

## Comeback stories drive small cap risers in 2010

*EP Vantage's* review of the best and worst performing small, micro and nano stocks during 2010 highlights some remarkable comeback stories and crushing clinical setbacks. Comeback kid of the year has to be Amarin, a sixfold share price gain driven by earlier than expected and impressive pivotal data on new fish-oil candidate, AMR101.

Pharmasset, Neurocrine Biosciences, Chelsea Therapeutics and Somaxon Pharmaceuticals also witnessed remarkable reversals of fortunes last year, while InterMune managed to finish its rollercoaster ride in 2010 on a high with European approval for idiopathic pulmonary fibrosis (IPF) drug, Esbriet. In contrast, Antisoma, Affymax and Cell Therapeutics all suffered heavily with clinical and regulatory setbacks (see tables below).

### Small cap analysis

Questcor topped the small cap gainers, as it had done all year, as sales of the company's only product, Acthar, for a range of niche indications including infantile spasms, continued to exceed expectations.

InterMune's stock experienced a classic rollercoaster ride last year. A favourable FDA adcom review of Esbriet saw shares gain 160% to \$40, which came crashing back down to just \$12 when the FDA surprisingly rejected the drug soon after. However, the stock surged once more in December when a European expert panel recommended approval, ending the year at just over \$36.

Pharmasset more than doubled its stock price last year, touching record highs of \$49 in early December. A 20% jump in November followed strong phase II data presented at the American Association for the Study of Liver Diseases (AASLD) meeting for Roche-partnered hepatitis C drug, RG7128.

Wockhardt was buoyed by wider gains on the Indian stock market, while SIGA Technologies scored a major victory in October with the award of a US Department of Health and Human Services contract, worth potentially \$2.8bn, to stockpile its antiviral smallpox product, ST-246.

## Small cap (\$250m-\$2.5bn) pharma companies: top risers and fallers in FY 2010

Rank	Top 5 Risers	Share price (local currency)			Market capitalisation (\$m)		EP Vantage comment and analysis
		31-Dec-09	31-Dec-10	% change	YE 2009	YE 2010	
1	Questcor Pharmaceuticals (\$)	4.75	14.73	+210%	293	916	<a href="#">EP Vantage Interview - Questcor fighting Acthar's corner</a>
2	InterMune (\$)	13.04	36.40	+179%	609	2,040	<a href="#">InterMune receives welcome European approval gift for Esbriet</a>
3	Wockhardt (Rs)	138.70	364.70	+163%	326	900	
4	SIGA Technologies (\$)	5.80	14.00	+141%	250	671	<a href="#">Daily Market Movers (13 Oct 2010)</a>
5	Pharmasset (\$)	20.70	43.56	+110%	548	1,483	<a href="#">Pharmasset staging a remarkable recovery on hepatitis C franchise</a>
<b>Top 5 Fallers</b>							
1	Antisoma (£)	0.33	0.06	-81%	307	64	<a href="#">Antisoma rethinks strategy after lung cancer drug fails pivotal trial</a>
2	MolMed (€)	1.73	0.41	-76%	264	119	<a href="#">MolMed investors asked to settle down for long-term growth</a>
3	mondoBIOTECH (SFr)	224.90	55.00	-76%	294	82	
4	Affymax (\$)	24.74	6.65	-73%	591	169	<a href="#">Affymax reeling from Hematide safety scare</a>
5	Cell Therapeutics (\$)	1.14	0.37	-68%	673	298	<a href="#">Testing times for Cell Therapeutics after adcom rejection of Pixuvri</a>

All five small cap fallers took a tumble earlier in the year and therefore feature in prior quarterly analysis ([Steady growth the theme for small cap risers after nine months, October 5, 2010](#)).

### Micro cap analysis

Amarin shares rocketed 60% to a three-and-a-half year high of \$5.74 at the end of November as strong results were reported for fish-oil-based cholesterol pill AMR101. The company awaits data on a second pivotal trial in a statin-treated population, and is looking to secure a commercialisation partner, although Amarin today raised \$100m, suggesting the company could be thinking about going it alone.

Interestingly, fish-oil competitor Pronova BioPharma lost almost half its value in 2010, hurt by partner GlaxoSmithKline cutting back on its inventory of fish-oil drug Lovaza mid-year, Amarin's data, and a generic challenge from Teva ([Glaxo's cash efficiency drive leaves Pronova reeling, June 14, 2010](#)).

Mesoblast made a late surge into the winners enclosure on the back of the biggest licensing deal struck last year, which saw Cephalon take a 20% stake in the Australian biotech and agree to pay up to \$2bn for the successful development of Mesoblast's stem cells.

Shares in Oncolytics made steady progress through the year as expectations rose over positive clinical data and a partnership for oncolytic virus product, Reolysin; the stock touched a five year high of C\$6.96 in December.

