Evaluate Vantage

September 05, 2017

# Buyers of cancer assets fan the licensing deal market

Amy Brown

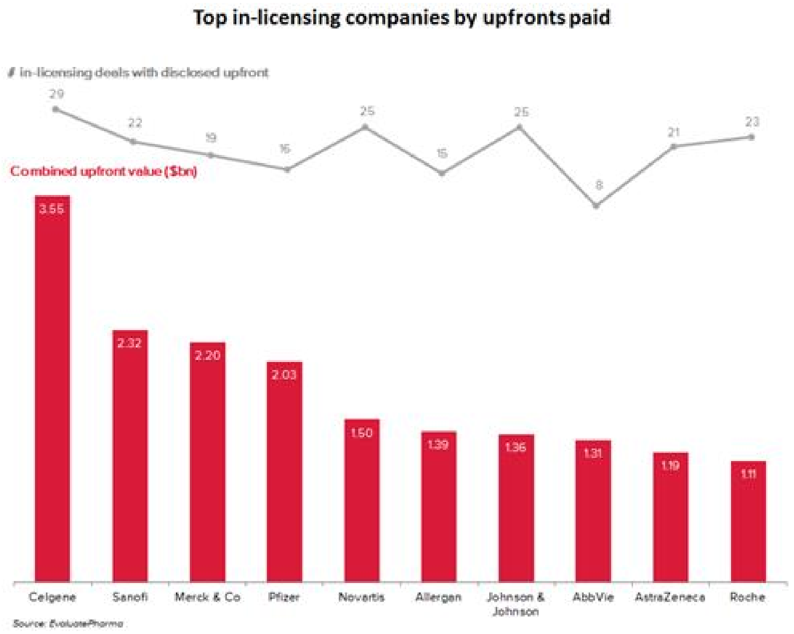
**The price of early stage cancer assets leaves Celgene shelling out $3.5bn in upfront payments, with no end in sight for rising valuations.**

Celgene’s business development department is recognised as one of the most active in the industry, and the analysis below shows just how busy the big biotech has been over the past few years. The company paid out more than $3.5bn in up-front payments as part of licensing deals from 2010 to 2016, a figure that excludes cash spent on straight take outs.

This level of spending puts it way ahead of big pharma companies with presumably much larger budgets – Sanofi, Merck & Co and Pfizer all topped the $2bn mark, *EvaluatePharma* deal data show. Celgene’s focus on early-stage oncology assets has clearly not come cheap – a further analysis shows that this specific hunting ground has got noticeably more expensive in the last couple of years (see tables below).

Of course the claim of rising asset valuations will come as no surprise to those out in the market looking to beef up pipelines. Many a biopharma executive can been heard lamenting sky-high price tags, though so far this seems to have had more of an impact on the M&A market.

This analysis encompasses only partnering deals where an up-front price was disclosed. Omitted were those without financial terms available or where only a total deal value was announced, a figure that is frequently vastly inflated by long-term milestones that in many cases will never be paid out.

