

Bristol-Myers earnings jump 27 percent, but stock falls

April 28 2015, by Linda A. Johnson

Higher sales of key new medicines and cost cuts helped lift drugmaker Bristol-Myers Squibb Co.'s first-quarter profit by nearly 27 percent.

The maker of melanoma drug Yervoy and schizophrenia and bipolar disorder treatment Abilify trounced Wall Street's profit forecast, beating expectations by 21 cents per share. That was despite facing a much higher tax rate, the sale of most of its diabetes drug business in February 2014 and the strong dollar reducing the value of overseas sales. The last two factors reduced revenue by 10 percent and 7 percent, respectively.

Despite the beat, shares of Bristol-Myers declined in afternoon trading, while the broader markets were up, apparently because investors were disappointed by sales of its newest cancer drug, Opdivo. The company reported sales of \$40 million in the quarter, while some analysts expected as much as \$70 million.

Meanwhile, late Tuesday the U.S. Food and Drug Administration announced it has approved the first generic version of the company's top-selling medicine, Abilify. The drug generated \$2 billion in sales last year.

New York-based Bristol-Myers said Tuesday that its first-quarter net income was \$1.19 billion, or 71 cents per share, up from \$937 million, or 56 cents per share, a year earlier.

Analysts surveyed by FactSet were expecting, on average, earnings of 50 cents per share.

Revenue jumped 6 percent to \$4.04 billion, beating analysts' expectations for \$3.81 billion. Sales were led by Abilify at \$554 million, rheumatoid arthritis treatment Orencia at \$400 million and leukemia drug Sprycel at \$375 million.

The company's new melanoma drugs Yervoy and Opdivo, which help the immune system spot and attack skin cancer cells, brought in a combined \$365 million.

Meanwhile, Bristol-Myers' first hepatitis C medicines, Daklinza and Sunvepra, together posted [sales](#) of \$264 billion, even though neither is approved in the U.S., the world's top medicine market. In March, the company resubmitted its application to the FDA for approval of Daklinza, to be used along with Gilead Sciences Inc.'s blockbuster hepatitis C drug Sovaldi. Bristol-Myers expects a ruling in about six months. It hasn't sought U.S. approval of Sunvepra yet.

The company raised the low end of its 2015 profit forecast by a nickel, to \$1.60 to \$1.70 per share, excluding one-time items.

Bristol-Myers recently reported strong results in three studies of Daklinza, as well as one of Opdivo in treating lung cancer and one combining Opdivo and Yervoy to treat advanced melanoma patients. In January, FDA approved its new combination HIV [drug](#) Evotaz.

During the quarter, the company announced several deals with partner to develop drugs for prostate and other cancers, autoimmune diseases and heart disease. And this month, Bristol-Myers bought Flexus Biosciences Inc., a biotech company also developing new [cancer drugs](#).

In afternoon trading, Bristol-Myers shares were down nearly 1 percent at \$64.58. Over the past year the stock has rallied 28 percent, more than double the 13 percent gain in the benchmark S&P 500 index.

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