## Micro cap (\$100m-\$250m) pharma companies: top risers and fallers in FY 2010

Rank	Top 5 Risers	Share price (local currency)			Market capitalisation (\$m)		EP Vantage comment and analysis
		31-Dec-09	31-Dec-10	% change	YE 2009	YE 2010	
1	Amarin (\$)	1.43	8.20	+473%	141	810	<a href="#">Amarin soars on good news from Marine biologists on AMR101</a>
2	Mesoblast (AUS\$)	1.36	4.67	+243%	190	1,163	<a href="#">Cephalon closes the blast doors for a rocketing stem cell deal</a>
3	Akorn (\$)	1.79	6.07	+239%	162	570	
4	Neurocrine Biosciences (\$)	2.72	7.64	+181%	120	419	<a href="#">Neurocrine wastes no time delivering deal but hurdles remain</a>
5	Oncolytics Biotech (\$)	2.61	6.70	+157%	161	455	
	<b>Top 5 Fallers</b>						
1	Novelos Therapeutics (\$)	2.52	0.03	-99%	176	3	<a href="#">Failure of Novelos' lead drug proves talk is cheap</a>
2	GeoVax Labs (\$)	9.00	1.16	-87%	141	18	
3	Avexa (AUS\$)	0.16	0.04	-75%	124	32	<a href="#">Avexa's partnering problems could be contagious in HIV space</a>
4	Oxygen Biotherapeutics (\$)	5.98	1.92	-68%	128	45	
5	TiGenix (€)	3.80	1.26	-67%	171	55	<a href="#">TiGenix reels from surprise US delay</a>

Of the fallers, the setbacks to Novelos and Avexa have been documented before, while Geovax Labs and Oxygen Biotherapeutics suffered from a lack of catalytic events and rapidly dwindling cash reserves.

TiGenix suffered a major regulatory disappointment when its ChondroCelect cell therapy to repair and regenerate knee cartilage was rejected by the FDA, requesting an additional trial resulting in potentially a five-year delay to approval. The stock lost 67% over the year, and decent European sales figures are needed for any turnaround to happen ([EP Vantage Interview - TiGenix seeking regenerative niche, September 6, 2010](#)).

### Nano cap analysis

International Stem Cells closed the year close to a three-year high, helped by improved sentiment towards stem cell technology and expanded sales of its skin care products. The company recently struck a three-year deal to raise up to \$25m in equity financing from Aspire Capital Fund.

Somaxon won a surprise FDA approval for insomnia drug, Silenor, and signed up P&G as a co-promotion partner, while Chelsea's hypotension drug, Northera, bounced off the ropes with positive phase III data and the FDA's acceptance that further efficacy studies are no longer required, clearing the way for a filing this year; the stock finished the year close to a three-year high.

Positive phase III data for Bioniche's novel bladder cancer candidate, Urocidin, supported by a \$4m milestone from partner Endo Pharmaceuticals, helped shares in the Canadian company recover from record lows at the end of 2009.

Continuing the recovery theme, Inhibitex also staged a comeback last year. Although anti-viral drug FV-100, for the treatment of shingles, failed at the end of the year to meet an ambitious efficacy goal in showing clear superiority over GlaxoSmithKline's Valtrex, some investors clearly see a bright future.

## Nano cap (\$25m-\$100m) pharma companies: top risers and fallers in FY 2010

Rank	Top 5 Risers	Share price (local currency)			Market capitalisation (\$m)		EP Vantage comment and analysis
		31-Dec-09	31-Dec-10	% change	YE 2009	FY 2010	
1	International Stem Cells (\$)	0.53	1.85	+249%	30	138	
2	Somaxon Pharmaceuticals (\$)	1.08	3.15	+192%	27	139	<a href="#">Somaxon seeks to wake up Silenor launch with P&amp;G alarm clock</a>
3	Inhibitex (\$)	0.92	2.60	+183%	57	162	<a href="#">Better not quite good enough for Inhibitex</a>
4	Chelsea Therapeutics (\$)	2.70	7.50	+178%	90	368	<a href="#">Chelsea soars as it gets positive result second time round</a>
5	Bioniche Life Sciences (C\$)	0.56	1.50	+168%	39	135	
<b>Top 5 Fallers</b>							
1	ARYx Therapeutics (\$)	3.21	0.27	-92%	90	9	<a href="#">Broken promises force ARYx to assess strategic options</a>
2	Marshall Edwards (\$)	7.00	0.97	-86%	51	7	
3	Novogen (AUS\$)	0.60	0.12	-80%	52	12	
4	OXIGENE (\$)	1.14	0.23	-79%	72	25	<a href="#">Asco EventAnalyzer - 2010's winners and losers</a>
5	Poniard Pharmaceuticals (\$)	1.83	0.52	-72%	77	25	<a href="#">Poniard's happy talk masks dire future for picoplatin</a>

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