Evaluate Vantage

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Vertex’s double cystic fibrosis surprise

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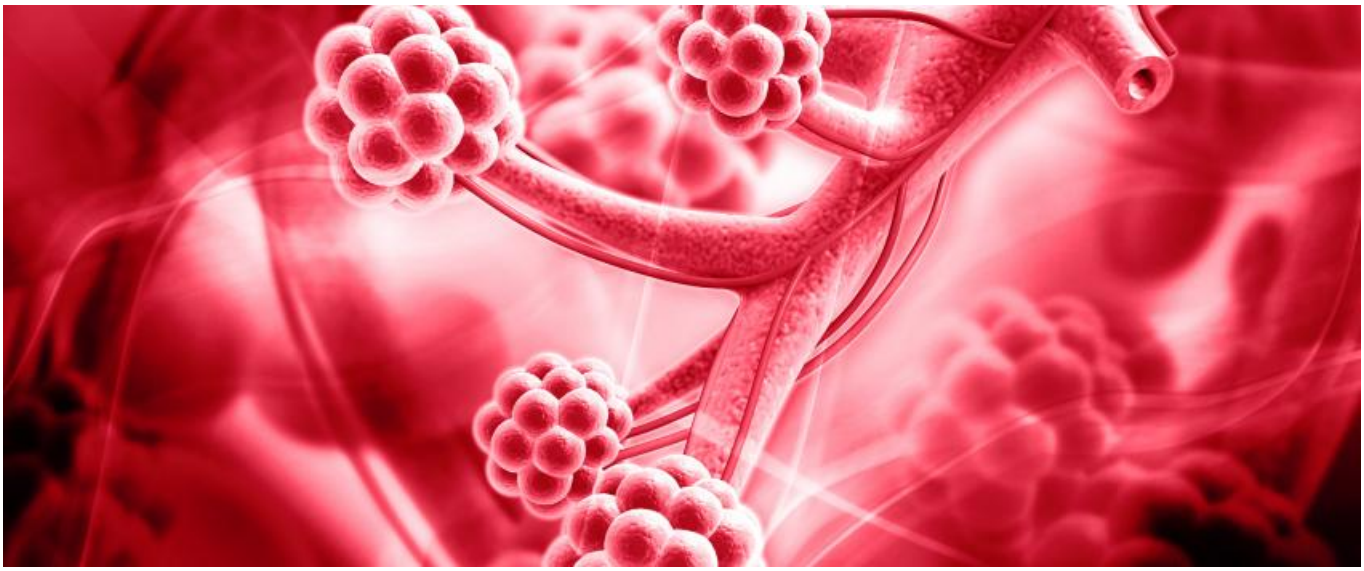

The remarkable speed of the company’s cystic fibrosis triplet approval will not distract attention from its price.

Its stellar pivotal data undoubtedly warrant the unexpectedly quick US approval of Vertex’s cystic fibrosis triplet Trikafta – three months after filing and five before the US FDA’s action date.

The much more controversial point is Trikafta’s pricing: at $311,000 per patient per year this is 6% and 14% above that of Vertex’s doublets Symdeko and Orkambi respectively. And Vertex will also derive a less obvious but equally important benefit, in that its royalty obligation to Royalty Pharma is thought to be lower for Trikafta than for the doublets.

Trikafta’s approval came just before market close yesterday, and thanks to it Vertex will now be able to treat patients homozygous for the F508del mutation in the *CFTR* gene, and those with one copy of the F508del mutation and one minimal function mutation (known as F508del/Min). This takes its addressable market up from 50% to 90% of the cystic fibrosis population.

That kind of progress deserves a premium, but cystic fibrosis drug pricing is a thorny subject: the US watchdog Icer has slammed Symdeko’s cost, while in Europe there has been outrage over the price of Orkambi. Until now Leerink and Stifel analysts had expected Trikafta to be priced in line with Symdeko.

Selected Vertex sales forecasts ($m)							
	2018	**2019e**	**2020e**	**2021e**	**2022e**	**2023e**	**2024e**
Trikafta	-	-	720	1,823	2,747	3,379	3,935
Symdeko	769	1,383	1,740	1,721	1,703	1,648	1,562
Orkambi	1,262	1,146	1,075	986	854	744	626
Source: EvaluatePharma consensus.							

A further benefit of Trikafta’s approval is the issuing by the FDA of a paediatric priority review voucher, which Vertex can either use later or sell on. However, the growing number of such vouchers in the market has naturally pushed down their value, and they have recently been changing hands for under $100m each.

Trikafta is a combination of ivacaftor, tezacaftor and elexacaftor (previously coded as VX-445). Symdeko comprises ivacaftor and tezacaftor, while Orkambi is a combo of ivacaftor with lumacaftor.

An astonishingly quick lifecycle management strategy has played out at Vertex, whose first cystic fibrosis drug, Kalydeco (ivacaftor) was launched seven years ago, but whose importance is waning. Indeed, given the overlaps, Leerink wrote yesterday that it was hard to understand why after Trikafta's approval Vertex would maintain Orkambi in the market.

Yet to play out is Trikafta's labelling, especially any warnings over liver enzyme elevations. Vertex had actually developed two cystic fibrosis triplets, the other being ivacaftor and tezacaftor plus bamocaftor (VX-659), and pivotal efficacy data were virtually identical (*Little to separate Vertex's cystic fibrosis triplets, March 6, 2019*).

Given the delicate balancing act at play, perhaps it was safety that swung the pendulum in Trikafta's favour.

This article has been corrected to reflect the timing of US approval.