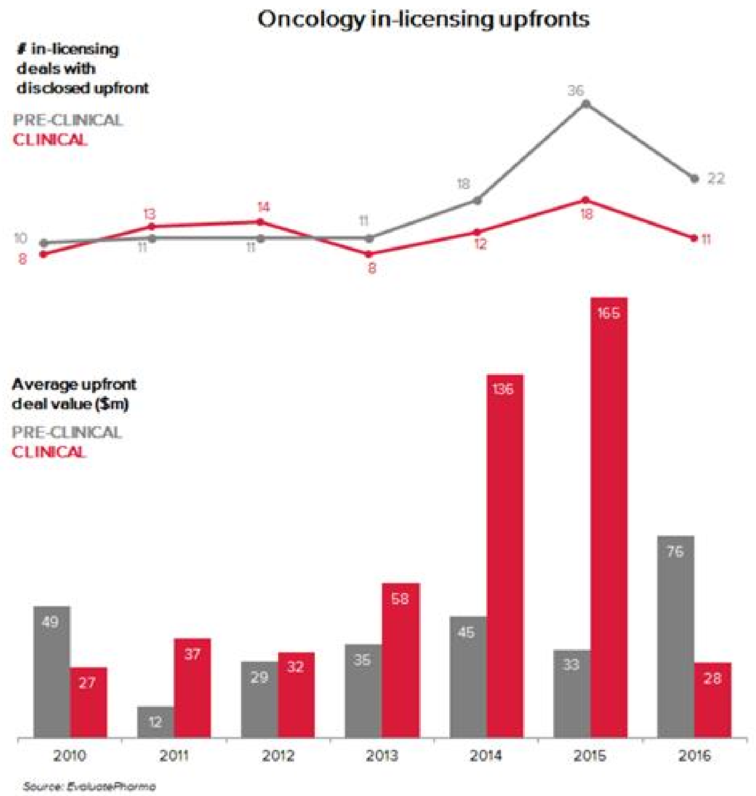



Having struck more deals than any other company Celgene has logically also handed over the most amount of up-front cash to secure these assets. Perhaps more surprisingly, 17 of the 25 deals that *EP Vantage* counted over this period – again, only those with a disclosed up-front value – were struck over projects yet to enter clinical stage testing. An analysis yesterday found that average values in this sphere have grown very noticeably since 2010; this was also the case for phase I assets (*Deal hungry biopharma remains happy to pay up, September 6, 2017*).

But Celgene has also been hunting almost predominantly among developers working in the cancer sphere, a therapy area that has seen the biggest surge in deal activity of all the therapy areas classified by *EvaluatePharma*.

The analysis below tracks the average price paid for clinical and pre-clinical oncology assets since 2010. The big spike in activity in 2015, in the midst of the biotech bull market, is clear, with rising average values most notably happening in the pre-clinical stages over the period of the analysis.

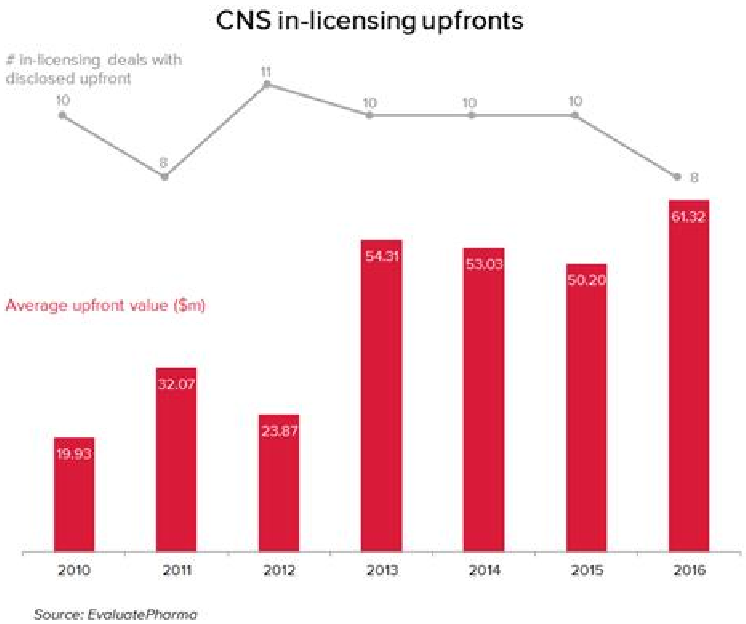
Of course large outlier deals will skew this picture – like Pfizer's 2014 in-licensing of Merck KGaA's anti-PD-L1 antibody Bavencio, for $850m up front, or the $650m that Sanofi handed over to Regeneron to in 2015 to kick off a broad cancer antibody research deal.



A look at average values is only really illustrative within cancer and therapies that target central nervous system disorders, as low deal volume elsewhere renders any output very prone to skewing by outliers. CNS below shows only clinical stage deals as very few transactions are struck before an asset starts human testing in this area.

In CNS too averages were also inflated in the last couple of years by a handful of large deals – 2016 saw Teva's deal over Regeneron's pain antibody fasinumab and Allergan's neurological collaboration with Sosei, involving up-fronts of $250m and $125m respectively. However the graph below does appear to paint a picture of rising valuations.

Lofty price tags might have caused the M&A front to quieten – Gilead's move on Kite notwithstanding – but big companies will always be hungry for assets. Licensing activity seems to be holding up, but a complete picture of 2017 will help shed light on whether sky-high valuations are also having an impact here.




*To contact the writer of this story email Amy Brown or Edwin Elmhirst in London at [news@epvantage.com]() or follow [@ByAmyBrown]() or [@EdwinElmhirst]()on Twitter.*

[More from Evaluate Vantage]()

Evaluate HQ
44-(0)20-7377-0800

Evaluate Americas
+1-617-573-9450

Evaluate APAC
+81-(0)80-1164-4754