Evaluate Vantage

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Progenics' Relistor moving nicely through trial success

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As early Christmas presents go a 31% lift in your share price must count towards having your holiday wishes come true. Progenics Pharmaceuticals was yesterday the company counting its blessings following release of positive top-line data for its oral version of Relistor to treat opioid induced constipation, a result that continues the turnaround story for the drug.

What has got the market excited is the fact that not only does the oral formulation appear to have high efficacy, but that it is in a new patient population of sufferers with chronic, non-cancer pain. This represents a much bigger market for Relistor which reached the market in 2008 in subcutaneous form, and could see the drug finally start to live up to its potential.

The waiting game

While it could be easy to get carried away with the data it should be borne in mind they are only preliminary and the full read out is not expected until early-to mid 2012. Still, early signs were encouraging with patients showing relief from constipation in the two higher dose arms.

UBS believes this complete data set will help to clarify the commercial potential of the oral drug, as it should give some indication of its efficacy compared with subcutaneous Relistor. An indication of discontinuation rates and any observed side effects will also help paint the picture.

The non-cancer patients opportunity is very big given the lack of available treatment, and it could justify what looked like a hefty signing fee from Salix Pharmaceuticals. Currently there are only a further four drugs in phase III development for opioid-induced constipation.

Change of control

Salix in-licensed the product earlier this year with an upfront fee of $60m; Pfizer acquired the product as part of its acquisition of Wyeth but handed the rights back in 2009 (*Salix takes Relistor's commercial reins from Pfizer, February 8, 2011*).

Given its lacklustre performance - the subcutaneous version of the drug generated sales of $16m last year - the amount of money Salix was prepared to pay certainly raised eyebrows although the demand historically was probably more to do with the lack of marketing effort put behind the drug by Wyeth.

While Salix’s claims that the drug has billion dollar potential as a justification for the price tag still look a little optimistic, getting approval for an oral version in a much wider population should significantly bump up its sales potential.

More to come?

At present consensus forecast for Relistor sales booked by Salix in 2016 sit at $238m; this could now rise.

Salix is also making further efforts to extend the Relistor franchise to get its money’s worth and earlier this year filed a subcutaneous version of the drug, which is already approved in cancer patients, in a non-cancer indication.

A PDUFA date has been set for April 27; Progenics has seen its volatile shares rise by 55% this year to $8.49 on climbing hopes for the drug. Partner Salix has also benefited from the revival of Relistor’s fortunes, rising 11% yesterday, taking the shares back to the level they were before the FDA rejection of its irritable bowel product Xifaxan (*Bad news on Xifaxan gives Salix investors indigestion, February 24, 2011*).

There is no doubt that Relistor has benefited from the attentions of the much smaller and gastro focused Salix, which appears to be doing what Pfizer failed to do and making Relistor work.

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