

Bristol-Myers (BMY)

\$65.71 (As of 02/19/20)

Price Target (6-12 Months): **\$76.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/18/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: C

Summary

Bristol-Myers' performance in the fourth quarter was encouraging. Earnings and sales beat estimates primarily on addition of Celgene's drugs to its portfolio. The outlook for 2020 was encouraging as well. Label expansion of Opdivo into additional indications should further boost the top line. Empliciti and Sprycel are also performing well on label expansions. Blood thinner drug, Eliquis, is expected to drive growth, propelled by increased share in the NOAC market. Meanwhile, the acquisition of Celgene has strengthened the company's oncology portfolio. Shares have outperformed the industry in the past year. However, concerns will rise once Revlimid loses patent protection. Moreover, the company is facing headwinds like stiff competition from other immuno-oncology drugs and pipeline setbacks.

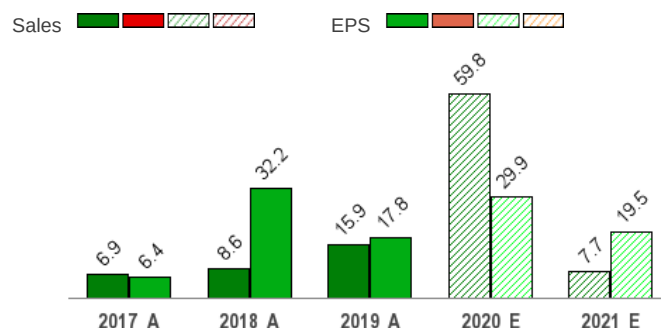
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$68.34 - \$42.48
20 Day Average Volume (sh)	12,410,142
Market Cap	\$107.1 B
YTD Price Change	2.4%
Beta	0.76
Dividend / Div Yld	\$1.80 / 2.7%
Industry	Large Cap Pharmaceuticals
Zacks Industry Rank	Top 30% (77 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-6.2%
Last Sales Surprise	-1.3%
EPS F1 Est- 4 week change	0.8%
Expected Report Date	04/23/2020
Earnings ESP	0.0%
P/E TTM	14.1
P/E F1	10.8
PEG F1	2.1
P/S TTM	4.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	10,878 E	11,242 E	11,256 E	11,583 E	45,012 E
2020	9,965 E	10,494 E	10,480 E	10,769 E	41,782 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	\$1.77 E	\$1.85 E	\$1.84 E	\$1.83 E	\$7.28 E
2020	\$1.50 E	\$1.62 E	\$1.60 E	\$1.45 E	\$6.09 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 02/19/2020. The reports text is as of 02/20/2020.

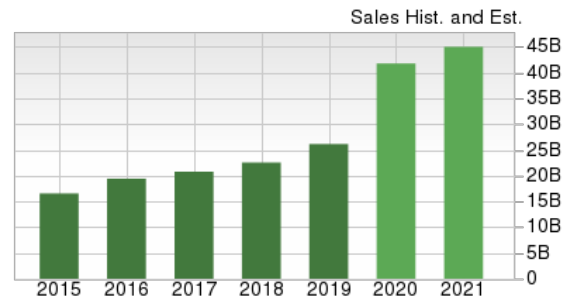
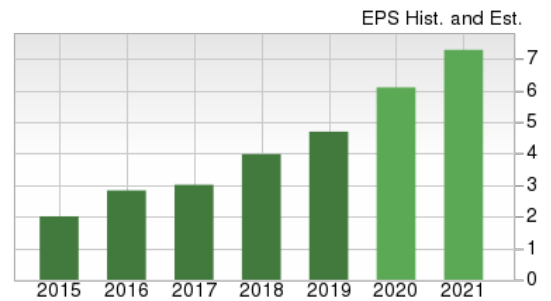
Overview

New York-based Bristol-Myers Squibb is a global specialty biopharmaceutical company focused on the development of treatments targeting serious diseases. The company's key oncology products include Opdivo, Sprycel, Yervoy and Empliciti. Beyond oncology, the company remains focused on immunology and cardiovascular drugs like Orencia and Eliquis. In 2015, it received FDA approval for Daklinza, in combination with Sovaldi for the treatment of chronic hepatitis C virus (HCV) genotype 3. The company's virology portfolio also comprises products like Baraclude, Reyataz and Sustiva.

