Japan / USA

Cutting the Gordian Knot?

Takeda announces plans to take over US biotech dinosaur

Facing a squeeze on drug prices in its homeland and the upcoming expiration of two pivotal US patents, a Japanese drug maker is risking its neck in a daring venture. Osaka-based Takeda Pharmaceutical, the largest pharmaceutical company in Japan, announced plans to take over the US biotech dinosaur Millennium Pharmaceuticals (headquartered in Cambridge, Massachusetts), for $8.8 billion in cash. The coup is based on a $25 per share offer (a 60 percent premium over the price that was paid for a Millennium share before the offer) and would nearly drain Takeda's current $10 billion war chest.

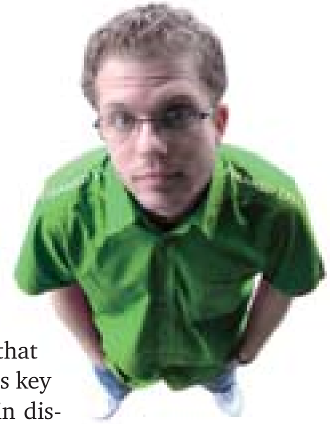
Object of desire: Cancer drug Velcade

Takeda, the fourteenth largest drug company in the world, faces a stagnant home market. In addition, US patents on the ulcer treatment Prevacid and Actos, the world's best-selling diabetes drug, expire in 2009 and 2011, respectively. Last month, the Japanese company suffered a severe setback when abandoning one of its most promising drug candidates, a cholesterol treatment. The substance was found to cause liver problems in clinical trials. Millennium's cancer drug, Velcade, might be a suitable candidate to replace all these borderline substances. Takeda is striving to become a global leader in oncology and should be able to turn Velcade into a worldwide blockbuster (analysts predict that Velcade would bring in $921 million in 2009).

In addition to Velcade, Millennium has a number of inflammation and cancer therapies in the pipeline (two of them will enter Phase III clinical trials soon). The biotech legend from Cambridge is headed by Deborah Dunsire, a former Novartis manager, and made $528 million in revenue last year, of which $265 million were generated by Velcade. -WK-

Roche from Switzerland tables a lot of money

110 Million for a Biotech Midget



Living up to its name as one of the most active biotech wholesale buyers, Roche has done it again. This time Piramed, located in Slough (35 kilometers west of Central London) was the target. Roche, the world's second-largest pharmaceutical company by market capitalisation (after Johnson & Johnson (USA), paid €110 million for the small biotech company, founded in 2003 by three UK scientists (Mike Waterfield, Peter Parker and Paul Workman) and venture capitalist Srinivas Akkaraju.

Piramed's goal is to discover and develop new medicines for the treatment of cancer and immune inflammatory disorders such as arthritis and asthma. The company has specialised in drugs that inhibit PI 3-kinase (enzymes that are recognised as key players in certain disease processes). In late 2005, Piramed started a multimillion collaboration with biotech legend Genentech (San Francisco) to advance one of its PI 3-kinase programmes for cancer therapy. With an initial €9.4 million payment, Roche and Piramed want to start a mid-stage trial for cancer (Piramed's projects concerning immune inflammatory diseases are in preclinical phases).

A good deal? Well, Roche owns the majority of Genentech shares and should therefore have the insight into Piramed to decide if €110 million for such a biotech midget constitutes a bargain. -WK-

Novartis from Switzerland tables much more money

7 Billion for a Giant's Stake

In contrast to its Swiss counterpart Roche (see above), Novartis is greedy for bigger fish. The drug maker from Basle recently paid almost €7 billion for a 25 percent stake in Alcon, a medical company specialising in eye care products. Alcon employs more than 12,000 people and generated revenues of €3.5 billion in 2007. The company has its roots in Fort Worth, Texas, and was purchased by majority by the Swiss food company Nestlé in 1977. Today, Alcon is the largest ophthalmic company in the world, making eye drops, contact lens solutions, surgical equipment and implantable lenses. Novartis intends to purchase another 52 percent of Alcon in 2010. Nestlé has granted an option to purchase the rest of its Alcon stock for €17.5 billion (but to do this Novartis will have to go deeply into debt).

Daniel Vasella, CEO of Novartis, blew his own trumpet, praising the deal as an "excellent strategic" coup because eye care will "continue to grow dynamically […] driven by the world's aging population". Independent experts disagreed, saying that the deal was overpriced.

Fotos (2): Köppelle