

AbbVie caps week of cancer deals with huge Stemcentrx takeout



[Jonathan Gardner](#)

A \$250m venture capital haul, a prime presentation slot at a major international cancer conference, and now a \$5.8bn exit – in all, quite a year for investors in Stemcentrx, which had barely emerged from stealth mode before an acquisition-hungry big pharma snapped it up.

Its buyer, AbbVie, featured in yet another in a week-long string of oncology deals, this being the most expensive by far. The Illinois-based firm is bypassing some of the hot areas like PD-1 inhibition and CAR-T, instead going for novel targets – Stemcentrx's rova-T represents a unique approach to suppressing tumour cell development.

An alternative to the megamerger - buy often

As megamergers now look doubtful as an escape valve, AbbVie's business development team has got busy. After last year's monster acquisition of Pharmacyclics five product deals have been struck this year, all aiming to beef up the oncology and rheumatology pipelines.

Pharmacyclics, of course, brought in half of the economic interest of the marketed blood cancer drug Imbruvica, which at \$17.6bn looked a bit steep. For about one third of the price – a sum that had many observers invoking the term "Silicon Valley unicorn" – AbbVie yesterday got 100% of the California-based Stemcentrx's rova-T, for rovalpituzumab tesirine.

This agent, also code-named SC16LD6.5, is an antibody-drug conjugate binding to delta-like 3 ligand (DLL3), which has generated promising [phase I data](#) in small-cell lung cancer that have in turn become part of its filing for FDA breakthrough therapy designation.

This target is part of the notch signalling pathway in cell differentiation, dysregulation of which has been seen in several types of solid tumours. Not many projects targeting delta-like ligands have advanced into the clinic; OncoMed Pharmaceuticals has two in taretuxumab and demcizumab, and shares in that company rose 16% yesterday on news of the Stemcentrx acquisition.

Yesterday, AbbVie's chief executive, Richard Gonzalez, described the current 154-patient phase II study in third-line small-cell lung cancer as a pivotal trial, and added that there was potential to test rova-T in such other diseases as melanoma, glioblastoma, and prostate, pancreatic and colorectal cancers. DLL3 expression is an identifiable biomarker, and indeed it is used in the phase I trial already reported as well as the current pivotal study.

As Stemcentrx is a private company no forecasts exist for this project. It will be worth watching how analysts covering AbbVie model its potential sales, and whether it matches up with the price paid for Stemcentrx. AbbVie paid cash and shares worth \$5.8bn up front, with another \$4bn in cash milestones on offer.

Rarity

Regardless of whether rova-T's forecast yields blockbuster numbers, the project will be joining a formidable-looking late-stage oncology pipeline and product offering assembled by AbbVie. The Johnson & Johnson-partnered Imbruvica is the flagship, but this month it has been joined by the wholly owned Venclexta in leukaemia.

In phase III is another antibody-drug conjugate, depatuzizumab mafadotin, licensed from Seattle Genetics, kinase inhibitor duvelisib, licensed from Infinity Pharmaceuticals, and the AbbVie-originated PARP inhibitor veliparib.

All of these are relatively competitive pharmacology classes. AbbVie's most recent deals appear to be all about a search for areas where new projects could be first-in-class, albeit in preclinical development ([AbbVie goes preclinical in pursuit of cancer payoff](#), April 22, 2016). In rova-T it found something quite rare in a unique asset that is also in late development.

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