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.

Key acquisitions include IFM in 2017, Cormorant and Padlock in 2016, Cardioxyl and Flexus in 2015 and iPierian in 2014. In April 2014, the company acquired iPierian, Inc. to strengthen its pipeline further. Concurrently, the company divested small molecule manufacturing operations in Swords, Ireland in 2017; certain OTC brands and investigational HIV medicines businesses in 2016; Erbitux in North America, and certain mature and other OTC brands businesses in 2015; and diabetes business in 2014. In November 2019, Bristol-Myers acquired Celgene for \$74 billion.

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:

▲ **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.

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

Meanwhile, Bristol-Myers is working on expanding the label of Opdivo further. The company reported encouraging results from CheckMate-227 and CheckMate-9LA on Opdivo in the lucrative first-line NSCLC indication. 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 the year so far, propelled by increases in share in the novel oral anticoagulant (NOAC) market. Bristol-Myers has a worldwide co-development and co-commercialization agreement with Pfizer for Eliquis. Rheumatoid arthritis (RA) drug, Orenia, also contributes to the company's top line. In September 2016, Orenia 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 Orenia for the treatment of adults with active psoriatic arthritis. The label expansion of these drugs should further boost sales.

▲ **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 (expected by the end of the year). 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 Orenia and Otezla and a leading cardiovascular franchise led by Eliquis. The combined company will have nine drugs with more than \$1 billion in annual sales.

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 in the pipeline. Otezla raked in more than \$1.6 billion of sales in 2018 and was one of the key growth drivers for Celgene, while BMS-986165 is still in development. Sales of the drug are expected to come in around \$1.9 billion in 2019 and retaining the same would have enabled Bristol-Myers to develop a strong inflammation portfolio along with its rheumatoid arthritis drug, Orencia.
- ▼ **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.

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.

Last Earnings Report

Bristol-Myers' Q4 Earnings & Revenues Beat Estimates

Bristol-Myers reported better-than-expected results for the fourth quarter of 2019 on stellar performance of its blood thinner drug, Eliquis, and addition of sales from Celgene's drugs. The numbers included Celgene's results, following its acquisition on Nov 20.

Fourth-quarter 2019 earnings of \$1.22 per share easily beat the Zacks Consensus Estimate of 88 cents and increased from the year-ago quarter's earnings of 94 cents.

Total revenues of \$7.95 billion comprehensively beat the Zacks Consensus Estimate of \$6.14 billion and increased 33% from \$5.97 billion in the year-ago period. Strong growth was mainly driven by addition of Celgene's products.

Quarter Ending **12/2019**

Report Date	Feb 06, 2020
Sales Surprise	-1.26%
EPS Surprise	-6.15%
Quarterly EPS	1.22
Annual EPS (TTM)	4.67

Full-Year Results

Bristol-Myers' adjusted earnings per share were \$4.69 per share for the full year, up 18%. Full-year revenues rose 16% to approximately \$26.1 billion.

Quarterly Details

Revenues were up 34% year over year when adjusted for foreign exchange impact. Revenues increased 42% to \$4.8 billion in the United States and 21% outside the country. Ex-U.S. revenues were up 23% when adjusted for foreign exchange impact.

Eliquis witnessed strong growth and was the top revenue generator for the company yet again. Sales of the drug rose 19% to \$2 billion. We note that Bristol-Myers has a collaboration agreement with Pfizer for Eliquis. Sales of Opdivo, which is approved for multiple cancer indications, were down 2% year over year to \$1.76 billion. While sales of Eliquis rose 18%, Opdivo sales were down 10% in the United States.

