15-May-2024

Bristol Myers Squibb Co. (BMY)

BofA Securities Health Care Conference

CORPORATE PARTICIPANTS

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

OTHER PARTICIPANTS

Geoff Meacham
Analyst, BofA Securities, Inc.

Charlie Yang
Analyst, BofA Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Geoff Meacham
Analyst, BofA Securities, Inc.

I'm Geoff Meacham. I'm a senior biopharma analyst. And I have Charlie from my team on stage with me as well. Welcome to the Bristol Myers session. So on behalf of Bristol, we have CFO, David Elkins. David, welcome.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

It's good to be here. Thank you for having me.

Geoff Meacham
Analyst, BofA Securities, Inc.

Yeah. So let's – we got a lot of questions, but maybe just kick it off kind of post 1Q, like the messages coming out of that, and then we'll get right into some pipeline and portfolio questions.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

Yeah. Thank you for that. And if you think about Bristol, we're really writing the next chapter in the company's history here, 150 years that this company has been around, some amazing products that we brought to the marketplace, whether you think about ABILIFY or PLAVIX in both neuroscience as well on cardiovascular. But really what we're focused on is delivering the here and now and executing against what we have from a growth portfolio. Really excited about some of the products we have there. We recently brought in KarXT from Karuna, which we can talk about in Q&A, but we got great growth products which I'm sure we'll cover off whether we're talking about Opdualag, our cell therapy franchise, but also Camzyos in cardiovascular and Reblozyl within MDS. We're really excited to have that and continue to grow those products, when you talk about the growth of those in the first quarter, but also how we're seeing it as the year progresses.

Pipeline, we got a lot of really exciting things coming through the pipeline, a few catalysts over the next couple of years, which we can cover off as well. And then you may have – we talked on the first quarter call, we're really focused on driving efficiency and effectiveness, simplifying our business model, removing layers in the organization to speed decision making, but also being able to free up resources to invest in our portfolio. We brought in – with the four acquisitions that we closed in the first quarter, we have significant clinical development programs that we need to execute against both from KarXT, but as well our radioligand Rayze acquisition. We're really excited about that, has potential to be significant IND engine in one of the fastest growing areas in oncology. Mirati, we launched Krazati, but also we have a robust clinical program there with doublet and triplet therapies in first line lung, which we can talk about. And we also have PRMT5 which we will get some data on as well. So really a lot to be excited about as far as the portfolio, both the growth portfolio, but as well as the pipeline. And our priority is just executing every quarter against them.

QUESTION AND ANSWER SECTION

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Makes sense. Yeah. Let's – before we get into the new launches, I wanted to kind of ask you your – I know you guys haven't given formal guidance for kind of the Eliquis, the IRA impact and trough, but maybe give us a framework for how potentially to think about the next, say, two years or so. The launch portfolio I think at the end of the decade is going to really drive differentiated growth, but like investors are focused on the next, say, 12, 18 months. So whatever you can do to kind of help give us some context [indiscernible] (00:03:11).

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah. Look, we reaffirmed our guidance in the first quarter call that we're going to continue to grow this year and we anticipate growing in 2025. We really can't say anything about the IRA negotiations because we're precluded from saying anything around that. But that price will become public in September. And what we said is we'd provide what the impact of that was to our business in 2026 and 2027 from a revenue and an EPS perspective. And that should give investors a really good understanding of how IRA is going to impact the shape of our business.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Makes sense. Okay. When you look at the core Opdivo business, so there have been some drivers in esophageal, new indications, as well as kind of earlier lines of therapy, thinking about the next, say, 12 months to 24 months, investors focus a little bit less on this, but it is a big driver of bottom-line in particular. So what would you say are the biggest kind of growth engines for that franchise?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah. Look, we feel really good about Opdivo and it's continuing to grow. It grew plus 10% last year and what we said to be more modest growth this year because we just don't have as many new indications coming out this year. We had the neoadjuvant and obviously periadjuvant. But what we said is we had some destocking that occurred in the first quarter of the year. But as we look at that, the growth potential of the product is going to continue to grow this year and into next year. So we feel really confident about that.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Yeah. Perfect. Well, let's talk through the new launches. So that's the most exciting part of the Bristol story. You have Reblozyl, which in the earlier stage anemia, is just now gaining traction. Walk us through the next, say, 12 months, 24 months in terms of what the drivers are going to be. I'm sure it's all of the above. But is it mostly line extensions in US? Is there a geographic kind of roll-out as well that could contribute?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah. So let me just walk through all of them first.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Yeah.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

