Evaluate Vantage

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Snippet roundup: Sanofi slips in dengue and Teva cuts top jobs

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

This week, November 27 to December 1, 2017, we had thoughts on the following: parallel approval lays Foundation for more; Sanofi's dengue slip opens up market for Takeda; Ardelyx delivers a deal but all eyes remain on US prize; Teva shaves positions at the top as more job cuts loom.

These snippets were previously published daily via twitter.

Parallel approval lays Foundation for more

December 1, 2017

The simultaneous US thumbs up for Foundation Medicine's cancer test – from both the FDA and the body responsible for reimbursement – could pave the way for other broad companion diagnostics. FoundationOne CDx has become the second product to go through the US parallel review process after Exact Sciences' colorectal cancer test Cologuard, but the latest approval could have bigger implications for the industry. While previous companion diagnostics have been matched with a single drug, FoundationOne CDx tests for mutations in 324 genes to ascertain whether patients with five tumour types – non-small cell lung, breast, colorectal or ovarian cancers, or melanoma – could benefit from 15 FDA-approved therapies. The addressable market for the test is $350-400m, about 75% of which is represented by lung cancer, Wells Fargo analysts estimate. The decision by the Centers for Medicare & Medicaid Services, which will be finalised within 90 days, will see the test reimbursed nationwide. It also covers other, similar next-generation sequencing tests – however, none has yet been approved. Foundation's share price closed up 5% yesterday, and climbed another 11% in premarket trading today.

Selected mutations covered by FoundationOne CDx		
Mutation	**Indication**	**Therapy**
EGFR exon 19 deletions	NSCLC	Tarceva, Giotrif or Iressa
EGFR exon 21 L858R alterations	NSCLC	Tarceva, Giotrif or Iressa
EGFR exon 20 T790M	NSCLC	Tagrisso
ALK rearrangements	NSCLC	Xalkori, Alecensa or Zykadia
BRAF V600E	NSCLC	Tafinlar + Mekinist
BRAF V600E	Melanoma	Zelboraf or Tafinlar
BRAF V600E and V600K	Melanoma	Mekinist/Cotellic + Zelboraf
ERBB2 (HER2) amplification	Breast cancer	Herceptin, Perjeta + Kadcyla
KRAS wild-type (absence of mutations in codons 12 and 13)	Colorectal cancer	Erbitux
KRAS wild-type (absence of mutations in exons 2, 3 and 4) and NRAS wild-type (absence of mutations in exons 2, 3 and 4)	Colorectal cancer	Vectibix
BRCA1/2 alterations	Ovarian cancer	Rubraca

Source: Company press release.

Sanofi's dengue slip opens up market for Takeda

November 30, 2017

News that Sanofi will have to limit its dengue vaccine Dengvaxia to patients previously infected with the virus will cost the company €100m ($119m) – and could hand an advantage to a rival investigational vaccine, Takeda's TAK-003. Dengvaxia is currently the only marketed dengue vaccine, but six-year data have now found a link between the product and more severe disease in previously uninfected patients who went on to contract dengue. *EvaluatePharma*'s 2022 sellside consensus forecast for Dengvaxia had already fallen to $684m from over $1bn earlier this year, and could now drop further still. TAK-003 is well positioned to benefit from the fallout, should its 20,000-strong phase III Tides study read out positive next year. Takeda says that, so far, TAK-003 has shown a durable immune response against all four dengue serotypes regardless of previous exposure to the dengue virus, but this will need to be borne out in phase III. The dengue pipeline is sparse, so Takeda has a chance to grab the advantage.

The Dengue vaccine landscape					
Project	Company	Status	Ongoing trials	Primary completion	2022e sales ($m)
Dengvaxia	Sanofi	Marketed	N/A	N/A	684
TAK-003	Takeda	Phase III	Tides, NCT02747927	Jun 2018	32
DENV-1 PIV	Glaxosmithkline/US Army Medical	Phase I/II	NCT02421367	Jun 2018	-
DENV-1-LVHC	US Army Medical	Phase I	NCT02372175	Jan 2018	-

Source: EvaluatePharma.

Ardelyx delivers a deal but all eyes remain on US prize

November 28, 2017

Ardelyx has delivered a deal on tenapanor – although perhaps not the one investors have been waiting for. Kyowa Hakko Kirin has bought Japanese rights to the project in cardiorenal diseases, including the lead indication hyperphosphataemia, for a very respectable $30m up front, up to $130m in further milestone payments and royalties in the high teens. Ardelyx has made no secret about its partnering efforts for tenapanor, which has completed phase III studies in hyperphosphataemia and constipation associated with irritable bowel disease (IBS-C). Whether the company will be able to retain the cardiorenal indications in the US – as it hopes – while farming out IBS-C to a larger party is the burning question. The Kyowa Hakko deal confirms interest in tenapanor at least, but does little to allay concerns about a lack of interest in gastro-intestinal uses; the field has seen a couple of launches in recent years, and its rival Synergy has also been looking for a commercialisation deal for some time. Ardelyx will unveil results of a long-term safety study in the coming months and file for US approval in IBS-C in the second half of 2018, events that investors will be hoping flush out interested parties.

Tenapanor sales forecasts by indication

Indication	2022e ($m)
Constipation-predominant irritable bowel syndrome (IBS-C)	230.4
Hyperphosphataemia	67.4
Total	**297.8**

Sources: EvaluatePharma

Teva shaves positions at the top as more job cuts loom

November 27, 2017

Teva's new chief executive, Kåre Schultz, has uttered the words some investors love – “job cuts” – and today the Israel-based company delivered news that three of these would come at the top. The group plans to consolidate elements of its generic and speciality pharmaceutical businesses that have until now functioned separately – specifically, R&D and commercial functions. Commercial functions will be organised on a regional basis, while R&D will be consolidated into a single global department. As a result, three top executives will leave Teva by December 31 – chief science officer Michael Hayden, speciality medicines head Rob Koremans, and generics executive Dipankar Bhattacharjee. This follows reports in Israeli media that up to 20% of the company’s workforce would be eliminated, including around 1,300 of its 6,500 employees in Israel. These were the details that investors had been waiting for since Mr Schultz began work earlier this month as the group needs to generate earnings growth – US listed shares were up 6% in early trading, albeit from a price that has been severely discounted ever since Teva cut the quarterly dividend in August as part of an earlier cost-reduction announcement.

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