

J&J snags novel autoimmune project, and Momenta



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The \$6.5bn price - biopharma's biggest buyout of the year so far - shows how competitive the anti-FcRn space has become.

The substantial potential seen in projects that target neonatal Fc receptor (FcRn) has triggered much dealmaking over the past few years. Johnson & Johnson's \$6.5bn takeout of Momenta represents the biggest play to date.

J&J is getting the whole of Momenta, but the deal is mostly about nipocalimab, which [delivered impressive proof-of-concept data](#) earlier this year; that could well have been the trigger for talks. And, while the 70% premium looks generous, intense competition for these assets already has some in the sellside asking whether this will be enough to seal the deal.

Momenta shares opened a touch below the \$52.50 that J&J has agreed to pay, suggesting that the market does not see another bidder entering. It is hard to believe that this was not already a competitive sale process, and Momenta's bankers have surely been busy shopping the company around.

Truist analysts (formerly SunTrust Robinson) asked this morning whether J&J "may have underplayed"; it is worth noting that they are defending a price target of \$53, considerably higher than most other banks. Takeover battles are rare, particularly in the wake of an agreed bid such as this one, but it is also true that there are few other unencumbered anti-FcRn assets out there.

FcRn targeted projects: the progress so far (in myasthenia gravis)

Project	2026e sales	Company	Next steps
Efgartigimod	\$2bn	Argenx	US filing due by year end
Rozanolixizumab	\$319m	UCB	Ph3 readout expected H1 2021
Nipocalimab	\$166m	J&J (Momenta)	Momenta planned to start ph3 by YE 2020
IMVT-1401	\$597m	Immunovant/Harbour Biomed	Ph 2a readout Q3 2020
ALXN1830	\$13m	Alexion (Syntimmune)	Paused owing to Covid-19, to restart 2021, SC formulation prioritised
ABY-039	-	Affibody	Project terminated in Jun 2020 on tolerability issues, Alexion handed back rights.

Source: EvaluatePharma, company statements.

The target has attracted much attention because of its broad applicability across a range of autoimmune diseases, many of which have few if any treatment options. By inhibiting FcRn these projects are thought to be able to control the recycling of IgG and reduce the activation of complement, which is believed to drive many conditions.

Efgartigimod is the most advanced asset in biopharma's anti-FcRn pipeline. With a market cap of \$11bn and a fiercely independent chief executive, however, Argenx would probably prove too pricey for most buyers. As a large mid-cap UCB is also planning to go it alone, though rozanolixizumab is also considered the weakest project.

Alexion [snapped up Syntimmune](#) back in 2018, for what now looks like a good value \$400m up front; a deal over an Affibody candidate [ended up bust](#) earlier this year. And, with Momenta now gone, this leaves Immunovant, shares in which duly jumped 13% this morning. [Data due any day now](#) on IMVT-1401 now become even more interesting.

Interestingly Argenx shares also opened higher this morning, as a big pharma endorsement presumably outweighed the threat of another deep-pocketed competitor, alongside Alexion, arriving on the scene.

A fitting end?

J&J's plans for nipocalimab will also be eagerly awaited. A [press release](#) contained few details but mentioned huge swathes of disease areas that might be investigated, from maternal-foetal disorders, neuro-inflammatory disorders to rheumatology, dermatology and autoimmune haematology.

And of course Momenta was about more than nipocalimab. M254, a hypersialylated IgG, will deliver results in idiopathic thrombocytopenic purpura shortly. But the decision a couple of years ago to exit biosimilars now looks well judged. After spending years trying to get its Copaxone generic, Glatopa, to market, Momenta [threw in the towel on the copycat business in late 2018](#), a defeat that arguably had more to do with the impenetrable US biologicals market than with its failings.

Long-term investors will be happy to dismiss that history - before today the stock had never closed above \$40, in over 16 years on the market.

The acquisition also ranks as the largest biopharma buyout so far this year, [knocking Gilead's \\$4.9bn takeout of FortySeven off the top spot](#). The fact that deals are getting done, despite the pandemic being far from over, will also please the sector and its followers.