GS Healthcare Trading Preview 10.26.26

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GS HEALTHCARE | Morning Trading Preview

All references to "we/us/our" refer to the views and observations of the desk.

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U.S. Healthcare Trading Preview

Monday, October 26, 2026

The HC Focus: Complex exogenous factors to parse through (AI/TMT volatility, Brazil, etc.) as micro focus for healthcare also ramps up – with a wide range of updates out of the still-on-going ESMO conference over the weekend (MRNA/MRK full INT presentation, MRK sac-TMT, AMGN Ph3 in ES-SCLC, SMMT Ph3 HARMONi-GI1 data, JNJ Ph1 mCRPC + Ph 1b/2 OrigAMI-4 data, XNCR Ph1 XmAb819 in ccRCC, etc) and press reports of potential additional M&A in the space (SGRY/Bon Secours) ahead of a much busier week of EPS. GIR out with takeaways from ESMO presentations and mgmt. meetings.

HC Highlights

MRNA - Post intismeran's success in melanoma, management meeting frames its positioning and confidence into RCC data: Our key takeaways are: 1) intismeran+Keytruda demonstrated a clinically significant benefit on recurrence free survival (RFS, primary endpoint) in adjuvant melanoma versus Keytruda alone, with a hazard ratio (HR) of 0.58 (p<0.001), meeting the <0.60 bar, and the piece-wise analyses (RFS HR=0.42 post 6-months) suggests responses could improve with follow-up; 2) management and KOLs believe intismeran is well positioned in the treatment landscape as only ~20% of melanoma patients qualify for a neoadjuvant regimen (e.g. NADINA, which can carry severe toxicity, and the more relevant SWOG-S1801 Keytruda study); 3) in pancreatic ductal adenocarcinoma, early efficacy and translational data showed that intismeran-specific neoantigens drove T cell expansion, with an impressive 11/20 ongoing responses in the immunotherapy-refractory indication, and a median of 34 neoantigens per intismeran dose, indicating the low tumor-mutational burden was not limiting; and 4) management highlighted additional oncology assets, including mRNA-4194, an off-the-shelf mRNA neoantigen therapy for Lynch syndrome.

JNJ – At ESMO, Impressive First-in-Class Prostate Cancer Data Draws Attention and C Clears the Bar. GIRs conversations on the ground suggest that broadly this was an unexp surprise that had been flying under-the-radar ahead of this, and it has been mentioned m one of the key highlights across all of ESMO 2026. The discussant characterized the overa setting the stage for further studies/ larger trials in earlier settings and as a combination established drugs.

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MRK – sac-TMT Shines at ESMO; Focus Remains on Global Trial Translatability. MRK partner Kelun presented detailed Phase 3 data for the China OptiTrop-Lung06 trial evaluating sac-TMT + Keytruda vs. chemo. The data exceeded expectations with a compelling survival benefit over Keytruda/chemo that establishes a new clinical benchmark to compare vs the historic PFS ceiling of standard chemoimmunotherapy which is now a beaten comparator in the PD-L1 negative non-squamous cohort.

SGRY - Bon Secours Nears Deal to Buy Surgery Partners, according to the FT. Bon Secours Mercy Health is in late-stage talks to buy a majority stake in Surgery Partners, the Financial Times reported, in a deal that would value the Bain Capital-backed surgical care provider at roughly $6 billion, including $3.5 billion in debt. Bon Secours' partial takeover of Surgery Partners would value the group at about $20 a share. Bain Capital would retain its nearly 40% stake. The potential transaction could be announced as soon as Monday after more than a year of efforts to find a buyer for Surgery Partners, with Bain walking away from one deal valuing the group at an enterprise value of $6.7 billion.

