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## Human Genome, OncoGenex stand out small caps so far in 2009



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As is typical of this high risk, high reward industry, the share price performance of many of the industry's smaller drug developers so far this year could certainly be described as a rollercoaster ride.

Although individual factors play a much greater role at the smaller end of the sector this *EP Vantage* analysis, of share price performance across the first nine months of 2009, reveals certain themes. Generic companies feature heavily in the gainers, mirroring the larger caps, whilst those involved in the influenza field have also made their entry. Notable standouts include Human Genome Sciences, which has seen its market value surge to more than \$3bn from \$288m at the beginning of the year, and OncoGenex, which has seen its share price rocket 1,100% in just the last nine months (see tables below).

The lists below have a few notable exceptions which should probably be mentioned. From the small caps, Medarex has gone, following the takeout by Bristol-Myers Squibb.

### Small cap analysis

Small cap (\$250m-\$2.5bn) pharma companies: top risers and fallers in 9M 2009							
Rank	Top 5 Risers	Share price (local currency)			Market capitalisation (\$m)		EP Vantage comment and analysis
		31-Dec-08	30-Sep-09	% change	YE 2008	2009 (latest)	
1	Human Genome Sciences (\$)	2.12	18.82	788%	288	3,063	<a href="#">Positive Benlysta data leaves Human Genome with new bulls</a>
2	Dendreon (\$)	4.58	27.99	511%	438	3,240	<a href="#">The Dendreon rollercoaster continues</a>
3	MannKind (\$)	3.43	9.85	187%	350	1,094	<a href="#">Expectation sky-high for Mannkind to deliver blockbuster deal</a>
4	Savient Pharmaceuticals (\$)	5.79	15.20	163%	316	937	<a href="#">Savient's gout drug faces final hurdle backed by strong endorsement</a>
5	Salix Pharmaceuticals (\$)	8.83	21.26	141%	425	1,038	<a href="#">Salix's surprise IBS data fuels shares</a>
	<b>Top 5 Fallers</b>						
1	BioMS Medical (C\$)	3.50	0.33	(91%)	258	27	<a href="#">No happy ever after for BioMS</a>
2	Osiris Therapeutics (\$)	19.16	6.66	(65%)	626	218	<a href="#">Osiris left clinging to a niche after Prochymal failure</a>
3	Progenics Pharmaceuticals (\$)	10.31	5.24	(49%)	316	165	<a href="#">Progenics needs the tide to turn on Relistor</a>
4	Idenix Pharmaceuticals (\$)	5.79	3.09	(47%)	327	205	<a href="#">EventAnalyzer: Weekly Market Movers</a>
5	Questcor Pharmaceuticals (\$)	9.31	5.52	(41%)	614	354	<a href="#">EventAnalyzer: Weekly Market Movers</a>

Amongst both the micro cap gainers, Aurobindo, Protalix, Torrent and Ipca are all active in the generics space. The Indian firms in particular have probably benefitted from bid speculation, as many commentators believe western firms' appetite for this field has yet to be sated.

Micro cap (\$100m-\$250m) pharma companies: top risers and fallers in 9M 2009							
Rank	Top 5 Risers	Share price (local currency)			Market capitalisation (\$m)		EP Vantage comment and analysis
		31-Dec-08	30-Sep-09	% change	YE 2008	2009 (latest)	
1	Aurobindo Pharma (Rs)	167.80	779.10	364%	186	865	<a href="#">EventAnalyzer: Weekly Market Movers</a>
2	Protalix BioTherapeutics (\$)	1.84	8.26	349%	139	633	<a href="#">Event - Protalix to add further data to the Gaucher's story</a>
3	Torrent Pharmaceuticals (Rs)	72.05	315.20	337%	119	551	
4	Immunomedics (\$)	1.70	5.52	225%	128	415	<a href="#">EventAnalyzer: Weekly Market Movers</a>
5	Ipca Laboratories (Rs)	366.55	799.55	118%	191	416	
	<b>Top 5 Fallers</b>						
1	Repros Therapeutics (\$)	10.52	0.90	(91%)	160	15	<a href="#">EventAnalyzer: Weekly Market Movers</a>
2	Synta Pharmaceuticals (\$)	6.12	3.10	(49%)	208	105	<a href="#">Glaxo's decision leaves Synta with few options</a>
3	Array BioPharma (\$)	4.05	2.38	(41%)	193	115	<a href="#">EventAnalyzer: Daily Market Movers</a>
4	Akorn (\$)	2.30	1.37	(40%)	207	124	
5	Celldex Therapeutics (\$)	7.92	5.49	(31%)	125	87	

### Nano cap analysis

From the nanocaps, any company with a market cap below \$25m at the end of 2008 is excluded, in an attempt to weed out some highly volatile and illiquid stocks, often trading on thinly regulated exchanges, that can swing wildly for no apparent reason. However, this has excluded a number of stocks that deserve mentioning.

Firstly, and most famously, Vanda Pharmaceuticals, which has benefitted from the surprise approval of schizophrenia drug Fanapt in May ([Vanda shares rocket after surprise Fanapt approval May 7, 2009](#)). Although the company is still searching for a partner, the stock has risen 2,200% so far this year, giving the company a market value of \$306m.

Tiny partner Titan Pharmaceuticals, which will receive royalties on sales, has notched up gains of a ridiculous sounding 6,800%, giving the group a market value of \$80m.

Norway's Algeta should also start making the grade next year, following an \$800m licensing deal with Bayer over its novel alpha radiation product alpharadin in September ([Algeta aiming for transformation with Bayer deal, September 3, 2009](#)). The group's market value has risen from \$19m at the beginning of the year to \$366m currently.

Transcept Pharmaceuticals is another company that will soon qualify for admission, having gained a market listing by buying Novacea in April. Since then its market value has more than tripled to \$180m following a well received deal with Purdue Pharma ([Transcept rolling in cash after Purdue deal with more on the horizon, August 4, 2009](#)).

Nano cap (\$25m-\$100m) pharma companies: top risers and fallers in 9M 2009							
Rank	Top 5 Risers	Share price (local currency)			Market capitalisation (\$m)		EP Vantage comment and analysis
		31-Dec-08	30-Sep-09	% change	YE 2008	2009 (latest)	
1	OncoGenex Pharmaceuticals (\$)	3.00	36.00	1,100%	33	217	<a href="#">ASCO EventAnalyzer - 2009's winners and losers</a>
2	Cell Therapeutics (\$)	0.14	1.23	779%	26	689	
3	Biota (AUS\$)	0.34	2.73	715%	47	384	<a href="#">EP Vantage Interview - Biota surfing the Relenza wave</a>
4	Sosei (¥)	30,750	186,900	508%	38	234	
5	BioCryst Pharmaceuticals (\$)	1.37	8.24	501%	52	317	<a href="#">BioCryst surges on hopes for intravenous anti-viral</a>
	<b>Top 5 Fallers</b>						
1	La Jolla Pharmaceutical (\$)	0.58	0.21	(63%)	32	14	<a href="#">La Jolla drug failure leaves few options</a>
2	Cortex Pharmaceuticals (\$)	0.57	0.21	(63%)	27	12	
3	Catalyst Pharmaceutical Partners (\$)	1.80	0.84	(53%)	25	12	
4	SkyePharma (£)	1.40	0.89	(37%)	46	35	
5	Immunosyn (\$)	0.18	0.12	(33%)	49	32	<a href="#">Financial woes could deflate Immunosyn</a>