

Summary of the financial reports for Bristol-Myers Squibb from 2010-2018

By David Belk MD

First, some definitions:

-Sales/revenue: For these reports I try to stick to the revenues from pharmaceutical sales only whenever possible. Many of these companies have other product lines such as medical devices, over-the counter (OTC) health aids or nutritional products. When possible, I separate out the revenues from those product sales, though.

-Profit: Net income after taxes. Many companies will add or subtract money from taxes or other revenue/fees from discontinued items to their net income after taxes. In such cases I'll use net income attributable to that company for profit.

-Research includes research and development and purchased in-process research.

-Marketing is usually listed as Selling, informational, and administrative. It includes more than just the money spent on direct to consumer advertising. The marketing budget also includes money spent on pharmaceutical representatives that visit your doctor, free drug samples left at doctors' offices, payments to doctors who give "educational" talks on behalf of pharmaceutical companies, etc...

There are other administrative expenses that are not directly related to marketing lumped into this budget. This might even include such expenses as litigation costs to fight lawsuits against these companies. Still, the pharmaceutical companies could list their marketing budget as a separate expense if they wanted the way Bristol-Myers Squibb lists their advertising budget separately, so it's their choice not to. Anyway, much of what Pharmaceutical companies call research is really just marketing so all figures should be taken with a grain of salt.

-Rebates/Chargebacks: Rebates are payments that go mostly to pharmacy benefit managers (PBMs) in the U.S. and providers who administer medications in a clinical setting. These rebates are incentives for the PBMs "prefer" certain medications when deciding which medications to cover. Chargebacks are normally refunds given to medication suppliers to balance the rebates given to the PBMs. Both rebates and chargebacks are normally deducted from the total pharmaceutical revenue of a company prior to the revenue being assessed, and not listed as an expense.

-Revisions: When a figure is revised in a subsequent report it's often because that company divested one or more products by either selling that line to another company or splitting off a new company. When companies do this, they often retroactively deduct the revenues and expenses related to that division from the finances of previous years, but not the profits. This makes year over year comparisons for these companies challenging. For the most part, I only use original data, and not revised data in such cases.

Bristol-Myers Squibb (BMS) is a U.S. pharmaceutical company that previously marketed blockbuster drugs Plavix, Abilify, and Avapro. Those drugs have lost their patent protections in recent years so they are now available in generic form. This caused BMS's revenues to flounder for a few years before being revived again recently by marketing some newer, and very expensive chemotherapy and antirheumatic drugs as well as a cardiovascular drug called Eliquis.

Nearly 80% of Bristol-Myers Squibb's revenue (and 87% of their U.S. revenue) in 2018 came from the sale of just four medications: Opdivo, Eliquis, Sprycel and Orenca.

Here are the composite numbers for Bristol-Myers Squibb from 2010-2018:

Total Revenue:	\$169 Billion
Total Profit:	\$25 Billion
Total Spent on Research:	\$43 Billion
Total Spent on Marketing:	\$44 Billion
Total Spent in Taxes:	\$11 Billion
US Revenue:	\$96 Billion
Revenue from All Other Countries:	\$74 Billion

Proportional Allocation of Revenue 2010-2018

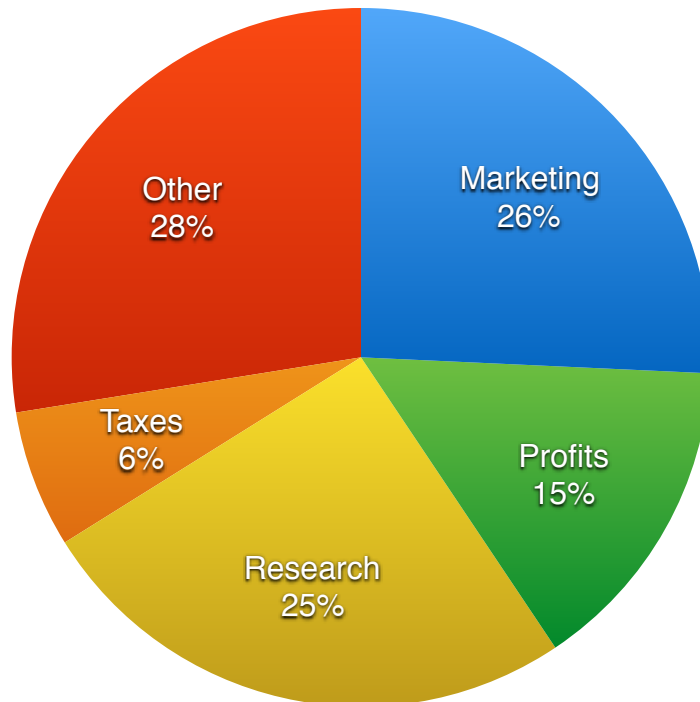


Figure 1: The proportion of Bristol-Myers Squibb's total revenue that was allocated toward research, marketing, taxes and profits.

