



## This Biotech Stock Has Surged Over 100% in 2018: Is it Still a Buy Today?

### Description

Biotechnology has received renewed interest, as investors look for alternative growth opportunities with [cannabis and other markets flailing](#) so far in 2018.

**Zymeworks Inc.** ([TSX:ZYME](#))(NYSE:ZYME) is a clinical-stage biopharmaceutical company focused on the treatment of breast cancer. Shares of Zymeworks have soared 116.8% in 2018 as of close on April 30. The stock has recovered nicely from a steep drop in late May of 2017 and is now up 12.8% year over year. Zymeworks surged on news that Celgene Corporation had exercised its right to expand its collaboration agreements for the “research, development, and commercialization of biospecific antibody therapeutics using Zymeworks’ Azymetric platform.”

Zymeworks is engaged in phase one clinical trials for ZW25, its lead product candidate. ZW25 is an antibody designed to target gastric, ovarian, and breast cancer tumours. The product has yielded impressive results so far. Recently, the company announced that ZW25 had been selected for an oral presentation at the American Society of Clinical Oncology, which will be held in Chicago in early June.

Biotechnology stocks have been an [explosive source of growth](#) in recent years, but investors must also exercise a reasonable degree of caution with these speculative investments. The revenue garnered from established breast cancer drugs in the United States has generated a great deal of excitement over the prospects for Zymeworks.

Just how explosive is the growth of this industry?

The global breast cancer market has been fueled by rising healthcare expenditures, increased rates of obesity and diabetes in the population, and aging female demographics. In 2017, a report hosted by Research and Markets projected that the global breast cancer treatment market would reach \$18.8 billion by 2025. This would represent a compound annual growth rate (CAGR) of 7.6% from 2017 to 2025.

Another report hosted by Global Market Insights projected that the breast cancer therapeutics market would reach \$28 billion by 2024, representing a CAGR of 9%. This report cited the rising prevalence of breast cancer as well as the advancement of diagnostic and screening programs worldwide and

sizable reimbursement policies. Whatever the case, the explosive potential of this market is clear. Does that mean you should invest in Zymeworks today?

Zymeworks released its 2017 fourth-quarter and full-year results on March 14. Highlights from 2017 included the results from ongoing phase 1 trials for ZW25, which we have covered already. In response to the successes, Zymeworks has expanded testing sites in the United States and Canada. Going forward, president and CEO Ali Tehrnani said that Zymeworks plans to complete enrollments in its phase one study in 2018 as well as file an Investigational New Drug application for ZW49, its second clinical compound.

In 2017, the company reported revenue of \$51.8 million compared to \$11 million in 2016. This was powered by the collection of a \$50 million fee from its corporate partnership with Janssen. Zymeworks's net loss in 2017 fell to \$10.4 million compared to a \$33.8 million loss in 2016. At the end of fiscal 2017, Zymeworks also reported it had \$87.8 million in cash and cash equivalents.

The initial results for ZW25 have been promising, and further progress will undoubtedly generate excitement considering the enormous amount of revenue potential carried by breakouts in this industry.

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