I'll start with – we talked about our Opdivo, but also I'd be remiss if I didn't mention that we have the PDUFA date for a subcutaneous formulation...

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Yeah.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

...with Opdivo and we believe 30% to 40% of the business will go into subcutaneous formulation with physicians and there's a high unmet need. The great thing about that is we have the PDUFA date in February of 2025. Opdivo doesn't go generic in the US until December of 2028, so we have four years to bring that over and that can be very complementary to the growth profile of the company. The other thing is Opdualag, which is – due to the component of Opdualag and we had some really positive data come out in first line lung on Opdualag and we – also later this year, we should see some data on liver as well. So the ability to move Opdualag, we've been really pleased that it's now the standard of care in first line melanoma. But with additional indications, we'll get more data later this year on lung at a conference and we're looking moving that into Phase 3. So feel really good about the near-term potential of Opdualag continuing to grow, but as well longer term, it's going to be a really important product to our portfolio.

The next one I'd really focus on is Reblozyl. I mean, it's just doing phenomenally well, grew 70%. We got a broad first line indication, RS positive, RS negative. We're only about 25% penetrated in that market. And also I think it's really important geographically, I see plenty of expansion coming there because we've got a broad label in Europe as well as in Japan. So continue to look at that product very, very well.

I guess the next area that I'd go to is talking about our cell therapy franchise. We made – our focus on execution, we've made great strides in our manufacturing capacity. We're unconstrained from a manufacturing capacity. We're really excited about Breyanzi. We already got two indications, SLL And CLL earlier this year and we have two more indications, mantle cell lymphoma coming, as well as follicular lymphoma coming later this year. So we

see Breyanzi being a critical growth driver for the company. We did get an early indication of Abecma, but that market remains very challenged and competitive. But we've said overall, as you think about that's our cell therapy franchise, Breyanzi is going to be a significant growth driver of the business.

The area that – Camzyos would be the next one I would talk about. We've been really pleased with this. We think this is going to be on track to be one of the most successful cardiovascular launches. This is a new class, so it takes time to build up this. It's also limited by patients have to go through echocardiograms, a lot of those labs are full to begin with, but we've been really successful in getting excitement around this product, high unmet need. These patients actually feel the benefits of the drug when they get on it. And what we're seeing from a long term safety profile is people are staying on this medicine for a very long time. And so we're really excited about that. I mean, we have a world-class commercial organization in our cardiovascular business with the success of Eliquis. But now, continuing to drive Camzyos. And then we got another catalyst come in with milvexian Phase 3 data coming in 2026. So we feel really good about the cardiovascular franchise and the growth products. And I'm sure we'll talk about the pipeline a little bit more.

The area that has been – hasn't been meeting expectations is immunology. That remains a challenge business for us. I think it's taken us longer to get access than we were anticipating. The quality of that access hasn't been what we wanted. And as a result of that, even seeing that come through, not just on Sotyktu, but also in Zeposia. We think there's going to continue to be pricing pressure, particularly from our rebating, because we're seeing competition there, not just from Otezla in the oral market, but you're also seeing competition from the biologics as well.

