

Curevac rides the Covid wave



[Amy Brown](#)



Curevac's market cap has ballooned almost fivefold since floating, sending the mRNA company into the record books.

With a \$2.8bn market cap before its float last Friday, Curevac ranked as the sixth most highly valued biotech to arrive at Nasdaq's doors in recent years. This impressive statistic pales in comparison to the stock's performance since the IPO, over a mere two trading days.

A 249% surge on its first day of trading made Curevac the best-performing biopharma IPO on this measure over the past five years, by *Evaluate Vantage's* calculations. Another jump yesterday means that the group's valuation has now swelled almost fivefold, to \$13.6bn. Whether the company is worth this is the big question, and even believers in the German developer's mRNA technology must be finding it increasingly hard to justify the numbers.

Curevac's performance is largely thanks to timing, of course, coming to market as its Covid-19 vaccine moves through the clinic. Pandemic-related research has triggered substantial investor interest in numerous companies, though it is notable that Curevac's post-money market cap and current valuation are both below those of two other mRNA researchers, Moderna and Biontech.

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Moderna and Biontech also sit in the record books as two of biopharma's biggest IPOs, and both now sport vastly inflated market caps. In terms of vaccine development Curevac is slightly behind them, though in reality it remains almost impossible to know [which vaccine project](#) will ultimately be successful, or indeed what demand might look like.

These uncertainties make the valuations of many pandemic plays feel very overblown. And Curevac comes with another warning: a relatively small free float, with a long-term shareholder, Dievini Hopp, owning 49% of the listed company and the German government a further 16.8%. Glaxosmithkline holds an 8.4% stake, as a result of [a deal over Curevac's vaccine](#).

This would typically make investors wary. Yet the stock's performance since float suggests that bankers underwriting the offer had seriously undervalued the company, and could have raised Curevac more money. The group banked around \$200m from the IPO, and Dievini Hopp purchased a further \$100m of stock in a private placement at the same time.

A \$640m private financing round, closed in July, perhaps made raising further funds unnecessary, but it will be interesting to see how quickly Curevac decides to capitalise on its buoyant stock price. Biontech tapped the markets four months after its IPO, and raising money while you can remains something of a mantra for biotech executives.

Top of the pops: biggest first-day share price jumps since 2015		
Company (year of IPO)	First-day increase	Amount raised
Curevac (2020)	249%	\$200m
Monopar Therapeutics (2019)	231%	\$10m
Seres Therapeutics (2015)	186%	\$134m
Aduro Biotech (2015)	147%	\$119m
Spark Therapeutics (2015)	117%	\$161m

Source: EvaluatePharma.

Assuming Curevac's valuation holds, the banks that conducted its IPO will have to work hard to justify the chasm between the group's \$16 float price and the \$77.20 at which the stock closed yesterday. When their analysts start covering the company in the coming months they are unlikely to have fresh data to back the share price: according to Curevac's prospectus, phase I data from a trial in healthy volunteers are not expected until the fourth quarter.

This week the company listed another study, this time a [dose-finding phase II](#), on [clinicaltrials.gov](#), testing 6µg and 8µg doses. Notably, it appears to have dropped the lower 2µg and 4µg dosages that were being studied in [the ongoing phase I](#).

A phase III trial is slated to start before year end; Moderna and Biontech already have pivotal studies under way. And while the former company remains well ahead in valuation terms, the two German developers's market caps are now more aligned.

Given the Covid hype propelling biopharma right now it was not entirely unpredictable that the market would judge Curevac to be worth something similar. But any setback could prove very painful to investors still buying at these levels.

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