Leukemia drug, Sprycel, raked in sales of \$549 million, up 2% year over year. Sales of rheumatoid arthritis drug, Orencia were up 8% to \$792 million. Melanoma drug, Yervoy, contributed \$385 million to the top line, flat year over year.

Multiple myeloma drug, Empliciti, recorded sales of \$94 million, up 36% year over year.

The performance of key drugs in the Virology unit were disappointing. Sales of Baraclude declined 26% to \$122 million. Sales of other brands (including Sustiva, Reyataz, Daklinza and all other products that have lost exclusivity in major markets) fell 39% year over year to \$356 million.

Myeloma drug, Revlimid, added with Celgene's acquisition contributed \$1.3 billion to the top line. Other key drugs from Celgene — Pomalyst and Abraxane — generated sales of \$322 million and \$166 million, respectively.

Adjusted research and development (R&D) expenses in the quarter were up 44.4% to \$1.96 billion. Adjusted marketing, selling and administrative expenses increased 27.3% to \$1.7 billion.

Gross margin was 68.6% in the quarter compared with 72% in the year-ago quarter.

Celgene Acquisition Update

In November, Bristol-Myers completed the previously announced acquisition of biotech bigwig Celgene Corporation for a whopping \$74 billion. The acquisition added blockbuster oncology drug, Revlimid to Bristol-Myers portfolio. Bristol-Myers owns approximately 69% of the combined entity, while Celgene shareholders own approximately 31%.

In November, Celgene sold its global rights to psoriasis drug, Otezla, to Amgen in connection with the regulatory approval process for Celgene's acquisition by Bristol-Myers.

2020 Guidance

Bristol-Myers provided guidance for revenues and adjusted earnings in 2020. The company projects earnings of \$6.00-\$6.20 per share. The company expects revenues for 2020 in the range of \$40.5 billion-\$42.5 billion.

The company expects adjusted earnings per share in 2021 to be between \$7.15 and \$7.45.

Recent News

Updated CheckMate -025 Results – Feb 15

Bristol-Myers announced five-year follow-up results from the phase III CheckMate -025 study, which continue to demonstrate that treatment with Opdivo delivers superior overall survival (OS) and objective response rates (ORR) in patients with previously treated advanced or metastatic RCC compared to those treated with everolimus.

The company also announced updated results from the phase III CheckMate -214 study evaluating the combination of Opdivo plus Yervoy versus sunitinib in patients with previously untreated advanced or metastatic RCC. Results showed that more than 50% of patients treated with Opdivo plus Yervoy were alive at 42 months compared to 39% of patients treated with sunitinib.

FDA Accepts BLA For Liso-cell – Feb 13

Bristol-Myers announced that the FDA has accepted its Biologics License Application (BLA) for pipeline candidate lisocabtagene maraleucel (liso-cel) and granted Priority Review.

The company is seeking approval of lisocabtagene maraleucel (liso-cel), its autologous anti-CD19 chimeric antigen receptor (CAR) T-cell immunotherapy with a defined composition of purified CD8+ and CD4+ CAR T cells, for the treatment of adult patients with relapsed or refractory (R/R) large B-cell lymphoma after at least two prior therapies. The agency has set a Prescription Drug User Fee Act (PDUFA) goal date of Aug 17, 2020.

Withdraws European Application of Opdivo Plus Yervoy – Jan 31

Bristol-Myers withdrew its application in the European Union (EU) for the combination of Opdivo and Yervoy for the treatment of advanced non-small cell lung cancer (NSCLC) based on data from CheckMate-227.

Though the Committee for Medicinal Products for Human Use (CHMP) acknowledged the integrity of the patient data, it determined that a full assessment of the application was not possible following the multiple protocol changes the company made in response to the rapidly evolving science and data. Consequently, Bristol-Myers has no plans to resubmit this application in the EU.