Proportion of Bristol-Myers Squibb's Revenue from US vs. All Other Countries

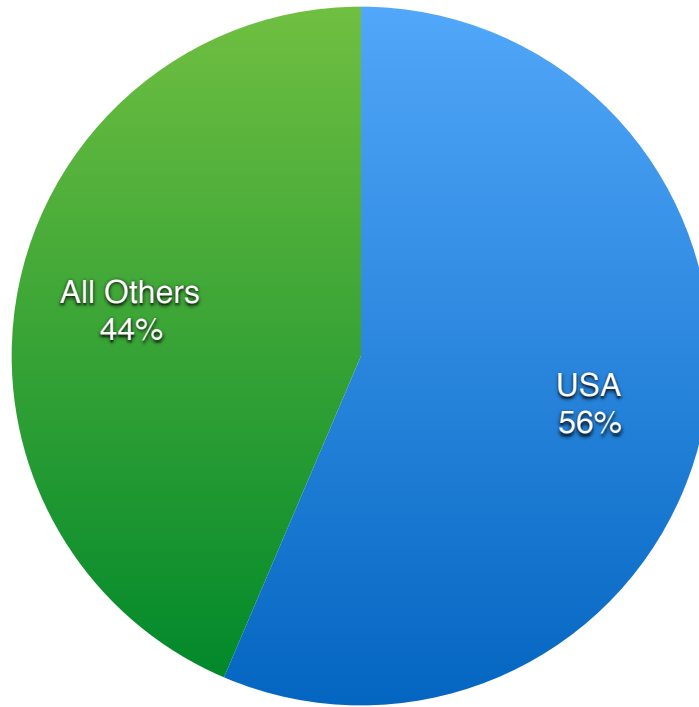


Figure 2: 56% of BMS's revenue since 2010 has come from sales in the US.

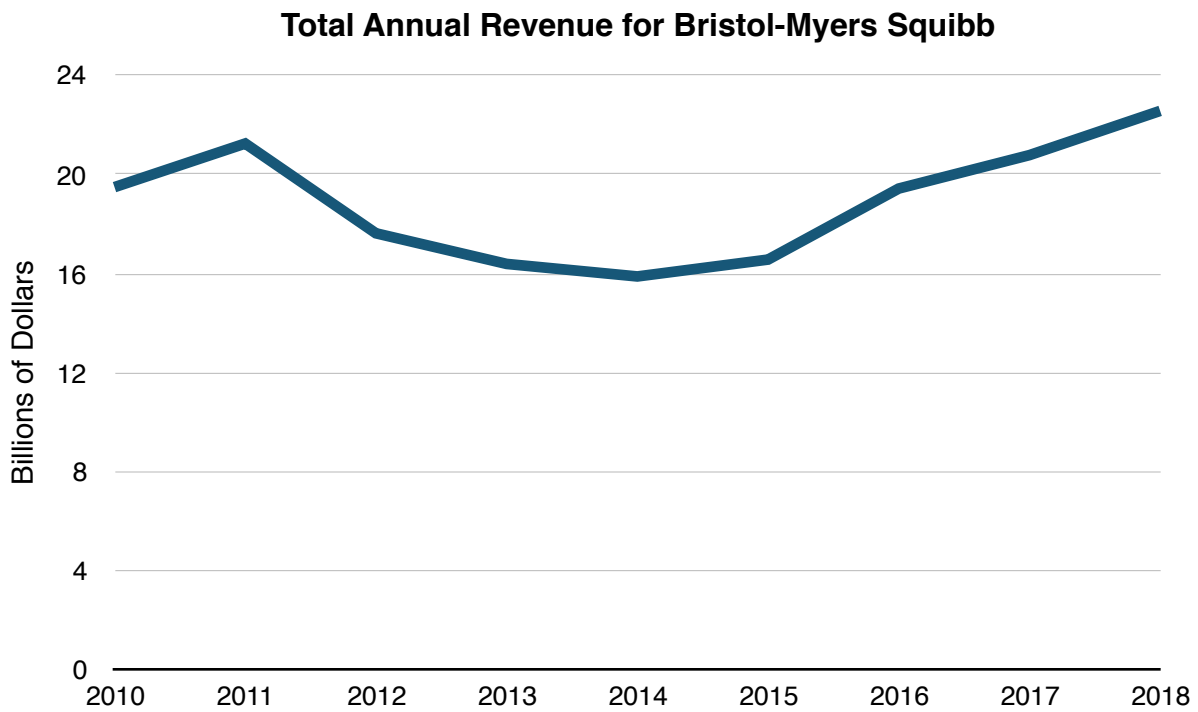


Figure 3: Annual total revenue for Bristol-Meyers Squibb has risen in recent years after declining significantly between 2011 and 2014.

