

## Astra shakes things up with Covid-19 pricing disclosure



Jacob Plieth



**By signalling that its Covid-19 vaccine could cost just a few dollars Astra could seriously embarrass its competition.**

Pricing in biopharma is rather an opaque business, but Covid-19 is a pandemic in which public perception counts for a lot. It is perhaps with this in mind that Astrazeneca today disclosed for the first time that its Covid-19 vaccine AZD1222 might cost just a few dollars per dose.

The revelation, made during the group's second-quarter media call this morning, threatens to be a serious embarrassment to two of Astra's coronavirus vaccine rivals. Pfizer has suggested a \$19.50 price for its vaccine, while Moderna appears to be going in higher still, at a rumoured \$25-30 per dose, or \$50-60 per course of mRNA-1273.

It should be stressed that the Moderna numbers are not official, and come from [anonymous sources speaking to the UK Financial Times](#). But this will not deflect attention from Moderna, a group whose Covid-19 vaccine efforts have attracted \$955m in US taxpayer funding in addition to the huge amounts it has raised from investors.

Astra and Pfizer have also benefited from Project Warp Speed, a partnership between the US Department of Health and Human Services, the FDA, the NIH, Barda and the Department of Defense, to the tune of \$1.2bn and nearly \$2.0bn respectively. An important distinction is that Pfizer will only get the money if its vaccine is successful; the funding is essentially a pre-order, wrapped up in an agreement to buy hundreds of millions of doses on FDA approval.

### Selected Covid-19 vaccines

Project	Company	Proposed price per dose	US taxpayer funding pledged (\$m)
mRNA-1273	Moderna*	\$25-30	955
BNT162b2	Biontech/Pfizer	\$19.50	1,950**
AZD1222	Astrazeneca	"A few dollars"	1,200

Source: Company disclosures; \*FT report. \*\*Payment on delivery of 100m doses

But Astra is stressing that the pandemic is a unique global problem that puts a duty on biopharma, the strong implication being that with this comes an obligation to price responsibly. On today's call Astra's chief executive, Pascal Soriot, repeated the group's pledge to supply AZD1222 at cost as long as the pandemic persisted.

Pam Cheng, Astra's vice-president of operations, fleshed this out the promise, stating: "From a cost of goods perspective we are able to manufacture at a few dollars per dose."

For its part Pfizer recently announced \$19.50 as the cost of BNT162b2, its potential Covid-19 vaccine in joint development with Biontech ([Covid-19 vaccines move into pivotal development, July 28, 2020](#)).

On yesterday's earnings call Albert Bourla, Pfizer's chief executive, said this was based on "volumes that people will order. If they order less the price would be higher. If they order more it could be a little bit lower."

The important point of this is that the group is keeping an eye on margins, and wants BNT162b2 to be profitable.

## **Manufacturing**

A key element in the price equation, whether this assumes a profit or just breakeven, is how much each vaccine costs to make. Moderna and Pfizer's mRNA vaccines have been touted as having manufacturing advantages, but no such vaccine is commercially available, so this has yet to play out.

Astra today said it was fortunate that AZD1222, a more traditional adenovirus vaccine, could be made on a proven platform, keeping down costs and, by implication, its price.

Mr Soriot also appeared to take a swipe at mRNA vaccines, which have to be stored at much lower temperatures than AZD1222. "If you have a vaccine that works and is safe, but ... you have to keep it at -60 or -20 degrees, imagine how practical this is to distribute in America or Africa," he said.

In the fierce PR battle over biopharma's role in tackling the coronavirus pandemic Astra looks to have moved noticeably ahead of Moderna.

*This story has been amended to correct a mistake regarding Warp Speed funding for Biontech/Pfizer.*