XNCR – Bid up 35% after presenting Phase 1 Dose Selection Data for XmAb819. 400 mcg/kg chosen as proposed IV RP3D based on 45.5% cORR, 55% uORR and 82% 6-month PFS Kaplan-Meier estimate. Xencor plans to discuss a potential accelerated approval pathway with the FDA in key ccRCC patient subgroups in 1H2027. Xencor plans global randomized study of monotherapy XmAb819 compared to tivozanib in a post PD-(L)1 and VEGFR TKI ccRCC patient population.

Most Active Names Prior Trading Day: TNGX, GILD, TMO, DHR, ROIV, RPRX, VTRS, ABT

Notable Street Actions:
ASND Initiated with a Hold at Canaccord; PT $268

Research:
Johnson & Johnson (JNJ): At ESMO, Impressive First-in-Class Prostate Cancer Data Draws Attention and OrigAMI-4 Clears the Bar Link
Pfizer Inc. (PFE): 25- Valent PCV Phase 2 Infant Data Look Strong Link
Merck & Co. (MRK): sac-TMT Shines at ESMO; Focus Remains on Global Trial Translatability Link
Jiangsu Nhwa Pharmaceutical Co. (002262.SZ): Earnings review: 3Q26 revenue in line while NP miss; TP down to Rmb23; Neutral Link
Kelun Biotech (6990.HK): TroFuse-005 marks the first global ph3 win for sac-TMT Link
Bayer AG (BAYGn.DE): DASL-HiCAP supports potential for earlier use of Nubeqa Link
Moderna Inc. (MRNA): Post intismeran's success in melanoma, management meeting frames its positioning and confidence into RCC data Link
Summit Therapeutics Inc. (SMMT): Management meeting at ESMO frames the Phase 3 biliary tract cancer win and broader ivo outlook Link
Healthcare: Biotechnology: Takeaways from the American Society of Nephrology meeting Link
Vertex Pharmaceuticals Inc. (VRTX): ASN event underscores a confident outlook in pove into the IgAN approval and launch Link
Amgen Inc. (AMGN): Impressive Imdelltra data at ESMO solidifies the 1L small cell lung cancer opportunity Link
Novartis (NOVN.S): Takeaways from our Multiple Sclerosis KOL call following remibrutinib data presentation at MSToronto 2026 Link
GenFleet Therapeutics (2595.HK): Encouraging clinical debut of GFH276 supports further exploration as pan-RAS backbone Link

InnoCare Pharma (9969.HK): Modest RMS efficacy of remibrutinib reinforces orelabrutinib's progressive MS strategy Link
Kelun Biotech (6990.HK): OptiTROP-Lung06 provides key de-risk data with compelling survival win over pembro/chemo Link
Zai Lab (ZLAB): Positive ph1b data position zoci as potential ADC backbone in 1L SCLC Link
Genmab (GMAB.CO): Rina-S hits in Phase 3 PROC and exceeds the bar setting up a best-in-class profile Link
Dr. Reddy's Laboratories (REDY.BO): 2Q27 above: Margins surprise positively, but Canada Semaglutide opportunity size remains uncertain; remain Sell Link
Novartis (NOVN.S): Quick thoughts on REMODEL data - disappointing efficacy, strong safety Link
Torrent Pharma (TORP.BO): 2Q27 inline: Another solid quarter despite JB/ Germany headwinds; updating estimates Link
Americas Healthcare: Biotechnology: Script tracker for key launches within our coverage Link
Americas Healthcare: Pharmaceuticals: Treasury proposal includes restrictions on US investment in Chinese biotechnology Link
September VA data: shows further sequential share gains for Demant Link
Dr. Sulaiman Al Habib Med Group (4013.SE): 3Q26 First Take: Marginally above GSe/Consensus on better-than-expected ramp-up of new hospitals Link
Lepu (300003.SZ): Earnings review: 3Q26 results miss; TP down to Rmb14; Neutral Link
Molina Healthcare Inc. (MOH): 3Q26 Recap: Higher Rates But Also Higher Costs Leaves Medicaid Margin Debate Percolating Link
Bristol Myers: Expands Strategic Relationship with Tempus and Pathos Link

