

## The stakes rise for unpartnered assets



[Madeleine Armstrong](#)

As the possibility of raising substantial amounts of cash in the equity markets dims for all but those with astonishingly good news, deal making is becoming ever more important. A look at those reckoned by the sellside to have the most valuable unpartnered projects reveals that CNS assets appear to be dominant (see table below).

The high risk of neurology drug development likely accounts for these assets being unpartnered, while outlandish valuations are the result of an increasingly desperate sellside. For the likes of Axovant, Intra-Cellular Therapies and Prothena time at the negotiating table is set to get tenser.

Interestingly, there is a growing disconnect between the NPVs of many of the most valuable assets and the market caps of the companies developing them. The usual sellside excitement has been offset by investors wising up as market turbulence hit small company valuations.

Some of the NPVs have also been bolstered by the inclusion of the value of the assumed partner sales on top of sales by the originator. These will only come into play if a product is licensed in a particular territory - many of these companies have said they intend to retain only certain regional marketing rights.

It will be tough to convince a buyer that does not want to pay what it sees as an overinflated price for an asset or, indeed, an entire company.

**The sell-side view of the most valuable unpartnered assets**

Project	Company	Description	Status	NPV (\$bn)	Market cap (\$bn)*
Intepirdine	Axovant Sciences	Alzheimer's disease therapy	Phase III	5.20	1.51
ITI-007	Intra-Cellular Therapies	Antipsychotic	Phase III	3.39	1.87
NEOD001	Prothena	Amyloidosis therapy	Phase III	2.84	1.92
SAGE-547	Sage Therapeutics	Anti-epileptic	Phase III	2.59	1.14
Andexanet Alfa	Portola Pharmaceuticals	Anti-coagulant reversal agent	Filed	2.52	1.45
LentiGlobin	Bluebird Bio	Haemoglobin gene therapy	Phase II	2.50	2.00
NBI-98854	Neurocrine Biosciences	Tardive dyskinesia therapy	Phase III	2.42	4.13
Neratinib	Puma Biotechnology	Breast cancer therapy	Filed	1.79	1.44
AXAL	Advaxis	HPV vaccine	Phase II	1.77	0.58
Viaskin Peanut	DBV Technologies	Allergy vaccine	Phase III	1.62	1.60

\*On August 10, 2016

Axovant is a case in point. It would be a huge risk shelling out over \$5bn in an area as difficult as Alzheimer's, especially for a molecule that was abandoned by GlaxoSmithKline. And active Alzheimer's players like Lilly and Biogen already have their hands full with their own high-stakes bets, solanezumab and aducanumab respectively.

Meanwhile the valuations of both neratinib and its developer, Puma, have fallen as a worsening dataset and severe diarrhoea side effects have continued to weigh on this project ([Unpartnered assets face waiting game, August 17, 2015](#)).

A better bargain might be the Allergy vaccine specialist DBV Technologies – the only European company on the list – which expects to report phase III results with its Viaskin Peanut next year. The company also recently started another phase III trial, Realise, evaluating the project in routine clinical practice, which might help it expand the market.

### **Driving towards deals?**

Some might be surprised to see high profile CAR-T player Kite Pharma not feature – it ranks at number 20 with an NPV of \$1.3bn.

Juno's JCAR017, a fellow CAR-T project, has a much bigger perceived value of \$4.8bn, but was excluded from this analysis because of the group's alliance with Celgene. The two companies are battling to be the first to bring a CAR-T therapy to market, but the delay to Juno's Rocket trial after patient deaths could leave the path clear for Kite – and lead to forecast upgrades.

A deal might be on the cards for Intra-Cellular Therapies' antipsychotic ITI-007, which has already succeeded in one phase III study in schizophrenia and is set to report results from another by the end of the year ([Upcoming events – Schizophrenia and tinnitus data from Intra-cellular and Auris, August 5, 2016](#)).

Available data suggest that ITI-007 has comparable efficacy to existing antipsychotics with a better safety and tolerability profile, making it a potential best-in-class atypical antipsychotic, Leerink analysts reckon. Any interested parties might want to pull the trigger before the next set of results which, if positive, would push up its price tag.

### **Going solo?**

While some companies are probably already bargaining for their unpartnered assets, others might prefer to go it alone. Bluebird Bio should be able to sell its gene therapy LentiGlobin itself in the relatively rare disorders of beta-thalassemia and sickle cell disease.

Meanwhile, Portola has said that it is preparing for the US commercial launch of its anti-coagulant antidote andexanet alfa, which is expected to get the go-ahead this month. However, the asset might still be of interest to players with factor Xa inhibitors as the presence of a reversal agent could help boost their sales, and bundling the products would make sense.

After the overblown valuations of recent years the balance of power now seems to be shifting back towards the buyer, although it seems unlikely that any would pay attention to these highly optimistic valuations.

Some of these unpartnered assets could get snapped up soon, but others still look like risky bets. The trick for big pharma, as ever, will be picking the right ones.

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