So as we're looking at that business, we're looking at a double-digit, about 10% growth, Q1 to Q2 sequentially for Sotyktu and Zeposia, and Orencia is probably going to be a single digit sequential growth for Q2. And as we also said on the call, remember, as we're thinking about Sotyktu, we said we're roughly doubling that business from Q1 to Q2 (sic) [Q4] (00:09:50) in the commercial business. So we need to continue to improve upon our market access for Sotyktu to be competitive. We will be moving from one step edit to zero step edits on ESI. So that'll help the position. And as we said on the call, we're going to get another large PBM with about 30 million lives later this year. So that will also help, which – that gives us – once we get on more of that equal footing, that gives us the ability to continue to grow that into next year and beyond.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Right.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

We also have Phase 3 data coming out on psoriatic arthritis for Sotyktu, which there's – about 25% of psoriasis patients have psoriatic arthritis. So I think that's going to be another driver. And then, we're going to go Phase 3 next – a second Phase 3 on psoriatic arthritis that will help Sotyktu in the following year.

Charlie Yang
Analyst, BofA Securities, Inc.

Q

So I guess, several products we talked about here. And I think we can probably go into each one of them. But maybe just to start with cell therapies. So Breyanzi, you mentioned it, that's going to be kind of the growth driver, but I guess just kind of looking across kind of multiple cell therapy players, they've seen some pressure last quarter, maybe even this quarter. I think some of them say that the inflation will take probably a little longer,

maybe second half of the year. But maybe if we can talk about how – what you're seeing from your side of in terms of the competition, whether that's coming from the bispecifics or from the clinical trials and whatnot.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

Yeah. It's a really good question. And you really have to bifurcate Abecma and BCMA versus CD-19 and Breyanzi because the dynamics are very different in those two markets. I would agree with you as far as the competitive environment in BCMA with [indiscernible] (00:11:34) and as well as the bispecifics that are in there, we see that that's going to remain very competitive and that's why we think the growth would be more muted with Abecma.

But Breyanzi, we believe we got a best-in-class molecule here, very safe. We're moving into the community settings. But more importantly, there's still a high unmet need in lymphoma, in getting those indications, as I was saying earlier, in CLL and SLL, but then mantle cell lymphoma and then follicular lymphoma, that's a huge patient population that we're now going to be able to address.

And from a supply perspective, we're unconstrained. We continue to improve focusing on the execution, and from supply chain perspective, we've got our manufacturing facility in Massachusetts. We're building a manufacturing facility in Leiden. And one of the other constraints is vector supply. And last year, we announced the purchase of a Libertyville site, where we're going to be doing suspension vector, which will further strengthen the supply of the cell therapy business.

The other thing we just announced as well is our partnership with Cellares, where that's going to be an automated manufacturing process, which will increase the success rate coming through, sort of throughput, but it also shrink the turnaround time and we're really excited about that partnership with them. And that's going to be another thing that will help increase the long-term supply of Breyanzi. So remain really, really excited about the long-term potential of that product.

Charlie Yang
Analyst, BofA Securities, Inc.
Q

Maybe if [indiscernible] (00:13:11) within the community kind of settings, kind of what's the plan that you guys are doing in terms of driving that area of growth?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

Which was one, sorry?

Charlie Yang
Analyst, BofA Securities, Inc.
Q

The community settings for Breyanzi.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

Yeah. I mean, the additional indications?

Charlie Yang
Analyst, BofA Securities, Inc.
Q

In additional indications, but just in terms of just given kind of what we're seeing in terms of the constraint within the academic centers.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

I think, look, this is a huge unmet need. And we believe that those constraints for Breyanzi aren't going to be there because these patients don't have many other treatment options, and they'll get prioritized in that regard. So we feel pretty good about the prospects of Breyanzi, even with those constraints given the types of diseases and the unmet need for these patients.

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

Yeah. David, just to follow on that, when you look at cell therapy as a platform for Bristol in general, I mean, you guys are investing in new indications and line extensions, et cetera. But maybe talk through the commercial piece of it. Are you starting to see more leverage, easier access from a pricing reimbursement kind of perspective? And I think going forward, is that going to get meaningfully better or sort of is it incremental where we are now?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

Yeah. We believe it'll continue to improve. I mean, this is – as we were saying, this is a high unmet need if you [ph] talk about (00:14:42) the therapeutic areas that Breyanzi is going in there. And we don't see that as a constraint for this product going forward. So, I think the – yeah, that's what I would say, it's we feel really good about the access.

