ZFGN – Highlights from RBC Healthcare Conference

Sentiment Indicator : positive

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We hosted CEO Thomas Hughes at a fireside chat. Our key takeaways:

(1) Prader-Willi Syndrome (PWS) beloranib Phase III trial has begun, with the next readout expected YE15. Trial is on track and recruiting well with 15 centers open. The FDA acknowledges the severity of the disease, which is characterized by severe obesity resulting from a lack of ability to experience satiety. The next data readout is YE15. Assuming very positive Phase III data from the bestPWS trial without significant safety concerns, the company anticipates that the FDA may be open to a beloranib filing with just a single Phase III trial. However, management stated that a base case scenario would involve filing based on data from both the US and EU trials.

(2) Mid 2015 start for beloranib bestPWS EU trial. The company has been encouraged to provide cross validation for the hyperphagic questionnaire (secondary endpoint) in EU countries to ensure that it is interpreted the same way across different languages and different countries as it is in the US. There are high hopes for the EU market given its size and better identification of PWS patients in EU countries. For example, the company cited 250 patients in Sweden and 800 patients identified in France.

(3) PWS trial design changes between Phases II and III should increase probability of success. Company has decided to use a higher beloranib dose (2.4 mg) than was used in the successful Phase II trial. At this dose, obese patients have experienced GI AEs and sleep disturbances. However, these GI issues are rarely observed in PWS patients and sleep disturbances could potentially be an advantage in PWS patients who often have trouble staying awake. Also, patients in the family home setting will be tested in Phase III, whereas only patients in the group home setting were tested in the Phase II. The company anticipates that this change will provide an advantage, since the family home setting should provide patients with higher baseline hyperphagic scores, and higher baseline BMIs than in Phase II—allowing for more room for improvement.

(4) Plans to approach FDA to discuss Phase III trial design in HIAO, which they view as a "companion" orphan indication to PWS. Management appeared very excited about the Phase II results in HIAO, where patients have intractable and severe obesity resulting from hypothalamic injury. Beloranib works in these patients due to its hypothalamus-independent mechanism, a unique quality among currently available obesity drugs. Phase II patients lost an average of 6 kg of weight after eight weeks of treatment, and a 100% response rate was achieved.

(5) Plan to move a different metAP2 inhibitor forward in severe obesity, with Phase II readout late 2015/early 2016. The company's current view is that it does not make sense to use beloranib for general obesity given the orphan pricing it will seek in the PWS and HIAO indications. However, it believes another metAP2 inhibitor could be best-in-class for general obesity since beloranib has delivered 15–20% in weight loss over 12 months in previous obesity trials.

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