Proportional Revenues of BMS's Four Best Selling Medications in 2018

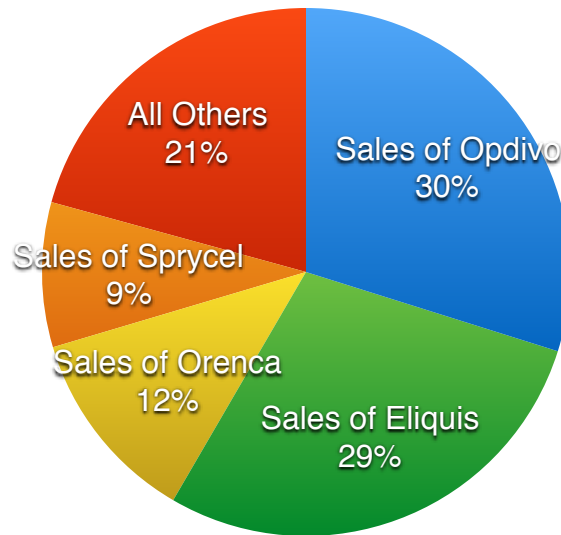


Figure 4: Nearly 80% of Bristol-Meyers Squibb's 2018 revenue came from the sale of just four medications.

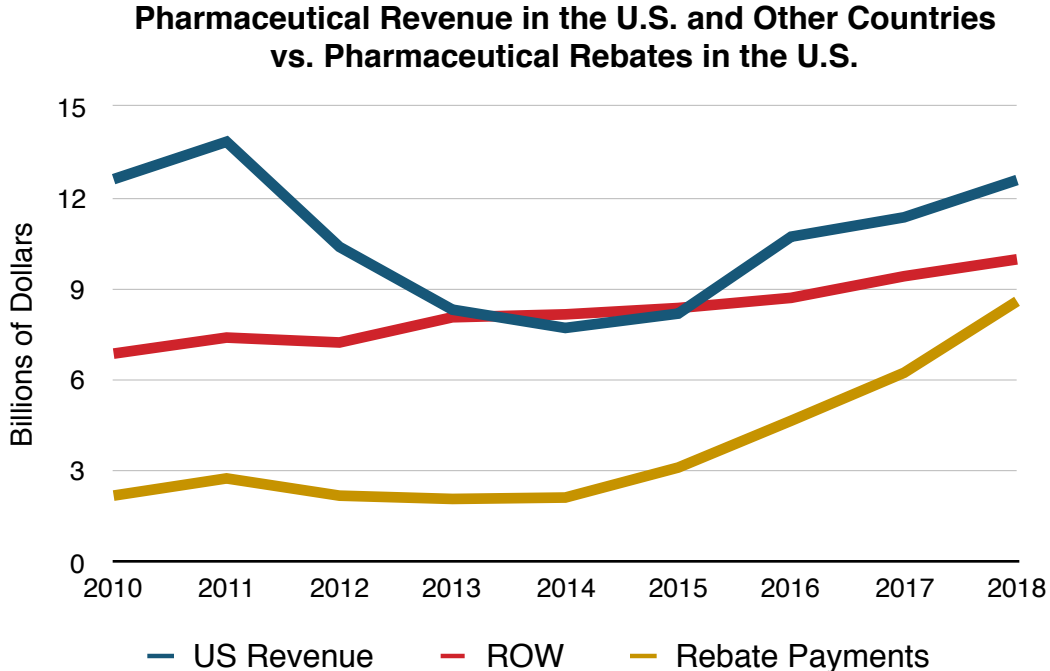


Figure 4: Rebates definitely boost sales for pharmaceutical companies. Increasing rebates given by Bristol-Meyers Squibb to PBMs and medical providers in the U.S. (yellow line) have clearly helped to boost revenues from U.S. sales (blue line) relative to their sales in the rest of the world (red line).

Total Executive pay for Bristol-Myers Squibb was \$47.75 million in 2017 with \$18.7 million going to their CEO Giovanni Caforio.

<http://insiders.morningstar.com/trading/executive-compensation.action?t=BM>

http://truecostofhealthcare.net/pharmaceutical_financial_index/