2020 has been a challenging year for investors so far. As a result of the coronavirus (Covid-19) outbreak, global economic activity has slumped. This has sent shockwaves through financial markets, with many stocks experiencing double-digit declines. One area of the market that has outperformed, however, is pharmaceutical stocks. Across this sector, share prices have generally held up very well over the last few months. In some cases, they’ve even soared.

It’s not hard to understand why pharmaceutical stocks have outperformed recently. Ultimately, it’s the pharmaceutical sector that is leading the fight against Covid-19. Throughout the industry, scientists are working overtime to understand the deadly disease, and striving to develop vaccines and treatments that could help save lives. Any company that can successfully develop and commercialise such a product in the near future is likely to thrive.

Of course, there are many challenges associated with vaccine and drug developments. Vaccines can take months or even years to develop. Failure rates in clinical drug trials are very high. No-one knows whether a vaccine or treatment for Covid-19 will be found any time soon. However, the progress that some of the world’s major pharmaceutical companies have made in a short period of time is certainly encouraging.

For investors, the big question in relation to pharma stocks is: which company will bring a solution to the market the quickest? With the entire world waiting for a vaccine development or treatment to appear, the successful commercialisation of such a product could be an absolute game-changer. With that in mind, we have put together this report on major pharmaceutical companies that are working on Covid-19 solutions right now. Could one of these companies be the first to market a vaccine or treatment?

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AstraZeneca is a global, science-led biopharmaceutical company that specialises in oncology, cardiovascular, renal and metabolic diseases (CVRM), and respiratory diseases.

AstraZeneca has been working hard to develop treatments for Covid-19 over the last few months. So far, it has launched trials of two drugs in an effort to combat the virus.

In mid-April, AstraZeneca began assessing the potential of its Calquence drug in the treatment of Covid-19 patients that are extremely ill. The aim of the trial is to determine whether Calquence could reduce the need for assisted ventilation in patients with life-threatening Covid-19 symptoms and also potentially reduce mortality rates.

On 23 April, AstraZeneca announced that it had commenced a late-stage trial to test whether its diabetes drug Farxiga can reduce the risk of serious complications and organ failure in Covid-19 patients with existing heart and kidney problems. The goal of this trial is to determine whether Farxiga can reduce the risk of disease progression, clinical complications, and death in these patients.

AstraZeneca issued a good set of Q1 results on 29 April. Revenue for the quarter rose 17% at constant currency, while core earnings per share jumped 21%.

Next earnings release: Q2 results, Thursday 30 July 2020.

AstraZeneca has outperformed the FTSE 100 index by a wide margin in 2020 due to the company’s focus on Covid-19 drugs. Can the stock keep outperforming?

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Johnson & Johnson is an American multinational corporation that develops pharmaceutical products, medical devices, and consumer health products.

Johnson & Johnson has been actively engaged in fighting pandemics for over a century, and it has stepped up to develop a vaccine for Covid-19. Since the early days of the outbreak, the healthcare company has been working with governments, health authorities, and industry partners to help end the pandemic.

Through a landmark partnership with the Biomedical Advanced Research and Development Authority (BARDA), which is part of the US Health Department, the company has committed more than $1 billion of investment to fund vaccine research, development, and clinical testing.

Johnson & Johnson has selected a lead Covid-19 vaccine candidate, which is expected to go into clinical trials by September 2020. It anticipates that the first batches of the vaccine could be available in early 2021.

The company has also said that it is committed to expanding its global manufacturing capacity. The additional production ability will help the group bring an affordable vaccine to the public on a not-for-profit basis for emergency pandemic use.

Johnson & Johnson’s Q1 results, released on 23 April, were positive. Sales were up 3.3% on the same period last year, while adjusted diluted earnings per share rose 9.5%.

Next earnings release: Q2 results, Thursday 16 July 2020.

Since falling below $110 in March, Johnson & Johnson shares have rocketed back above $150 on the back of Covid-19 developments. Can the stock keep rising?
3. Gilead Sciences Inc (GILD)

Gilead Sciences is a research-based biopharmaceutical company that focuses on the discovery, development, and commercialisation of innovative medicines in areas of unmet medical need.

