

Novartis says to buy Medicines Company for \$9.7 bn

November 25 2019



Investors took heart, pushing up Novartis' share price after it announced a \$9.7-billion deal to buy a firm with a promising cardiovascular drug

Swiss pharmaceuticals giant Novartis announced over the weekend it would dish out \$9.7 billion (8.8 billion euros) to acquire US firm Medicines Company, in a move aimed at boosting its cardiovascular treatment portfolio.

Novartis said Sunday it had agreed to pay \$85 per Medicines Co. share, which was 41 percent over the US company's closing price on Friday.

The move will mark the latest in a line of acquisitions aimed at enhancing the Swiss company's stable of cutting-edge drugs to treat things like cancer.

In snapping up Medicines Co., the pharma giant said it will lay its hands on a promising cholesterol drug called inclisiran, described by company chief Vas Narasimhan as a "potentially transformational [medicine](#)".

Inclisiran, which recently completed its phase III study, fights "bad" LDL cholesterol in patients with atherosclerosis, or plaque buildup in their arteries.

The drug, which requires far fewer annual injections than the products currently on the market, is based on RNA interference therapy.

This is a [natural phenomenon](#) used to silence [specific genes](#) that produce harmful or diseased proteins, whose discovery in the late 1990s earned Craig Mello and Andrew Fire the 2006 Nobel Medicine Prize.

Such therapy is increasingly being used for a range of conditions. The Medicine Co's drug specifically blocks the liver from making a particular enzyme, PCSK9, which in turn lowers the production of low-density lipoprotein.

Medicines Co has said it plans to request regulatory approval in the United States by the end of the year, and in Europe in early 2020.

Overall sales of anti-cholesterol treatments are on average rising 11 percent annually and are expected to reach \$17.7 billion by 2024, according to numbers from analysis firm EvaluatePharma.

High cholesterol is a key factor in [coronary artery disease](#), the most common kind of heart disease and the number one killer of men and

women worldwide, according to the World Health Organization.

If the transaction is completed, inclisiran will be added to Novartis's current cardiovascular products, including its heart-failure treatment Entresto, which saw its sales soar 61 percent year on year to \$430 million during the third quarter this year.

"Novartis has a longstanding history of delivering breakthrough cardiovascular treatments for patients, and I am very excited about the opportunity to add inclisiran to our cardiovascular portfolio," Marie-France Tschudin, president of Novartis Pharmaceutical, said in a statement.

Analysts with Jefferies hailed the move, saying there was a "clear strategic rationale" for the acquisition, and for "bolstering Novartis' cardiovascular franchise, notably leveraging Entresto."

Novartis said it planned to pay for the acquisition with "available cash and short- and long-term borrowings."

The acquisition, which still needs a green light from antitrust authorities, is expected to be finalised during the first quarter of 2020.

Following Sunday's announcement, Novartis saw its share price inch 0.4 percent higher to 90.14 Swiss francs (\$90.40, 82 euros) a piece in midday trading Monday on the Swiss stock exchange.

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