FDA Accepts for Priority Review Application for Opdivo Plus Yervoy in Lung Cancer- Jan 15

Bristol-Myers announced that the FDA has accepted its supplemental Biologics License Application (sBLA) for Opdivo in combination with Yervoy for the first-line treatment of patients with metastatic or recurrent NSCLC with no EGFR or ALK genomic tumor aberrations. The FDA granted the application Priority Review with a Prescription Drug User Fee Act (PDUFA) goal date of May 15, 2020.

Amend Agreement With Nektar- Jan 10

Bristol-Myers and Nektar announced a joint development plan to advance bempegaldesleukin (bempeg) plus Opdivo into multiple new registrational trials.

The revision includes a new joint development plan, under which Nektar and Bristol-Myers Squibb will expand the active clinical development program for bempeg plus nivolumab from three ongoing registrational trials in first-line metastatic melanoma, first-line cisplatin-ineligible metastatic urothelial cancer and first-line metastatic renal cell carcinoma (RCC) to include two additional registrational trials in adjuvant melanoma and in muscle-invasive bladder cancer. In addition, a phase I/II dose escalation and expansion study will be initiated to evaluate bempeg plus nivolumab in combination with axitinib in first-line RCC in order to support a future registrational trial.

Revlimid Combo Gets EU Nod for New Indication - Dec 20

Bristol-Myers announced that the European Commission (EC) has approved a new indication for Revlimid (lenalidomide) in combination with Roche's Rituxan (rituximab) for the treatment of adult patients with previously-treated follicular lymphoma (FL).

The approval of Revlimid and Rituxan (R2) was mainly based on results from the phase III AUGMENT study, which evaluated the efficacy and safety of the combination versus Rituxan plus placebo in patients with previously-treated FL. Per the study, patients treated with R2 showed statistically significant improvement in the primary endpoint of progression-free survival (PFS), as evaluated by an independent review committee, compared with Rituxan plus placebo.

Submits Biologics License Application for CAR T-Cell Therapy Lisocabtagene Maraleucel (liso-cel) to FDA – Dec 18

Bristol-Myers submitted a Biologics License Application (BLA) to the FDA for lisocabtagene maraleucel (liso-cel), its autologous anti-CD19 chimeric antigen receptor (CAR) T cell immunotherapy comprising individually formulated CD8+ and CD4+ CAR T cells, for the treatment of adult patients with relapsed or refractory (R/R) large B-cell lymphoma (LBCL) after at least two prior therapies.

Valuation

Bristol-Myers shares are up 2.4% in the year-to-date period and 28.1% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Medical sector are flat and up 2.5% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 9.2% while the sector is up 2.5%.

The S&P 500 index is up 5.1% in the year-to-date period and 20.8% in the past year.

The stock is currently trading at 11X forward 12-month earnings per share, which compares to 14.94X for the Zacks sub-industry, 21.48X for the Zacks sector and 19.39X for the S&P 500 index.

Over the past five years, the stock has traded as high as 38.01X and as low as 8.99X, with a 5-year median of 18.94X. Our Neutral

recommendation indicates that the stock will perform in-line with the market. Our \$76.00 price target reflects 12.92X forward 12-month earnings per share.

Valuation Multiples - BMY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	11	14.94	21.48	19.39
	5-Year High	38.01	18.1	21.48	19.39
	5-Year Low	8.99	13.94	15.83	15.18
	5-Year Median	18.94	15.5	18.89	17.47
P/S F12M	Current	2.54	4.62	2.85	3.59
	5-Year High	7.37	4.84	3.83	3.59
	5-Year Low	2.18	3.93	2.45	2.54
	5-Year Median	4.61	4.43	2.97	3
P/B TTM	Current	6.03	6.82	4.65	4.68
	5-Year High	9.53	7.26	5.04	4.68
	5-Year Low	4.33	3.78	3.44	2.85
	5-Year Median	6.57	5.2	4.31	3.62

As of 02/19/2020

Industry Analysis Zacks Industry Rank: Top 30% (77 out of 255)



