

Biogen Q1 Earnings Soar on Tecfidera Sales

Biogen Idec ([BIIB](#)) reported first quarter 2014 earnings per share of \$2.45 (including the impact of stock-based compensation expense), missing the Zacks Consensus Estimate of \$2.58 but surpassing the year-ago earnings by 25%. The company said that first quarter 2014 earnings were impacted by about 35 cents due to its new Alzheimer's disease collaboration agreement with Eisai.

First quarter 2014 revenues increased 51% to \$2.1 billion, well above the Zacks Consensus Estimate of \$1.9 billion. Newly launched multiple sclerosis ([MS](#)) drug, Tecfidera, drove revenues.

Including one-time items, first quarter 2014 earnings increased 12.8% to \$2.02 per share.

The Quarter in Detail

First quarter Tysabri revenues increased 41% to \$441 million from the year-ago period. Biogen is now booking 100% of Tysabri revenues following its acquisition of Elan's rights in Tysabri. Global in-market net revenues of Tysabri declined 3%. We believe global in-market net revenues were impacted by the switching of patients to Tecfidera as well as oral competition in the EU.

Meanwhile, Avonex, Biogen's lead MS product, posted first quarter revenues of \$761 million, up 2% from the year-ago period.

Rituxan and Gazyva revenues were \$297 million in the first quarter.

Tecfidera, the latest offering from Biogen's MS portfolio, continues to impress with sales coming in at \$506 million – this included U.S. sales of \$460 million and EU sales of \$46 million. First quarter Tecfidera sales were well above fourth quarter sales of \$398 million. Tecfidera is the leading oral MS therapy in the U.S. Biogen had launched Tecfidera in early Apr 2013 in the U.S.

Ups View

Biogen upped its guidance for 2014. The company now expects earnings in the range of \$11.35 - \$11.45 per share on revenue growth of 26% - 28%. Earlier, Biogen had guided towards earnings of \$11.00 - \$11.20 per share on revenue growth of 22% - 25%. The Zacks Consensus Estimate of \$11.29 per share is below the company's guidance range. The Zacks Consensus Estimate for revenue growth is currently towards the lower end of the guidance range at 22.5%.

The company expects to spend 20% - 22% of total revenues and 22% - 23% of total revenues on R&D and SG&A, respectively.

Biogen's first quarter results were mixed with the company beating on the top line easily but missing on earnings. We remain impressed with Tecfidera's performance. Tecfidera was

launched in the EU recently and is already off to a strong start there. Meanwhile, performance in the U.S. remains solid.

Biogen remains poised for strong growth. This year, the company could launch three products: Eloctate and Alprolix (approved) for hemophilia patients and Plegridy for MS.