

## Alder won't solve Lundbeck's headaches



[Madeleine Armstrong](#)



### **Lundbeck needed a deal, but it could struggle against strong competition in migraine.**

Lundbeck has delivered on its promise of deals. But today's acquisition of the migraine player Alder Pharmaceuticals, for up to \$2bn, was not the balm that investors were looking for.

The price looks rich given that Alder's anti-CGRP project eptinezumab is set to be fourth to market behind other, more patient-friendly options – and more convenient oral drugs could soon be coming. And, even if all goes well, it will be a long time before the acquisition pays off.

After initially rising as much as 8% this morning Lundbeck's stock was down 2% this afternoon as reality began to sink in.

#### **Intravenous barrier?**

The deal has its plus points, and there are few other proven, late-stage assets Lundbeck could have picked up for a similar price. And at least the group should soon have a revenue stream to offset upcoming patent expiries, something that will be a relief given recent late-stage failures.

However, the question of just how much eptinezumab can bring in will loom large before its US launch; the project is due an approval decision in migraine prevention by February 21.

Eptinezumab is given every quarter via a 30-minute intravenous infusion. The three currently approved anti-CGRP MABs are administered subcutaneously once a month – and one of these, Teva's Ajovy, can also be given quarterly.

Lundbeck's chief executive, Deborah Dunsire, contended during a conference call today that IV administration would not be a barrier to uptake. Indeed, she spun this as a potential advantage, pointing to the project's speed of onset and the fact that some patients might not want to self-inject the subcutaneous therapies.

She added that, as migraine patients are usually seen every quarter by their doctors, eptinezumab should fit neatly into current care, and argued that the asset might actually improve compliance.

Even if these claims have merit, Lundbeck will have an uphill battle gaining market share from bigger rivals like Amgen/Novartis, Lilly and Teva, which have had several quarters to establish their products. Issues of convenience and marketing muscle will be particularly important in the anti-CGRP space given that on a cross-trial basis efficacy looks similar ([Alder on a Promise, but it could be too late](#), 8 January 2018).

This crowded market has led to a fierce price war, contributing to a [dismal start to the year](#) in terms of CGRP sales. Since then things have picked up, with Amgen/Novartis's Aimovig and Lilly's Emgality just beating consensus in the second quarter. But there is a long way to go before revenues hit *EvaluatePharma* sellside consensus.

The anti-CGRP MAb landscape						
Product	Company	Q1 2019 sales (\$m)		Q2 2019 sales (\$m)		2024e sales (\$m)
		Consensus	Actual	Consensus	Actual	
Aimovig	Amgen/Novartis	84	59	75	83	2,050
Emgality	Lilly	29	14	33	34	1,563
Ajovy	Teva	18	20	30	23	847
Eptinezumab	Alder/Lundbeck	-	-	-	-	773

*Source: EvaluatePharma, Leerink note July 30, 2019.*

And more competition from oral CGRPs could be on the way: Biohaven is [due to report migraine prevention data](#) with rimegepant in the fourth quarter, while Allergan's atogepant is also in phase III.

Lundbeck looks to have made a pragmatic choice. Ms Dunsire [told Vantage in March](#) that the company was seeking CNS deals and, with only \$4-5bn to spend, its pool of potential targets was limited. And the Danish group saved itself some cash by not pulling the trigger sooner: although \$18 per share up front was a 79% premium to Alder's closing price on Friday, it is well off the target's \$51.75-per-share peak in 2015, which now looks completely overblown.

The deal also includes a non-tradeable contingent value right worth \$2 per share, payable on epti's approval in Europe; Lundbeck plans to file the project there in 2020.

Bernstein described the acquisition as "hard to digest" based on near-term numbers, given that it is not expected to become earnings-accretive until 2023. The transaction will also be financed primarily with debt, although Ms Dunsire would not give *Vantage* more details.

This might not be the end of Lundbeck's deal-making. The group had \$4-5bn to spend at the start of the year, and as well as Alder it [acquired the Tourette's player Abide Therapeutics for \\$250m up front in May](#).

Ms Dunsire told *Vantage* that Lundbeck would continue to look at potential targets. She added that other deals could include licensing agreements and partnerships as well as M&A, so further big acquisitions might be off the table, for now.

In any case, Lundbeck should now focus on making its mark in migraine, where it will have its work cut out.

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