

Two drug makers, two commercial launches — with divergent results



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Biocryst Pharma did it. Aurinia Pharma did not.

The “it” is a successful, commercial drug launch. Biocryst reported a better-than-expected \$10.9 million in sales for its drug Orladeyo in the March quarter — the first public assessment of the medicine’s marketing progress since it was approved last December.

Aurinia’s first-quarter report was a disappointment. Its drug, called Lupkynis, managed just \$900,000 in sales, although marketing began in February after a January approval.

Biocryst shares rose 21% Thursday, after reporting that morning. Aurinia issued

its earnings announcement at the end of Thursday's trading day, causing the stock to fall 17% in Friday's pre-market session.

“We're really pleased, We're off to a great start and it's playing out the way our market research and clinical trials had tilted us,” said Jon Stonehouse, Biocryst's CEO.

Orladeyo is a pill that helps prevent episodes of dangerous swelling “attacks” in patients with hereditary angioedema, or HAE, a rare genetic disease. Despite a successful clinical program and relatively smooth approval, a lot of investors were skeptical about the commercial potential for Orladeyo because its ability to prevent and reduce swelling attack rates in patients with HAE was inferior to a competing injectable treatment from Takeda already on the market — and quite successful.

Biocryst's stock price was cut in half in 2019 after the positive Phase 3 trial results read out, solely because investors viewed Orladeyo as a commercial non-starter against its injectable rival.

But Thursday, Biocryst proved the doubters wrong. More than half of Orladeyo's nearly \$11 million in first-quarter sales came from patients switching off the injectable medicines.

“People are going to switch from injectable therapy, even if they're really satisfied with the control. They want to be on an oral,” said Stonehouse.

The challenge for Biocryst is to maintain the momentum of the early launch. Will more HAE patients switch to Orladeyo? And will patients who do try Orladeyo stay on the oral medicine long term, even if that means potentially dealing with more frequent swelling attacks?

Stonehouse believes Orladeyo could become a \$500 million-a-year drug for Biocryst. It will take more than a great launch quarter to get there.

Aurinia's management team was similarly optimistic Thursday about the business prospects for Lupkynis, a new treatment for lupus nephritis, a serious autoimmune kidney disease.

“We are executing to plan,” said Aurinia CEO Peter Greenleaf. “I have a great

deal of confidence in the team and the trends we are currently seeing during the first quarter and into the second quarter.”

The problem was that the happy talk wasn't supported by the numbers.

Wall Street's consensus sales estimate for Lupkynis was \$3 million in the first quarter. Actual reported sales: \$900,000.

Aurinia fell into a classic biotech drug-launch trap — overpromising and under-delivering. Right after approval in late January, Greenleaf told investors to shed any concerns about the small company's ability to market Lupkynis. He even hinted at selling the company, given the attractiveness of Lupkynis' commercial potential.

But there's been no deal to acquire Aurinia and Lupkynis appears to be a tougher sell than Greenleaf promised. It's going to take awhile for the company to rebuild trust with investors.

About the Author



[Adam Feuerstein](#)²

Senior Writer, Biotech

Adam is STAT's national biotech columnist, reporting on the intersection of biotech and Wall Street. He's also a co-host of "[The Readout LOUD](#)" podcast⁸.

adam.feuerstein@statnews.com⁹

[@adamfeuerstein](#)³

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