

## Basilea pins future on speciality business and US float



[Robin Davison](#)

Switzerland's Basilea is unusual in being one of a handful of European biotechs to have successfully taken a product from preclinical stage to market not once but three times. But in spite of this it has not yet managed to reward its shareholders – indeed its stock today is at the level it was when first offered to the investing public in 2004.

However, it hopes that this will soon change with a new strategy that will see it become a speciality pharma business, and could even see it transfer its main stock listing to the US. In October, Basilea filed to raise up to \$190m in a Nasdaq flotation that would boost its cash and raise its profile with all-important US investors, perhaps ending its decade of relative obscurity on the Swiss stock market.

Its latest drug could also help it gain more attention – while Basilea specialises in antibiotics and antifungals, it now has a window into the arguably more glamorous cancer care space.

The planned US share offering follows the recent EU approval of Cresemba, the first new antifungal for almost 10 years, which Basilea plans to introduce in key EU markets in the new year. The drug is already approved in the US, where it was launched by Astellas over the summer.

### Stem cell transplants spur growth

Quite why these drugs have been overlooked by the pharma industry is something of a mystery, as the incidence of serious fungal infections has also been growing in recent years.

The key driver is the increase in the use of haematopoietic stem cell transplantation (HSCT) in the treatment of haematological malignancies. Patients undergoing HSCT are at high risk of acquiring invasive fungal infections as a result of the cytopenia from their conditioning regimen and the subsequent use of immunosuppressive therapies.

Currently, aspergillus, candida and mucorales are responsible for more than 80% of the over 70,000 cases of invasive fungal infections diagnosed annually in the US, but the epidemiology of invasive fungal infections is also changing. The widespread use of fluconazole as a prophylactic agent for candida infections in HSCT is thought to have made aspergillosis and mucormycosis more common.

National and international treatment guidelines recommend Pfizer's Vfend as monotherapy as first-line treatment of invasive aspergillosis, and this is the agent that Basilea ultimately hopes to replace with Cresemba, which has demonstrated non-inferiority to Vfend as well as offering advantages like a more predictable pharmacokinetic profile that avoids the need for continuous drug monitoring required with the Pfizer drug.

### Thin pipeline

And Cresemba is facing little new competition. For some time it has been the lead in an extraordinarily thin industry pipeline, which effectively comprises Scynexis's SCY-078, in phase II, and F2G's F901318, in phase I.

The field might have been marginalised, along with antibiotics, as major companies have allocated R&D cash to what are perceived as more commercially attractive therapy areas. Basilea was itself borne out of this process, having been formed in 2000 as a spin-out of Roche's anti-infective and dermatology activities.

Still, antifungals represent only small proportion of the anti-infective market, with worldwide sales of around \$3.7bn in 2014. Nevertheless, these have been growing at about 5% a year. The options for invasive fungal infections remain limited, especially when compared with bacterial infections, and only three classes are used in clinical practice.

If Basilea can make a commercial success of Cresemba in the EU it should at long last be able to reward its very patient investors. But coming out from obscurity could bring it to the attention of larger speciality pharma

groups.

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