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JP Morgan day two roundup – all talk, very little action

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Day two of the JP Morgan conference contained lots more talk but very little action, on the deal front at least. Valeant's asset sales were the biggest transactions timed to hit the headlines, while Sanofi's comments on a deal that did not happen, Actelion, essentially amounted to criticism of media reports at the time. Executives notably did not go so far as to deny that talks actually happened.

Elsewhere, Merck stole the immuno-oncology limelight with the surprise announcement of a filing for a Keytruda combination in first-line lung cancer, progress that knocked Bristol-Myers Squibb shares and prompted a robust defence of its own I-O strategy. And among the small caps, Sarepta provided relief with some sales figures for Exondys 51. The confab's news front has noticeably quietened versus day one, however.

Bristol-Myers on defence

While Merck was grabbing attention with its announcement of a regulatory filing for the first immuno-oncology-chemo combo in first-line lung cancer, Bristol-Myers Squibb's session was predictably dominated by the same subject (*JP Morgan – Merck muscles into Bristol's combo space, January 11, 2017*).

Executives insisted that the company had the broadest first-line lung programme in terms of different populations and options, and talked up the advantages of owning both products in a combination – here Merck will always struggle to compete. Ultimately, however, it will come down to the data, and expected read-out in the next few months from the Checkpoint-568 study, pitting Opdivo plus Yervoy in first-line lung cancer, is now even more crucial for keeping Bristol-Myers in the race.

Work on combining Opdivo with an IDO inhibitor was also highlighted, no doubt in the wake of news yesterday that Merck and Incyte would be pushing their PD-1/IDO combination into more pivotal studies. Bristol has a similar deal in place with the US biotech that is under discussion for advancement, executives said, although they added that data should emerge later this year on the company's in-house IDO candidate, F001287, which could become "best in class".

You can't break up with me – I broke up with you

Comments from Sanofi's chief executive, Olivier Brandicourt, and finance chief Jérôme Contamine distanced the French group from articles claiming that it had sought to buy out Actelion. The executives said the media reporting of a bid by Sanofi had contained "a lot of inaccurate information", but would not comment further on the prospect of buying the Swiss pulmonary arterial hypertension specialist – suggesting that the price tag, not the existence of the bid, had been wrong.

Aside from the fact that it has never confirmed that it was bidding, Sanofi might have reason to want to dissociate itself from the run at Actelion. One explanation could be the usual corporate poker face surrounding such bids. However, if Johnson & Johnson is now in exclusive negotiations with Actelion, this means Sanofi has missed out for a second time on an opportunity to strengthen its product offerings and reverse a sales slide – although of course its move on Medivation was never officially confirmed either.

Wait and see on Juno

Juno has been in the doldrums since November when deaths due to cerebral oedema halted its lead project, JCAR015, and judging by its JP Morgan presentation it is still in limbo. Its chief executive, Hans Bishop, would say little beyond restating the various options for the project, and admitting that the hurdle for moving it forward was now "very, very high".

Instead, the company focused on other pipeline assets, highlighting a BCMA-targeting CAR that it hopes to have in the clinic in multiple myeloma this year. It is also working on two other undisclosed multiple myeloma targets. However, JCAR015 remains the focus for most investors, and many already see the differentiated but more complex CAR-T project JCAR017 as Juno's de-facto lead (*Why this could be strike three for Juno's lead, November 23, 2016*).

Mr Bishop said JCAR017 could be best in class, and was always ultimately going to displace JCAR015; some might also take heart that JCAR017 headed the pipeline in Juno's presentation. For now, however, the group is telling investors to expect an update in the "not too distant future", though it is still too early to give an exact timeline.

Sarepta returns to favour

Sarepta Therapeutics was able to push share prices back up in its continuous rollercoaster ride with news that more than 250 patient "start forms" had been filed with insurers seeking coverage its Duchenne muscular dystrophy treatment Exondys 51. Nevertheless, at least an 80% success rate in securing reimbursement is still needed for the start form numbers to translate into a consensus sales hit.

Shares rose 21% following chief executive Edward Kaye's presentation, which raised hope that 2017's sales would meet a consensus forecast of $134m despite the fact that $5.4m of revenue in the fourth quarter of 2016 fell short of analyst expectations.

Mr Kaye helped his case by emphasising a focus on Europe, where he said pre-commercial activities were under way with specialist physicians and a European Medicines Agency decision is due in late 2017 or early 2018. Intellectual property conflicts with Biomarin still need to be resolved in Europe, however.

The group also announced two collaborations with the Ohio-based Nationwide Children's Hospital on a microdystrophin and Galgt2 gene therapy programmes, to bolster its post-approval business development tear to beef up its Duchenne-focused pipeline (*Sarepta pivots to business development, October 5, 2016*).

Clovis looks to the future

Still flushed with success in the wake of early approval for Rubraca, Clovis's leader spent much of his JP Morgan presentation talking about plans to broaden the utility of the Parp inhibitor. These largely involve testing the drug in combination with immuno-oncology or other targeted agents – chief executive Pat Mahaffy was particularly animated about a phase Ib trial due to start this quarter, looking at Rubraca plus Roche's Tecentriq in solid and gynaecological tumours.

The company is also funding two mid/late-stage trials in prostate cancer, and Mr Mahaffy said is was looking at licensing in compounds, funded by last month's $200m equity raise.

Of course Clovis's longer-term strategy is largely moot until the pivotal Ariel3 maintenance study reads out mid-year, a trial that will help determine whether Rubraca has the ability to compete in the broader ovarian cancer market against rival Parp inhibitors. If the data are positive many expect the company to attract takeover offers – anything less than this outcome and this strategic plan will take on new urgency.

Valeant talks turnaround

Valeant's chief executive, Joseph Papa, took the opportunity to focus on the group's turnaround plan, seeing 2016 as a year that was necessary to stabilise a listing ship. The $2.1bn of deals announced yesterday to offload the former Dendreon assets and consumer skin care brands are part of an effort to bring the group's $30bn debt load down by $5bn over 18 months from an August 2016 baseline, he said (*JP Morgan – Valeant finds a way to make Dendreon profitable, January 10, 2017*).

Beyond achieving financial stability, the 2017-18 period will focus on product launches and delivering new assets from the pipeline, and within these two categories prioritising programmes with a high return on investment and markets with an above-average growth rate. Addressing "legacy issues" – such as the pricing and business practice disclosures that have led to a more than 90% tumble in Valeant's share price over 18 months – got a mention, with a discussion of new hires to the executive team.

An EP Vantage staff report, with reporting by Madeleine Armstrong in San Francisco. For live updates from the JP Morgan healthcare conference in San Francisco on January 9-12 follow @ByMadeleineA on Twitter. To contact the writers of this story email news@epvantage.com