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Obesity Rules Large-Cap Stocks In First Half Of 2024

by Jessica Merrill

Lilly and Novo Nordisk were top performers among large-cap pharma stocks, while the stock prices of Bristol Myers and Gilead declined the most.

[Eli Lilly and Company](#) and [Novo Nordisk A/S](#) were the highest performers on the stock market among large-cap pharmaceutical manufacturers in the first half of 2024, powered by continued enthusiasm for obesity medicines. Investor interest in the booming area of drug development shows no signs of abating as demand for Lilly's Mounjaro/Zepbound (tirzepatide) and Novo's Ozempic/Wegovy (semaglutide) continues to outpace supply.

Lilly's stock price grew 56% in the first half of the year to close on 28 June at \$905.38, making it the highest-performing stock among 28 large-cap pharmaceutical manufacturers (those with a market cap of \$30bn or more), according to Evaluate Pharma. Novo Nordisk's stock gained 44% to close at DKK1,005.60 (\$146.57) on 28 June, making it the second highest-growing name.

Uptake of Mounjaro for type 2 diabetes, Zepbound for obesity, Ozempic for diabetes and Wegovy for obesity has been astounding and both Lilly and Novo appear poised to dominate the market for the foreseeable future with next-generation drugs also in development.

Key Takeaways

- Lilly's stock price grew 56% in the first half of the year, making it the highest-performing stock among 28 large-cap pharmaceutical manufacturers.
- Other top performers included smaller names by revenue: Daiichi Sankyo (+37%), Alnylam Pharmaceuticals (+28%), Regeneron (+20%) and Moderna (+19%).
- Nine of 28 large-cap pharmas experienced flat to declining stock prices, with Bristol Myers Squibb being the biggest loser.

Investors will be closely tracking second quarter sales performance for the products to monitor how Lilly's launch of Zepbound late last year is impacting the market. There is clearly room for multiple products on the market, however, as the limiting factor for now remains capacity and both companies are racing to build out manufacturing.

Novo Nordisk and Lilly are scheduled to report second quarter financial results back-to-back on the 7 and 8 of August, respectively. Lilly reported \$517m in sales of Zepbound and \$1.8bn in sales of Mounjaro in the first quarter, while Novo Nordisk reported DKK27.8bn (\$4.06bn) in Ozempic sales and DKK9.4bn (\$1.37bn) in sales of Wegovy. (Also see "[Lilly Mounjaro, Zepbound Supply Issues Persist Amid Strong Growth](#)" - Scrip, 30 Apr, 2024.) and (Also see "[Competition Forces Price Cuts, But Novo Nordisk Is Unstoppable](#)" - Scrip, 2 May, 2024.)

Smaller Standouts

While investor enthusiasm for the two market leaders in obesity continued through the first half of the year, other large pharmaceutical names also attracted investor interest. Some of the top performers by share price growth are smaller players by revenue, including [Daiichi Sankyo Co., Ltd.](#) (+37%), [Alnylam Pharmaceuticals Inc.](#) (+28%), [Regeneron Pharmaceuticals, Inc.](#) (+20%) and [Moderna, Inc.](#) (+19%). (See table.)

All four companies have been building momentum in the first half of the year, fueled by compelling R&D stories. Daiichi Sankyo, for example, is at the forefront of the race to develop antibody-drug conjugates (ADCs) for cancer, one of the hottest areas of cancer drug development, and has two big deals in place with [AstraZeneca PLC](#) and [Merck & Co., Inc.](#), each spanning multiple products, plus its own internal pipeline. (Also see "[Daiichi Sankyo's Growth Plan Is Built On ADCs](#)" - Scrip, 1 Feb, 2024.)

The company's stock price was up 37% in the first half of the year, with multiple opportunities advancing in the clinic and with regulators, though the company did experience a setback in June. Patritumab deruxtecan, an HER3-targeting ADC partnered with Merck & Co. for locally advanced or metastatic EGFR-mutated non-small cell lung cancer (NSCLC), received a complete response letter from the US Food and Drug Administration over a third-party manufacturing issue. (Also see "[Lead Daiichi/Merck ADC Collab HER3-DXd Hit With CRL](#)" - Scrip, 27 Jun, 2024.)

Alnylam, which just barely made the large cap pharma cutoff, with a market cap of \$30.75bn as of 28 June, saw its share price rise rapidly in the first six months of the year, gaining 28%.

A big boost for the rare disease specialist came in June when the company announced positive Phase III data for Amvuttra (vutrisiran) in patients with transthyretin amyloidosis (ATTR) with cardiomyopathy. The study met its primary endpoint, a composite of all-cause mortality and recurrent cardiovascular events in the overall study population, including those who received Pfizer's competing Vyndaqel/Vyndamax (tafamidis) at baseline and those receiving the drug as

monotherapy. (Also see "[Alnylam's Amvuttra Market May See Tenfold Increase After Phase III Win](#)" - Scrip, 24 Jun, 2024.)

