

COVID-19 vaccine boosters could mean billions for drugmakers

September 25 2021, by Tom Murphy



In this March 2021 photo provided by Pfizer, a technician works on a line for packaging preparation for the Pfizer-BioNTech COVID-19 vaccine at the company's facility in Puurs, Belgium. Billions more in profits are at stake for some vaccine makers as the U.S. moves toward dispensing COVID-19 booster shots to shore up Americans' protection against the virus. Credit: Pfizer via AP

Billions more in profits are at stake for some vaccine makers as the U.S. moves toward dispensing COVID-19 booster shots to shore up Americans' protection against the virus.

How much the manufacturers stand to gain depends on how big the rollout proves to be.

U.S. health officials late on Thursday [endorsed booster shots](#) of the Pfizer [vaccine](#) for all Americans 65 and older—along with tens of millions of [younger people who are at higher risk](#) from the coronavirus because of health conditions or their jobs.

Officials described the move as a first step. Boosters will likely be offered even more broadly in the coming weeks or months, including boosters of vaccines made by Moderna and Johnson & Johnson. That, plus continued growth in initial vaccinations, could mean a huge gain in sales and profits for Pfizer and Moderna in particular.

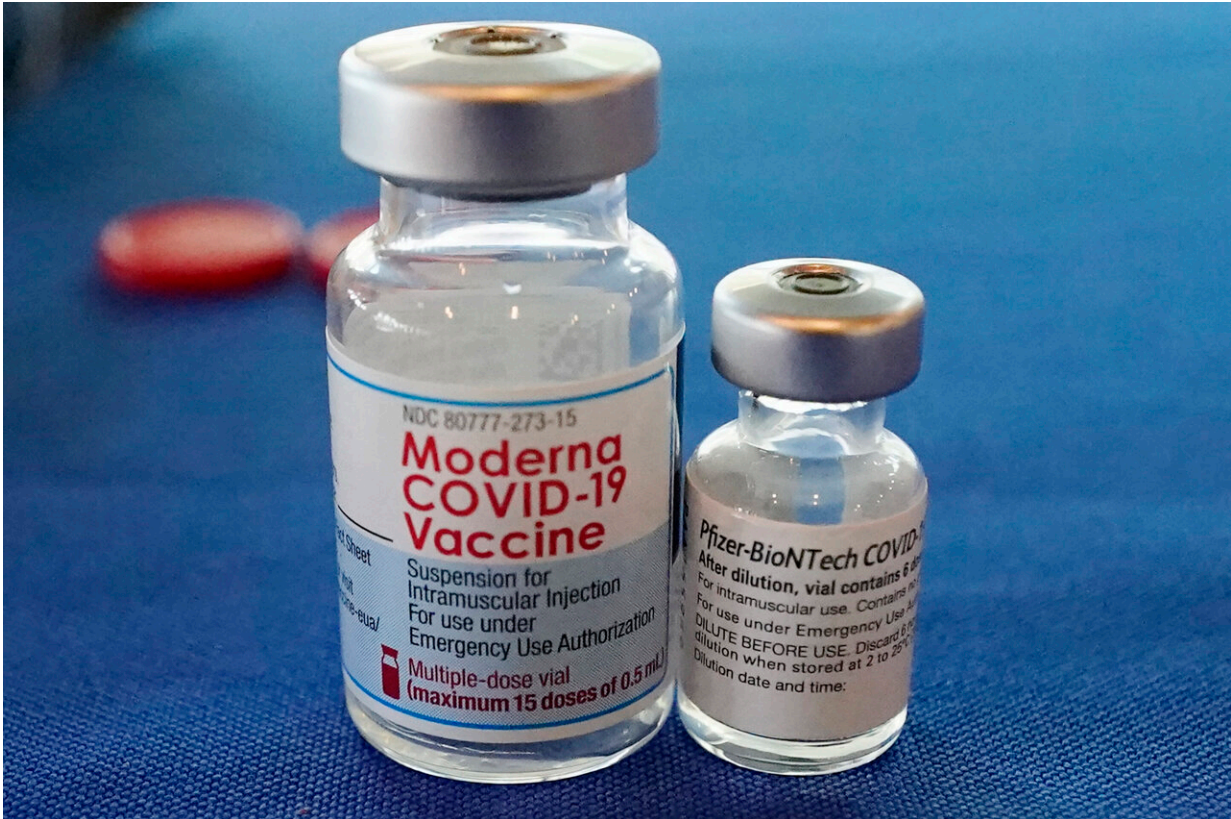
"The opportunity quite frankly is reflective of the billions of people around the world who would need a vaccination and a boost," Jefferies analyst Michael Yee said.

