



DIVE BRIEF

Sanofi buys into Teva gut disease drug

The French drugmaker will pay \$500 million to collaborate with Teva on an anti-TL1A therapy for ulcerative colitis and Crohn's disease.

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A building showing a logo of Teva Pharmaceutical. Courtesy of Teva Pharmaceutical

Dive Brief:

- Sanofi will pay Teva Pharmaceutical \$500 million to collaborate on an experimental gut disease treatment, betting the medicine could become a top-selling product in one of the most competitive areas of pharmaceutical drug development.
- In total, the deal could be worth up to \$1 billion more for Teva, if certain development or launch milestones are met. The companies will share development costs and any profits in major markets, with each taking the lead marketing the therapy in different countries.
- The drug, dubbed TEV'574, is being tested as a treatment for ulcerative colitis and Crohn's disease, two types of inflammatory bowel disease. It's one of a class of drugs that target a protein called TL1A. Another, from Prometheus Biosciences, was bought by Merck & Co., while a third from Pfizer and Roivant Sciences has drawn industry interest.

Dive Insight:

Drugs that block TL1A have become a hot commodity as pharma companies hunt for the next inflammatory disease blockbuster.

Teva's was originally in development for asthma, but the company stopped testing after disappointing results in a mid-stage study. It then put the drug into Phase 2 testing for inflammatory bowel disease, just before Prometheus' and Pfizer's drugs attracted attention for promising early data. (Pfizer later set up a new company with Roivant, handing away majority rights.)

Data from Teva's Phase 2 trial aren't expected until next year, but the company has talked up the drug's potential to be competitive — a view Sanofi appears to share.

“Anti-TL1As are a promising class of therapies, and we believe that TEV'574 could emerge as a best-in-class option for people living with serious gastrointestinal diseases,” said Sanofi CEO Paul Hudson in a statement.

Sanofi's upfront payment of \$500 million is modest compared to Merck's decision to pay \$11 billion to acquire Prometheus, but that company benefited from already having positive mid-stage data, wrote Evercore ISI analyst Umer Raffat in a client note.

Raffat added that Teva's choice of partner could hold advantages, however. Sanofi is heavily invested in immunology and sells Dupixent, an inflammatory disease drug that's one of the industry's most lucrative products.

“The fact that Teva landed the biggest immunology player ... will pay dividends from commercial perspective,” Raffat wrote. “This drug could be ~\$2 [billion] in a base case with a regular pharma partner (considering it may be 3rd to market) or \$4-5 [billion] if a major immunology player is backing it.”

Inflammatory bowel disease is caused by chronic inflammation of the gut, which over time damages the gastrointestinal tract. Estimates cited by Sanofi and Teva hold that about 10 million people worldwide have the condition.

Biologic drugs like Humira, Stelara and Entyvio can be used to treat both ulcerative colitis and Crohn's, while pills like Xeljanz and Rinvoq are cleared for the former condition.

Shares in Teva fell by 2% in Wednesday morning trading. The company had previously said it was weighing a sale or partnership of the drug, and Raffat noted there was "high level of interest" in a deal.