

14 Jan 2021 |

# J.P. Morgan, Without The Parties, Reveals An Industry Ready To Get Down To Business

by [Jessica Merrill](#)

The virtual J.P. Morgan Healthcare meeting was missing the usual energy but still had substance.

There were no cocktail parties, no fine dinners, no hundred-dollar coffee meet-ups at the Marriott. It was J.P. Morgan like it has never been before, robbed of all of the glitz usually associated with the pharmaceutical industry's biggest annual business meeting. Held virtually this year from 11-14 January because of COVID-19, the J.P. Morgan Healthcare Conference was less dynamic than usual, but industry leaders say it was still productive.

"The face-to-face meetings and the spirit of J.P. Morgan is missing in a way, but with the virtual set up there can be many more team members if you want to bring them in," [Novartis AG](#) Oncology president Susanne Schaffert told *Scrip*.

"It's very similar to other years. It's horrendously busy," [Genmab A/S](#) CEO Jan van de Winkle said, though he said the meeting was missing the usual excitement. "I think you miss some of the dynamic enthusiasm that you always get automatically when you are working in either the sun or the rain in San Francisco and [taking] the same elevators as other executives and investors."

"It's remarkably effective to liaise with the people you want to interact with via video screens, but it's not so much fun," he summed up.

Entrepreneur, investor and current [Arrakis Therapeutics](#) CEO Michael Gilman tweeted that the virtual meeting

For News From The Conference...

[J.P. Morgan Day 4: Setting Goals For The Year Ahead](#)

was "way more efficient" than in-person and he had three to four times as many meetings. "In general, I'm thumbs-up on virtual JPM," he said.

The general attitude seemed to be that it was nice to take a break from the usual hassles and costs associated with traveling to San Francisco for the meeting, but a return to the Westin St. Francis will be welcome if it is an option next year.

[\*J.P. Morgan Day 3: Preparing For The Future, Whatever That Holds\*](#)

[\*J.P. Morgan Day 2: Pharma Offers \(Some\) Views On Drug Pricing Reform\*](#)

[\*J.P. Morgan Day 1: Companies Make Deal-Making, COVID-19 Promises\*](#)

All-in-all, the annual meeting, with none of the social events surrounding it, revealed the industry at its core, ready to focus on business fundamentals and scientific breakthroughs as the world is hopefully able to turn a corner on the pandemic in 2021. Big pharma appears on solid footing in the near term, with the resources to focus on advancing pipeline drugs and business development before the next wave of big patent expirations starting with [\*AbbVie Inc.\*](#)'s Humira (adalimumab) in the US in 2023.

## A Tailwind From COVID-19

Companies that are delivering on vaccines and treatments for COVID-19 are poised to receive an unexpected windfall from the pandemic. [\*Pfizer Inc.\*](#), [\*Moderna, Inc.\*](#), [\*Gilead Sciences, Inc.\*](#), [\*Eli Lilly and Company.\*](#), [\*Regeneron Pharmaceuticals, Inc.\*](#) and perhaps [\*Johnson & Johnson\*](#) and [\*AstraZeneca PLC\*](#) will see blockbuster level revenues added to their top line.

Moderna, for example, provided investors with an update on its financial position as the company transitions from clinical stage to commercial following the launch of its COVID-19 vaccine mRNA-1273. (Also see "[\*A Commercial-Stage Moderna Debuts At J.P. Morgan\*](#)" - Scrip, 11 Jan, 2021.) The company said it has signed advance purchase agreements with governments valued at \$11.7bn in fiscal 2021, of which it has already received \$2.8bn. With the addition of those deposits, the company ended 2020 with \$5.25bn in cash and equivalents, compared with \$1.26bn in 2019.

Pfizer CEO Albert Bourla said the company will provide guidance – including for its COVID-19 vaccine – in its fourth quarter financial report, scheduled for 2 February. He did say Pfizer will report COVID-19 vaccine revenues separately for the base business and he revealed an anticipated positive impact on earnings per share, which he said will total around \$3.00 to \$3.10 per share in 2021, above analyst expectations.

Gilead updated its financial forecast for 2020 to include Veklury (remdesivir), its treatment for

hospitalized COVID-19, which is expected to generate around \$2.8bn in sales for the year. Veklury sales may moderate in 2021 as vaccines are rolled out but, for now, the pandemic is continuing to rage in the US and around the world.

Lilly, which already previewed its financial guidance in December, is predicting its COVID-19 antibodies could generate \$1bn to \$2bn in revenue in 2021.

It's not clear how long the financial gain from these products will last, given the course of the pandemic and potential length of immunity following vaccination or infection. Pfizer Biopharmaceuticals president Angela Hwang said she is confident the business will be durable, given what could be the need for a regular vaccination strategy to fight COVID-19 and what is expected to be a changing virus.

### **Bolt-Ons Remain The Name Of The BD Game**

Industry leaders say they expect to be active on the business development front in 2021, though the focus remains largely on bolt-on deals rather than transformative M&A. While 2020 was a solid year for business development, it appears some deal-making was put off because of the pandemic, which could make 2021 a particularly strong year for deals. (Also see "[The Pandemic Hurt, But EY Expects More Biopharma Deal-Making In 2021](#)" - Scrip, 11 Jan, 2021.)

[Amgen, Inc.](#) is one company that has been under pressure to execute deals that may make up the gap in lost revenues of some drugs due to biosimilar and generic competition. CEO Robert Bradway said the company has a strong balance sheet to do a variety of different-sized deals. (Also see "[J.P. Morgan Day 1: Companies Make Deal-Making, COVID-19 Promises](#)" - Scrip, 11 Jan, 2021.) The company committed \$19bn to invest externally in 2019, he reminded investors, though it spent \$13.4bn to acquire Otezla (apremilast) from [Bristol Myers Squibb Company](#).

[Merck & Co., Inc.](#) CEO Ken Frazier suggested the company will remain active in business development to diversify its portfolio outside of Keytruda (pembrolizumab). "We have the firepower to do business development and we realize, particularly given the concerns that people have over the Keytruda loss of exclusivity, it's really important to complement the work that's being done internally with the best external science and we intend to do that," he said.

Novartis CEO Vas Narasimhan said the company is taking an "opportunistic view" about bolt-on acquisitions and M&A. "We believe we have the assets and R&D capabilities in-house to drive our growth agenda and now much more are focused on acquisitions of technologies, of earlier-stage companies, of a broad in-licensing efforts across a range of different therapeutic areas," he said.

Pfizer's Bourla reaffirmed his business development strategy – that the company is shopping for Phase II/Phase III-ready assets that could become medicines in the 2023-2027 timeline. Some

investors have speculated if Pfizer might try to buy its COVID-19 vaccine development partner BioNTech given the validated success of the pipeline. When asked if the company would expand its work in mRNA, Bourla responded, "I think it's a must."

With agendas like that, it's likely next year's J.P. Morgan will be a chance to check in on progress with acquisitions and integrations and weigh in on business development strategies – business as usual. And should it be in-person once again, it will be because of the efforts of the biopharmaceutical industry to put an end to the pandemic – and that will be truly something to celebrate.