November 01, 2019

Breaking down Beigene’s latest deal with the west

Jacob Plieth

A multifaceted tie-up effectively gives Beigene a net $1.5bn fund-raising and several Amgen drugs to sell locally.

It’s easy to hail yesterday’s deal between Amgen and Beigene as another example of the great strides companies are taking to internationalise via complex licensing arrangements. But the truth might be rather more prosaic.

Though the tie-up involves certain distinct elements it can best be summarised as a simple way for Amgen to access the Chinese market by buying into Beigene, a player that already has a strong local presence. And, though the headline $2.7bn number sounds impressive, Amgen is not handing over any cash for Beigene’s assets.

In return for Amgen’s $2.7bn Beigene has had to issue new shares, meaning that the money is not an unencumbered up-front fee. That said, the premium of 26% to Beigene’s close yesterday will rightly be taken as a strong endorsement of the Chinese group, which had recently come under pressure from a short seller called J Capital.

For Beigene this is not a clean fund-raising exercise, since the company has committed to provide up to $1.25bn to the development of 20 Amgen oncology projects. Amgen states that thanks to Beigene it will make a bigger impact on China than it could have done on its own.

Innovent read-across

But no Beigene projects will change hands, so the deal is arguably less groundbreaking than the 2015 tie-up between Innovent and Lilly, which could be seen as an asset swap that marked a way for the two companies to access each other’s expertise in their own territories.

Of course, Beigene already has a US listing on Nasdaq, and under a separate deal with Celgene it sells the Celgene drugs Abraxane, Vidaza and Revlimid.

To these three it will soon be able to add Amgen’s Xgeva, Kyprolis and Blincyto. These, plus the 20 projects from Amgen’s oncology pipeline, will be sold by Beigene in China under a profit share; Beigene will also get an unexpected bonus, in the form of a single-digit royalty on Amgen’s sale of the 20 R&D assets – except the high-profile Kras inhibitor AMG 510 – in the west.

Beyond AMG 510 the 20 pipeline assets have not been disclosed, but a look at Amgen's most recent pipeline reveals the likeliest candidates (below). Many of these are antibodies and bispecifics, some targeting the same antigen, but using subtly different approaches.

It seems that the Amgen deal could turn Beigene further away from its small-molecule comfort zone, and give it an economic interest in the global cancer market. However, its most important immediate aspect will be to resuscitate Beigene's valuation.

Amgen's clinical-stage oncology pipeline (all phase I)		
Project	**Mechanism**	**Note**
Small molecules		
AMG 510	Kras G12C inhibitor	
AMG 397	MCL-1 inhibitor	Oral
AMG 176	MCL-1 inhibitor	IV
Antibodies		
AMG 596	Anti-EGFRvIII MAb	
AMG 427	Anti-Flt3 MAb	
AMG 404	Anti-PD-1 MAb	Intended for combo use
AMG 160	Anti-PSMA MAb	
Bispecific antibodies		
AMG 757	Anti-DLL3 bispecific	
AMG 420	Anti-BCMA bispecific	Partnered with Boehringer Ingelheim
AMG 701	Anti-BCMA bispecific	Extended half life
AMG 673	Anti-CD33 bispecific	
AMG 330	Anti-CD33 bispecific	Partnered with Ligand
AMG 562	Anti-CD19 bispecific	
AMG 424	Anti-CD38 bispecific	Partnered with Xencor
AMG 212	Anti-PSMA bispecific	
Others		
AMG 506/MP0310	4-1BB agonist DARPin	Partnered with Molecular Partners
AMG 119	Anti-DLL3 Car-T	
Note: apart from AMG 510 it has not been disclosed which 20 projects will be included in the Beigene deal. Source: Amgen presentation & EvaluatePharma.		

This story has been amended to correct the terms of the Celgene deal.

+81-(0)80-1164-4754