

## Alliances over the Christmas period



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Although the end of year period was relatively quiet for alliances, like most festive periods it was notable for one big break-up, two reassessments of relationships and two new unions.

So while some were facing the new year with a spring in their step and a new partner by their side, prompting big share price movements, others like Emergent were contemplating 2012 alone.

### Alliances

#### *December 28*

Emergent BioSolutions announced the loss of Abbott Laboratories as partner over leukaemia drug TRU-016, but said it would push on with development of the monoclonal antibody in B-cell malignancies. Blaming the “portfolio prioritisation process” at the big pharma giant, Emergent said it would still receive assistance from Abbott for awhile; the start of a phase II study recently, testing the drug in combination with bendamustine for patients with relapsed chronic lymphocytic leukaemia, triggered a \$6m milestone payment.

The news prompted the Maryland company’s shares to drop 4% to \$16.53 on the day but they have largely recovered since – the stock was up 1% at \$17.04 in early trade today.

The restructuring of a licensing deal over Immunomedics and UCB’s lupus candidate, epratuzumab, saw the Belgian pharma company pay \$30m to allow it to sub-license the phase III drug in certain territories. UCB will pay a further \$30m should any sublicense deal be concluded, and has also given up its buy-in rights to any cancer indications.

The anti-CD22 antibody is in two phase III trials, Embody 1 and 2, with results expected early in 2014; UCB remains responsible for development and commercialisation of the drug. Analysts following UCB have pencilled in sales of \$123m by 2016 and reckon the drug represents the first competitive threat to GlaxoSmithKline and Human Genome Sciences’ Benlysta, which was launched last year and is expected to generate 2011 sales of \$58m.

#### *December 27*

Grupo Zeltia, or at least its subsidiary Pharma Mar, finished the year \$25m richer after agreeing a revised US development programme with development partner Johnson & Johnson for ovarian cancer drug Yondelis in the US, which will see J&J conduct new phase III tests following requests from the FDA. Zeltia could also get an additional \$85m through 2015 if the drug hits certain targets.

Zeltia’s shares were hit hard earlier this year after it missed out on a \$10m payment when J&J decided to pull its US filing for the drug. The good news helped to push Zeltia shares up by 23% on the day, but they still finished the year down 34%.

#### *December 24*

Karo Bio’s innovative small molecule RORgamma modulator programme helped it to snare Pfizer as a development partner, a perfect Christmas present that saw its shares rise by 47% on the news to recover some of the losses experienced in the year.

A novel target, the nuclear hormone receptor RORgamma controls the production and secretion of cytokine IL-17, a major contributor to inflammation, and is being used by Karo to target a number of autoimmune diseases including rheumatoid arthritis and MS. Karo could be on the receiving end of up to \$217m in upfront and milestone payments, with additional royalty revenues if all goes to plan.

#### *December 23*

It has not been the best of years for Marina Biotech, which has seen its stock fall by 65% over the last 12 months, so the company will be hoping that its newly formed alliance with private microRNA company Mirna Therapeutics will inject some life back into in 2012.

Under the deal Mirna will combine its proprietary microRNAs used in cancer treatments with Marina's Smarticle liposomal delivery technology to develop cancer treatments. Mirna will shoulder full responsibility for the development and commercialisation of any products from the tie-up and could pay Marina up to \$63m, a sum that includes upfront payments, milestones and royalties. Alongside the upfront payment Marina will also be starting the year in a slightly better financial health following a \$5m private placement, a welcome addition to the \$2.2m of cash it had on its balance sheet at the end of September.