales of $97 million, up 17% year over year.

The performance of key drugs in the Virology unit was disappointing. Sales of Baraclude declined 13% to $122 million. Sales of other brands (including Sustiva, Reyataz, Daklinza and all other products that have lost exclusivity in major markets) fell 14% year over year to $418 million.

Myeloma drug, Revlimid, added with Celgene's acquisition, contributed $2.9 billion to the top line and was the top-revenue generator for Bristol-Myers. Other key drugs from Celgene — Pomalyst and Abraxane — generated sales of $713 million and $300 million, respectively.

Adjusted research and development (R&D) expenses in the quarter increased to $2.2 billion from $1.3 billion. Adjusted marketing, selling and administrative expenses grew to $1.6 billion from $1.0 billion.

Gross margin was 69.2% in the quarter compared with 66% in the year-ago quarter.

Pipeline Update

In March 2020, the FDA approved Opdivo plus Yervoy to treat hepatocellular carcinoma (HCC) in patients who have been previously treated with Nexavar.

The FDA accepted its supplemental Biologics License Application (sBLA) for Opdivo plus Yervoy, administered concomitantly with a limited course of chemotherapy, for the first-line treatment of patients with metastatic or recurrent NSCLC with no EGFR or ALK genomic tumor aberrations (CheckMate -9LA). The agency granted this application Priority Review with a target action date of Aug 6, 2020.

In April 2020, Bristol-Myers and partner and Exelixis announced that the phase III study CheckMate -9ER, which evaluated Opdivo plus Cabometyx versus Sutent in previously untreated advanced or metastatic RCC, met its primary and secondary endpoints.

Last month, the FDA approved Zeposia (ozanimod) for the treatment of adults with relapsing forms of multiple sclerosis (RMS). However, the agency extended the action date by three months for the BLA for lisocabtagene maraleucel (liso-cel) and the new action date is Nov 16, 2020.

2020 Guidance

Bristol-Myers continued to project earnings of $6.00-$6.20 per share. The company now expects revenues for 2020 in the range of $40-$42 billion (previous guidance: $40.5-$42.5 billion). The Zacks Consensus Estimate for revenues and earnings is pegged at $41.3 billion and $6.10 per share, respectively.

The company expects the peak impact of the current COVID-19 crisis in the second quarter of 2020, with a return to a more stable business environment in the third quarter and minimal impact fourth-quarter 2020 onward.

Recent News

Label Expansion of Opdivo – Jun 10

Bristol-Myers announced that the FDA has approved blockbuster immuno-oncology drug, Opdivo, for yet another indication. The drug is now approved for the treatment of patients with unresectable advanced, recurrent or metastatic esophageal squamous cell carcinoma (ESCC) after prior fluoropyrimidine- and platinum-based chemotherapy. The approval was based on positive results from the phase III study, ATTRACTION, wherein Opdivo demonstrated superior overall survival (OS) versus taxane chemotherapy. Per the company, Opdivo is the first approved immunotherapy in this setting, regardless of tumor PD-L1 expression level.

Zeposia Meet Goals in Ulcerative Colitis Study – Jun 2

Bristol-Myers announced positive topline data from the pivotal phase III True North study, which evaluated its newly-approved multiple sclerosis drug Zeposia (ozanimod) for a new indication, moderate-to-severe ulcerative colitis (UC). The study met both primary endpoints, demonstrating highly statistically significant results for induction of clinical remission at week 10 and in maintenance at week 52.

The True North study, which evaluated Zeposia as an induction and maintenance therapy for adult patients with UC also met key secondary endpoints of clinical response and endoscopic improvement in induction at week 10 and in maintenance at week 52.

EC Approval for MS Drug Zeposia – May 28

Bristol-Myers announced that the European Commission (EC) has approved multiple sclerosis drug Zeposia (ozanimod), an oral medication taken once daily.

The drug has been approved for the treatment of adult patients with relapsing remitting multiple sclerosis (RRMS) with active disease as defined by clinical or imaging features.

The approval of Zeposia was based on data from the SUNBEAM and RADIANCE Part B clinical studies. The data showed that Zeposia delivered efficacy as measured by annualized relapse rate (ARR), as well as on the number and size of brain lesions as compared to Biogen's Avonex (interferon beta-1a).

FDA Approval of Opdivo + Yervoy For One More Indication – May 26

Bristol Myers obtained FDA approval for Opdivo plus Yervoy with two cycles of platinum-doublet chemotherapy for the first-line treatment of adult patients with metastatic or recurrent non-small cell lung cancer (NSCLC) with no EGFR or ALK genomic tumor aberrations. The therapy is approved for patients with squamous or non-squamous disease and regardless of PD-L1 expression.

EMA Validates Applications for Idecabtagene Vicleucel and CC-486 – May 22

Bristol-Myers announced that the European Medicines Agency (EMA) has validated its Marketing Authorization Applications (MAA) for both idecabtagene vicleucel (ide-cel, bb2121) and CC-486. The EMA can now begin its review process.