GS Event Calendar:

- Johnson & Johnson (JNJ) In-Person Group Lunch w/ CEO, R&D | 26 October | Madrid
- Arcus Biosciences (RCUS) Virtual Group Meeting w/CEO, CFO | 26 October | Virtual
- KOL Group Dinner at ESMO | 26 October | Madrid
- Waters Corp (WAT) In-Person NDR w/CFO, IR | 6 November | New York
- Sarepta Therapeutics (SRPT) In-Person NDR w/CEO, COO | 17 November | New York
- Amneal Pharmaceuticals Inc. (AMRX) Group Dinner w/ CEO, CFO | 19 November | New York

Charts of the Day

HC Earnings – Desk Positioning Scores

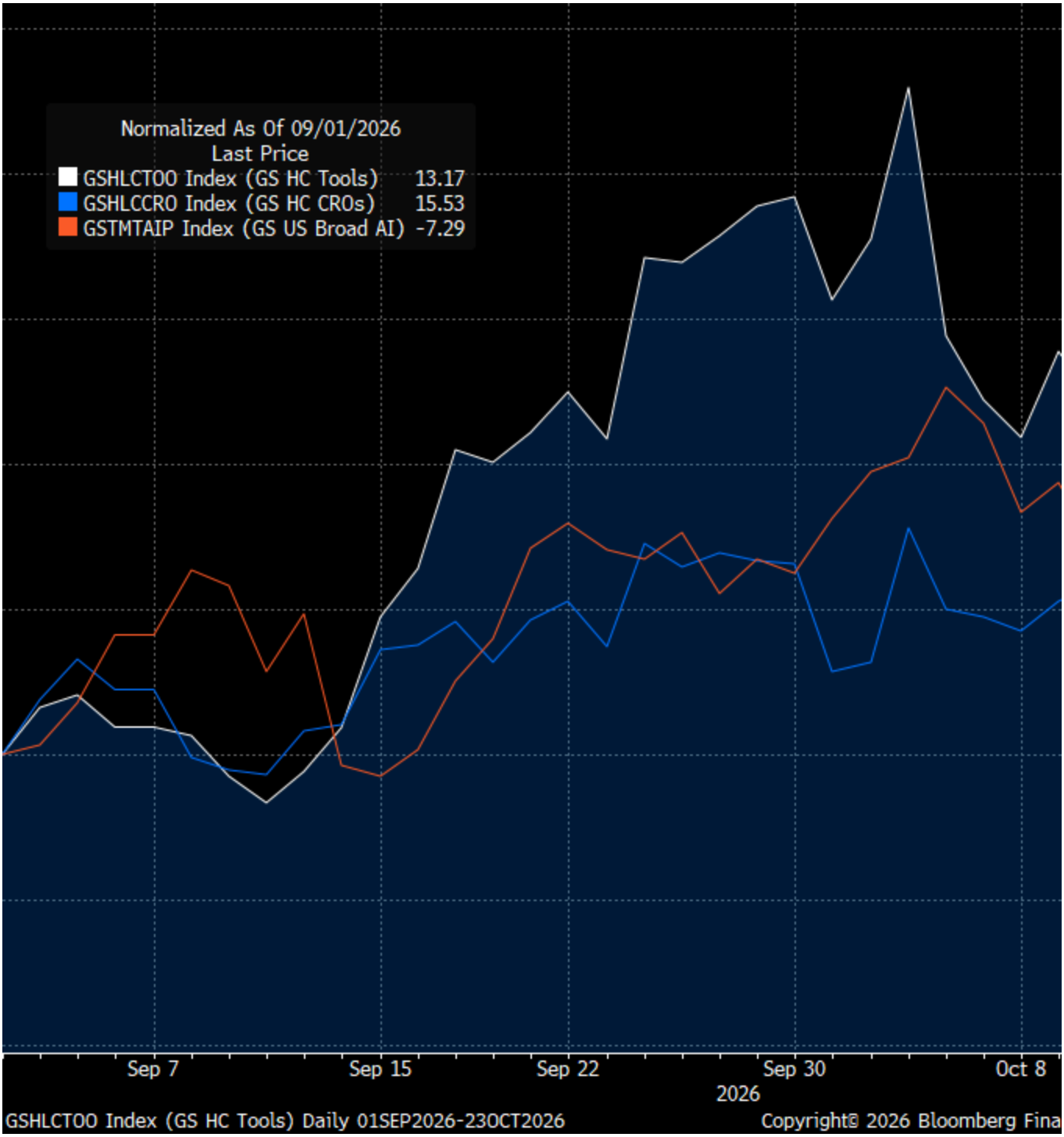
Ticker	Industry Group	Next Report Date	Implied Move	Positioning Score**	YTD
BMRN	Large Biotech	10/27/2026	6.5%	4	-6%
ICLR	CRO	10/27/2026	11.0%	6	1%
HCA	HC Facilities	10/27/2026	5.9%	5	0%
UHS	HC Facilities	10/27/2026	7.1%	3	-14%
CNC	Managed Care	10/27/2026	7.6%	7	71%
IQV	CRO	10/27/2026	7.9%	8	24%
RGEN	Tools	10/27/2026	10.6%	8	7%
EHC	HC Facilities	10/28/2026	8.8%	6	17%

