Suancampo benefiting from Zelnorm withdrawal

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Few small speciality pharmaceutical companies can boast actual sales in their first year as a public company.

US-based Sucampo Pharmaceuticals is one of the exceptions. The group has Amitiza, a treatment for chronic idiopathic constipation (CIC) on the market, which was given a boost in March with the withdrawal of Zelnorm, Novartis’s rival product, leaving the door open for Sucampo to scoop up sales.

In November, the group reported nine-month revenues of $74.7m, in royalties and co-promotion fees, from its marketing partner Takeda.

Sucampo is now pressing its new found market advantage with a direct-to-consumer advertising campaign started last year that should increase prescription sales.

European filing for the drug in chronic idiopathic constipation is also slated for the second half of this year. With no current marketing partner for Europe, striking a deal in the region should provide additional upside to the shares, which have risen by 33% since their stock market debut in August at $11.50.

New indications

Further opportunity to grow sales could happen in April when Amitiza has its PDUFA date for the additional indication of irritable bowel syndrome with constipation. This will also trigger a $50m milestone payment from Japanese partner Takeda.

But while the drug has already sailed through the regulatory process for CIC, the increasingly stringent FDA might have concerns about constipation drugs in the light of the withdrawal of Zelnorm, due to averse cardiovascular events.

Working in Amitiza’s favour should be its novel compound class. The drug is based on prostones, which are derived from fatty acids that occur naturally in the human body. The group is the only company to have filed a drug using this technology.

More upside?

The rest of the pipeline is relatively narrow, with only one other late-stage product, SPI-8811, currently being developed as a treatment for NSAID triggered ulcers. However the novel platform technology around prostones gives the group the opportunity to develop further products.

It is these factors that have led some analysts to believe that Sucampo looks undervalued for a company with one marketed product, which is forecast to generate revenues of $163m by 2012, and the prospect of higher royalties come April. According to the EvaluatePharma's NPV Analyzer the group's products are worth $504m.