The MAA for ide-cel, the company's investigational B-cell maturation antigen (BCMA)-directed chimeric antigen receptor (CAR) T cell immunotherapy co-developed with bluebird bio, Inc., is for the treatment of adult patients with multiple myeloma who have received at least three prior therapies, including an immunomodulatory agent, a proteasome inhibitor and an anti-CD38 antibody. Ide-cel was granted Accelerated Assessment status by the EMA in March, reducing the maximum timeframe for review of the application to 150 days.

Opdivo+Yervoy Gets FDA Nod in First-Line NSCLC – May 15

Bristol-Myers announced that the combination of its blockbuster immuno-oncology drug Opdivo (nivolumab) 3 mg/kg and Yervoy (ipilimumab) 1 mg/kg (injections for intravenous use) was approved by the FDA for the lucrative indication of first-line treatment of adult patients with metastatic non-small cell lung cancer (NSCLC).

The combination has been approved for NSCLC patients whose tumors express PD-L1 (?1%) as determined by an FDA-approved test, with no EGFR or ALK genomic tumor aberrations. This is the fifth indication approved for the combination.

Label Expansion of Pomalyst – May 15

Bristol-Myers announced that the FDA approved Pomalyst for patients with AIDS-related Kaposi sarcoma whose disease has become resistant to highly active antiretroviral therapy (HAART), or in patients with Kaposi sarcoma who are HIV-negative. Pomalyst was granted accelerated approval, Breakthrough Therapy designation and Orphan Drug designation in these indications based on overall response rates observed in a phase I/II open label, single-arm clinical trial (12-C-0047).

Bristol-Myers announced that the combination of its blockbuster immuno-oncology drug Opdivo and Yervoy was approved by the FDA for the lucrative indication of first-line treatment of adult patients with metastatic NSCLC. The combination has been approved for NSCLC patients whose tumors express PD-L1 (?1%) as determined by an FDA-approved test, with no EGFR or ALK genomic tumor aberrations. This is the fifth indication approved for the combination.

Data on NSCLC Indication– May 13

Bristol-Myers announced results from the phase III CheckMate -9LA study, which demonstrated a statistically significant and clinically meaningful survival benefit with Opdivo plus Yervoy, given concomitantly with two cycles of chemotherapy, for the first-line treatment of metastatic NSCLC. The study met both its primary and key secondary endpoints, demonstrating superior overall survival (OS), progression-free survival (PFS) and overall response rate (ORR) for the dual immunotherapy plus chemotherapy combination versus chemotherapy alone.

Opdivo plus Yervoy combined with two cycles of chemotherapy reduced the risk of death by 31% compared to chemotherapy alone at a minimum follow-up of 8.1 months.

The company also announced three-year follow-up results from part 1 of the phase III CheckMate -227 trial, demonstrating that Opdivo plus Yervoy provided sustained improvements in overall survival (OS) and additional efficacy measures as a first-line treatment for patients with metastatic NSCLC.

Regulatory Update on IdecabtageneVicleucel – May 13

Bristol-Myers and bluebird announced that the companies received a Refusal to File letter from the FDA regarding the Biologics License Application (BLA) for idecabtagenevicleucel for patients with heavily pre-treated relapsed and refractory multiple myeloma, which was submitted in March 2020.

The agency determined that the Chemistry, Manufacturing and Control (CMC) module of the BLA requires further detail to complete the review. No additional clinical or non-clinical data have been requested or are required. Bristol Myers Squibb is planning to resubmit the BLA by the end of July.

Update on Biologics License Application (BLA) for liso-cel – May 6

Bristol-Myers announced that the FDA has extended the action date for the biologics license application (BLA) for lisocabtagenemaraleucel (liso-cel) by three months. The candidate is a CD19-directed chimeric antigen receptor (CAR) T cell therapy for the treatment of adults with relapsed or refractory (R/R) large B-cell lymphoma after at least two prior therapies. The new Prescription Drug User Fee Act (PDUFA) action date set by the FDA is November 16, 2020.

Valuation

Bristol-Myers shares are down 8.9% in the year-to-date period but up 21% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Medical sector are down 0.3% and 1.3% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 8% while the sector is up 0.1%.

The S&P 500 index is down 2.4% in the year-to-date period but up 8.4% in the past year.

The stock is currently trading at 8.49X forward 12-month earnings per share, which compares to 14.47X for the Zacks sub-industry, 22.74X for the Zacks sector and 22.42X for the S&P 500 index.

Over the past five years, the stock has traded as high as 34.71X and as low as 7.24X, with a 5-year median of 18.41X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $60.00 price target reflects 8.9X forward 12-month earnings per share.

