

One victory for biopharma over the coronavirus in 2020



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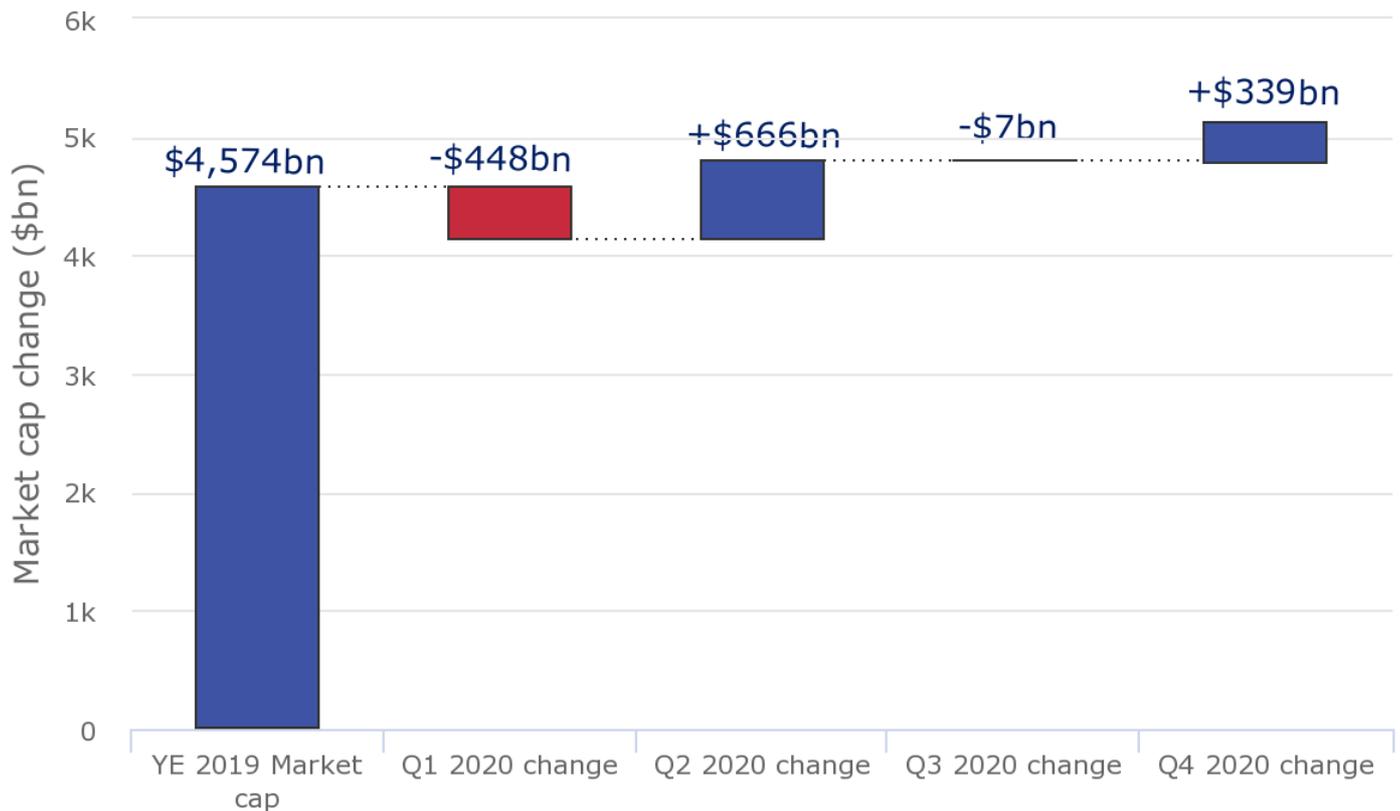
A rollercoaster year for biopharma ended with investors firmly deciding that the pandemic was an opportunity, not a threat.

The Covid-19 pandemic is far from beaten, but its adverse effect on biopharma stocks last year can certainly be said to have been vanquished. Despite a serious first-quarter wobble, global biopharma ended 2020 worth half a trillion dollars more than when it started the year.

This analysis, tracking the performance of almost 600 global drug makers covered by *EvaluatePharma*, reveals the waxing and waning of investor opinion throughout 2020. Thus initial uncertainty over the pandemic turned into extreme bullishness as the view spread that not only was Covid-19 not curbing business development, it was providing biopharma with a stage on which it could shine.

The doubts were expressed in the first quarter, when [billions were wiped from global drug valuations](#). But an extraordinary second quarter showed investors embracing the new reality, while a strong end to the year, driven by some clinical data and M&A, ensured that 2020 finished firmly green.

