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Botox Rivals Create New Wrinkles for Allergan

Botox, Allergan's best-selling multibillion-dollar franchise, is under competitive attack from a new round of beauty-enhancing drug treatments.

By Jared S. Hopkins

Allergan PLC's multibillion-dollar Botox franchise is once again under attack from new competitors, threatening a core business at a time when the drugmaker is already battling other challenges.

The anti-wrinkle treatment, approved for cosmetic use in 2002, helped create an \$8 billion-plus global market for beauty-enhancing drugs. Its ballooning sales propelled Allergan up the ranks of drugmakers. Botox's world-wide sales of \$3.6 billion last year contributed more than a fifth of Allergan's total revenue.

Those sales are now at risk: A longstanding rival recently rejiggered its marketing to spur

sales. A newly approved wrinkle treatment is expected to launch soon. And a third company is trying to develop its own frown-line therapy that lasts longer than Botox.

The volleys come at a challenging time for Allergan, whose shares have fallen about 40% since a recent peak in July 2017, partly because the company's No. 2-selling product—a dry-eye drug called Restasis, with more than \$1 billion in sales—is losing patent protection. Allergan has also faced a series of setbacks in new-drug development.

Those troubles have led some activist investors to call for stripping Allergan Chief Executive Brent Saunders of his board chairmanship.

Allergan, based in Dublin, Ireland, says most parts of its business grew more than 8% last year, and it remains confident in its plans, despite pressures on the stock. The company, which has fended off Botox rivals before, says it is taking steps to boost sales and counter potential threats, including a new ad campaign, and is developing both short- and long-acting versions of the product.

“You can't and should not underestimate the power of a brand,” Allergan Chief Commercial Officer Bill Meury said in an interview. He predicted that the new competition will simply lead to a shakeout among brands trailing Allergan's product.

Botox, now a fixture in America's cultural lexicon like Xerox and Kleenex, is derived from a poisonous bacteria, Botulinum toxin. It blocks signals between nerves and muscles, causing the muscles to relax. As an anti-wrinkle treatment, it commands a 70% market share, ahead of Nestlé SA's Dysport and Merz Group's Xeomin. About 7.4 million procedures involving these three drugs were performed in 2018, up 3% from the previous year, according to the American Society of Plastic Surgeons. Competitors have had limited success so far denting Botox's dominant position. Yet some cosmetic doctors say the ground underneath the brand may be shifting.

Jill Waibel, a cosmetic dermatologist in Miami, said a patient recently asked for Dysport by name, which isn't something Dr. Waibel can remember happening before in her 12-year career.

Dr. Waibel said she is using more Dysport because of attractive prices and is open to other options too. “Give me something that changes the game,” she said. “Give me something that lasts longer. Give me something like that, and I'm really excited.”

Closely held Merz is trying to increase Xeomin sales by targeting what the company describes as an underpenetrated market demographic—women who are losing their inhibitions about undergoing the treatments. With its “Later Haters” ad campaign

launched in December, the company is hoping to compel fence-sitters to try Xeomin, said Bob Rhatigan, Merz's CEO and a former Allergan executive. Some aesthetic doctors and analysts say Botulinum toxin drugs on the horizon, led by Jeuveau from Evolus Inc., may pose a bigger threat. Goldman Sachs estimates Botox could lose as much as 20 percentage points of market share if new drugs are priced attractively.

For instance, doctors could make more profit from Jeuveau because of the way the wrinkle treatment is sold. Doctors buy therapies directly from manufacturers and get a discount on the list price for bulk purchases. Evolus plans to price Jeuveau slightly higher than Botox at \$610 a vial, which could result in a better margin for doctors after they set the cash price that patients pay.

Evolus says Jeuveau—which it licensed from South Korea's Daewoong Pharmaceutical Co. and which the Food and Drug Administration approved in February—will launch in coming weeks. Newport Beach, Calif.-based Evolus is targeting doctors who feel ignored by Allergan and offering them the prospect of a bigger profit than from Botox, said Evolus chief David Moatazedi, another former Allergan executive. Physicians were some of Evolus's early investors. Wells Fargo & Co. analyst David Maris said Jeuveau's pricing may help it take some share from Botox. "You could see where, if a doctor wants to make more money, they might switch," Mr. Maris said.

Yet he says Jeuveau might do more damage to Dysport and Xeomin, because of Botox's high brand recognition. And Allergan can sell Botox with its other aesthetic products like fat-removing CoolSculpting and dermal filler Juvederm in exchange for discounts.

A bigger challenge, doctors and analysts say, could come from a longer-acting frown-line treatment under development. The drug Daxi maintained either none or only mild wrinkles in about a third of patients after about six months, according to a late-stage study sponsored by Revance Therapeutics Inc. That is longer than Botox's claim of up to four months. Some patients may prefer a long-acting treatment, because they could receive fewer injections, according to doctors and analysts. To thwart such would-be threats, Allergan is developing its own new versions of Botox. The company is testing a higher-dose Botox that could last longer and is developing a Botox packaged in pre-filled syringes, which the company believes will appeal to busy doctors looking for easier injections.

Last year, Allergan acquired a fast-acting wrinkle treatment for new patients who want to try a toxin out, or current customers who want a touch-up, Mr. Meury says. Allergan also is expanding its sales force to reach 5,000 more doctors. And it vows to spend \$150 million on direct-to-consumer advertising from 2018 to 2020, three times more than in the previous three years combined. [Read more](#) [The Curious New Botox Ads \(Sept. 14, 2018\)](#)

Allergan To Sell Businesses in Bid To Appease Shareholders (May 30, 2018)

Allergan Plans Job Cuts as Key Drugs to Lose Exclusivity (Jan. 3, 2018)

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