Wall Street is taking notice. The average forecast among analysts for Moderna's 2022 revenue has jumped 35% since President Joe Biden laid out his [booster](#) plan in mid-August.

Most of the vaccinations so far in the U.S. have come from Pfizer, which developed its shot with Germany's BioNTech, and Moderna. They have inoculated about 99 million and 68 million people, respectively. Johnson & Johnson is third with about 14 million people.

No one knows yet how many people will get the extra shots. But Morningstar analyst Karen Andersen expects boosters alone to bring in

about \$26 billion in [global sales](#) next year for Pfizer and BioNTech and around \$14 billion for Moderna if they are endorsed for nearly all Americans.



This Sept. 21, 2021 file photo shows vials of the Pfizer and Moderna COVID-19 vaccines in Jackson, Miss. Billions more in profits are at stake for some vaccine makers as the U.S. moves toward dispensing COVID-19 booster shots to shore up Americans' protection against the virus. Credit: AP Photo/Rogelio V. Solis

Those companies also may gain business from people who got other vaccines initially. In Britain, which plans to offer boosters to everyone over 50 and other vulnerable people, an expert panel has recommended that Pfizer's shot be the primary choice, with Moderna as the alternative.

Andersen expects Moderna, which has no other products on the market, to generate a roughly \$13 billion profit next year from all COVID-19 vaccine sales if boosters are broadly authorized.

Potential vaccine profits are harder to estimate for Pfizer, but company executives have said they expect their pre-tax adjusted profit margin from the vaccine to be in the "high 20s" as a percentage of revenue. That would translate to a profit of around \$7 billion next year just from boosters, based on Andersen's sales prediction.

J&J and Europe's AstraZeneca have said they don't intend to profit from their COVID-19 vaccines during the pandemic.

For Pfizer and Moderna, the boosters could be more profitable than the original doses because they won't come with the research and development costs the companies incurred to get the vaccines on the market in the first place.

WBB Securities CEO Steve Brozak said the booster shots will represent "almost pure profit" compared with the initial doses.

Drugmakers aren't the only businesses that could see a windfall from delivering boosters. Drugstore chains CVS Health and Walgreens could bring in more than \$800 million each in revenue, according to Jeff Jonas, a [portfolio manager](#) with Gabelli Funds.

Jonas noted that the drugstores may not face competition from mass vaccination clinics this time around, and the chains are diligent about collecting customer contact information. That makes it easy to invite people back for boosters.



In this May 3, 2021 file photo, a man holds his vaccination reminder card after having received his first shot at a pop-up vaccination site in the Little Havana neighborhood of Miami. Billions more in profits are at stake for some vaccine makers as the U.S. moves toward dispensing COVID-19 booster shots to shore up Americans' protection against the virus. Drugstore chains CVS Health and Walgreens could bring in more than \$800 million each in revenue, according to Jeff Jonas, a portfolio manager with Gabelli Funds. Credit: AP Photo/Wilfredo Lee

Drugmakers are also developing COVID-19 shots that target certain variants of the virus, and say people might need annual shots like the ones they receive for the flu. All of that could make the vaccines a major recurring source of revenue.

The COVID-19 vaccines have already done much better than their predecessors.

Pfizer said in July it expects revenue from its COVID-19 vaccine to reach \$33.5 billion this year, an estimate that could change depending on the impact of boosters or the possible expansion of shots to [elementary school children](#).

That would be more than five times the \$5.8 billion racked up last year by the world's most lucrative vaccine—Pfizer's Prevnar13, which protects against pneumococcal disease.

It also would dwarf the \$19.8 billion brought in last year by AbbVie's rheumatoid arthritis treatment Humira, widely regarded as the world's top-selling drug.

This bodes well for future vaccine development, noted Erik Gordon, a business professor at the University of Michigan.

Vaccines normally are nowhere near as profitable as treatments, Gordon said. But the success of the COVID-19 shots could draw more drugmakers and venture capitalists into the field.

"The vaccine business is more attractive, which, for those of us who are going to need vaccines, is good," Gordon said.

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