

## Buoyant small pharma market hides some big losers



[Jonathan Gardner](#)

To hear pharma and biotech commentators tell it, everybody is making money in the biotech bull market. And while by and large the direction of the markets has been upward, there were notable disasters in 2014.

The smaller the company the more susceptible it is to swings due to clinical or regulatory success or failure, of course, and the mid and small-cap winners and losers reflect this (see tables below). M&A hunger has not hurt, as groups like Actelion and Receptos have been mooted as ripe targets.

### Franchising success

Among the mid-cap winners, Vertex Pharmaceuticals and Actelion both benefited from success in building up their franchises this year. The former is looking to expand on its cystic fibrosis play of Kalydeco with VX-809 and the latter by adding Opsumit to its pulmonary hypertension line, with selexipag looking good as another follow-on.

A special nod must go to Lupin and Cipla, which seem to have benefited from the Indian generics sectors' focus on regulatory compliance with increases of 57% and 56% respectively. The Thomson Reuters India Healthcare index rose by 51% overall.

### Mid cap (\$5-25bn) pharma companies: top risers and fallers in 12 months

	Share price (local currency)		Change	Market capitalisation (\$bn)		EP Vantage comment and analysis
	YE 2013	YE 2014		YE 2014	12M change	
<b>Top 5 risers</b>						
Vertex Pharmaceuticals	\$74.30	\$112.31	60%	28.6	11.2	<a href="#">Traffic Transports Vertex back onto the right track</a>
Lupin	Rs908.60	Rs1427.55	57%	10.5	3.8	
Cipla	Rs400.55	Rs625.80	56%	8.2	3.0	<a href="#">Daily Market Movers (12 Sep 2014)</a>
Actelion	CHF75.35	CHF115.30	53%	13.8	3.8	<a href="#">Selexipag hit puts Actelion back on the buyout radar</a>
Aspen Pharmacare	ZAR26,872	ZAR40,600	51%	16.8	4.4	
<b>Top 5 fallers</b>						
Areva	€19.00	€9.12	(52%)	4.4	(5.5)	<a href="#">Daily Market Movers (1 Aug 2014)</a>
Sumitomo Dainippon Pharma	¥1,645	¥1171	(29%)	4.3	(2.4)	<a href="#">Daily Market Movers (26 May 2014)</a>
Daiichi Sankyo	¥1,923	¥1688	(12%)	11.1	(2.9)	
Galenica	CHF898	CHF792	(12%)	5.4	(1.1)	<a href="#">Daily Market Movers (12 Aug 2014)</a>
Grifols	€34.77	€33.12	(5%)	8.9	(1.2)	<a href="#">Daily Market Movers (31 July 2014)</a>

In the fallers, Sumitomo Dainippon Pharma and Daiichi Sankyo have struggled to show how they will be able to thrive beyond the loss of market exclusivity of several mainstay products, with the latter potentially benefiting from an upcoming FDA decision on edoxaban.

Galenica has underperformed in part because of the economics of its partnership with Fresenius Medical Care on Velphoro and other nephrology products. Grifols, meanwhile, disappointed investors with weak earnings and a guidance downgrade.

### Big swings

In the peer group of small cap companies bigger than \$250m, M&A and the promise of more to come, along with clinical performance and regulatory setbacks, have defined the big share movements.

## Small cap (\$250m-5bn) pharma companies: top risers and fallers in 12 months

	Share price (local currency)		Change	Market capitalisation (\$m)		EP Vantage comment and analysis
	YE 2013	YE 2014		YE 2014	12M change	
<b>Top 5 risers</b>						
Avanir Pharmaceuticals	\$3.36	\$16.95	404%	3,284	2,773	<a href="#">Avanir's Alzheimer's data prompt unchecked outburst of investor enthusiasm</a>
Agios Pharmaceuticals	\$23.95	\$112.04	368%	4,104	3,357	<a href="#">ASH - Recent biotech floaters show their worth</a>
Bluebird bio	\$20.98	\$91.72	337%	2,876	2,377	<a href="#">Bluebird sings sweet music to the ears of investors</a>
Receptos	\$28.99	\$122.51	323%	3,793	3,261	<a href="#">Receptos might not fly solo for much longer</a>
Genfit	€8.92	€37.68	322%	1,144	894	<a href="#">Daily Market Movers (18 Feb 2014)</a>
<b>Top 5 fallers</b>						
Exelixis	\$6.13	1.44	(77%)	281	(848)	<a href="#">Exelixis wiped out after Comet-1 crash lands</a>
Kamada	\$14.87	3.80	(74%)	137	(398)	<a href="#">Daily Market Movers (16 May 2014)</a>
Prana Biotechnology	AUS\$0.77	AUS\$0.20	(74%)	86	(219)	<a href="#">Weekly Market Movers (to 4 Apr 2014)</a>
Active Biotech	SKr69.50	SKr18.80	(73%)	194	(618)	<a href="#">With EU knockback laquinimod's irrelevance is all but assured</a>
Aegerion Pharmaceuticals	\$70.96	\$20.94	(70%)	595	(1,480)	<a href="#">Daily Market Movers (31 Oct 2014)</a>

