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Bracco's Blue Earth buy boosts Syncona



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Syncona might have hoped for a bigger payday with the prostate imaging specialist, but it has plenty more irons in the fire.

The UK venture capital fund Syncona seems to be adept at picking winners. Less than four months after seeing the sale of Nightstar Therapeutics to Biogen the group has done it again, with another portfolio company, the imaging agent specialist Blue Earth Diagnostics, attracting a takeout bid.

Still, today's \$450m swoop by Bracco Imaging on the GE spinout Blue Earth does not represent a huge return for Syncona. A look at the rest of the investor's portfolio reveals a list dominated by cell and gene therapy players, which might command more substantial premiums.

Syncona's life science investments

Company	Focus	Syncona stake	Stake value (\$m)	Note
Autolus	Autologous CAR-T therapy	31%	416.5	Valuation based on market cap
Blue Earth Diagnostics	Prostate cancer PET imaging	89%	400.5	Takeout at 18% premium to last raise
Nightstar Therapeutics	Eye disease gene therapies	38%	333.3	Takeout at 68% premium over previous day's share price
Freeline Therapeutics	Rare disease gene therapies	80%	118.6	Valuation based on cost*
Gyroscope Therapeutics	Eye disease gene therapies	81%	36.7	Valuation based on cost
Achilles Therapeutics	Solid tumour neoantigens	69%	20.5	Valuation based on cost
Quell Therapeutics	T regulatory cells	69%	10.5	Valuation based on cost
Swanbio	Neurological disease gene therapies	72%	6.7	Valuation based on cost
Anaveon	Immuno-oncology	47%	4.7	Valuation based on cost
Omass	Structural mass spectrometry for drug discovery	46%	4.4	Valuation based on cost

*£88.4m raised in June 2019, but value of stake unknown. Source: company website.

The area in which Blue Earth specialises, PET imaging agents, is not exactly known for being a hotbed of takeover interest, so perhaps Syncona has done well to cash in.

Even so, activity in this sector has ramped up, with two purchases by Novartis in the past two years: that of Advanced Accelerator Applications for \$3.9bn and Endocyte for \$2.1bn.

Those deals were focused on radiotherapeutics rather than imaging agents. Blue Earth does have a potential therapeutic, 18F-rhPSMA, a radiohybrid agent that could be used for both the imaging and treatment of prostate cancer, but this is still in early development.

The private company's lead asset is Axumin, which is approved in the US and Europe for the imaging of men with suspected recurrent prostate cancer ([US approval for Blue Earth's prostate cancer tracer Axumin, 31 May 2016](#)).

The product is expected to bring in \$140m in the 12 months ending September 2019, mostly in the US. Blue Earth also filed Axumin with the FDA in December for the diagnosis of glioma.

Blue Earth's pipeline		
Product	Indication	Status
Axumin (18F-fluciclovine)	Prostate cancer diagnosis	Marketed
	Glioma diagnosis	Filed
18F-rhPSMA	Prostate cancer diagnosis	Phase I
rhPSMA	Prostate cancer therapy	Preclinical
<i>Source: Company website.</i>		

Syncona might now be wondering which of its investments could be the next to deliver an exit. On the whole, the group has chosen to get involved in hot sectors like CAR-T and gene therapies.

Freeline Therapeutics, which has a haemophilia B gene therapy project in development, might one day hope to follow in the footsteps of Spark, which Roche agreed to buy for \$4.8bn earlier this year – however, there are doubts about whether that deal will go through after antitrust regulators recently got involved.

Freeline reported data from two patients treated with its candidate, FLT180a, at last year's Ash meeting, and more results should emerge in 2019.

An intriguing prospect is Quell Therapeutics, which formed in May with a £35m (\$44m) funding round. The company specialises in T regulatory cells for autoimmune and inflammatory diseases, and this could pit it against the likes of Sangamo and Tmunity, although Quell is keeping the specific details of its approach quiet for now.

Meanwhile, the CAR-T player Autolus went public around a year ago, following Nightstar's lead in targeting the US markets – another feature of the Syncona strategy that should help it maximise returns ([Interview - Syncona's uncompromising message to the European markets, October 24, 2017](#)).

Still, Autolus's valuation has been hit by the presence of Neil Woodford among its investors, and could become further depressed [as his fund tries to cash out](#) and others follow suit.

Syncona will not want to accept a deal at any price, and the case of Autolus illustrates the potential pitfalls of biotech investing, no matter how good the science. The Blue Earth deal shows that Syncona is doing something right, but picking winners remains a tricky business.