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Sanofi makes a pre-JP Morgan splash with Kymab

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The Kymab takeover represents another bold move as the French company bids to rebuild its pipeline.

Sanofi's bid to catch the wave of enthusiasm surrounding the JP Morgan healthcare conference getting under way today has seen it buy Kymab for $1.1bn. True, this is nothing like Bristol swooping on Celgene, or even Lilly buying Loxo, deals that kicked off JP Morgan 2019, but it is one of the UK's biggest biotech takeouts.

The driver seems to be Kymab's Ox40L blocker KY1005, which generated phase II data in atopic dermatitis last August. Kymab also has an interesting pipeline of oncology projects, but this is at a rather early stage; thus the move again sees the French group putting up big bucks where others have preferred not to.

In Kymab's case, those that have apparently chosen to remain on the sidelines include banks willing to underwrite a public market flotation. Kymab had been eyeing a US IPO as long ago as May 2019, revealing that it had filed a confidential registration statement with the SEC, but no IPO came about.

The proposed size of any IPO had never been revealed, but it is clear why valuation might have been an issue: private investors had pumped $280m of funding into Kymab, but with only two clinical assets, and no clinical validation until the KY1005 data, a big return on this investment seemed a long shot in the near term.

Front-end loaded

Until Sanofi stepped up, that is. Today's deal is unusually front-end loaded, with $1.1bn of cash up front and just $350m contingent on future milestones.

Armed with $8bn from the sale of most of its Regeneron stake, Sanofi has been acquisitive as its chief executive, Paul Hudson, has been given a brief to build an oncology and rare disease pipeline fast. It has recently paid $358m for Kiadis, $3.7bn for Principia Biopharma and $2.5bn for Synthorx.

Still, Kymab's lead asset is in neither disease category, though of course Sanofi is already active in autoimmune conditions. KY1005's phase II success came in moderate to severe atopic dermatitis, with the project beating placebo in 12-week EASI score; though Kymab did not release any statistical data, it said the primary EASI score endpoint was met, and that the effect was "clinically meaningful".

The project inhibits Ox40L, the ligand for the co-stimulatory immune checkpoint Ox40, which is better known as an oncology target. However, Ox40 MAbs for cancer use have activating rather than inhibitory activity, so Moderna's phase I/II stage asset mRNA-2416, for instance, is an mRNA that encodes human Ox40L.

In cancer, agonising Ox40 has, like many follow-on checkpoint approaches, yet to record any notable successes. While Roche has scrapped its contender RG7888, Glaxosmithkline remains committed to this target through GSK3174998. Astrazeneca, which has two different Ox40 agonists, MEDI6469 and MEDI6383, is keeping faith too.

Kymab's most advanced oncology asset is the anti-Icos MAb KY1044, an approach where Glaxo, Astra and Jounce are all active. Meanwhile, other projects inhibiting Ox40 interaction for autoimmune use include Kyowa Kirin's KHK4083.

Sanofi will hope that Kymab's atopic dermatitis success is a sign of better things for Ox40 in autoimmune disease than in cancer, though of course the reported phase II win has yet to be repeated in a large, pivotal setting.

Selected clinical projects targeting Ox40 interaction in autoimmune disease

Project	Company	Mechanism	Study
ISB 830	Ichnos Sciences (Glenmark spinout)	Anti-Ox40 MAb	468-pt placebo-controlled study in atopic dermatitis, ended Nov 2020
KHK4083	Kyowa Kirin	Anti-Ox40 MAb	274-pt placebo-controlled study in atopic dermatitis, ended Feb 2020
KY1005	Kymab	Anti-Ox40L MAb	88-pt placebo-controlled study in atopic dermatitis showed clinically meaningful effect on 12-wk EASI score

Source: EvaluatePharma.