

Merck spends \$11.5B for Acceleron, possible blockbuster drug

September 30 2021, by Tom Murphy



This May 1, 2018, file photo shows Merck corporate headquarters in Kenilworth, N.J. Merck is buying Acceleron Pharma in a deal worth about \$11.5 billion. Merck said Thursday, Sept. 30, 2021, that it will pay \$180 per share in cash for each Acceleron share. Credit: AP Photo/Seth Wenig, File

Merck will spend about \$11.5 billion to buy Acceleron Pharma and its

potential treatment for high blood pressure in vessels that connect the lungs and heart.

Merck will pay \$180 per share in cash for Acceleron, the Kenilworth, New Jersey, company said Thursday.

Acceleron is running late-stage studies of a potential treatment, sotatercept, for patients with life-threatening pulmonary arterial hypertension.

Blood vessels in the lungs become narrowed, blocked or destroyed in [pulmonary arterial hypertension](#), according to the Mayo Clinic. Blood pressure in lung arteries rises and causes the heart to work harder, which can lead to heart failure.

Sotatercept represents a "potential blockbuster" and a way for Merck to add a new source of [revenue](#), Mizuho Securities USA analyst Mara Goldstein wrote.

Merck executives told analysts Thursday they hope to launch the drug in either 2024 or 2025, and it has multi-billion dollar peak sales potential.

"We are convinced that sotatercept has the potential to be a foundational therapy," Merck CEO Rob Davis said.

Merck has long faced investor criticism that it's far too dependent for revenue from its drug Keytruda, which is now approved for treating a dozen types of cancer.

Keytruda brought in \$4.2 billion for Merck in the [second quarter](#), more than one-third of the company's total revenue.

Merck also is developing a potential COVID-19 treatment, and the

company expects to have results from late-stage research into that drug later this year.

Acceleron also makes Reblozyl, a treatment for anemia in some rare blood disorders. The company developed and sells that drug through a collaboration with another drugmaker, Bristol Myers Squibb Co., which also is the largest institutional shareholder in Acceleron, with more than an 11% stake.

Reblozyl has received approval from regulators in the United States, Europe, Canada and Australia.

Acceleron booked \$25.6 million in royalty revenue in the second quarter from Reblozyl, which generated \$128 million in sales.

Overall, Cambridge, Massachusetts-based Acceleron brought in nearly \$28 million in revenue in the second quarter but lost \$63.5 million.

The acquisition is expected to close in the fourth quarter. Merck plans to pay for it with cash and by issuing debt. Chief Financial Officer Caroline Litchfield said that won't impact the company's credit rating.

Shares of Merck & Co. Inc. climbed 83 cents to \$75.92 in early trading Thursday, while Acceleron Pharma Inc. slipped 49 cents to \$174.87.

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