On the up side was Avanir, which was targeted by Otsuka for a surprising sum; Agios reported positive data from its Celgene partnered blood-cancer project; Bluebird Bio benefited from the progress of its gene therapy assets; and Receptos was in the mix in spite of three follow-on financings this year as a result of data from its work in autoimmune disease.

Losing out were companies like Exelixis and Kamada, which tumbled after trials missed expectations. Aegerion Pharmaceuticals saw analysts downgrade forecasts for Juxtapid, and then followed up on this disappointment by a perplexing product acquisition; and Active Biotech has experienced yet more trouble for laquinimod.

### And the rest

Santhera Pharmaceuticals' year-end valuation of more than \$400m belies its incredibly modest start as one of the smallest of the small. With the surprise success of the Swiss group's idebenone, shares rocketed more than 2,000% on the year. Nowhere close to that, but still thriving, was the French company Adocia, which has been strengthened with success for its ultra-fast-acting insulin and a reinvigorated partnership with Lilly.

## <\$250m pharma companies: top risers and fallers in 12 months

	Share price (local currency)			Market capitalisation (\$m)		EP Vantage comment and analysis
	YE 2013	YE 2014	Change	YE 2014	12M change	
<b>Top 5 risers</b>						
Santhera Pharmaceuticals	CHF3.72	CHF85.05	2186%	444	428	<a href="#">As Duchenne winds change, PTC and Santhera score surprise wins</a>
Adocia	€ 5.96	€ 48.25	710%	380	330	<a href="#">\$50m gift entices Adocia to take Lilly back</a>
Collectis	€ 2.30	€ 12.23	432%	432	368	<a href="#">Pfizer partners with Collectis, but why not buy the company?</a>
Clinuvel Pharmaceuticals	AUS\$0.95	AUS\$4.20	342%	157	122	<a href="#">Daily Market Movers (3 Nov 2014)</a>
DBV Technologies	€ 10.86	€ 43.98	305%	1,066	843	<a href="#">DBV hopes US investors will go nuts for \$96m fund raising</a>
<b>Top 5 fallers</b>						
QRxPharma	AUS\$0.745	0.021	(97%)	3.03	(113)	<a href="#">Daily Market Movers (23 Apr 2014)</a>
Nymox Pharmaceutical	\$6.07	\$0.40	(93%)	14.33	(195)	<a href="#">Daily Market Movers (3 Nov 2014)</a>
Cytos Biotechnology	CHF3.05	CHF0.23	(92%)	7.37	(96)	<a href="#">Cytos bows out as asthma drug bombs</a>
Sophiris Bio	C\$4.52	C\$0.54	(88%)	8.11	(62)	<a href="#">Sophiris proves its doubters correct</a>
Cyclacel Pharmaceuticals	\$4.02	\$0.70	(83%)	16.08	(59)	<a href="#">Cyclacel and Neovacs enter the graveyard shift</a>

Collectis thrived last year with investors' interest for all things CAR-T related; Clinuvel Pharmaceuticals at long last got support from regulators in the form of EU approval for its erythropoietic protoporphyria drug Scenese, and also saw shares rise with an abortive M&A bid; and DBV Technologies benefited from positive data for its nut allergy immunotherapy.

The losers in this peer group have plunged to insignificant valuations. QRxPharma saw the FDA send its opioid back for more work. Nymox Pharmaceutical and Sophiris Bio both failed with projects to treat enlarged prostates; Cyclacel saw its entire pipeline downgraded as a result of the failure of sapacitabine, and Cytos Biotechnology decided to go out of business after its asthma vaccine CYT003 failed in phase II.

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