Evaluate Vantage

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Snippet roundup: Novartis enters Advair generic race, Biogen dealt CFO blow

Edwin Elmhirst

Welcome to your weekly roundup of *EP Vantage*'s snippets – short takes on smaller news items.

This week, June 12 to 16, 2017, we had thoughts on the following: Novartis could leapfrog rivals in Advair generics race; Biogen's loss is Alexion's gain; J&J's flu prospects heat up; encouraging paediatric data for Insulet; FTC probes BD/Bard deal but autumn close still likely; Acceleron's Dart misses the mark; mixed data for Probiodrug's novel approach to Alzheimer's; no new Neulasta for Coherus.

These snippets were previously published daily via twitter.

Novartis could leapfrog rivals in Advair generics race

16 June, 2017

Novartis has come late to the Advair generics party, but it could end up being the winner. After complete response letters for its rivals Mylan and Hikma in recent months, Novartis's Sandoz unit has filed its potentially substitutable generic with the FDA for asthma and chronic obstructive pulmonary disease. Both Mylan and Hikma are still in the game, but with the agency raising major issues with their applications it looks unlikely that their products will reach the market before 2018. If things go more smoothly for Novartis – which is still not a given – it could end up with the first FDA-approved substitutable Advair generic. This scenario looked unlikely at the beginning of the year; Novartis had gone quiet on the project, which uses technology gained through the 2010 acquisition of Oriel. Of course, Teva already has FDA approval for its own copycat, which cannot be directly substituted but nevertheless should eat into Glaxosmithkline's Advair sales. These are already sinking and could fall another 20% in 2017, Bryan Garnier analysts estimate – but with revenues of around $2.5bn in 2016, it is still an opportunity not to be sniffed at.

US generic Advair contenders

Project	Company/ies	Status
Airduo Respiclick*	Teva	Approved Jan 2017
Wixela Inhub	Mylan	Rejected Mar 2017
Gx Advair	Hikma/Vectura	Rejected May 2017
OT329	Novartis	Filed Jun 2017

**Not directly subsitutable*

Biogen's loss is Alexion's gain

15 June, 2017

An acquisition of Biogen is not happening any time soon – at least this is the message that some investors took from news that the group's chief financial officer, Paul Clancy, had jumped ship to Alexion. Alexion was up 9% yesterday and Biogen's shares sank 3%, but there are several reasons why there might not be cause for alarm: Mr Clancy was passed over for the chief executive role last year and Biogen's new leader, Michel Vounatsos, could just be putting his own team in place. Mr Clancy, who is seen as a solid pair of hands, might also have been tempted by the challenge at Alexion, which has gone through a series of upheavals including claims of fraudulent sales practices, and has made wholesale changes to its management team. However, this did not stop speculation that Mr Clancy's departure was a red flag for Biogen, which is facing a stalling multiple sclerosis franchise and high-risk readouts in Alzheimer's disease. The question is whether Mr Clancy feels he has completed his task at Biogen and is now looking to pastures new with Alexion – or whether there are more worrying reasons behind his move.

J&J's flu prospects heat up

15 June, 2017

Johnson & Johnson's flu project pimodivir – which it has touted as one of its potential pipeline blockbusters – will go into phase III trials by the end of the year after clearing phase II. In the Topaz trial pimodivir alone was significantly better than placebo at reducing patients' viral load, but it performed best when given with Roche's

Tamiflu, which raises the question of whether J&J will choose to study the combination in phase III. The company might also have to carry out a head-to-head trial against Tamiflu, whose efficacy has been questioned, but which was still an $800m drug in 2016. Comparing the two is difficult as the pivotal studies of Tamiflu had a different primary endpoint, time to improvement in self-reported flu symptoms. Pimodivir, a first-in-class inhibitor of the PB2 subunit of the influenza A polymerase complex, could treat patients who have developed resistance to other antivirals, J&J believes. The project has FDA fast-track designation, and in May the group highlighted it as one of 12 pipeline assets that could become blockbusters; *EvaluatePharma* sellside consensus puts 2022 sales at $27m.

