

The vaccine industry – filling the \$2.5bn hole

LONDON, UK----11th August 2020----ExpertREACT. The major four vaccine players lost nearly **\$2.5bn** in revenues in Q2 2020 (compared to Q1 2019) due to the SARS-CoV-2 pandemic. Losses are expected to continue throughout 2020 and reflect lockdown conditions. If a new COVID-19 vaccine shows any Phase III efficacy it should, over time, fill the hole. Of the majors, Pfizer could benefit the most.

Once the major vaccine manufacturers* had finished their Q2 2020 reporting season it was clear that the **SARS-CoV-2 [COVID-19]** pandemic had severely impacted sales across the majority of franchises. By simple comparison of what the manufacturers had reported in Q2 2019 (assuming no year-on-year growth and stripping out possible currency fluctuations), **VacZine Analytics** calculates that nearly **\$2.5 bn** of revenues had been lost in Q2 2020. This kind of dynamic is unprecedented in the usually solid vaccine industry.

Some manufacturers were more affected than others. **Sanofi Pasteur**, for example, recorded a massive \$1.1bn hit if comparing with this time last year. Even between the first two quarters of 2020, franchises such as *travel and other endemic, meningitis/pneumonia* e.g. meningitis-ACWY and *adult booster vaccines* (Adacel) all recorded huge revenue drops (30-60%) on Q1 (Sanofi figures). The pediatric franchise (Polio, Pertussis, Hib) which recorded €575m in Q2 2020 was the only key gain for Sanofi in Q2 2020 but largely down on last year. Overall, vaccines declined **6.8%** at **Constant Exchange Rates (CER)** with the biggest decline in the US region, then the EU.

In reported terms, **GSK Biologicals** and **Merck & Co** each recorded about \$620m less vaccines sales than Q2 in 2019. GSK cited vaccines turnover being down 29% AER (£1,133m) in the second quarter partly affected by destocking from Q1 2020. Extensive restrictions affected the companies travel vaccines franchise which includes the popular hepatitis A/B combination vaccine, **Twinrix**. The company also mentioned its **Rabipur** (rabies vaccines) and **Encepur** divestment (to Bavarian Nordic) being impacted. Even **Shingrix**, the companies most recent development success, declined 16% AER mainly due to a decline in adult wellness visits in the US market. More positively, Shingrix had received a favourable opinion from EMA for immunocompromised patients and RSV vaccine pipeline movement was reported.

Merck & Co's robust Gardasil/Gardisil-9 franchise, although performing strongly in Q1, saw declines in Q2 at \$656m also 26% down on this time last year. The company did announce FDA approval for an expanded indication for the prevention of oropharyngeal and other head and neck cancers caused by HPV Types 16, 18, 31, 33, 45, 52, and 58. **46,157 new cases** of oral cavity and pharynx cancer were reported in the United States (CDC, 2017 figures) with over 10,000 deaths. Merck's ProQuad, M-M-R II, Varivax also saw a \$297m decline from this time last year.

By our calculations, **Pfizer Vaccines** seemed the most resilient in Q2 2020, a mere \$128m off last year. Sales of the formidable PCV-7/PCV-13 franchise in the first two quarters of 2020 (Q1, \$1,450m & Q2, \$1,116m) declined only slightly (~5%). The 'all other vaccines' category which encompasses: the ex-Baxter TBE vaccine - FSME-Immun/TicoVAC and others did report a much larger decline (~44-46%). The company also made progress on its **PF-06886992** (Pentavalent (ABCWY) meningococcal vaccine candidate) and **PF-06928316** (Respiratory Syncytial Virus (RSV) Vaccine candidate, maternal).

Out of the four manufacturers covered in this article, **Pfizer (BioNTech)** is most advanced in the COVID-19 vaccine race. Its **BNT162b2** mRNA program against SARS-CoV-2 has advanced into a Phase 2/3 study (NCT04368728) after preliminary Phase 1/2 data showed encouraging tolerability and immunogenicity (30 µg dose, 2 doses). There's intense debate about whether a coronavirus vaccine could be effective, competition is intense and mRNA technology has no licensed precedent. Nevertheless, a COVID-19 vaccine might benefit the company whose revenues have been least affected by the pandemic (so far). Pfizer also has not taken US government federal funding for its program.

*GlaxoSmithKline Biologicals, Merck & Co, Pfizer and Sanofi Pasteur

