

## NewLink gets one over on Incyte



Jacob Plieth

With four big pharma partners under its belt Incyte was the undisputed king of the hot new immuno-oncology space known as IDO inhibition, and NewLink Genetics could merely look on with envy. Until yesterday, that is.

Roche's \$150m up-front fee gives the heavily shorted NewLink an unexpected endorsement, and that along with the takeovers of Seragon, Santaris and InterMune proves that the Swiss firm was bluffing when giving the impression that it would be very cautious with business development. Where the NewLink deal leaves Incyte is less clear.

The bulls have few doubts. UBS analysts, for instance, reckon that Roche had gleaned something positive from early work with Incyte, prompting the exclusive deal with NewLink – thanks to which it does not have to rely on the Incyte asset, which it would have to share with numerous other parties.

Incyte's IDO inhibitor INCB24360 is the subject of separate non-exclusive collaborations with Merck & Co, Bristol-Myers Squibb and AstraZeneca, as well as Roche. Jefferies opined that the NewLink deal validated INCB24360.

The bearish view, of course, is that Roche had taken a look at both INCB24360 and NewLink's NLG919, and simply chose the latter as the better of the two.

That said, Incyte's own endorsement counts for a lot. Combination trials of INCB24360 with Bristol's Yervoy and Merck's Keytruda are ongoing, while those involving Bristol's Opdivo, Astra's MEDI4736 and Roche's MPDL3280A are imminent ([AstraZeneca and Incyte say IDO, May 14, 2014](#)).

### Clean up-front

Under yesterday's deal Roche has handed over \$150m to NewLink for rights to NLG919, as well as NewLink's follow-on IDO/tryptophan-2,3-dioxygenase (TDO) projects, and promised to pay it up to a further \$1bn of milestones plus double-digit royalties.

Unlike some recent licensing deals the up-front payment is clean, and with Roche picking up R&D costs it feeds directly into NewLink's \$76.9m second-quarter cash balance. Under the circumstances it was surprising that NewLink stock closed up only 7% yesterday, equivalent to \$58m of market cap, though the five previous days had seen significant buying.

IDO (indoleamine 2,3-dioxygenase) is an enzyme that breaks down tryptophan, prompting T-cells to become inactive – a mechanism that tumour cells can also hijack to dampen the immune response. Thus IDO, like other immunological targets, makes for a logical combination with checkpoint agents like anti-PD-1s/PD-L1s.

The competitive field is small, though in indoximod NewLink actually has a more clinically advanced IDO inhibitor than NLG919. Of some intrigue is the private group SanRx Pharmaceuticals, which markets ImmunoPterin, a formulation of folic acid, a conjugated pterin, as a dietary supplement.

### The industry's IDO inhibitor pipeline

Asset	Company	Notes	Trial IDs	Status
ImmunoPterin	SanRx Pharmaceuticals	Dietary supplement	-	Marketed
INCB24360	Incyte	Non-excl deals with Merck, AstraZeneca, BMS & Roche	NCT02178722 NCT01604889	Phase II
Indoximod	NewLink Genetics	Combinations with Provenge and Yervoy	NCT01792050 NCT01560923 NCT02073123	Phase II
NLG919	NewLink Genetics	Licensed to Roche	NCT02048709	Phase I
IDO & TDO projects	Curadev Pharma	-	-	Preclinical
IDO inhibitor project	Redx Oncology	-	-	Preclinical
IDO & TDO dual inhibitor	NewLink Genetics	Licensed to Roche	-	Preclinical

Source: EvaluatePharma and company filings

The company claims that pterins, which are naturally occurring compounds, inhibit IDO, and has even had scientific papers published on the subject. Two other private groups – India's Curadev Pharma and Redx Pharma of the UK – have proprietary IDO inhibitor projects in very early studies.

UBS said yesterday that the Roche/NewLink deal looked expensive relative to other phase I tie-ups. This is undoubtedly true, and will surely nudge up the value of the competing projects – at least in the minds of their developers.

To contact the writer of this story email Jacob Plieth in London at [jacobp@epvantage.com](mailto:jacobp@epvantage.com) or follow [@JacobEPVantage](https://twitter.com/JacobEPVantage) on Twitter

[More from Evaluate Vantage](#)

Evaluate HQ  
[44-\(0\)20-7377-0800](tel:44-(0)20-7377-0800)

Evaluate Americas  
[+1-617-573-9450](tel:+1-617-573-9450)

Evaluate APAC  
[+81-\(0\)80-1164-4754](tel:+81-(0)80-1164-4754)

© Copyright 2022 Evaluate Ltd.