The table below shows summary valuation data for BMY

Valuation Multiples - BMY

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	8.49	14.47	22.74	22.42
	5-Year High	34.71	18.12	23.16	22.42
	5-Year Low	7.24	13.07	15.94	15.23
	5-Year Median	18.41	15.33	19.05	17.49
P/S F12M	Current	3	4.57	2.76	3.49
	5-Year High	7.34	4.83	3.77	3.49
	5-Year Low	2.18	3.92	2.21	2.53
	5-Year Median	4.42	4.39	2.91	3.02
P/B TTM	Current	2.58	6.16	4.24	4.26
	5-Year High	9.53	7.23	5.06	4.56
	5-Year Low	2	3.77	2.93	2.83
	5-Year Median	6.29	5.24	4.28	3.66

As of 06/17/2020

Industry Analysis **Zacks Industry Rank:** Top 9% (23 out of 253)

Top Peers

Company (Ticker)	Rec	Rank
AbbVie Inc. **(ABBV)**	Outperform	2
AstraZeneca PLC **(AZN)**	Neutral	2
GlaxoSmithKline plc **(GSK)**	Neutral	3
JohnsonJohnson **(JNJ)**	Neutral	3
MerckCo., Inc. **(MRK)**	Neutral	3
Novartis AG **(NVS)**	Neutral	4
Pfizer Inc. **(PFE)**	Neutral	3
Roche Holding AG **(RHHBY)**	Neutral	3

Industry Comparison Industry: Large Cap Pharmaceuticals

Industry Peers

	BMY	X Industry	S&P 500	AZN	MRK	PFE
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	2	3	3
VGM Score	A	-	-	C	B	A
Market Cap	128.86 B	141.45 B	21.90 B	141.45 B	192.56 B	186.42 B
# of Analysts	5	3	14	5	7	4
Dividend Yield	3.16%	2.74%	1.92%	3.45%	3.20%	4.53%
Value Score	A	-	-	B	B	A
Cash/Price	0.14	0.05	0.06	0.03	0.04	0.06
EV/EBITDA	22.82	13.95	12.65	22.74	13.68	8.96
PEG Ratio	1.81	2.11	2.98	1.63	2.11	2.62
Price/Book (P/B)	2.58	4.05	3.05	11.58	7.36	2.85
Price/Cash Flow (P/CF)	12.97	11.40	11.68	17.02	11.40	8.17
P/E (F1)	9.28	15.52	21.53	26.58	14.23	11.65
Price/Sales (P/S)	4.16	4.16	2.31	5.60	4.00	3.68
Earnings Yield	10.78%	6.44%	4.36%	3.77%	7.03%	8.58%
Debt/Equity	0.86	0.67	0.77	1.32	0.82	0.56
Cash Flow ($/share)	4.39	4.33	7.01	3.17	6.69	4.11
Growth Score	A	-	-	D	D	B
Hist. EPS Growth (3-5 yrs)	21.90%	8.53%	10.87%	-2.89%	9.00%	8.07%
Proj. EPS Growth (F1/F0)	30.92%	3.06%	-10.58%	15.89%	3.28%	-2.37%
Curr. Cash Flow Growth	36.74%	3.68%	5.46%	2.12%	5.54%	-6.57%
Hist. Cash Flow Growth (3-5 yrs)	22.46%	7.62%	8.55%	-0.86%	0.15%	2.54%
Current Ratio	1.66	1.11	1.29	0.75	1.11	1.02
Debt/Capital	46.16%	39.71%	45.14%	56.87%	45.14%	35.70%
Net Margin	3.08%	22.54%	10.53%	5.94%	21.10%	31.17%
Return on Equity	30.06%	32.02%	16.06%	33.97%	52.46%	25.76%
Sales/Assets	0.33	0.46	0.55	0.42	0.57	0.31
Proj. Sales Growth (F1/F0)	59.03%	4.76%	-2.64%	9.48%	2.59%	-10.65%
Momentum Score	A	-	-	B	A	A
Daily Price Chg	-0.19%	0.00%	-0.67%	0.60%	-0.88%	0.48%
1 Week Price Chg	-8.41%	-3.50%	-7.25%	-4.42%	-7.25%	-6.22%
4 Week Price Chg	-7.67%	0.69%	5.95%	0.22%	-0.78%	-10.82%
12 Week Price Chg	15.40%	21.42%	23.90%	33.48%	11.83%	12.81%
52 Week Price Chg	17.16%	17.16%	-4.54%	29.32%	-10.63%	-22.85%
20 Day Average Volume	14,664,624	2,952,363	2,597,851	6,149,529	11,324,607	32,148,860
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.50%	0.00%	0.82%
(F1) EPS Est 4 week change	0.03%	0.03%	0.00%	0.70%	0.09%	0.82%
(F1) EPS Est 12 week change	0.08%	-2.03%	-14.52%	1.00%	-7.16%	2.95%
(Q1) EPS Est Mthly Chg	-0.45%	0.00%	0.00%	-1.14%	0.00%	6.11%

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.

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	A
Momentum Score	A
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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