

## Global pharma stocks struggle in the third quarter



Amy Brown

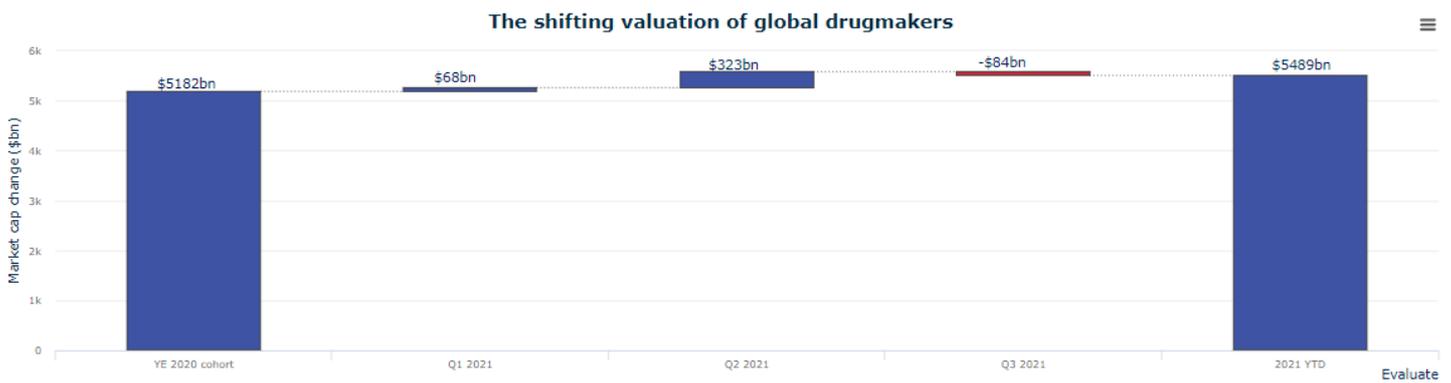


### A strong performance from a handful of large drug developers could not rescue the sector from a weak three months on the stock market.

The pandemic tide that once lifted all biopharma boats is out. For the first time since the Covid-19 outbreak caused world stock markets to tumble [in the opening months of 2020](#), the *Evaluate Pharma* universe of global drug makers has registered a quarterly decline.

This group of around 700 companies lost \$84bn of combined market cap in the third quarter, according to *Evaluate Vantage's* analysis. True, the universe is still worth more than at the start of 2021, thanks to a buoyant first half. But any growth is coming from a relatively small group of developers, which rarely bodes well for investors.

Outsized contributors include those that have successfully brought Covid-19 treatments or vaccines to market. Moderna's remarkable - [some say ridiculous](#) - valuation continues to be the standout story. The mRNA researcher added another \$61bn to its market cap in the third quarter, alongside a 64% share price jump, the biggest climb in valuation of any developer in the period by a very long way.