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

I wanted to ask you, so you mentioned with respect to the Opdivo LOE and the way to manage it, and I think most investors don't look at – look at that as a more shallow kind of erosion curve, And particularly since Opdualag could be a big a big offset there. Walk us through kind of how you're thinking about that in the outer years. What is the menu of where Opdualag could go, beyond long and beyond melanoma? And is that a bigger driver or there are other combinations, formulations that you guys were thinking about at the end of the decade and beyond?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

Yes. Sitting here today, it really is focused on Opdualag and moving that into other tumor types. So we see continued growth there. Obviously, the subcutaneous is going to be important. There's – if you think about through the physicians, those infusion chairs are jam-packed right now. So to create capacity for the health care system overall is going to help that.

But sitting here today as far as combinations are concerned, Opdualag is the main one that we're focused on. Now, we have other – as you think through, as I was talking about earlier with Mirati and looking at the combinations there with KRAS, we think there's multi-billion dollar opportunities there in doublet as well as in triplet therapies in first line lung. So you look at the oncology portfolio overall. And then as we were talking about earlier, just going back to RayzeBio and radioligand, we think there's an untapped potential there. It's a huge market. And just given the mechanism of action, given your ability to see the drugs being delivered to the tumor type, getting those products approved is something we're also really excited about that it's going to be multiple IND engines in multiple tumor types.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Yeah, makes sense.

Charlie Yang
Analyst, BofA Securities, Inc.

Q

So maybe on Camzyos, I think we heard some kind of incremental updates from competitors this past weekend. Maybe any kind of latest thoughts that you guys have in terms of the overall kind of market with a potential competitive landscape [indiscernible] (00:17:08).

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah, it's a great question. We actually held our [ph] ad board (00:17:11) after the data became public on Monday. And the take away from the key thought leaders was that no real clinical differentiation with the product or from a safety profile. And remember, we just shared at ACC real world data on the safety profile of Camzyos.

And I think as well as the proof is in the practice that once patients go on Camzyos, they're staying on Camzyos in the days. Duration of therapy is continuing to extend with that and we're continuing to build a lot of data, real world data on that, which we will continue to engage with the FDA on as far as the safety of it. But similar to what we saw with Eliquis, the more real world data you have from a safety perspective, it just strengthens the profile. So we believe between the efficacy and the safety profile of Camzyos, it sets a really high bar for any competitors that are coming in. And we launched this product a couple of years ago. We're going to continue to build as we move into new centers of excellence, but as well as moving to the community setting. And remember that we have the same sales and marketing organization that made Eliquis number one. We got a real opportunity here to make Camzyos the product of choice in this new really important market. And I think having a competitor market as well coming in helps from the standpoint of increasing patient awareness and having somebody else out there, longer term, it's going to be good for patients.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

I just want to follow up on that. When you think about the speed of having [ph] an ATM (00:18:41) diagnosis, are you seeing improvements in the diagnosis, the front end of it? Is there an ROI that you can be confident in and your investments commercially to the raise awareness of the brand and in the indication itself?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah. No, it's a great question. We've been investing in DTC to raise awareness about the disease, but as well as Camzyos specifically. And we are seeing the rate at which new patients are starting is increasing. So it's been increasing. It's probably over – well over 140. Month to month, we have some – we get some variability, but we see the very nice slope on that new patient starts increasing. As you get new centers of excellence on board and you get new community centers on board, that will help that rate continue to increase. So we feel really good where we are with Camzyos and I think you're going to continue to see that quarter-on-quarter that that product continue to grow. And like I said, once patients get on that, the way they feel, their quality of life, they're staying on the therapy.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Right. Right. No, I agree that was not really a zero sum game, though. I mean, sometimes having another competitor actually builds the...

