

Ticker or Keyword



Momenta Slowed (Temporarily)

Momenta Pharmaceuticals, Inc. reports a quarter-over-quarter decrease in revenue from sales of Glatopa.



Brian Orelli ([TMFBiologyFool](#))

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On Wednesday, **Momenta Pharmaceuticals** ([NASDAQ:MNTA](#)) reported third-quarter earnings, including sales of Glatopa, its genetic version of **Teva Pharmaceutical**'s Copaxone, which weren't nearly as good as the second quarter. The issue seems to be temporary though, allowing investors to focus on the future.

Momenta Pharmaceuticals results: The raw numbers

Metric	Q3 2015 Actuals	Q3 2014 Actuals	Growth (YOY)
Revenue	\$13.8 million	\$9.3 million	48%
Cash and	\$375 million	\$176 million	\$113%

securities			
(Loss) per share	(\$0.44)	(\$0.56)	N/A

SOURCE: COMPANY PRESS RELEASE.

What happened with Momenta Pharmaceuticals this quarter?

- Momenta's half of its profit-sharing deal with **Novartis** ([NYSE:NVS](#)) for Glatopa tallied \$8.7 million in the third quarter, considerably lower than the second quarter's \$28.2 million in profits -- excluding a deduction of \$9 million for the reimbursement of legal expenses -- but the previous quarter had an inventory build that was worked through during the third quarter. Revenue from the profit share should pickup and stabilize in future quarters.
- Momenta and Novartis' generic version of three-times-a-week Copaxone is under review at the FDA.
- Momenta recorded no profit on enoxoparin -- generic Lovenox -- in the third quarter because the partnership with Novartis didn't make any profit because of competition from other generic drugs.
- On the biosimilar front, **Baxalta** ([NYSE:BXLT](#)) has started a clinical trial testing M923, a biosimilar version of **Abbott Labs'** Humira. Baxalta is shooting for filing an application for approval in 2017. Assuming patent litigation works out, Baxalta and Momenta could launch in 2018.
- Momenta spent a measly \$2 million of the \$377 million of cash it started the third quarter with. The company isn't quite cash flow positive though since, in addition to the Glatopa profit-

sharing revenue, Momenta spent all of a milestone payment that won't be seen in future quarters.

What management had to say

Richard Shea, Momenta's chief financial officer, senior vice president, and treasurer, discussed how much of Teva's market share Glatopa is taking, stressing how data from third-party providers might not tell the full story: "We believe Glatopa's market share to be approximately 25% to 30% of the 20-mg Copaxone market. The percentage range is based on Symphony Health Solutions' data plus internal estimates that include the payers' close plans that IMS and Symphony do not track and where Glatopa penetration is strong."

CEO and President Craig Wheeler, talked about the un-partnered part of the company's biosimilar pipeline: "We continue to engage in active discussions with multiple potential biosimilar collaborative partners and believe we are still on track to reach our goal of having a broad biosimilar collaboration in place by the end of this year."

Finally, a comment from Shea, who recently announced his retirement, on finding his replacement: "I'm not running for the exit. We'll take our time on this one."

Looking forward

Overall, Momenta Pharmaceuticals looks like it's in good shape. It would be great if the trajectory of Glatopa's sales were a steady move higher, but drug launches rarely work out that way. Investors should take the bumps in stride with the hopes that the kinks in the system will eventually work out.

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STOCKS



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\$87.03 \$0.56 (0.65%)

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