The positive data are expected to pave the way for a substantially larger market opportunity for Amvuttra, and the company's stock price closed up 35% at \$222.90 on 24 June, when the news was announced. (Also see "[Alnylam's Amvuttra Market May See Tenfold Increase After Phase III Win](#)" - Scrip, 24 Jun, 2024.) Alnylam's stock price continued to gain momentum through the end of the second quarter and closed on 28 June at \$243.08.

Canaccord Genuity analyst Whitney Ijem raised the share price target for Alnylam at the end of 2024 to \$357 on the expanded Amvuttra opportunity. "With the HELIOS-B showing Amvuttra's differentiated profile relative to tafamidis (particularly on mortality), we believe Amvuttra is positioned well to compete as a first-in-line therapy in the ATTR-CM space," Ijem said in a 7 July note.

Regeneron's stock price has also been riding a wave of generally positive news, despite a couple of US regulatory delays. The company has several new commercial opportunities on the horizon, including a big new indication for Dupixent (dupilumab) in chronic obstructive pulmonary disease (COPD), new bispecific antibodies for cancer and interesting earlier-stage investments in areas like obesity, food allergy and hearing loss. The pipeline is advancing amid a backdrop in which Regeneron has thus far successfully blocked biosimilar versions of its blockbuster anchor brand Eylea (aflibercept) from entering the market. (Also see "[Regeneron Proves Insurmountable As Second FDA Approved Eylea Biosimilar Blocked](#)" - Generics Bulletin, 21 Jun, 2024.)

Dupixent, which Regeneron shares with [Sanofi](#), was approved in the European Union in July for COPD, though an action date in the US was pushed back until September. (Also see "[Sanofi Secures World First Approval For Dupixent In COPD With EU Nod](#)" - Scrip, 3 Jul, 2024.) Despite that delay and a CRL from the FDA for the CD20xCD3 bispecific antibody odronextamab for lymphoma in March, the company's stock price rose steadily in the first half of the year, growing 20% and closing the second quarter at \$1,051.23.

After Moderna's unexpected ascent to a commercial-stage company in 2021 on the back of its COVID-19 vaccine, the company has reset the last year with emphasis on its base business. Investors like what they are seeing and a string of positive news developments in May and June powered the company's stock upwards to close the quarter up 19% from the end of the year to \$118.72, though that price was down from a high of \$166.61 hit on 24 May.

On 31 May, the company received FDA approval for a mRNA-based vaccine, mResvia, for respiratory syncytial virus (RSV), and in June, at the American Society for Clinical Oncology (ASCO) meeting, the company in collaboration with Merck, announced positive Phase IIb data for its cancer vaccine mRNA-4157 in combination with Merck's Keytruda (pembrolizumab) for

resected high-risk melanoma (stage III/IV). (Also see "[ASCO: Merck Calls V940 IO Strategy 'Pillar' Amid Positive Melanoma Data](#)" - Scrip, 4 Jun, 2024.)

Biggest Losers

Nine of 28 large-cap pharma names with a market cap over \$30bn experienced flat-to-declining stock prices in the first half of the year, according to Evaluate Pharma. Those include some of the largest pharmaceutical manufacturers by revenue, companies like Sanofi, [Pfizer Inc.](#), [Johnson & Johnson](#) and [Bristol Myers Squibb Company](#).

The companies experiencing the largest stock price declines in the first half of the year were Bristol (-18%), Gilead (-15%) and Biogen (-10%).

Bristol has been struggling to maintain momentum on Wall Street with investors concerned about loss of exclusivities for big brands like Revlimid (lenalidomide) and Eliquis (apixaban), while a slew of new products has gotten off to a slower than expected start.

The company's stock price took a hit when it reported first quarter sales and earnings in April, despite respectable sales growth, on future outlook and the company's announcement of a \$1.5bn cost reduction program and job cuts. (Also see "[BMS Will Cut \\$1.5bn And 2,200 Jobs To Reinvest In Needed Growth](#)" - Scrip, 25 Apr, 2024.)

In a 12 July research note, Leerink Partners analyst David Risinger lowered second quarter earnings per share estimates for Bristol and reduced revenue forecasts for a number of growth products for 2025 and beyond, including Sotyktu (deucravacitinib), Zeposia (ozanimod), Abecma (idecabtagene vicleucel), Opdualag (nivolumab/relatlimab) and the investigational drug KarXT (xanomeline-trospium).

Gilead, meanwhile, has struggled to excite investors and one of its key near-term growth drivers, the ADC Trodelvy (sacituzumab govitecan), has turned in disappointing data readouts in the first half of the year, including in a Phase III trial in second-line NSCLC and a confirmatory trial in metastatic urothelial carcinoma (mUC), for which it has accelerated approval. (Also see "[Bladder Cancer Failure Is Another Setback For Gilead's Trodelvy](#)" - Scrip, 31 May, 2024.)

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