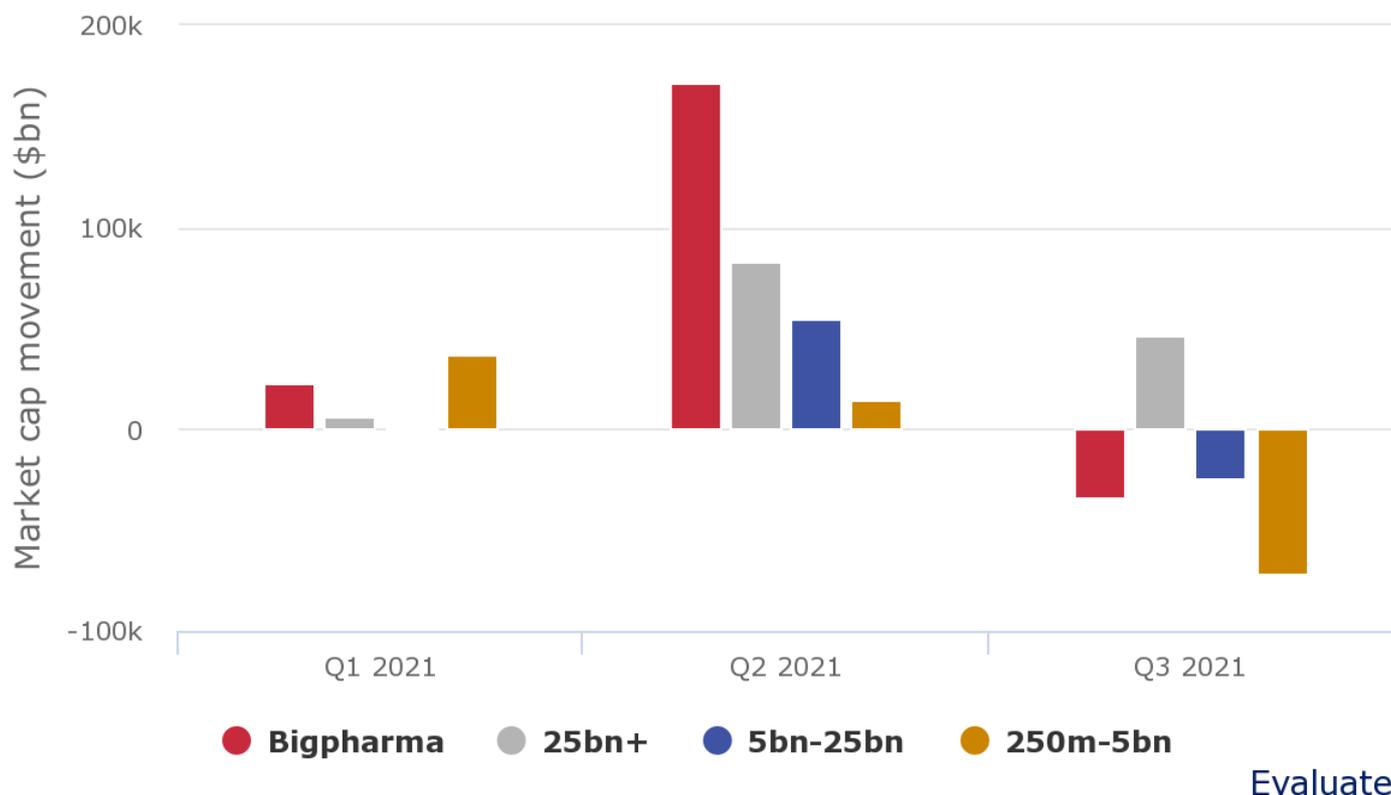
Moderna's advance, plus gains from Novo Nordisk and Daiichi Sankyo, meant that the \$25bn-plus market cap group was the only cohort to post positive growth in the third quarter. The Danish developer was rewarded for

a very strong launch of its new obesity treatment, while the Japanese firm was [lifted by impressive data on Enhertu](#), an antibody-drug conjugate partnered with AstraZeneca.

The results on the cancer drug lifted Astra at the time, but over the third quarter the company's shares were flat; the UK pharma giant remains one of the best performers of this group year to date. Of the 11 big pharma names only Pfizer advanced last quarter, with shares rising 10% as [expectations for sales of its Covid-19 vaccine this year climbed once again](#).

This analysis is constructed from pure-play drug developers in the *Evaluate Pharma* database. Those with a market capitalisation of more than \$250m at the start of the year are split into the cohorts described in the charts below, and their performance tracked over the year.