Gilead Sciences has been at the forefront of the development of a treatment for Covid-19. As early as February, the company announced that it would be starting Phase 3 clinical trials of its drug Remdesivir.

Gilead Sciences has embarked on Remdesivir trials in China, Asia, and the US. Originally, the company’s goal was to test 1,000 patients, however, it has recently increased the size of its trials to 4,000 patients. Analysts are divided over the significance of this development. Those who are bearish believe that this indicates the drug is not working as planned. However, others believe this means Gilead Sciences has increased confidence in the drug.

On 29 April, Gilead Sciences said that its own trial, as well as one overseen by the National Institute of Allergy and Infectious Diseases, met its goals, with Covid-19 patients reportedly responding well to the drug.

Final trial results aren’t expected until mid-to-late May according to Dr. Andre Kalil, who is leading the trial. However, Kalil has said that we could see some early data in the next few weeks.

Next earnings release: Q2 results, estimated to be Wednesday 22 July 2020.

Shares in Gilead Sciences have performed well in 2020 due to interest in the company’s Remdesivir drug. Can they climb higher?

Sources: eToro
Eli Lilly and Company (LLY)

Eli Lilly is an American pharmaceuticals company. Its notable achievements include being the first company to manufacture and distribute the Salk Polio vaccine, and the first company to launch a commercial insulin product.

Eli Lilly is moving at a fast pace and using all available resources to help fight the Covid-19 pandemic. "Developing potential therapeutic medicines for Covid-19 is part of our vital and humanitarian mission", said Daniel Skovronsky, M.D., Ph.D., Lilly’s Chief Scientific Officer and president of Lilly Research Laboratories recently.

In March, Eli Lilly teamed up with biotechnology firm AbCellera to co-develop antibody products for the treatment and prevention of the coronavirus. It has since announced that it has advanced one monoclonal antibody to Phase 2 testing in pneumonia patients hospitalised with Covid-19 that are at higher risk of progressing to acute respiratory distress syndrome (ARDS).

More recently, in mid-April, the company announced that it would be teaming up with the National Institute of Allergy and Infectious Diseases (NIAID) to study the effects of its Olumiant drug on patients that have been hospitalised by Covid-19. Results are expected by mid-June.

Eli Lilly’s recent Q1 results, released on 23 April, were good. Revenue was up 15% to $5.9 billion, easily topping the consensus estimate of $5.5 billion. The company advised that revenue was boosted by higher patient and supply chain purchasing due to the Covid-19 pandemic.

Next earnings release: Q2 results, Thursday 30 July 2020.

Eli Lilly shares have surged on the back of the company’s Covid-19 efforts. Does the upward trend have further to run?

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Roche Holding Ltd (ROG.ZU)

Roche Holding is a Swiss multinational healthcare company that operates across two main divisions: Pharmaceuticals and Diagnostics.

Roche Holding has had an immediate impact on the fight against Covid-19 with its diagnostic tests. On 12 March, the company received Emergency Use Authorisation for its diagnostic tests from the US Food and Drug Administration (FDA).

A huge number of Covid-19 diagnostic tests are going to be needed in the months ahead and Roche is committed to increasing its production to meet demand. The company says that at the current maximum production rate it can supply millions of tests per month.

Roche Holding is also working with BARDA to test its rheumatoid arthritis drug, Actemra, on hospitalised adult patients with severe Covid-19 pneumonia. It is thought that the drug may help manage potentially deadly immune system complications associated with the virus.

Roche Holding’s Q1 results, issued on 22 April, were positive. Sales were up 7% on the same period last year, and the group confirmed its 2020 sales and profit guidance amid rising demand for its Covid-19 tests.

"With healthcare needs remaining high, Roche Holding’s business has so far proved to be resilient in this difficult environment," Chief Executive Severin Schwan said.

Next earnings release: Q2 results, Thursday 23 July 2020.
5 PHARMACEUTICAL COMPANIES THAT ARE FIGHTING THE COVID-19 PANDEMIC

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