

ASH Event Analyzer - Post-meeting selloff belies overall bullish trend



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Given the amount of data released before Ash 2013 it is surprising how many of the actual presentations at this year's meeting nevertheless managed to influence prominent stocks.

As such, a look across the five-week period since the abstracts went live does not capture some of the more significant moves; however, a clear trend does emerge (see table). For 2013, the unmistakable overall view is that the meeting was almost universally positive - even for companies like Pharmacyclics and Geron, which suffered big falls after failing to meet inflated expectations.

Pharmacyclics did make much of further presentations from phase II studies of its lead project, Imbruvica (ibrutinib), in chronic lymphocytic leukaemia alone and in combination with Roche's Rituxan. But ultimately the group was unable to offer any more clarity on Imbruvica's US filing for CLL, and expectations were such that the stock has come off 14% in the past three days.

Imbruvica, the star of Ash 2012, was recently approved for mantle cell lymphoma, but the FDA split the filing and CLL remains up in the air, possibly pending interim readout of the phase III Resonate trial in January ([After curious split, focus falls on ibrutinib's bigger use, November 14, 2013](#)). Not that this is necessarily a problem, but expectations are high and competition fierce.

In the phase II monotherapy study 76% of 140 patients remain progression-free at 30 months - impressive given that the cohort includes relapsed patients. Pharmacyclics had a decent run-up to Ash, and measured between November 6, the day before abstract release, and December 10, the meeting's final day, it put on 4%.

Remarkably, during this five-week period Onconova's 3% decline was the only significant faller among the stocks active at Ash, though profits have been taken more recently.

Top gains/losses (%) ranked on change in share price (10 Dec vs 6 Nov)

Company	% chg	Share price 10 Dec 13 (\$)	Market cap (\$m)	Market cap change (\$m)
Geron	+43%	5.15	664	+201
Bio-Path Holdings	+40%	2.80	236	+85
Sangamo BioSciences	+34%	12.36	764	+195
Incyte	+28%	47.82	7,705	+1,663
Infinity Pharmaceuticals	+25%	14.95	719	+145
Celgene	+18%	170.77	70,369	+10,829
ImmunoGen	+15%	14.97	1,278	+167
Threshold Pharmaceuticals	+11%	4.63	274	+26
Ligand Pharmaceuticals	+10%	53.79	1,098	+96
Seattle Genetics	+9%	41.43	5,074	+461
Gilead Sciences	+8%	72.81	111,643	+8,349
Pharmacyclics	+4%	118.69	8,749	+362
Onconova	-3%	14.91	319	-10

The expectations behind Pharmacyclics were almost opposite to Infinity Pharmaceuticals', which as a recovery play put on 25%. The group also experienced some violent daily movements, its stock trading up 16% at one point on Monday, before going into freefall and closing on Wednesday nursing a three-day fall of 11%.

The bottom line is that Infinity's CLL project IPI-145 is behind the leaders, which include Gilead Sciences' competing PI3K inhibitor, idelalisib. Gilead finished Ash up 8% ([ASH - Gazyva spearheads lymphoid malignancy revolution, December 9, 2013](#)).

Among the smaller caps Geron's one-day fall of 7% on Monday actually detracted little from the group's impressive overall period rise of 43%, which made it the best-performing Ash run-up stock ([ASH - Interesting theories, but doubts on novel myelofibrosis projects remain, December 11, 2013](#)).

"Paradigm shift"

Geron might have enjoyed the biggest percentage swing, but by far the greatest market cap gain belonged to Celgene, which put on a remarkable \$11bn over the five weeks, edging out Gilead's \$8bn surge. Celgene was largely the beneficiary of Revlimid, whose MM-020 study starred in Sunday's plenary session, at which the drug was hailed as a "paradigm shift" in treatment of multiple myeloma.

The 1,623-patient trial - the biggest ever in multiple myeloma - confirmed the benefit of dosing Revlimid to progression rather than for a fixed 18-month period, with a p value of 0.00001 reached in the final analysis. After the plenary Celgene opened up strongly on Monday, but by the end of Wednesday trading these short-term gains had been erased.

Other small-cap beneficiaries included Bio-Path Holdings and Sangamo Biosciences, both up on early-stage data that had a surprisingly positive effect. Another unexpectedly strong riser in the five weeks was Incyte Pharmaceuticals, whose Jakafi is still the only JAK inhibitor approved for myelofibrosis.

But Jakafi has not been wowing the market, and the efficacy of Incyte's phase II JAK follow-on INCB39110 failed to convince at Ash, though it did boast a lower anaemia rate than the lead drug.

As for antibody-drug conjugates (ADCs), these were a big feature at Ash, and both Seattle Genetics and ImmunoGen ended up strong beneficiaries of the enthusiasm for this novel approach. ImmunoGen boasted phase II data from a single-arm second-line diffuse large B-cell lymphoma study in which its CD19-targeting ADC SAR3419 combined with Rituxan achieved a 58% overall response rate.

However, there are rumblings that all might not be well here. ImmunoGen has long faced concerns over the instability of the linker its conjugates use, with suggestions that this causes the cytotoxic payload to be released early; whether this is the case, with ASH over and done with the stock lost 6% on Wednesday.

Seattle, meanwhile, saw its marketed ADC, Adcetris, featured in several presentations, but one of these detailed reports of pancreatitis – a previously undisclosed adverse event. And Piper Jaffray published the results of a freedom-of-information request, claiming that the FDA had received reports of 46 deaths “that could be due to Adcetris”, along with numerous hospitalisations.

The analysts claimed that such a safety profile might scupper the drug’s use as a first-line therapy. Along with Incyte, Seattle stock has held up – for now.

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