Novartis demonstrates commitment to lead immuno-dermatology by in-licensing IL-17C compound for atopic dermatitis

- Novartis enters an exclusive license agreement with Galapagos and MorphoSys for an investigational biologic compound, MOR106, a novel antibody directed against IL-17C

- IL-17C is believed to contribute significantly to atopic dermatitis (AD), a form of eczema and a severe dermatologic condition with high prevalence and significant unmet medical need

- MOR106 is an extension of the Novartis AD pipeline portfolio, which includes oral ZPL389 in phase II, underlining Novartis commitment to immuno-dermatology

Basel, July 19, 2018 – Novartis announced today that it has entered into an exclusive license agreement with biotech companies Galapagos NV, Mechelen (Belgium) and MorphoSys AG, Planegg/Munich (Germany) regarding their compound MOR106. Under the agreement, Novartis acquires the exclusive global development and marketing rights to MOR106 for atopic dermatitis and all other potential indications. Novartis will make an upfront payment of EUR 95 million to Galapagos and MorphoSys, and additional payments, royalties and fees pending achievement of agreed milestones. The closing of the license agreement is subject to the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act.

“We are a leader in immuno-dermatology and committed to reimagining the care of patients with severe diseases such as psoriasis, chronic spontaneous urticaria and atopic dermatitis. There is a key role for biologics to treat these severe diseases, which are more than just skin conditions, as they have complex underlying root causes,” said Eric Hughes, Global Development Unit Head, Immunology, Hepatology and Dermatology. “We are pleased to work with Galapagos and MorphoSys who have a proven track record of developing drug candidates for severe inflammatory diseases.”

AD, a form of eczema, is a dermatologic disease that can cause intense itching and recurring lesions. AD affects approximately 8% of adults and 14% of children worldwide. There is significant medical need for innovative treatments to help patients with this debilitating disease.

MOR106 is a monoclonal antibody directed against IL-17C. MOR106 is an extension of the Novartis AD portfolio, which includes oral ZPL389 in phase II. MOR106 has demonstrated first signs of efficacy and was generally safe and well tolerated in a double blind placebo-controlled Phase Ib study. MOR106 is a potentially first in class anti-IL-17C monoclonal antibody for AD and possibly other diseases. The in-licensing of MOR106 underlines Novartis commitment to lead immuno-dermatology, adding to Novartis marketed product portfolio Cosentyx and Xolair.
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This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as “commitment,” “potential,” “can,” “will,” “plan,” “expect,” “anticipate,” “look forward,” “believe,” “committed,” “investigational,” “pipeline,” “launch,” or similar terms, or by express or implied discussions regarding potential marketing approvals, new indications or labeling for MOR106, ZPL389 or the other investigational and approved products described in this press release, regarding the license agreement with Galapagos and MorphoSys, or regarding potential future revenues from MOR106, ZPL389 or the other investigational and approved products described in this press release. You should not place undue reliance on these statements. Such forward-looking statements are based on our current beliefs and expectations regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee that MOR106, ZPL389 or the other investigational and approved products described in this press release will be submitted or approved for sale or for any additional indications or labeling in any market, or at any particular time. Neither can there be any guarantee that the license agreement with Galapagos and MorphoSys will receive the necessary antitrust clearance, achieve any or all of its intended goals and objectives, or be commercially successful. Nor can there be any guarantee that MOR106, ZPL389 or the other investigational and approved products described in this press release will be commercially successful in the future. In particular, our expectations regarding such products and the license agreement with Galapagos and MorphoSys could be affected by, among other things, the uncertainties inherent in research and development, including clinical trial results and additional analysis of existing clinical data; regulatory actions or delays or government regulation generally, including delays of or failure to receive the necessary antitrust clearance; global trends toward health care cost containment, including government, payor and general public pricing and reimbursement pressures; our ability to obtain or maintain proprietary intellectual property protection; the particular prescribing preferences of physicians and patients; general political and economic conditions; safety, quality or manufacturing issues; potential or actual data security and data privacy breaches, or disruptions of our information technology systems, and other risks and factors referred to in Novartis AG’s current Form 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

About Novartis
Novartis provides innovative healthcare solutions that address the evolving needs of patients and societies. Headquartered in Basel, Switzerland, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, cost-saving generic and biosimilar pharmaceuticals and eye care. Novartis has leading positions globally in each of these areas. In 2017, the Group achieved net sales of USD 49.1 billion, while R&D throughout the Group amounted to approximately USD 9.0 billion. Novartis Group companies employ approximately 125,000 full-time-equivalent associates. Novartis products are sold in approximately 155 countries around the world. For more information, please visit http://www.novartis.com.

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