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Asco Event Analyzer – 2014’s winners and losers

Amy Brown

In scientific terms the race between a handful of clinical PD-1/PD-L1 candidates might still be too close to call, but there is no doubt that expectations around them at Asco resulted in by far the greatest market value shifts for corporates. Bristol-Myers Squibb lost an amazing $5.2bn of value, for instance, while Merck & Co’s market cap put on $4.5bn.

That said, it is always the small-cap names that are most exposed, and the resulting percentage swings mean that for short-term traders the most money could be made or lost in the likes of TG Therapeutics, Provectus, NewLink and Clovis (see tables below).

To illustrate the point, *EP Vantage* has compared the share prices of Asco-relevant stocks between market close on May 14, just after which the meeting’s abstracts went live, and June 3, the meeting’s official final day. The stocks are ordered by percentage share price change.

Little to celebrate

Before it even started 2014’s event was labelled as an Asco that was mainly about big pharma, with precious little for small biotechs to shout about. Among the gainers, celebrating small-caps included TG Therapeutics, the top riser, and CytRx.

In poster sessions TG unveiled unexpectedly positive proof-of-concept data with two early-stage projects, TG-1101 and TGR-1202, in haematological cancers, showing reasonable safety profiles and – more importantly – the potential for combination therapy. Some analysts even hailed the possibility of combining TG-1101 with Pharmacyclics’ blockbuster-in-waiting, Imbruvica.

For Cytrx it was the presentation of open-label phase II data in soft tissue sarcomas that helped nudge the stock up; aldoxorubicin showed a doubling of six-month progression-free survival versus doxorubicin. However, CytRx was starting from a low base, its stock having taken a battering this year on corporate disclosure issues.

Top 15 gains - ranked on % change in share price from May 14 to June 3			
	Share price	**Market cap ($m)**	
Company	**% change**	**At close June 3**	**Change**
TG Therapeutics	44%	244	74
Innate Pharma	28%	559	122
Enzo Biochem	27%	193	41
Actinium Pharmaceuticals	22%	311	55
CytRx	22%	232	41
Agenus	18%	195	29
OncoTherapy Science	17%	201	29
Verastem	15%	228	30
Medivation	12%	5,709	613
Merrimack Pharmaceuticals	12%	771	80
Astellas Pharma	9%	29,545	2,196
Regeneron Pharmaceuticals	8%	30,733	2,317
Grupo Zeltia	7%	850	59
Array BioPharma	7%	529	33
Eisai	6%	12,345	704

As ever, the conference drove up some stocks that barely featured in it. Innate Pharma, a particularly hot European oncology small cap, closed a deal during Asco with Enzo Biotech concerning development of antibody-drug conjugates, while Agenus continued to gain traction after its acquisition of 4-Antibody, giving it access to four key follow-on checkpoint targets: LAG-3, TIM-3, GITR and Ox-40.

In market cap terms the biggest positive swings – $4.5bn for Merck and Co and $3.8bn for Roche – do not appear in this analysis as the relative share price moves are too small. However, there is no mistaking the impact of Merck's pembrolizumab data, nor the understated way with which Roche entered Asco, only to make a splash with the revelation of bladder cancer results and US breakthrough designation for MPDL3280A (RG7446).

Regeneron presented data on REGN1400 and nesvacumab, but its $2.3bn rise had more to do with matters outside the conference. Two of the larger names, the Xtandi partners Medivation and Astellas, also had a great Asco, driven by further data from the Prevail study in pre-chemo patients, where Xtandi cut risk of radiographic progression or death by 81% ($p<0.0001$) compared with placebo.

Negative swings

On the flip side, however, there were plenty of negative swings this year. Not only did several companies take a big hit the day after abstracts were released, some, like Bristol, took a second drubbing after presentations at the meeting itself.

In large part this is a sign of just how disconnected from reality expectations have become for some (*Asco – Growing PD-1 uses fail to stem Bristol selloff, June 3, 2014*). This was also the case for some small-cap losers, like NewLink Genetics, which looks like it is being left behind Incyte in developing an IDO inhibitor.

In other cases, falls were directly due to serious shortcomings at Asco. Look no further than an already overheated Puma Biotechnology, seeing a negative read-across from the ALTTO study of Tykerb, and Clovis Oncology, punished hard after failing to mention the full extent of hyperglycaemia in a CO-1686 study until late into a Sunday evening analyst meeting (*Asco – Clovis impresses then disappoints with early lung cancer data, June 2, 2014).*

Top 15 losses - ranked on % change in share price from May 14 to June 3			
	Share price	**Market cap ($m)**	
Company	**% change**	**At close June 3**	**Change**
Provectus Biopharmaceuticals	(76%)	119	(374)
NewLink Genetics	(26%)	528	(188)
Clovis Oncology	(25%)	1,296	(54)
Dainippon Sumitomo Pharma	(24%)	4,417	(1,403)
Puma Biotechnology	(18%)	1,667	(364)
Celldex Therapeutics	(16%)	1,181	(225)
Curis	(15%)	145	(25)
Pharmacyclics	(12%)	6,852	(904)
Dendreon	(10%)	310	(36)
Incyte	(9%)	8,546	(824)
Myriad Genetics	(9%)	2,563	(244)
Synta Pharmaceuticals	(7%)	374	(29)
Bavarian Nordic	(6%)	581	(38)
ImmunoGen	(6%)	959	(63)
Bristol-Myers Squibb	(6%)	81,168	(5,204)

Still, the prize for the Asco dud of 2014 goes to Provectus Pharmaceuticals, though only part of its fall was due to underwhelming data with PV-10 in the intralesional treatment of melanoma. Half the crash can be attributed to the delayed announcement that PV-10 had been denied US breakthrough designation.

Incyte, meanwhile, was hit hard when the abstracts went live, but made a strong comeback during Asco on presenting further data of its IDO inhibitor combined with Yervoy, allaying some safety concerns. Dainippon Sumitomo was a big faller after a phase III colorectal cancer trial of BBI608 – whose design was profiled at Asco – was stopped early for futility.

During the relevant period AstraZeneca also fell hard, by 7% or $7bn in market cap, but this was entirely due to the withdrawal of Pfizer from a takeover bid for the group, which actually had a very positive Asco. How it fares in the coming months will be key as it strives to convince the markets that it was right to reject Pfizer's advances.

After all, given how much of a binary outcome event Asco always is, it is practically inconceivable for there not to be a significant sell-off in the summer immediately following. What is notable is that this year the downward drift started much earlier.

To contact the writers of this story email Jacob Plieth or Amy Brown in London at news@epvantage.com or follow @JacobEPVantage or @AmyEPVantage on Twitter