The shifting valuation of global drug makers

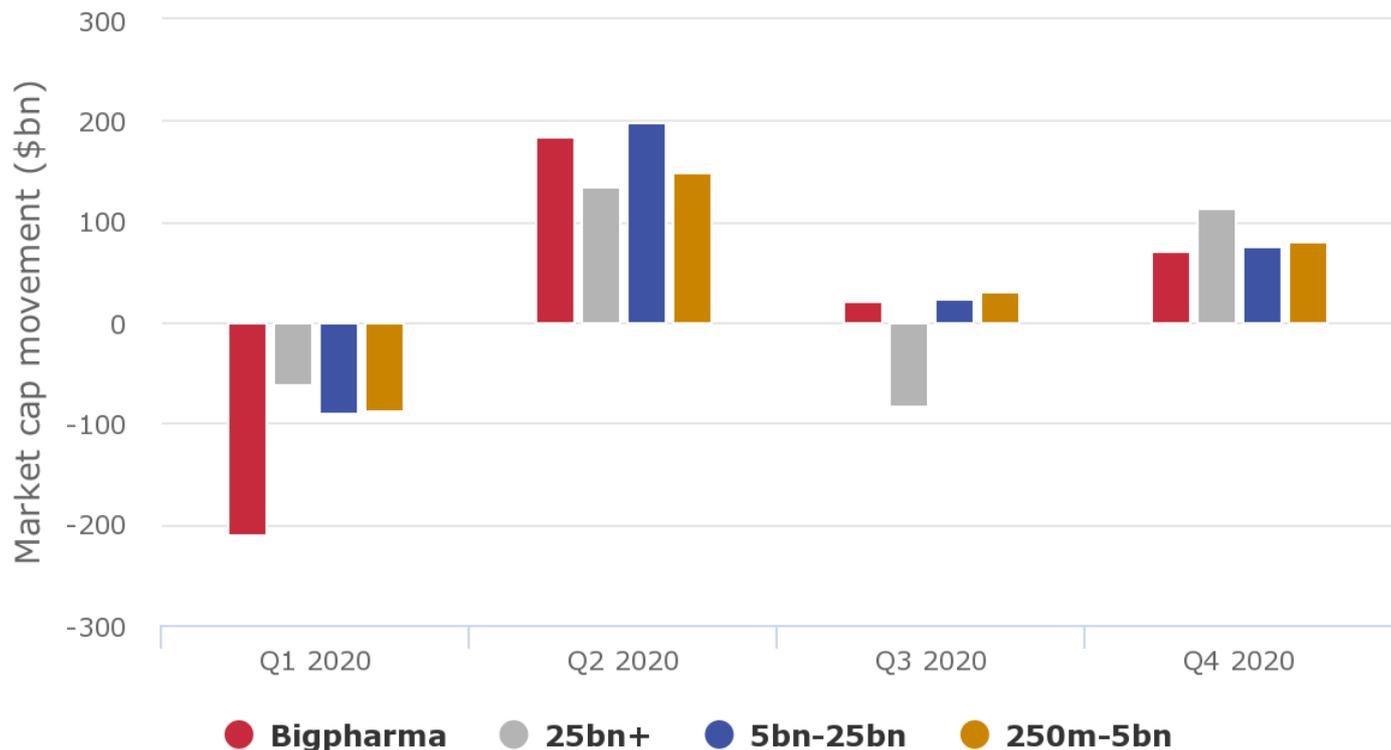


Evaluate

The exceptionally bullish second quarter, where biopharma market valuations put on a combined \$664bn, mirrored biotech's success in raising private money: venture capital financing nearly hit \$6bn during this three-month period ([Covid or not, venture financing breaks records, January 7, 2021](#)).

True enough, there was another small wobble in the third quarter, but a more granular analysis reveals this to have been down to non-big pharma companies in the \$25bn+ market cap bracket. And this, in turn, was largely down to quarterly collapses in the share prices of Bayer, over the continuing Monsanto acquisition fallout, and Gilead.