BSX	Large Cap Medtech	10/28/2026	7.6%	3	-52%
ALGN	Dental	10/28/2026	9.6%	2	-1%
LH	Labs/Diagnostics	10/28/2026	4.1%	7	32%
TDOC	Healthcare IT	10/28/2026	10.7%	3	-9%
GKOS	SMID Medtech	10/28/2026	13.6%	8	58%
AVTR	Tools	10/28/2026	8.6%	6	50%
BIIB	Large Biotech	10/28/2026	5.1%	8	43%
MRK	Large Cap Pharma	10/29/2026	4.3%	9	38%
DVA	HC Facilities	10/29/2026	9.4%	5	63%
GILD	Large Biotech	10/29/2026	5.2%	7	28%
EXEL	SMID Biotech	10/29/2026	6.5%	4	48%
BBIO	SMID Biotech	10/29/2026	3.1%	7	-10%
LLY	Large Cap Pharma	10/29/2026	6.1%	9	18%
RMD	SMID Medtech	10/29/2026	5.2%	2	5%
INSM	SMID Biotech	10/29/2026	11.1%	3	-46%
WST	Tools	10/29/2026	9.1%	7	42%
INCY	Large Biotech	10/29/2026	3.5%	6	18%
THC	HC Facilities	10/29/2026	9.3%	9	35%
BMY	Large Cap Pharma	10/29/2026	4.9%	6	14%
DXCM	SMID Medtech	10/29/2026	8.0%	4	18%
BAX	Large Cap Medtech	10/29/2026	6.5%	3	33%
SYK	Large Cap Medtech	10/29/2026	6.8%	5	-12%
ILMN	Tools	10/29/2026	10.5%	8	105%
ALNY	SMID Biotech	10/29/2026	9.2%	3	-44%
REGN	Large Biotech	10/30/2026	4.4%	6	4%
ABBV	Large Cap Pharma	10/30/2026	5.0%	8	25%

Source: Goldman Sachs FICC and Equities as of 7/20/2026. Past Performance is not indicative of Future Results

Tools + CROs vs. AI – % Change (Since 9/1/2026)

AI Drug Discovery themes have remained a focus for Tools and CROs – even following a strong move since September and amidst a broader AI unwind which has dragged some of these HC subsectors lower in sympathy on certain days.



Source: Goldman Sachs FICC and Equities as of 10/26/2026. Past Performance is not indicative of Future Results