Bristol Myers Squibb

NYSE: BMY
Bristol-Myers Squibb Company

Fundamental Analysis

The Globetrotting Investor
Ben, MBA | Value Investing

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Introduction

GICS Sector: Healthcare

Sub-Industry: Drug Manufacturers — General

CEO: Giovanni Caforio

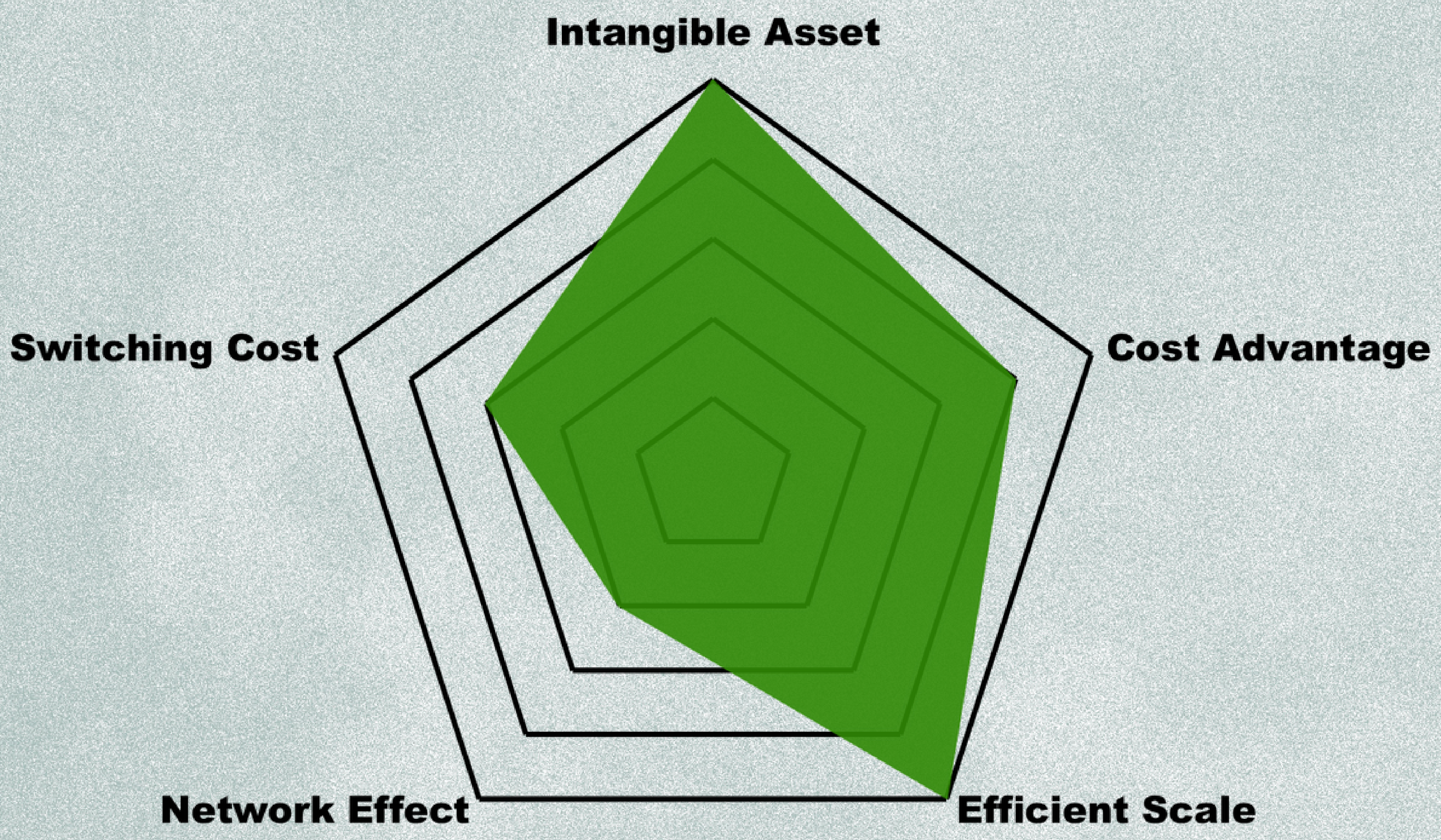
Tenure: 8yrs

Bristol-Myers Squibb's management team has an average tenure of **3.7 years**. It is considered experienced.