Top Peers

Pfizer Inc. (PFE)	Outperform
AbbVie Inc. (ABBV)	Neutral
AstraZeneca PLC (AZN)	Neutral
GlaxoSmithKline plc (GSK)	Neutral
Johnson & Johnson (JNJ)	Neutral
Merck & Co., Inc. (MRK)	Neutral
Novartis AG (NVS)	Neutral
Roche Holding AG (RHHBY)	Neutral

Industry Comparison Industry: Large Cap Pharmaceuticals				Industry Peers		
	BYM Neutral	X Industry	S&P 500	AZN Neutral	MRK Neutral	PFE Outperform
VGM Score	A	-	-	D	A	D
Market Cap	107.06 B	137.22 B	24.59 B	129.38 B	208.77 B	200.50 B
# of Analysts	5	3	13	5	7	4
Dividend Yield	2.74%	2.61%	1.78%	1.78%	2.98%	4.20%
Value Score	B	-	-	C	B	B
Cash/Price	0.30	0.05	0.04	0.04	0.04	0.04
EV/EBITDA	14.97	14.98	14.21	19.84	16.90	12.45
PEG Ratio	2.10	2.01	2.09	1.48	2.09	2.92
Price/Book (P/B)	6.03	6.03	3.28	9.47	7.80	3.07
Price/Cash Flow (P/CF)	11.68	12.16	13.59	15.35	13.21	9.39
P/E (F1)	10.77	15.54	19.17	24.32	14.33	12.95
Price/Sales (P/S)	4.09	4.18	2.68	5.31	4.46	3.87
Earnings Yield	9.27%	6.46%	5.18%	4.12%	6.98%	7.73%
Debt/Equity	1.37	0.51	0.70	1.29	0.84	0.55
Cash Flow (\$/share)	5.63	4.47	6.93	3.21	6.21	3.86
Growth Score	A	-	-	D	B	F
Hist. EPS Growth (3-5 yrs)	20.53%	8.34%	10.84%	-2.79%	8.10%	8.48%
Proj. EPS Growth (F1/F0)	29.94%	9.97%	7.00%	15.89%	10.24%	-5.17%
Curr. Cash Flow Growth	28.20%	12.32%	7.81%	-3.77%	3.40%	-12.32%
Hist. Cash Flow Growth (3-5 yrs)	20.89%	6.91%	8.25%	-5.68%	-1.53%	1.24%
Current Ratio	3.83	1.22	1.24	0.92	1.26	0.90
Debt/Capital	57.87%	35.53%	42.37%	56.26%	45.72%	35.53%
Net Margin	13.15%	21.01%	11.69%	5.38%	21.01%	31.44%
Return on Equity	48.97%	32.84%	16.86%	32.84%	48.76%	27.23%
Sales/Assets	0.53	0.53	0.55	0.40	0.56	0.32
Proj. Sales Growth (F1/F0)	59.81%	6.88%	4.05%	9.61%	6.36%	-10.93%
Momentum Score	C	-	-	D	A	A
Daily Price Chg	-0.54%	-0.08%	0.38%	0.41%	-0.56%	-0.25%
1 Week Price Chg	0.20%	-1.17%	1.65%	-3.14%	-2.86%	-4.05%
4 Week Price Chg	-2.55%	-1.05%	0.86%	-2.26%	-8.53%	-9.85%
12 Week Price Chg	14.08%	6.63%	4.56%	1.11%	-6.40%	-6.21%
52 Week Price Chg	28.09%	12.02%	14.15%	21.66%	3.24%	-14.15%
20 Day Average Volume	12,410,142	3,082,667	1,989,235	2,885,551	11,911,044	24,956,954
(F1) EPS Est 1 week change	-0.18%	0.00%	0.00%	-3.15%	0.00%	1.36%
(F1) EPS Est 4 week change	0.75%	-0.05%	-0.03%	-2.31%	3.41%	6.77%
(F1) EPS Est 12 week change	10.23%	-0.10%	-0.21%	-1.07%	4.22%	8.15%
(Q1) EPS Est Mthly Chg	-0.22%	-0.22%	-0.40%	NA	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	B
Growth Score	A
Momentum Score	C
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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