

Takeda warns of loss after \$2.4 bn diabetes drug settlements

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Top Japanese drugmaker Takeda Pharmaceutical on Wednesday warned of its first annual loss in more than six decades after agreeing to pay around \$2.4 billion to settle lawsuits over its Actos diabetes drug, amid cancer claims.

The company said costs regarding the US lawsuits would send it into the red for the first time since it was listed on stock exchanges in 1949.

It now expects to report a net loss of 145 billion yen (\$1.2 billion) for the year ended in March, reversing its earlier profit forecast of 65 billion yen.

The warning came after it announced the US settlement agreement, which would resolve lawsuits representing some 8,000 people who used the treatment for type 2 diabetes beginning in the late 1990s.

They claimed the company did not warn them that it increases the risks of cancer.

Takeda said it agreed to pay out \$2.37 billion if 95 percent of the litigants agree to the deal, rising to \$2.4 billion if the number rises to 97 percent or more.

The company said nevertheless that it believes the claims of the litigants "are without merit and does not admit liability".

"Takeda believes the company acted responsibly with regard to Actos and that Actos has a positive benefit/risk profile for the treatment of type 2 diabetes," it said in a statement.

Takeda said the settlement does not change its continued commitment to Actos, or pioglitazone hydrochloride.

"Actos continues to be available as a treatment option in the US, Japan and other countries," it said.

Last year a federal jury in Louisiana ordered Takeda and US-based Eli Lilly & Co. to pay a combined \$9.0 billion in punitive damages to a patient who said Actos had caused his bladder cancer.

A judge later slashed the payout to \$36.8 million.

Eli Lilly was Takeda's US marketing and sales partner until 2006, with the US firm keeping the rights to sell Actos in parts of Asia and Europe, as well as in Canada and Mexico.

Takeda said it was taking a \$2.7 billion charge in its fourth quarter earnings to cover the settlement and related costs.

"The settlement will reduce financial uncertainties for the company and provides a significant degree of assurance toward resolving a high percentage of the Actos product liability claims," it said.

For the last business year ended on March 31, Takeda also braces for an operating loss of 130 billion yen, a turnaround from the earlier projection of 170 billion yen in profit.

A company spokeswoman dismissed concerns over Takeda's future outlooks, saying it was the result of one-off losses.

"We have ample cash flows and will maintain our dividend payment unchanged," she said in Tokyo.

Takeda raised its annual revenue projection for the year to 1,775 billion yen from 1,725 billion yen estimated in February, citing a weaker yen and higher-than-expected sales of gout and other drugs.

The company is to release formal earnings results on May 15.

Tokyo investors were yet to react to the news as financial markets were closed on Wednesday for a public holiday.

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