

AstraZeneca

13:30 16 Jan 2020

Mixed picture for UK pharma as AstraZeneca 'top pick' at Credit Suisse while GlaxoSmithKline knocked by Barclays downgrade

The UK's blue-chip pharma firms saw divergent fortunes on Thursday as AstraZeneca PLC (LON:AZN) was selected as a 'top pick' by analysts as Credit Suisse while GlaxoSmithKline PLC (LON:GSK) suffered a downgrade from Barclays.

In their note on the pharma sector, Credit Suisse, which also upped AZN's target price to 8,500p from 8,200p, said the firm's "top-line growth and underlying margin potential" made it the top company in its assessments, adding that the company had scored "particularly well" in its replacement power due to its product pipeline, as well as growth from new drug launches and its marketing burden, where an increased focus on oncology meant additional growth did not require significant extra investment on top of existing brands.

GSK was less lucky, with Barclays downgrading the firm to 'underweight from 'neutral' in its own sector note, however its target price was retained at 1,650p.

US election possible risk over drug pricing

Looking at the sector in general, both banks highlighted that the upcoming US elections in November could prove a risk for the pharma industry, particularly with the issue of drug prices in the US proving a hot button issue, particularly in the Democratic primaries.

"In a US presidential election year, we expect political rhetoric on drug pricing to remain high", Credit Suisse said, although they added that the chances of meaningful legislation making through the US Congress this year was low as Democrats will be "unlikely to endorse bipartisan efforts for changes that would give President Trump a 'victory' to leverage on the election campaign".

However, the bank cautioned that lowering drug prices was still a key priority among US voters and the issue could become more prominent depending on which candidate secures the Democratic presidential nomination.

Barclays, meanwhile, said they had a "more benign" view of the risks of US drug prices falling.

"Although rhetoric about pricing reform and penalising drug price increases may increase as the US presidential election campaign begins, bipartisan support to pass any reform measure through the Senate and House of Representatives remains an elusive hurdle to overcome in today's polarised US political environment", the bank said.

Shares in AstraZeneca were 1.1% lower at 7,750p in early afternoon trading on Thursday, while GSK shares were down 1.9% to 1,801.4p.

Price: 7144

Market Cap: £93.75 billion

1 Year Share Price Graph



Share Information

Code: AZN

Listing: LSE

52 week High Low
8227.88 5626

Sector: Pharma & Biotech

Website: www.astrazeneca.com

Company Synopsis:

AstraZeneca is one of the world's leading pharmaceutical companies, with a broad range of medicines designed to fight disease. AstraZeneca has over 67,000 employees and operates in over 100 countries with growing presence in important emerging markets.

action@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts

journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.