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Takeda beefs up gout franchise with URL acquisition



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With the patent expiry of its lead drug Actos looming Takeda is living up to its promise of finding new products to fill the almost \$4bn void that will be left by the diabetes drug. Yesterday, the Japanese pharma group announced that it would be paying an initial \$800m for private US company URL Pharma.

While the acquisition may appear to be small beer for the likes of \$34bn Takeda, the deal will contribute strongly to earnings quickly. It was struck principally for the gout treatment, Colcrys, which should provide a complimentary product to Takeda's existing gout franchise that already includes Uloric.

Nice little earner

In 2012, Colcrys had net sales of more than \$430m, and URL as a company \$600m, indicating with a multiple of less than two times sales Takeda looks to have secured a good deal. The company expects sales of Colcrys to grow further.

The drug's active ingredient is colchicine, a very old treatment for gout. Colcrys was approved by the FDA in July 2009 and has built its success on the fact that it is the only the only single-ingredient colchicine to be indicated for the prophylaxis and treatment of gout flares. There had previously been unapproved colchicine products on the market, but most had suffered from toxicity issues.

Under the terms of the deal Takeda will pay \$800m upfront and then additional milestones relating to future sales of Colcrys. The acquisition, which will also extend Takeda's reach in the US, is expected to contribute to operating income and free cash flow at the start of the 2013 fiscal year.

Dominating the field

Speaking about the acquisition, Anna Protopapas, head of global business development for Takeda, said it was all about "leadership in gout".

The addition of Colcrys means that Takeda has treatments for both acute and chronic gout. "We now get a significant revenue stream that is going to contribute significantly to the bottom line," she said.

There is no doubt that Colcrys with its chunky sales will help support the gout franchise. Takeda's existing gout product, Uloric, could use some support.

The product has had a relatively slow start since launch, thanks in part to it being pitched against generic allopurinol, which despite its lack of efficacy in many patients is still heavily prescribed by physicians. Last year Uloric had sales of \$115m.

Sales of the novel xanthine oxidase inhibitor have recently started to ramp up and changes in the typical gout patient should also help sales of both Uloric and Colcrys. Recent studies have shown that between 40%-60% of gout patients no longer respond to standard of care allopurinol, creating an opportunity for both drugs.

There are also currently few other treatments to challenge the dominance that Takeda appears to be building in the gout space. Savient Pharmaceuticals' Krystexxa has suffered on a number of fronts, including difficulties in reimbursement, an inconvenient fortnightly infusion regimen and hypersensitivity issues, all of which have curbed its use.

Ardea is developing a new gout treatment, lesinurad, a novel URAT1 inhibitor, currently in phase III trials. The drug is being pitched as an add-on therapy to allopurinol to boost the older drug's efficacy, so would not directly compete with Takeda's drugs. Lesinurad has, however, shown some safety signals so it is unclear if it will live up to the blockbuster status that some analysts have prescribed to it. Current consensus 2018 sales forecasts for the drug sit at \$1.1bn.

With a growing market and limited options for patients, Takeda looks to have landed a good deal with URL. The group does, however, still have a significant sales hole to fill, meaning it will almost certainly have to hit the

acquisition trail again. But for now the acquisition of URL and Colcrys looks like a good, if small, foundation.

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