## Absolute market cap gains and losses, by size bracket



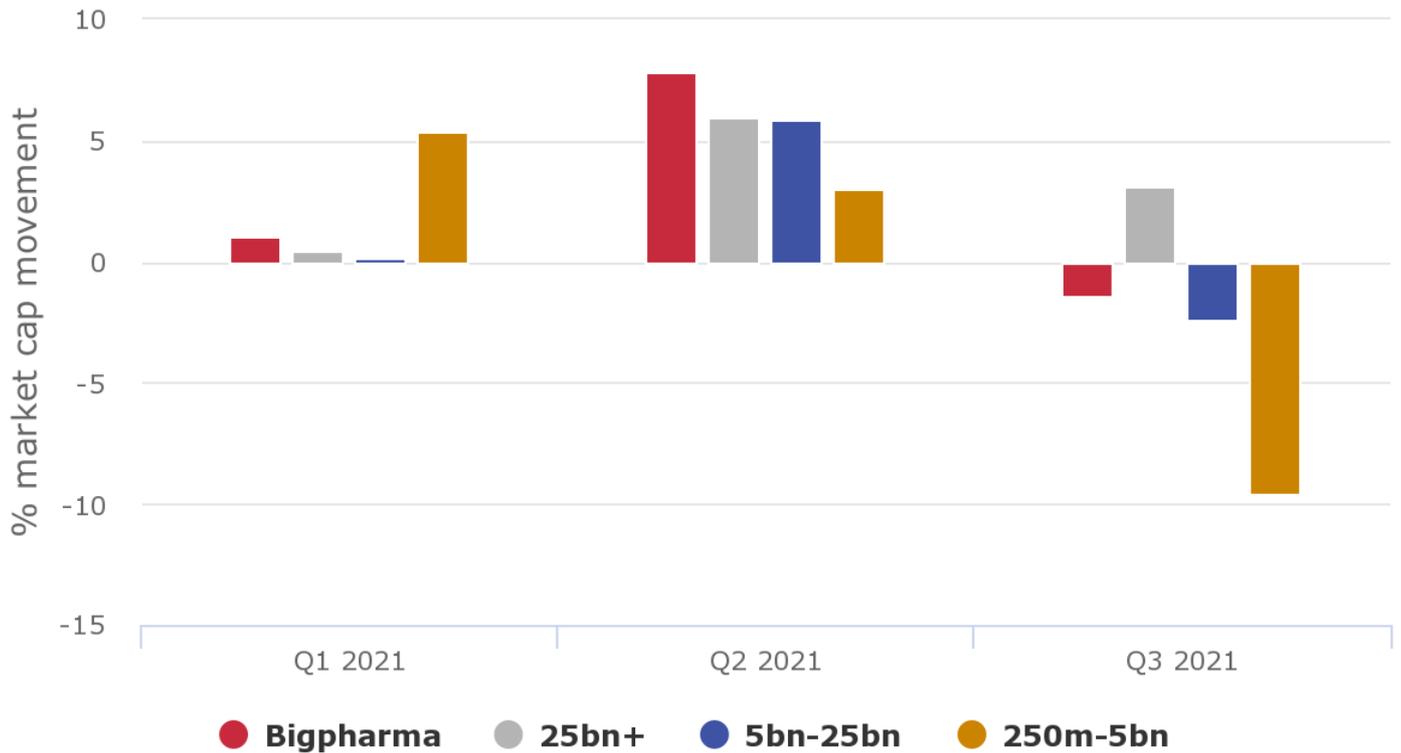
The much larger mid and small-cap groups were most heavily punished, however. It seems pretty clear that investors demand clear evidence of progress in return for their support right now.

Of the 80-strong midcap group, almost three quarters posted third-quarter declines. Strong performances from the likes of Biontech – Pfizer's partner on the Covid-19 vaccine – Shionogi and Horizon could not outweigh broader losses elsewhere. Eisai, Zai Lab and [Curevac were the big fallers](#).

But small caps were the least loved. Almost two thirds of this cohort ended the quarter down. Clinical blowups and setbacks from the likes of [Apellis](#), [Seres](#), [Fibrogen](#) and [Protagonist](#) weighed heavily.

A dearth of M&A at this end of the market is not helping sentiment. As biopharma heads into the fourth quarter it will take a lot for the year to end with a bang rather than the whimper that seems to be taking shape.

# Percentage market cap gains and losses, by size bracket



Evaluate

[More from Evaluate Vantage](#)

Evaluate HQ  
[44-\(0\)20-7377-0800](tel:44-020-7377-0800)

Evaluate Americas  
[+1-617-573-9450](tel:+1-617-573-9450)

Evaluate APAC  
[+81-\(0\)80-1164-4754](tel:+81-080-1164-4754)

© Copyright 2022 Evaluate Ltd.