Evaluate Vantage

August 19, 2020

Filgotinib setback vindicates Abbvie’s opt-out

Jacob Plieth

A shock US rejection delays approval by at least two years and makes Abbvie, which had given up rights five years ago, look smart.

Galapagos had looked like a dealmaking genius when it partnered and then repartnered filgotinib, but after market close yesterday reality bit. The Jak1 inhibitor has been handed a US complete response letter that could delay its approval for rheumatoid arthritis until 2022.

The unexpected setback, caused by toxicity concerns, will come as a rude awakening to those who had long seen filgotinib as the safest of the Jaks. And it will compound growing concerns over filgotinib’s late market entry, which had already caused the project’s forecasts to be whittled away, as consensus data from *EvaluatePharma* reveal.

Little wonder that shares in Galapagos and Gilead, to which filgotinib was licensed in 2015, came off this morning, to the tune of 27% and 3% respectively. Filgotinib is a key part of both companies’ growth plans, its NPV accounting for a respective 54% and 5% of the two groups’ market caps, according to *EvaluatePharma* calculations of sellside consensus numbers.

Instead, it is Abbvie that today looks like the business development genius. Abbvie had five years ago controversially given up rights to opt in to filgotinib, preferring instead to focus on its own Jak1 inhibitor, which was launched last year as Rinvoq (*For AbbVie filgotinib becomes no-go-tinib, September 25, 2015*).

In December 2015 Gilead picked up filgotinib for $300m up front, plus a $475m equity investment, with an obligation on the junior party to fund just 20% of phase III costs. This gave Galapagos an even better deal than it would have had with Abbvie.

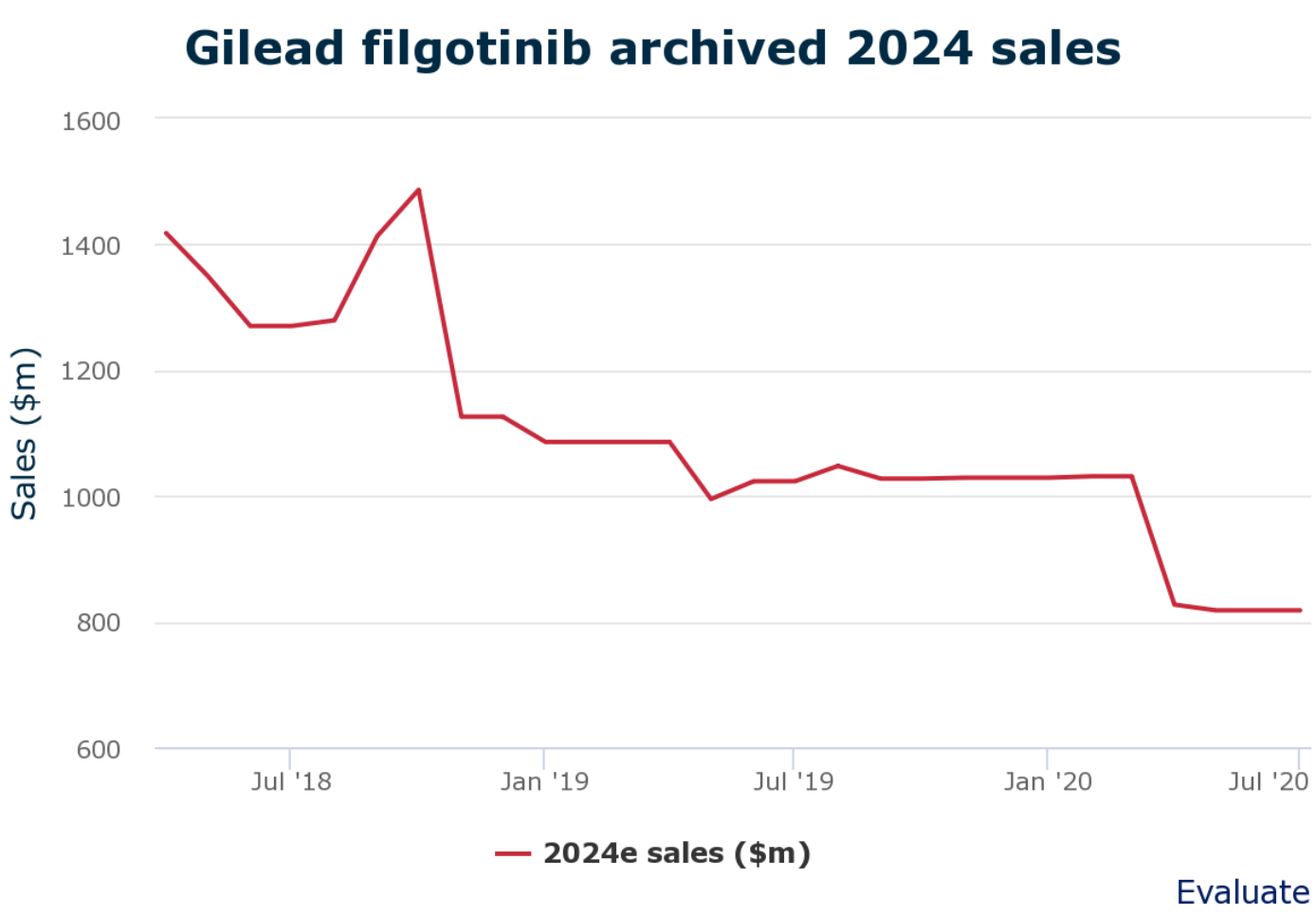
Rinvoq wins?

But today Rinvoq is winning the race for rheumatoid arthritis market share – among the Jaks at least – notwithstanding its own toxicity problems. It was launched with a label warning for thrombosis, similar to that for the older Jak inhibitors Xeljanz and Olumiant.

But in this market coming first counts for a lot. In a scathing note to clients this morning Wolfe Research’s Tim Anderson wrote that even before yesterday’s setback filgotinib was going to struggle commercially, being “a late-entrant into a crowded category, dominated by deep-pocketed big pharma companies who know the space much better than Gilead”.

Such growing concerns are reflected in historic sellside consensus, as compiled by *EvaluatePharma*, which

shows that 2024 US sales forecasts have fallen from $1.5bn two years ago to $818m today.



Now the task of competing has become even harder. The complete response letter cites possible impact of filgotinib's 200mg dose on sperm parameters, and the FDA wants to see data from the Manta and Manta-Ray trials, due in 2021, before deciding on approvability.

Manta and Manta-Ray had been initiated to investigate the possibility of filgotinib having testicular toxicity, an issue that came up some years ago in a rat study.

Anyone wondering whether the problems end there would do well to consider why the FDA decided against approving just the 100mg dose, however uncompetitive its efficacy might have been. The fact that the agency did not hints at broader concerns it might have over filgotinib's risk/benefit profile.

Outside the US the news for Gilead/Galapagos is better as filgotinib looks soon to be approved in Japan and the EU, where despite rumours to the contrary the CHMP delivered a positive opinion last month. But the US, where filgotinib will be Gilead's sole responsibility, is clearly where the big money is.

So pressing was the need for filgotinib to get to market quickly that Gilead had filed it with a priority review voucher that it had bought from Ultragenyx for $81m. This has enabled the FDA to say "no" four months sooner than it might otherwise have done.