

Bristol-Myers Squibb (BMY)

Rating: Hold	Price \$48.53	Yield 5.1%	Market Cap. \$100.0B	52-Week Range \$63.33 – \$39.35
Data as of 04/23/2025				

Sector	Health Care
Subsector	Biopharma & Life Sci
Investment Category	Large Cap
Price Movement	Average

Company Overview

Bristol-Myers Squibb is one of the largest drug companies in the world. Bristol has sold or spun off all of its nonpharma businesses. Acquisitions have focused on oncology. The company's largest drugs include Opdivo, Eliquis, and Revlimid. Bristol was incorporated in 1887 and is headquartered in New York. Bristol's competitors include Merck, Roche, and Johnson & Johnson.

Revenues International	31%
Standard & Poor's/Moody's	A/A2
MSCI ESG Rating	A/Average

Dividend Outlook (1-Year): Rising

Annualized Payment	\$2.48
Last Change	3% (Dec 11, 2024)
Consec. Yrs Increased	15
Paid Since	1900
5-Yr. Trailing Growth	7%
Long-Term Growth Est.	5%
Payout Ratio ('25)	36%
Dividends Paid	Feb, May, Aug, Nov

Commentary: Over the long term, we believe Bristol will grow its dividend in line with earnings growth.

Valuation & Earnings

	'23A	'24A	'25E
Earnings Per Share	7.51	1.15	6.85
P/E	6.5x	42.2x	7.1x
PEGY	0.6x	4.2x	0.7x
LT EPS Growth Est.			5%
Est. Earnings Date	July 24, 2025		
2024 EPS will be negatively impacted by mostly noncash charges related to some acquisitions.			

Annualized Total Returns	1yr	3yr	5yr
Bristol-Myers Squibb	4%	(10)%	(1)%
S&P Health Care Index	(2)%	2%	8%
S&P 500 Index	7%	10%	16%

Data as of 4/23/25. Source: FactSet. Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Investment Summary

We rate shares of Bristol-Myers Squibb (Bristol) a Hold. The company has significant expertise in cancer research, which it strengthened even further with its acquisition of Celgene in 2019. Long-term, the company's acquisitions of Karuna Therapeutics (neuroscience), Mirati Therapeutics (oncology), and RayzeBio (oncology) could improve its competitive positioning, as should a new schizophrenia drug. However, we believe the recent loss of patent protection for Celgene's largest drug, Revlimid, could make sales growth challenging, even with its strong pipeline of new products. Opdivo (oncology) is also expected to lose patent protection later this decade. As a result, we believe shares are appropriately valued.

Outlook

Largest Product Facing Generic Competition - Bristol acquired cancer-drug company Celgene in 2019, which added diversification and cancer expertise. However, we have concerns over Celgene's blood-cancer drug Revlimid, which accounted for approximately 14% of Bristol's sales during 2023 and is now facing generic competition.

Promising Cancer Products - Bristol's cancer drug Opdivo is a leader in immuno-oncology, which activates the body's immune system to help fight the disease. Opdivo could generate tens of billions of dollars in sales in the next few years but may face generic competition before the end of the decade. However, new drugs and drugs in development from recent acquisitions (Mirati, RayzeBio) could eventually help growth. New formulations of Opdivo could also help growth, if approved by regulators.

Pipeline of New Products Progressing Well - Bristol has built a solid pipeline of new drugs through internal research and development, and acquisitions, such as the \$5.8 billion Mirati Therapeutics purchase. Growth from new products in cancer, autoimmune disease and cardiomyopathy should offset sales declines from patent expirations. We also see promise in a new approved schizophrenia drug that was developed by Karuna Therapeutics, another recent acquisition.

Valuation and Recent Performance - Bristol has a price-to-earnings ratio of 7.1 times our 2025 earnings estimate, which is below the peer-group average of 11.9. Given the risks related to its largest drug facing generic competition, offset by promising new products, we view shares as appropriately valued. Bristol has outperformed its health care peers over the past year due to a promising schizophrenia drug.

Risks - The primary downside risks to our Hold rating are if Opdivo disappoints or if the deal integration does not go as planned. Other downside risks include product failures or liabilities, pricing pressure, and political and regulatory risks. The primary upside risks include cost savings or growth from new drugs.

Key Developments

4/24/25: Bristol Myers Squibb (Bristol) reported a first-quarter earnings-per-share (EPS) result of \$1.80, higher the consensus view of \$1.49. Sales were higher than the consensus forecast. The company raised its 2025 EPS guidance range to \$6.70-\$7.00. Previously it was \$6.55-\$6.85. Sales guidance for 2025 was also raised to a range of \$45.8 billion-\$46.8 billion from approximately \$45.5 billion. Guidance reflects the expected impact of tariffs, although there remains some overall pharmaceutical industry uncertainty regarding tariffs.

This was a good quarter led by effective cost control and better-than-expected sales of certain products. Cobenfy (schizophrenia) sales appear to be off to a good start, which is good to see considering the drug had a recent clinical trial setback that would have expanded its potential patient size. Opdivo (cancer) Yervoy (cancer), Eliquis (heart), and Revlimid (cancer) also had better sales than we expected. Camzyos sales were below the consensus view. Sotyktu sales were also below the consensus estimate, we believe due to strong competition and increased rebates to customers. Longer-term, we believe that Bristol has done a solid job in improving its pipeline with recent acquisitions potentially adding to growth. We also believe Bristol has a strong management team. However, fully overcoming current and upcoming generic competition may take time. Based on that outlook, we believe the shares are appropriately valued.

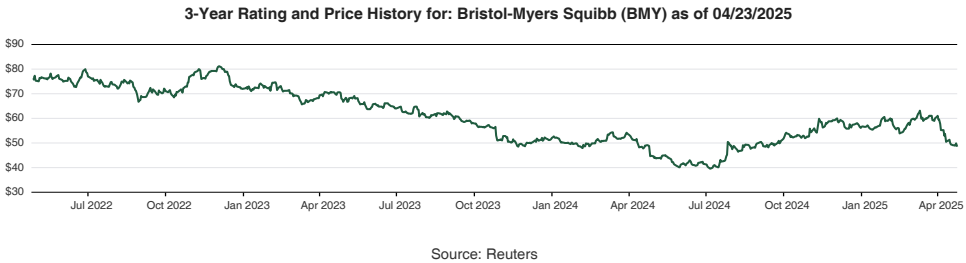
Analyst: John Boylan, CFA

Please see important disclosures and analyst certification on page 2 of the report.

Analyst Certification

I certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers; and no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report. John Boylan, CFA

Required Research Disclosures



April 24, 2025	BUY	HOLD	SELL
Stocks	55%	44%	0%
Investment Banking	4%	6%	0%
Services			

The table lists the percent of stocks we follow globally in each of our rating categories. Investment banking services indicate the percentage of those companies where the firm has acted in furtherance of a public offering of the issuer within the past 12 months.

- Initiated Coverage PRE-1993.....(H) 07/31/02-02/20/14...(S) 02/20/14-06/19/14...(H) 06/19/14-11/19/14...(B) 11/19/14-08/05/16...(UR) 08/05/16-08/05/16...(B) 08/05/16-01/03/19...(UR) 01/03/19-01/03/19...(H) 01/03/19-
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