Topaz results

	Pimodivir 300 mg vs placebo	Pimodivir 600 mg vs placebo	Pimodivir 600 mg + Tamiflu 75 mg vs placebo	Pimodivir 600 mg + Tamiflu 75 mg vs pimodivir 600 mg
Change in AUC viral load*	-3.6	-4.5	-8.6	-4.1
(95% CI)	(-7.1; -0.1)	(-8.0; -1.0)	(-12.0; -5.1)	(-7.4; -0.7)

**[day*log10 copies/ml]; AUC, area under the concentration time curve; CI, confidence interval.*
Source: Company website

Encouraging paediatric data for Insulet

13 June, 2017

Shares in Insulet climbed 6% yesterday after its OmniPod Horizon hybrid closed-loop insulin delivery system – a basic artificial pancreas incorporating sensor technology from Dexcom – was shown to work as well in children as in adults. Children with type 1 diabetes are one of the key markets for artificial pancreas projects since they are less able than adults to manage their condition, yet most clinical trials of these systems have so far focused on adult patients. The study included 34 adults, 12 patients aged 12-18 and 12 aged 6-12. The new data show that the children and adolescents spent more than 70% of time in their target glucose range, while they maintained their target range at least 85% of the time overnight. For the adults, data on whom was released in February, the figures were 70% and 90% respectively.

Insulet's sales, 2016-2022 ($m)

Segment	Device classification - L3	2016	2018	2020	2022	CAGR
Drug delivery	Unclassified	65	76	85	94	6%
US Omnipod	Insulin pumps	230	297	375	456	12%
Omnipod	Insulin pumps	72	123	173	224	21%
Medtech sales		*302*	*420*	*549*	*680*	*15%*
Medtech other revenues		*65*	*76*	*85*	*94*	*6%*
Total company revenues		*367*	*496*	*634*	*774*	*13%*

Source: EvaluateMedTech

FTC probes BD/Bard deal, but autumn close still likely

13 June, 2017

Becton Dickinson and C. R. Bard maintain that their merger will close in the autumn, despite the US Federal Trade Commission requesting more information about the $24bn deal. The FTC says it has made this so-called second request – the first is the filing made to the FTC when the merger is announced – to accurately assess the deal's implications for competition in the medical device sector. It is not common for the FTC to request additional data on a merger, but neither is it unknown: the last medtech acquisition to prompt a second request, roughly a year ago, was Abbott Labs' $25bn takeover of St. Jude Medical. That deal closed, albeit a month or so later than initially expected, and BD and Bard are insisting that a similar delay will be the worst-case scenario for their deal. In their favour is the fact that once they have merged, the resulting company ought to be relatively diverse; the companies' only major overlap is in drug delivery, which makes up 54% of BD's revenues and 22% of Bard's.

Becton Dickinson and C. R. Bard merger sales by Device Segment in 2022

Acceleron's Dart misses the mark

13 June, 2017

Acceleron is scrapping its ALK 1 inhibitor dalantercept after it failed a renal cancer trial. In the phase II Dart study dalantercept plus Pfizer's Inlyta had a median progression-free survival of 6.8 months versus 5.6 months for Inlyta plus placebo, giving a one-sided p-value of 0.67. Forecasts had expected sales to reach $237m by 2022, according to *EvaluatePharma* sellside consensus. This was Acceleron's biggest growth driver, and the group's shares are down 8% pre-market. The company's hopes now rest on luspatercept, which is partnered with Celgene and is in pivotal trials in myelodysplastic syndromes and beta-thalassemia.

Mixed data for Probiodrug's novel approach to Alzheimer's

12 June, 2017

Probiodrug has released mixed safety data but evidence of positive trends in clinical biomarkers with its glutaminyl cyclase (QC) inhibitor PQ912. In Saphir, a short phase II trial in early-stage Alzheimer's disease, the project showed no statistically significant difference versus placebo in the number of patients experiencing an adverse event. However, patients given PQ912 did have a significantly higher discontinuation rate and more skin and gastrointestinal adverse events. As for secondary endpoints, cerebrospinal fluid analysis showed highly significant QC inhibition and a decrease of pGlu-Abeta oligomers in the treatment arm, compared with an increase in patients on placebo. pGlu-Abeta is a form of amlyloid said to be linked to the formation of soluble, toxic "pre-plaques" that lies behind Alzheimer's progression. Efficacy remains the key test for Alzheimer's therapies but with the dearth of clinical successes any glimmer of hope, however early the data, is popular with investors. Probiodrug's shares are up 11% in early trading today, but with just €21.9m ($19.5m) in cash the company will need to raise more.

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