Source of revenue:

- Bristol-Myers Squibb Company operates in one segment engaged in the discovery, development, licensing, manufacturing, marketing, distribution, and sale of biopharmaceutical products on a global basis
- The company focus on offering medicines for patients facing serious diseases in these areas: oncology, haematology, immunology, cardiovascular and neuroscience
- Some of the key products include:
  - Eliquis, an oral inhibitor for reduction in risk of stroke/systemic embolism in NVAF, and for the treatment of DVT/PE
  - Opdivo for anti-cancer indications
- Check out my website for the list of products with their indications and market exclusivity that I have created
- Bristol-Myers Squibb Company enters into alliances with third parties for the development and commercialisation of products

Economic Moat



Economic moat: **Narrow**

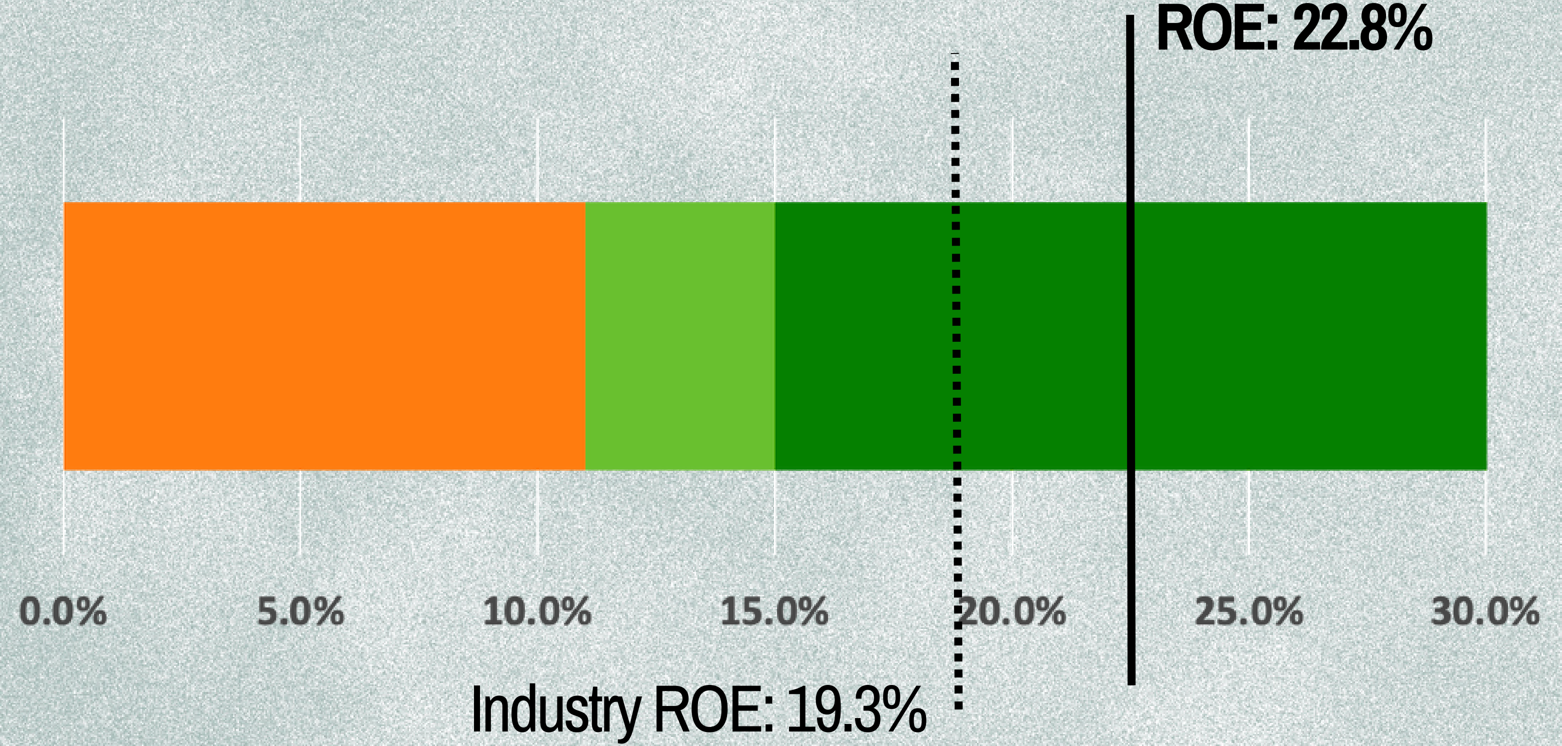
There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.

Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	☑	☐	☐
Net income growing YoY for the past 5 years consistently?	☐	☐	☑
Cash flow from operating activities growing YoY for the past 5 years consistently?	☐	☑	☐
Free cash flow is positive for the past 5 years?	☑	☐	☐
Gross margin % is consistent/ growing for the past 5 years?	☑	☐	☐
EPS growing for the past 5 years?	☐	☐	☑

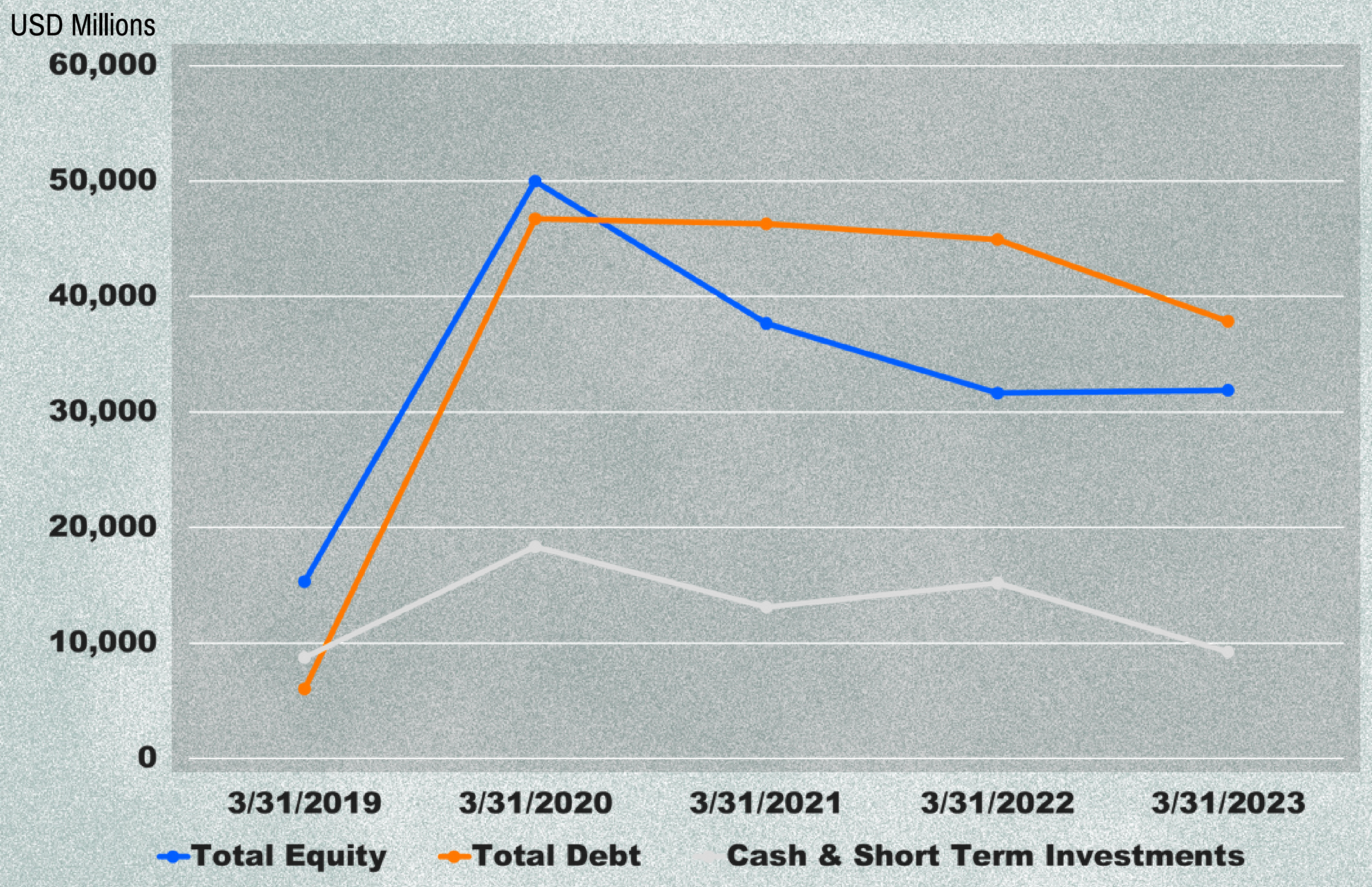
Management Effectiveness

	Yes	Inconsistent	No
ROE is consistently at 12%-15% YoY for the past 5 years?	☐	☑	☐



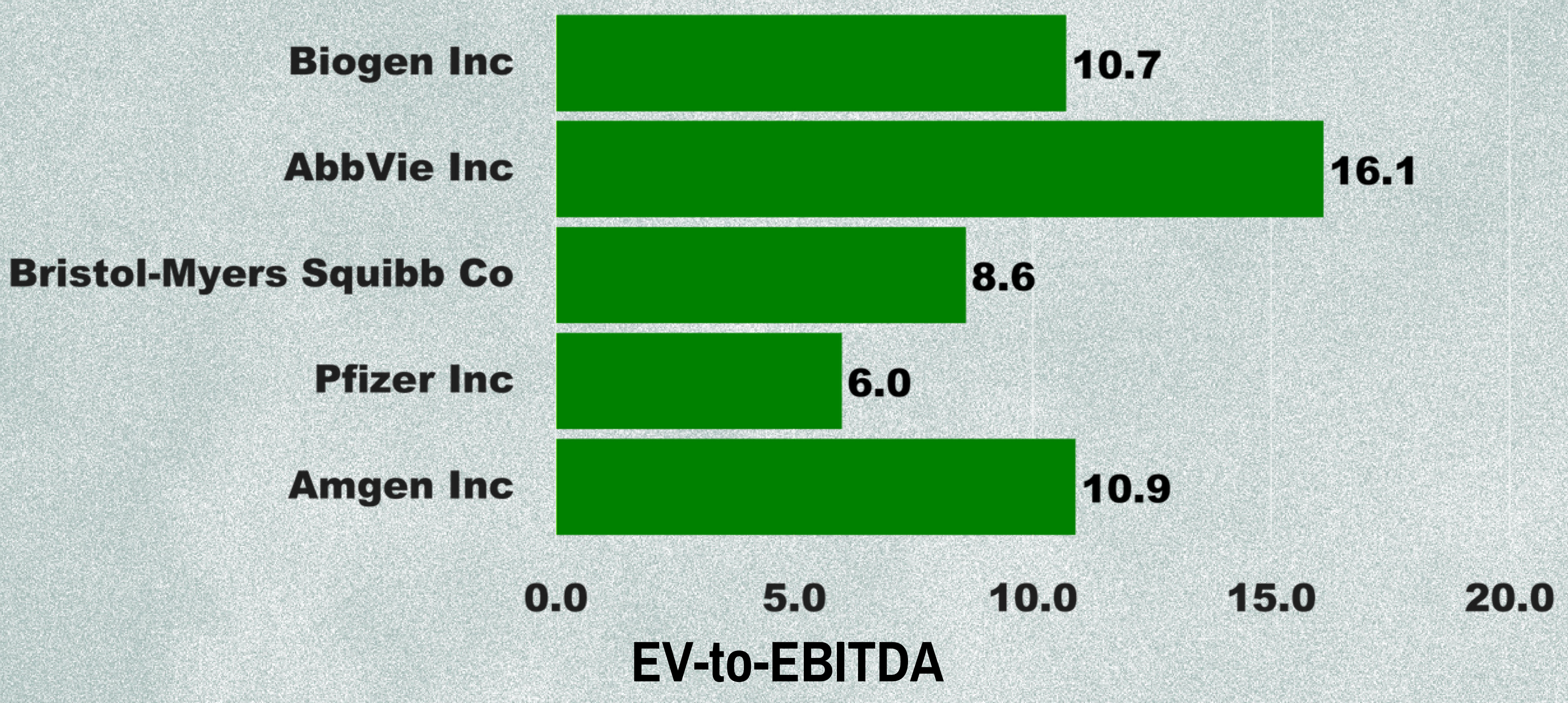
	Yes	Inconsistent	No
ROIC is consistently at 12%-15% YoY for the past 5 years?	☐	☐	☑