Absolute market cap gains and losses, by size bracket

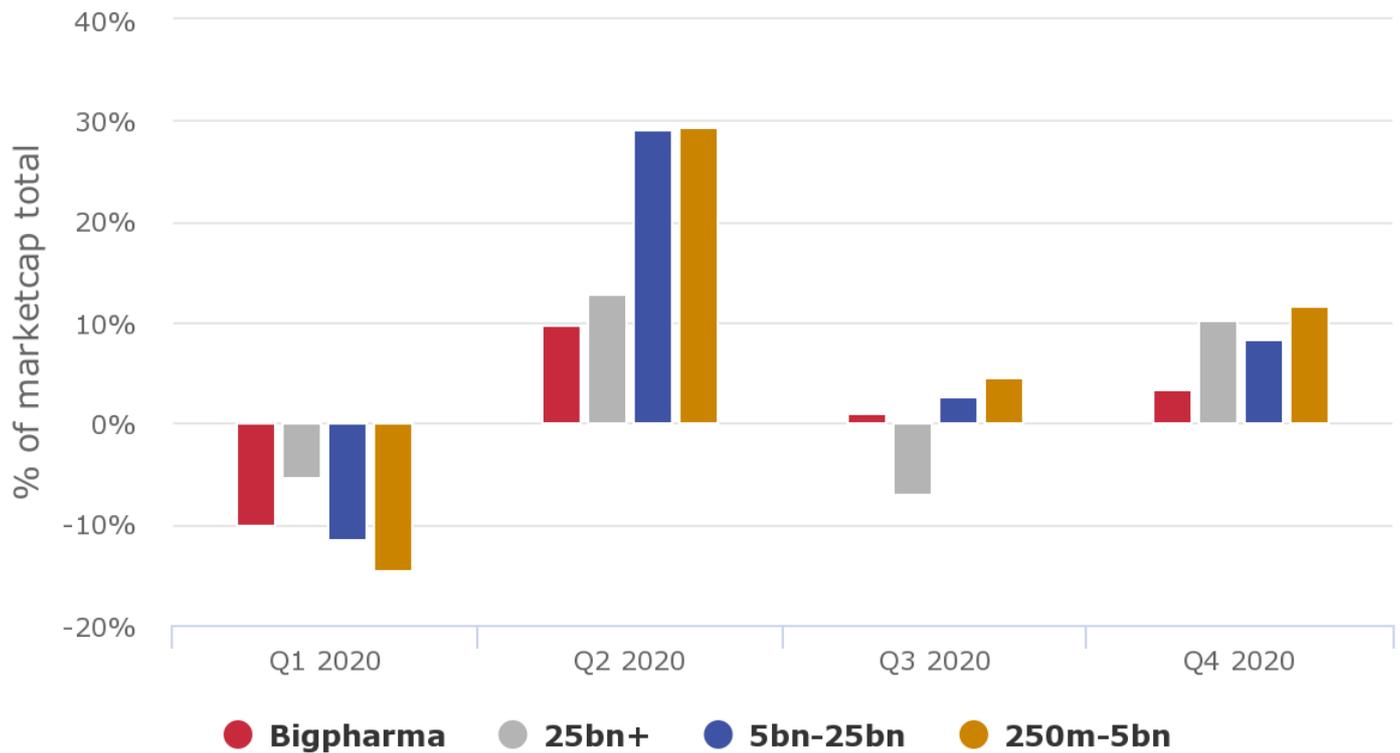


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Gilead is an interesting case in point. Its stock had initially surged on hopes that the antiviral Veklury could treat Covid-19, but the [reality turned out to be rather different](#), and the shares sold off, though the full-year market cap decline was just 11%.

Instead, two other coronavirus treatment players benefited: Lilly, up 28% in 2020, ended the year as the best-performing big pharma, while Regeneron's valuation climbed 25%. Both have antibody treatments for Covid-19 that received US emergency use authorisation.

Percentage market cap gains and losses, by size bracket



Evaluate

To some the performance of virtually pure-play Covid-19 stocks will be of paramount interest, so for the record Moderna and Biontech enjoyed 2020 valuation rises of 543% and 156%, respectively. At \$46bn Moderna is now worth more than Biogen, which fell 30% as enthusiasm over aducanumab, savaged in a November adcom, ebbed away.

Company-specific analyses reveal a few other 2020 trends. Genfit and Intercept's respective 76% and 80% declines show the bursting of the Nash bubble. And [gene therapy toxicities](#) moved centre stage, seeing the likes of Voyager and Uniqure end 2020 48% and 51% smaller respectively.

Among positive 2020 turnaround stories, TG Therapeutics celebrated a 549% surge, beating even the resurgent shareholder enthusiasm for Crispr stocks like Intellia, up 348%, Crispr Therapeutics (+224%) and Editas (+188%).

That last trend was driven by Crispr's Ash plenary, and Ash data also spurred a rally in companies developing NK cell therapeutics: Fate and Nantkwest ended 2020 436% and 288% bigger respectively.

This brings up a potential concern in the event of a market pullback: Crispr's data came in just 10 patients, while Fate's was a case report in just a single study subject. With investors increasingly willing to buy on tiny datasets a key question for 2021 will be what is now baked into some of the biggest market cap gainers.