

Opportunities arise for once-spurned partners



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Following the Pfizer-Biohaven blueprint, could other licensing deals turn into buyouts?

The ability of a small developer to retain ownership of a prized asset has a lot to do with wider market conditions. And right now those conditions are terrible.

The Biohaven board would certainly have considered this fact while weighing up whether to sell out to Pfizer, presumably having rejected such a proposal six months earlier. Which begs the question – which other groups might be regretting an earlier independent streak, and would now look favourably on an offer from a larger partner that had once seemed too cheap?

Aurinia is a prime example. [If rumours were true](#) Aurinia attracted the interest of Bristol Myers Squibb last year, talk that caused shares in the small biotech to almost double. The stock is now trading at a third of that price, and the company's market cap is struggling to stay above \$1bn.

As a small company undertaking a solo launch Aurinia is considered a high-risk proposition by investors, many of whom would applaud a buyer emerging. Whether they would be happy with a deal struck at these depressed levels, having enjoyed a substantially higher valuation only six months ago, is another question.

Welcoming the land grab?

The problem for small companies, and their investors, is that the stuttering stock markets and wider economic malaise could easily deteriorate further. Calling time sooner rather than later could prove a wise move ([Six months on, Biohaven succumbs to Pfizer, May 10, 2022](#)).

Larger developers do not always want to buy an entire company, of course, particularly when interesting assets are early stage, and still high risk. But if they are on the hook for significant payments down the road, and a project is looking promising, a slump in the target's valuation could make a land grab a no-brainer.

The table below calls out a few possible candidates, where parties on both sides of the table could find themselves considering their options.

Some of these projects probably represent too much of a bet at this stage for the bigger partner to make a move. Gilead is surely happy to have Arcus at arms length after [Roche's anti-Tigit blow-up](#) yesterday.

Others might look more tempting. The [potential of Sarepta's SRP-9001](#) and [Sage's depression assets](#) remains under debate, but both of these companies have seen serious valuation declines. And, if Glaxosmithkline is

really serious about mRNA as a modality, Curevac also looks considerably cheaper now than 12 months ago.

Seres and Morphosys in particular look very beaten down. Investors would probably not object if their larger partners made a move.

Conditions are perhaps not dire enough for these smaller developers to give up just yet. But propositions of full marriage will certainly be taken more seriously now than when these licensing deals were first struck.

Consummation potential? Licensing deals with potential for an upgrade			
Deal partners	Project(s)	Deal details	Current market cap of licensee
Biogen/Sage	Zuranolone/SAGE-324	Biogen buys WW rights and 50% of US for \$1.5bn in up front and equity; \$3bn+ in milestones	\$1.7bn (-61% since Nov '20 deal)
Roche/Sarepta	SRP-9001	Roche buy ex-US rights for \$1.5bn in up front and equity; \$3bn in milestones	\$5.5bn (-52% since Dec '19 deal)
Gilead/Arcus	Three I-O projects, including anti-Tigit	Gilead buy WW rights and 50% of US for \$750m; \$4bn+ milestones	\$1.2bn (-53% since Nov '21 deal)
Roche/Blueprint	Gavreto	Roche buy WW and 50% of US for \$775m in up front and equity; \$927m milestones	\$3.1bn (-32% since Jul '20 deal)
Pfizer/Myovant	Orgovyx/Myfembree	Pfizer buys 50% of US and Canada rights and ex-US oncology rights for \$650m up front; \$4.2bn in milestones	\$788m (-64% since Dec '20 deal)
Incyte/Morphosys	Monjuvi	Incyte buys ex-US and 50% of US for \$900m in up front and equity; \$1.1bn in milestones	\$598m (-87% since Jan '20 deal)
Abbvie/Regenxbio	RGX-314	Abbvie buys WW and 50% of US for \$370m up front; \$1.4bn in milestones	\$840m (-41% since Sep '21 deal)
Nestle/Seres	SER-109	Over two deals, Nestle buys WW rights and 50% of US & Canada for \$295m up front; \$2bn+ milestones	\$327m (-85% since Jul '21 deal)
Incyte/Syndax	Axatilimab	Incyte buys ex-US and 50% of US for \$152m in up-front and equity; \$450m in milestones	\$833m (-26% since Sep '21 deal)
Glaxo/Curevac	CVnCoV + other mRNA vaccines	Glaxo pays ~\$300m up front + ~\$400m in milestones for WW rights ex certain European countries	\$2.9bn (-83% since Feb '21 deal)

Source: Evaluate Pharma & company statements.

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