

First-quarter biotech risers work hard for the win



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Amid a difficult start to the year for the drug development sector, Abbvie, Bayer, Ipsen and Lantheus stand out as stock market gainers.

Outside the safe haven world of big pharma the opening months of 2022 proved a torrid time for biopharma stocks. The declines of last year deepened as investors remained disinclined to back high-risk drug development, leaving the vast majority of the sector in the red.

All of which makes the gains that were achieved in the first quarter all the more notable. Top marks go to Lantheus in the small caps and Ipsen in the mid caps, both of which put on impressive valuation gains. Meanwhile, among the long list of decliners the exit from Covid stocks gathered pace.

This analysis was constructed from the almost 700 listed, global biopharma companies covered by *Evaluate Pharma* that were worth at least \$250m at the start of 2022. These stocks will be tracked by *Evaluate Vantage* over the year - an analysis looking at the performance of four cohorts, grouped by market cap, was published yesterday ([Outside of big pharma, life remains tough for listed developers](#), April 19, 2022).

A look at the biggest winners of the quarter reveals moderate moves, with none of the flashy market caps gains of previous years. In a stark statistic, by the end of March almost three-quarters of the stocks in this universe were trading down.

Big pharma benefitted from the market's flight from risk, with only two groups falling over the three months. Abbvie's gain is still notable, however - the stock went on to hit a record high in April, driven in part by hopes for Rinvoq after the drug's approval in ulcerative colitis.

Biopharma's biggest stock market winners in Q1 2022

Company	Q1 share price change	Q1 market cap change (\$bn)	Market cap at March 30, 2022 (\$bn)
Big pharma			
Abbvie	20%	47.1	286.5
Bristol Myers Squibb	17%	18.3	156.7
Astrazeneca	14%	23.5	203.9
Large cap (\$25bn+ market cap)			
Bayer	31%	14.5	67.4
Vertex	19%	9.8	65.7
Takeda	12%	1.4	44.9
Mid cap (\$5-25bn market cap)			
Ipsen	41%	3.0	10.8
Exelixis	24%	1.5	7.2
Jazz Pharmaceuticals	22%	1.8	9.6
Small cap (\$250m-5bn market cap)			
Lantheus Holdings	91%	1.81	3.77
Biodelivery Sciences	80%	0.27	0.58
Ascleptis Pharma	58%	0.26	0.73

Source: Evaluate Pharma. Companies were assigned these groups based on year end 2021 market caps, and will remain in the same group for the remainder of the year.

Other larger, profitable biopharma groups like Bayer, Vertex and Ipsen will also have benefitted from offering something of a safe haven. And for investors that want to maintain a lower-risk exposure to biotech, companies like Exelixis and Jazz, which have successfully ushered products on to the market, will have been more appealing than earlier-stage developers.

Among the small caps, Lantheus's impressive gains stem from a hugely improved financial performance, partly thanks to its [acquisition of Progenics](#). Biodelivery Sciences is being taken private by speciality pharma group Collegium, while hopes for a novel Covid antiviral boosted Chinese biotech Ascleptis.

On the way down

Several Chinese companies also feature in the fallers, knocked by fears of tightening audit rules proposed by the US regulator. Beigene and Hutchmed are both on [the SEC's non-compliance list](#), although the situation looks likely to be resolved.

Fellow Chinese biotech Innovent fell after its Lilly-partnered anti-PD-1 checkpoint inhibitor, Tyvyt, was [turned down by the FDA](#).

One pattern that looks likely to persist this year is pressure on the big Covid vaccine suppliers; these groups could see further declines on growing doubts about future demand. And of course the ever-present biotech trend – clinical failure – will always be on show.

Kodiak is trading well below cash in the wake of its [macular degeneration disaster](#); Proqr is looking similarly doomed after its [failure with a gene therapy](#) for a rare cause of blindness; and finally MEI is being [punished for pushing on with PI3K inhibition](#), a cancer mechanism associated with toxicity and weak efficacy and on which the FDA has clearly heard enough.

Biopharma's biggest stock market losers in Q1 2022

Company	Q1 share price change	Q1 market cap change (\$bn)	Market cap at March 30, 2022 (\$bn)
Big pharma			
Pfizer	-12%	-33.6	297.9
Roche	-3%	-9.2	350.9
Novartis	0%	0.3	195.9
Large cap (\$25bn+ market cap)			
Biontech	-34%	-21.2	41.4
Moderna	-32%	-33.6	69.4
Beigene	-30%	-8.4	19.3
Mid cap (\$5-25bn market cap)			
Novavax	-49%	-5.2	5.6
Hutchmed	-46%	-2.8	3.3
Innovent Biologics	-44%	-4.0	5.1
Small cap (\$250m-5bn market cap)			
Kodiak Sciences	-91%	-3.98	0.40
Proqr Therapeutics	-88%	-0.33	0.06
MEI Pharma	-77%	-0.22	0.08

Source: Evaluate Pharma. Companies were assigned these groups based on year end 2021 market caps, and will remain in the same group for the remainder of the year.

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