



2019-21 PROJECTIONS		© VALUE LINE PUB. LLC 19-21																						
Price	Gain	Ann'l Total Return	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Sales per sh	"Cash Flow" per sh	Earnings per sh ^A	Div'ds Decl'd per sh	Cap'l Spending per sh	Book Value per sh ^C	Common Shs Outst'g ^B	Avg Ann'l P/E Ratio	Relative P/E Ratio	Avg Ann'l Div'd Yield
High 655	(+155%)	27%	8.10	10.65	14.19	15.89	18.71	20.77	23.14	29.09	41.05	49.24	52.80	57.25	79.55	26.60	21.35	Nil	2.20	76.60	200.00	25.5	1.60	Nil
Low 435	(+70%)	14%	1.79	3.42	4.31	5.08	5.39	6.56	7.32	10.05	15.33	18.97	21.65	23.70	1070	4250	26.0%	35.2%	1900	5560	17.0%	27.5%	27.5%	

CAPITAL STRUCTURE as of 12/31/15		© VALUE LINE PUB. LLC 19-21													
Total Debt \$6526.3 mill. Due in 5 Yrs \$4.8 mill.													Sales (\$mill)	Operating Margin	
LT Debt \$6521.5 mill.	LT Interest \$326.7 mill.	2683.0	3171.6	4097.5	4377.3	4716.4	5048.6	5516.5	6932.2	9703.4	10763.8	11350	12020	15905	45.5%
(Total interest coverage: 1.6x)	(41% of Cap'l)	32.6%	43.9%	41.0%	41.6%	34.9%	41.8%	41.2%	44.4%	48.3%	54.0%	55.0%	57.5%	1070	4250

PENSION LIABILITY		© VALUE LINE PUB. LLC 19-21													
Defined Benefit Pension plan for certain German employees.													Depreciation (\$mill)	Net Profit (\$mill)	
Supplemental employee retirement plan (SERP).	Pension expense: \$1.31 mill.	375.9	380.3	462.1	428.0	354.1	358.9	365.6	531.7	688.2	600.4	650	750	1070	4250

COMMON STOCK		© VALUE LINE PUB. LLC 19-21														
218,643,373 shs. as of 2/26/16													Working Cap'l (\$mill)	Long-Term Debt (\$mill)	Shr. Equity (\$mill)	
MARKET CAP: \$55.7 billion (Large Cap)		1129.7	179.2	1534.8	1765.7	1490.3	2062.5	1586.9	1426.6	2453.0	4122.6	4000	3800	1900	5560	15320

CURRENT POSITION (\$MILL.)		© VALUE LINE PUB. LLC 19-21																	
2013 2014 12/31/15													Return on Total Cap'l	Return on Shr. Equity	Retained to Com Eq	All Div'ds to Net Prof			
Cash Assets	1222.8	1845.4	3428.5	3.0%	11.5%	11.8%	13.6%	15.9%	16.8%	18.2%	20.4%	25.9%	23.3%	25.5%	23.5%	17.0%	27.5%	27.5%	Nil

ANNUAL RATES of change (per sh)		© VALUE LINE PUB. LLC 19-21																	
Past 10 Yrs. Past 5 Yrs. Est'd '13-'15 to '19-'21													Return on Total Cap'l	Return on Shr. Equity	Retained to Com Eq	All Div'ds to Net Prof			
Sales	21.0%	19.5%	12.0%	3.0%	11.5%	11.8%	13.6%	15.9%	16.8%	18.2%	20.4%	25.9%	23.3%	25.5%	23.5%	17.0%	27.5%	27.5%	Nil

QUARTERLY SALES (\$mill.)		© VALUE LINE PUB. LLC 19-21											
Cal-endar	Mar.31 Jun.30 Sep.30 Dec.31												Full Year
2013	1415.1 1723.5 1827.8 1965.8	6932.2											
2014	2129.8 2421.5 2511.4 2640.7	9703.4											
2015	2555.0 2591.6 2777.9 2839.3	10763.8											
2016	2760 2820 2890 2880	11350											
2017	2900 3000 3020 3100	12020											

EARNINGS PER SHARE ^A		© VALUE LINE PUB. LLC 19-21											
Cal-endar	Mar.31 Jun.30 Sep.30 Dec.31												Full Year
2013	1.79 2.06 2.05 1.92	7.81											
2014	2.00 3.01 3.62 3.74	12.37											
2015	3.49 3.93 4.15 3.77	15.34											
2016	4.45 4.60 4.75 4.85	18.65											
2017	4.90 5.00 5.10 5.15	20.15											

QUARTERLY DIVIDENDS PAID		© VALUE LINE PUB. LLC 19-21											
Cal-endar	Mar.31 Jun.30 Sep.30 Dec.31												Full Year
2012													
2013													
2014													
2015													
2016													

(A) Diluted earnings (GAAP basis). Next earnings report due late April. Earnings per share don't add in 2013 due to change in shares outstanding. (B) In millions. (C) Intangible assets in 2015: \$5.845 billion, or \$26.74 a share.

Company's Financial Strength A
Stock's Price Stability 40
Price Growth Persistence 100
Earnings Predictability 90

To subscribe call 1-800-VALUELINE

Biogen stock has fallen over 15% in value since our early January review. Indeed, the issue is down over 45% from its all-time high of \$480 set in March, 2015. The decline is mainly because the biotech sector in general has come under fire from prospective presidential candidates. They are seeking to acquire votes by lambasting the drug industry for raising its prices to outlandish highs. The most prominent victim is Valeant, whose stock has receded mightily. Biogen stock has also been hurt by the termination of the company's *Tecfidera* SPMS research program due to lagging sales of this multiple-sclerosis (m-s) staple. Indeed, the European Patent Office has revoked Biogen's dose patent for *Tecfidera*, a sign that the Europeans are tired of drug companies nickel-and-dime them to death. **We think an acquisition is in the works.** Biogen borrowed an enormous amount of money in early September. About \$6 billion in senior notes were borrowed, ostensibly for share buybacks. But given that this would be a relatively poor use of funds, we aren't so sure this is Biogen's sole purpose. Indeed, we think

the company is seeking to buy another biotech with drug products that would complement its own, as well as undergoing a possible inversion to lower the tax rate. Possible acquisition candidates include Vertex (VRTX), Ionis (INOS), and Shire plc (SHPG), which has just committed to buying Baxalta (BXL). Biogen has been interested in both Shire and Baxalta in the past, so that getting a two-for-one would be a big feather in its cap. Plus, that particular deal would lower Biogen's tax rate considerably. **This is a good time for long-term investors to buy Biogen stock.** The obvious reason is because the issue has retrenched so much since a year ago. But also, we think the company is sprucing up its flagging m-s portfolio in order to buy a company that would aid that division. Acquiring Baxalta would do this as well as beef-up Biogen's hemophilia and immunology businesses. Biogen also has collaborations with pharmaceutical entities to develop potentially profitable drugs. One such deal is the Samsung Bioepis/Merck joint venture to develop biosimilars. *Jeremy J. Butler* April 8, 2016