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Builds awareness of the disease and gets people in there talking to their physician.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Yes. Let's switch gears to KarXT. So a lot of investors are looking to this launch as one that potentially could launch pretty quickly, just given the awareness and the positioning and the novel mechanism. Give us your kind of high level thoughts on that ahead of the PDUFA date.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah. Well, first, we're really excited and we've been investing heavily. Number one, we retained the majority of the people from Karuna, really talented team there from a sales and marketing perspective. And the vast majority of those individuals we're able to retain. Prior to even closing the transaction, we went at risk and started hiring in the sales force. So, we're actively doing patient support programs, patient access, but as well as educating physicians as well and thinking about how switching patients from – that have an unmet need on atypicals and moving into really the first few therapy in schizophrenia in over a couple of decades. So all that market development is happening.

That being said, the PDUFA date is late in the year. This is really a 2025 launch. Everyone should be thinking about it as a 2025 launch. And then as you think about 2025, there's a couple of things. This is a big Medicaid market, right? And there's some states, less than 10, that will put you on formulary immediately. A lot of states, it takes about six months to get on formulary. And by 12 months, we anticipate we'll probably be on 80% of the state formularies. So, 2025 is going to be a ramp here as you're building up that access. You've got the 6 and 12 months in it how people should be thinking about it. But the excitement of this drug is just phenomenal. When we meet with key opinion leaders, but then now as we're broadening out, meeting with more psychiatrists, people just cannot wait because there's really a high unmet need for patients that are battling this disease. And then we think about this longer term, we got Phase 3 adjunctive coming as well, which is going to be a huge increase in the patient population. There, we can use this in combination with other products. But then also another big opportunity is in Alzheimer's disease, both Alzheimer's agitation, which is really not much there, and Alzheimer's psychosis. And we look forward to bringing the data on those Phase 3 studies in a couple of years' time.

Charlie Yang
Analyst, BofA Securities, Inc.

Q

Well, I guess there are some other [ph] account (00:22:29) players now moving to the Alzheimer agitation space as well. I mean, they're developing it. Just kind of what's your view kind of in terms of the [ph] whole account (00:22:37) market would potentially evolve?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah. Look, it's a high unmet need. And anybody that's – the caregivers that are supporting Alzheimer's patients, both psychosis and agitation, is a huge unmet need for those patients. So having something out there that addresses this where there is nothing is going to have a big impact on the healthcare system overall and improve people's quality of lives, but as well as the caretakers. We'll see how other competition comes out there. But we feel really strong. We got to see the data play out. But as we said before, this is a really big opportunity for us. We see multiple indications that would be multi-billion dollar and we even see bipolar as an opportunity for KarXT as well.

Charlie Yang
Analyst, BofA Securities, Inc.
Q

Just in terms of the timeline of the readout, can you just remind us again on when we're going to see those Phase 3 data coming out for these [ph] incremental (00:23:35) indications?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

Yeah, a lot of those are – we got one Phase 3 readout next year and then there's another one in 2026.

Charlie Yang
Analyst, BofA Securities, Inc.
Q

Okay.

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

Just along those lines, sticking with KarXT, and you mentioned kind of the Medicare population, just given atypicals are – have been around for a while, I mean, is it reasonable to assume you're going to see a lot of step edits initially with the launch ahead of a lot of the generic atypicals? And then there's a lot of enthusiasm for the class. And ultimately, the long term, you have durable new mechanism. There's a lot of excitement, as you said.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

Yeah. We don't see that. We never want to prejudge, but we don't see that as a big barrier. I mean, there's nothing out there, right? And people cycle through these atypicals. But the side effects of these...

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

Right.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

...atypicals is huge. And physicians are clamoring for something that's safe and effective, and they really haven't had anything yet to date. So the push to get this on formulary is going to be strong, but also there's really no other choice beyond the atypicals now.

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

Right.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

And people, physicians naturally cycle through, so they cycle through a new therapy like this.

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

Yeah. Makes sense.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

There is going to be a lot of opportunity there.

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

Okay. So let's talk a little bit on Sotyktu, just in a few minutes. You mentioned some of the dynamics with respect to reimbursement access. Give us some perspective that you beat a competitor in the head to head. You have – it's a very competitive class. And there is still some dynamic between injectables and orals, and maybe give us kind of the drivers as you see them in the next, say, 12 to kind of 18 months.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

Yeah.

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

So, mostly just execution, getting better formulary or do you expect other geographic rollout, like deeper penetration in your current accounts?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

The access is the most important.

