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Arbutus's hep B handicap grows

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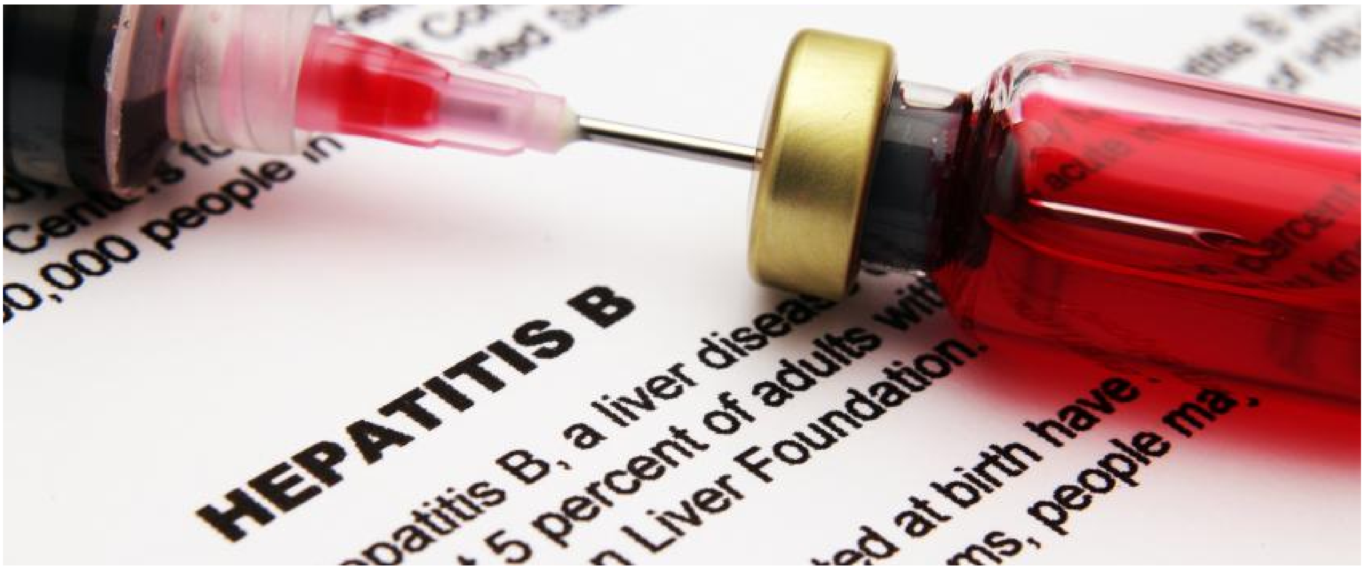

Arbutus Biopharma already looked second best to Arrowhead Pharmaceuticals in the race to develop a functional cure for hepatitis B. New data have made the former's task even harder.

Efforts to develop a functional cure for hepatitis B have been intensifying. But one player, Arbutus Biopharma, looks in danger of dropping out of the running.

Disappointing data with Arbutus's lead project, the RNA interference candidate ARB-1467, yesterday handed the advantage back to the group's RNAi rival, Arrowhead. And what is more, Arbutus has delayed the start of human trials of a follow-up candidate, the RNA destabiliser AB-452, after a safety signal.

Investors sent Arbutus's stock down 34% yesterday. The exodus came on top of losses in recent weeks following positive data with Arrowhead's rival project, ARO-HBV, and a subsequent deal between Arrowhead and Johnson & Johnson.

Antiviral therapy is currently used to treat hep B, but these drugs are not a cure because they cannot completely clear the virus from infected cells. Several groups are vying to develop a functional cure, with ARO-HBV and ARB-1467 the most advanced RNAi candidates; however, other companies are looking at different mechanisms to tackle the virus (*Looking for new mechanisms to cure hepatitis B, September 13, 2018*).

Static interference

The latest data with ARB-1467 were from a phase II trial testing the compound in combination with Gilead's antiviral Viread and pegylated interferon. The 30-week study is evaluating twice-monthly dosing of ARB-1467 after disappointing results with monthly dosing from a previous phase II trial.

More regular dosing does not seem to have helped, at least based on the limited evidence available so far. Yesterday's update concerned six patients: only one responded, while three did not meet the predetermined response criteria to go on to pegylated interferon. Two patients have not reached the six-week analysis point.

Arbutus said it would provide more updates when available, but the signs are not promising. Perhaps the company's attention has already shifted to its second-generation subcutaneous RNAi project AB-729, which is due to go into the clinic next year.

This could be good news for Arrowhead, whose deal with J&J over ARO-HBV, at only $175m in cash up front, was not the ringing endorsement that some investors had hoped for.

In any case, combinations might be needed to produce a functional cure for hep B. J&J looks likely to test ARO-HBV alongside its own capsid assembly modulator JNJ-6379, which is in phase II.

Arbutus has its own capsid inhibitors, and yesterday said its next-generation project, AB-506, had passed a healthy volunteer portion of an ongoing phase I trial. The group added that it might combine AB-506 with the RNAi candidate AB-729.

All of the aforementioned hep B projects have some way to go, so there are likely to be more twists and turns to this story. For now, things look rosier for Arrowhead than Arbutus.