Medical Xpress

Drugs giants strike deal to advance cancer treatments (Update)

July 27 2017

British pharmaceutical giant AstraZeneca and US peer Merck said Thursday they had agreed a multi-billion-dollar deal to jointly develop key cancer drugs.

However, AstraZeneca shares tumbled 15 percent as investors fretted over disappointing trial results for its next-generation lung cancer treatment.

Sentiment took another heavy blow on news that Astra's first-half sales were hurt by the loss of US patent protection on two blockbuster drugs.

The Merck tie-up illustrates the growing prominence of oncology in the global pharmaceutical sector.

"The strategic collaboration is expected to further increase the number of treatment options available to patients," Merck and Astra said in their joint statement.

Merck will pay AstraZeneca up to $8.5 billion (7.2 billion euros) under the deal struck to develop and commercialise the drugs.

Central to the agreement is "a global strategic oncology collaboration to co-develop and co-commercialise AstraZeneca's Lynparza (olaparib) for multiple cancer types", the pair said.

Lynparza is currently approved for treatment of ovarian cancer but it is hoped that this can be stretched to help fight breast, prostate and pancreatic cancers thanks to the tie-up announced Thursday, they added.

"By bringing together the expertise of two leading oncology innovators, we will accelerate Lynparza's potential," said AstraZeneca chief executive Pascal Soriot.

"This is a truly exciting step and we are pleased to work with Merck, a company that shares our passion for science to deliver new medicines for cancer patients."

Merck chief executive Kenneth C. Frazier added: "We look forward to working with AstraZeneca to create greater value for patients and shareholders than if both companies worked independently."

Merck will pay AstraZeneca an initial $1.6 billion, $750 million for licence options and up to $6.15 billion "upon successful achievement of future regulatory and sales milestones".

'Huge need for treatment'

Explaining the importance of the deal to cancer patients as well as pharmaceuticals, investment director at online stockbroker AJ Bell, Russ Mould, told AFP:

"There is a huge need for treatment and many drug firms are working hard to find them. Oncology is a big part of the rejuvenation of the fortunes of the biotech sector in the US, where a (share-price) bubble burst in 2000.

"But the stocks are back in favour now as firms look to develop treatments of their own and/or buy firms who are working on them," Mould added.

AstraZeneca meanwhile added Thursday that its revenues dived 10 percent to $10.5 billion in the six months to June 30, from a year earlier.

The performance was hit by generic competition for cholesterol drug Crestor and anti-depressant Seroquel XR in the key US market.

Astra shares plunged 15.68 percent in late morning trade to £43.11, pushing London's FTSE 100 index slightly into negative territory.

"AstraZeneca's shares slumped after it continued to feel the impact of the loss of patents on profitable drugs in the US and disappointing results for a lung cancer drug trial," analyst Mould said in a client note.

"The drop in first-half revenues and the cancer trial results proved to be a toxic combination as far as investors were concerned."

On the upside for AstraZeneca, net profit soared 58 percent to $1.01 billion on the back of steep cost-cutting in the first six months of 2017.

Citation: Drugs giants strike deal to advance cancer treatments (Update) (2017, July 27) retrieved 25 April 2024 from
https://medicalxpress.com/news/2017-07-astrazeneca-merck-key-cancer-drugs.html