Geoff Meacham
Analyst, BofA Securities, Inc.
Q

Yeah, okay.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.
A

And improving the quality of that access is what we're working on. As ESI, we're going to improve from one step edit to zero. That's going to be a big help. And then getting another PBM with 30 million lives is going to be also helpful. But we see pricing pressure remaining in that marketplace. It's very competitive. You've got the biologics coming in – moving into the more moderate space. And we got a significant competitor with Amgen and Otezla out there in getting access. But that's why we said, this is going to be a slower ramp than we'd originally anticipated, but we're investing behind this. We're committed to making Sotyktu successful. We got the psoriatic

arthritis, which will also help. We have two Phase 3 data readouts coming. So between the access and getting the psoriatic arthritis, that will help the growth trajectory.

Charlie Yang
Analyst, BofA Securities, Inc.

Q

So maybe just to kind of switch gear to kind of the KarXT – NEX T for the CD19 CAR-T cell therapy for lupus. I think that's been kind of a hot area over the past year. And I think there are some other players, potentially with CD19 antibodies approach, but just kind of how to think about kind of what do you think will be the right approach here and how is kind of Bristol think about kind of this market in coming years?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah. Well, look, CD19 NEX T, the construct is very similar to Breyanzi. So it's well known by physicians. The safety profile is well known, which is going to be important for anybody entering this space. It's order of magnitude significantly larger than hematology. We believe we're at the forefront of this and have one of the most advanced programs. We're going to have some early data out later this year. But we see the opportunity that this could potentially reset the immune system in patients with lupus or also helping patients in multiple sclerosis, which is a significant opportunity. This is probably one of the biggest catalyst events that we have, being able to address autoimmune disease with self-therapy.

Charlie Yang
Analyst, BofA Securities, Inc.

Q

From a regulatory perspective, I guess how fast can you move once you see that Phase 1 data into pivotal trial?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah. We're going to move as quickly as we can into that. It's still early days. We got to define all that and we've got to engage with the regulators. So it'd be too soon for me to say how quickly that would be. Obviously, there's a conversations which you have to have with the regulators.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

And just in the last couple of minutes, I want to ask you, David, just about capital allocation, kind of BD environment. I suspect that delevering will be an incremental component. But what's the appetite for smaller – do you see – is there still an ongoing process in smaller scale BD? And is it current therapeutic areas you – is there an idea that maybe you could further expand the breadth?

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Yeah, it's good. I mean, look, we're really successful in closing four deals we did in the first quarter.

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Yes.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

We got to integrate those, build out the clinical development programs and then launch KarXT. That's our focus right now. And we're doing everything we can to make those successful and executing against those. So we think about capital allocation. Really, we're paying down the $10 billion of debt over a two year period that we said. We paid $3 billion in the first quarter with commercial paper coming down. We got about another $3 billion this year, $2 billion next year, and the rest of that is early 2026 that'll come through. And then types of deals that we're looking at, we're continuing to look at, they're going to be smaller bolt-on technology deals at earlier stage, deals that have continued to benefit the growth profile in the second half of the [ph] decade (00:29:34).

Geoff Meacham
Analyst, BofA Securities, Inc.

Q

Yeah. So a lot of the – but still commitment to the dividend and all that.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

A

Dividend, look, we paid a dividend for 93 consecutive years. We've increased it for 15 years. We know the dividend is important from a shareholder return perspective and we're completely committed to that. We believe our investment grade credit rating is really important. We continue to engage with the credit rating agencies on that. Paying down debt was part of that. Just like the Celgene transaction, we paid down debt pretty quickly. We're looking to do the same thing with this and we just think it's good financial health, with all the pricing pressures that are out there, tax pressures and everything. We think we want to remain very financially disciplined in that regard.

Geoff Meacham
Analyst, BofA Securities, Inc.

Perfect. Okay. With that, we're out of time. Thank you very much.

David V. Elkins
Chief Financial Officer & Executive Vice President, Bristol Myers Squibb Co.

All right. Thank you very much.