Closer Look

MEMORANDUM

MannKind announces closing of Sanofi partnership deal and receipt of $150 million upfront payment - October 1, 2014

MannKind announced the receipt of a $150 million upfront payment from Sanofi in connection with the commercialization partnership for Afrezza earlier this week. The upfront payment follows news from last week that the deal (initially announced on August 11) was approved by the FTC. Per the most recent update in MannKind 2Q14, the companies plan to launch Afrezza in the US in 1Q15. Based on commentary from both Sanofi and MannKind, the biggest focus of Afrezza commercialization efforts will likely be on type 2 patients failing orals (insulin naïve) and those currently on MDI. We would think those on Lantus with A1cs over 7.5% would also be a smart focus as would type 1 patients who have post-prandial hyperglycemia; for the latter group, of course, Afrezza would supplement "usual care"; for many type 2s, the addition of Afrezza would constitute a substitute of some sort. Pricing will be very key to see; to date, there are still no pricing or launch details available, though we hope to hear more on Sanofi and MannKind's 3Q14 calls. For extensive discussion on this partnership, please see our detailed report from August. We suspect we could ultimately see a fair amount of patient outreach on this front from patients who want the product; MannKind had said that the pricing would not be more than other prandial insulins and we hope this is the case so that payers have an easier time approving an alternate choice for type 2 patients. While some expect type 1 to be a battleground, it's such limited exposure relative to type 2 that we aren't sure that that is the case.