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Allergan eye drug delay impedes investors' view

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Allergan will have to wait up to two more years before the $108m it spent to license in Molecular Partners' suite of eye-disease products could pay off. The California group announced that the lead project from the partnership, the macular degeneration injection MP0112, will not be ready to advance into phase III by the end of the year as planned, postponing launch at least into 2017.

News of the delay disappointed investors who were expecting positive pipeline developments to drive value this year – shares fell 13% to $98.67 on Wednesday, wiping more than $4bn from Allergan's market capitalisation, well in excess of the current peak sales forecast. The beneficiary was Regeneron Pharmaceuticals, whose shares rose 10% with word of a setback to a potential competitor for its blockbuster Eylea.

Different enough?

In a first-quarter earnings call, executives said the delay to MP0112 was the result of phase II data that did not differentiate it sufficiently from Novartis's wet age-related macular degeneration (AMD) drug Lucentis, to allow a phase III trial to be designed yet.

Allergan had designed the phase II programme as a multiple-stage study, with dose-escalation first and randomised control against Lucentis second. It will now amend this to add a third stage that will provide more data to optimise MP0112's performance in phase III.

"We're not going to launch into Phase III unless we're very sure of exact product differentiation and the exact dosing and interval end dose," chief scientific officer Scott Whitcup said. "And if we had those data early on, my goal is always to expedite programmes, but this is a very expensive programme and we need to make sure that we have the right product differentiation and the right study design."

The executives would not put any time frame on beginning a phase III study, although completion of phase II next year is possible. The next stage of phase II should begin by the end of this year – along with more detailed data from the current stage of research, to be published at the American Academy of Ophthalmology Retina Subspecialty Day in November.

Allergan's chief executive, David Pyott, said the delay would put back approval by one to two years. *EvaluatePharma* forecasts a launch in 2016.

This was accompanied by word of a setback to phase II research on a formulation of bimatoprost, the active ingredient in Lumigan, aimed at baldness. Allergan disclosed that the current dosage had shown limited signs of efficacy. While most analysts have not begun forecasting sales from baldness, the delay suggests that Allergan could have difficulty extending the lifecycle of its Lumigan franchise when patents begin expiring next year.

Yesterday's drastic fall in Allergan shares was accompanied by a decent rise of 4% in early trading today, with opportunistic investors no doubt seeing an attractive entry point.

Extensive deals

MP0112 is one of two AMD projects Allergan has licensed from Molecular Partners' development platform for designed ankyrin repeat proteins, or DARPins, which combine the binding power of antibodies with the development ease of small molecules (*EP Vantage Interview – Molecular Partners maximises monopoly on DARPins, August 31, 2012*).

MP0112 had been brought in for $45m in 2011, and is an antagonist of vascular endothelial growth factor-A (VEGF) – the same target hit by Lucentis and Eylea. However, the hope was that as with Eylea over Lucentis, MP0112 could reduce the number of injections necessary to prevent macular deterioration.

The California company followed up with the biggest single biodollar deal last year when it signed Molecular Partners' MP0260 and other DARPins in ophthalmology, which was sealed with a $63 up-front payment (*Top licensing deals of 2012 – Glimmers of hope, February 18, 2013*). Allergan said the disruption to MP0112's

progress would not delay MP0260, which is slated to be in the clinic in 2014.

Very few analysts are ascribing sales to MP0112 – *EvaluatePharma's* consensus forecasts $40m in sales in 2018, no doubt affected by the uncertainty about the agent and its relatively early development stage. However, to assess its potential one only needs to look at Eylea, which is expected to achieve sales of $1.28bn in 2013, only its second full year on the market, based around its dosing advantage over Lucentis.

A product that could beat Eylea at its own game would be a worthy adversary indeed. It is no wonder Allergan investors were let down by yesterday's news; they would be wise to keep expectations in check at least until fuller phase II data emerge.

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