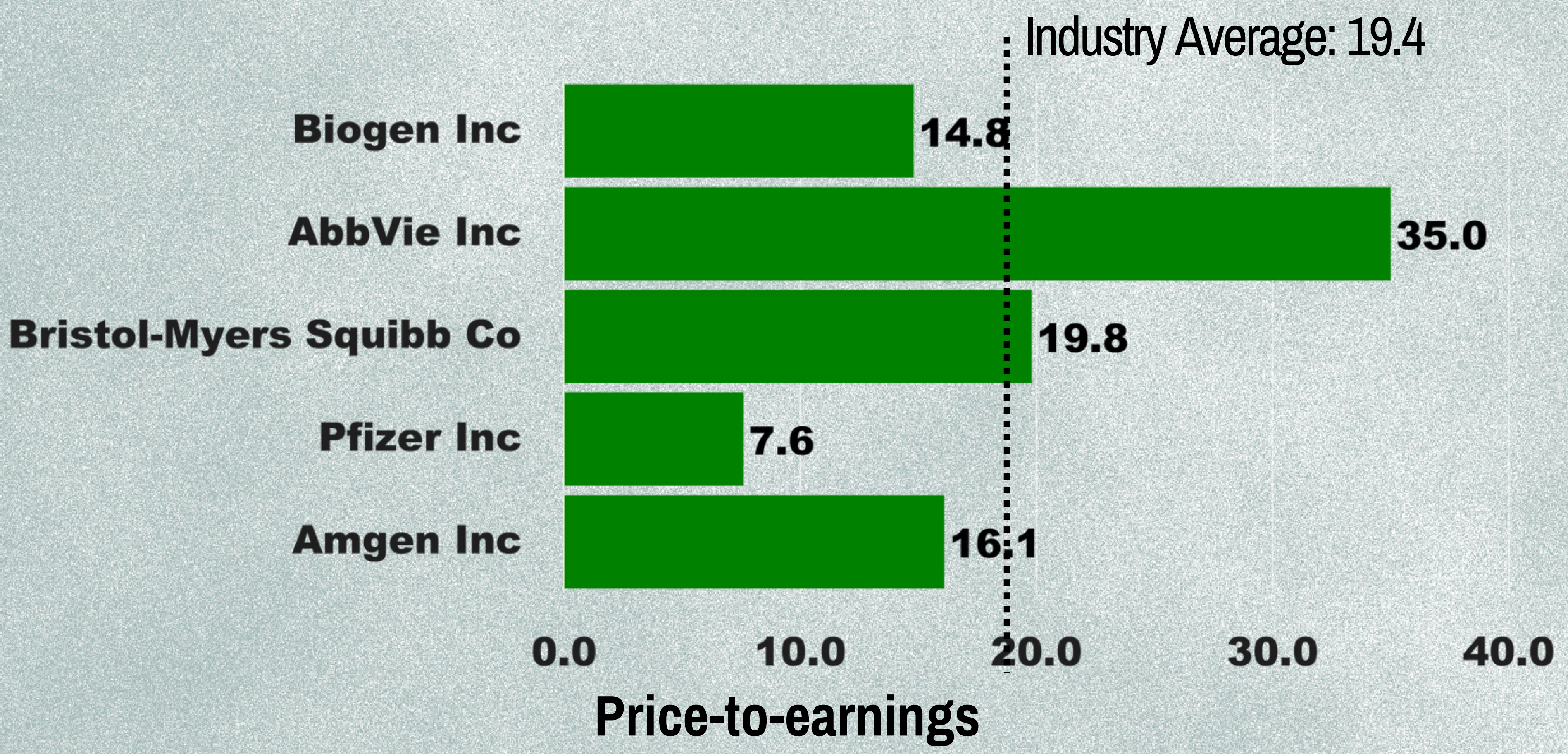
Financial Health



- Current Ratio: 1.4
- Debt-to-EBITDA: 1.9
- Interest Coverage: 7.4
- Debt Servicing Ratio: 9.4%

Relative Valuation





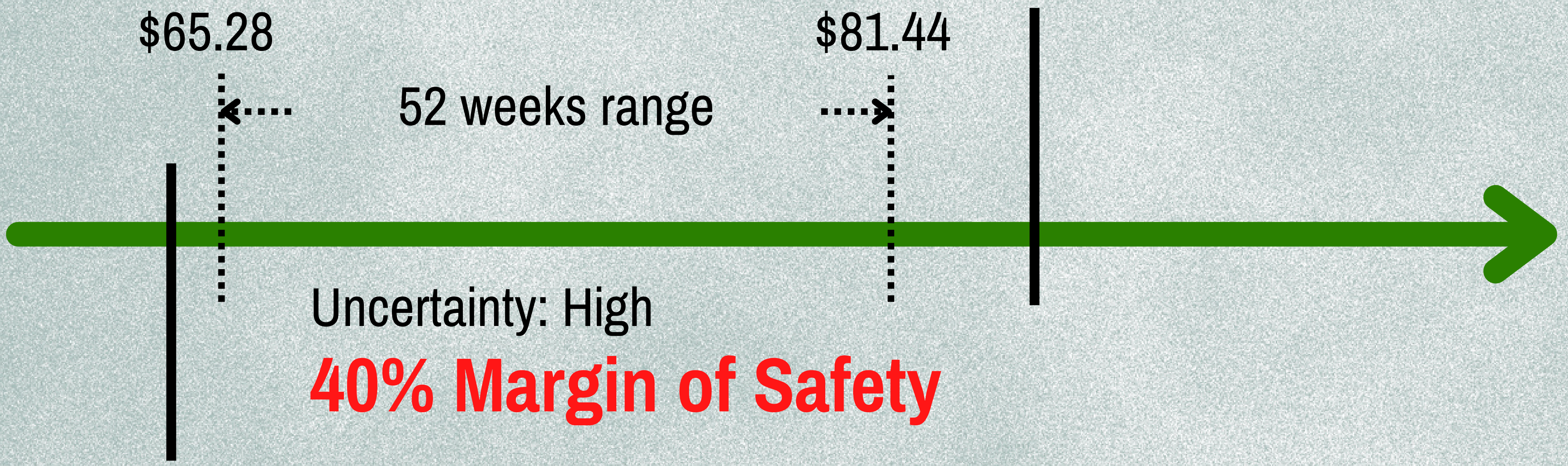
Intrinsic Valuation

Estimated intrinsic value: $105.46

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.
Average free cash flow used: USD$12,000M
Projected growth rate: 5% - 6%
Beta: 0.43
Discount rate: 5.0%
Date of calculation: 9 May 2023

Estimated intrinsic value of Bristol-Myers Squibb

$105.46



Price range after the margin of safety

<$63.00

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