

Hyperion hype justified by Ravicti launch



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Approval of Hyperion's Ravicti for the treatment of urea cycle disorders, twice postponed by the US FDA, has finally arrived, boosting the company's shares by 30% so far today. With the company's IPO-fuelled cash pile totalling \$57m, launch will follow in short order.

The drug appears likely to sell far better than the only product already on the market for UCDs, Valeant Pharmaceutical's Buphenyl, which is itself licensed to Hyperion. With Hyperion needing to prove itself more than a one-trick pony it might now start thinking about plugging the hole through in-licensing. A logical step for Hyperion would now seem to be a fundraising round on the back of the share price rise, increasing its options for buying projects in.

Tolerability

UCDs are genetic disorders in which the nitrogen produced through protein metabolism is not converted into urea and then excreted as urine. Instead the nitrogen accumulates in the blood and is converted to ammonia, which can cause brain damage, coma or death. The disorders are seen in one in 10,000 births, and are considered an orphan condition.

Ravicti is a pre-prodrug of phenylacetic acid, Buphenyl's active ingredient. Both drugs help remove the ammonia, but sales expectations for Ravicti are higher as Buphenyl requires a higher dose and more frequent administration and has an unpleasant taste and smell. If Ravicti's better tolerability translates into improved compliance, it ought to permit fewer hyperammonaemic crises than its rival, thereby proving to payers that it is worthy of reimbursement.

Ravicti, a liquid taken three times daily with food, has forecast peak sales of \$100-150m in UCDs, according to analysts from Leerink Swann and Cowen. By contrast, Buphenyl's peak sales are pegged at just \$15-28m by analysts from Cowen and UBS.

Both products were originated by Ucyclid Pharma, a business that had been acquired in 1999 by Medicis Pharmaceutical, and were licensed to Hyperion last year before Medicis was sold to Valeant. Hyperion raised \$50m in a Nasdaq IPO last July.

Fundraising

Even in advance of today's share price jump, the company's stock has been on the up-and-up since its IPO: it was up 60% from its float price at the end of last week ([2011 IPO vintage goes sour, November 21, 2012](#)).

It is now up 100%. The introduction of Ravicti will not be an elaborate affair - Leerink Swann suggested that the launch would require a field staff of 10 with 10 more running back-office operations - but \$65m does not stretch so very far, and Hyperion will surely seize this opportunity to raise funds.

With the San Francisco-based company set to dominate the UCD market, and with orphan diseases increasingly viewed as a safe prospect, the future could be lucrative for Hyperion and its investors.

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