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Roche to pay up to \$1.7 billion for US biotech firm Seragon

Zurich, July 2

ROCHÉ Holding said it would pay up to \$1.725 billion to buy Seragon Pharmaceuticals, a privately-held US biotech company that researches breast cancer treatments.

Roche has long dominated the field of breast cancer with drugs such as Herceptin and recently won approval for Kadcyla and Perjeta, two treatments for patients whose cancer cells contain increased amounts of the protein known as HER2.

San Diego-based Seragon was spun out from Aragon Pharmaceuticals last year when that company was bought by Johnson & Johnson. Seragon is focused on developing a new generation of oral medicines that it believes offer an improved way of tackling hormone receptor-positive breast cancer, and potentially other cancers.

Its most advanced experimental drug, ARN-810, is currently in initial Phase I clinical trials for breast cancer patients



The acquisition represents a response to investors who wondered how Roche might use its cash now that its ratio of net debt to assets is back within its target band of zero to 15% after paying down debt from acquiring Genentech

Telefonica gets EU nod for KPN arm

■ Brussels, July 2. Spain's Telefonica won EU antitrust clearance for its 8.6-billion-euro (\$12 billion) takeover of KPN's German mobile arm E-Plus, giving it a stronger position in Europe's largest phone market. The ruling by the European Union's powerful antitrust chief Joaquín Almunia sends an encouraging signal to the region's mobile operators, who have lobbied for lighter regulation of mergers to allow them to bulk up after years of falling revenue. Combining the German businesses of KPN and Telefonica will create the country's largest mobile operator by customers with a market share of roughly 31%, giving the Spanish firm more clout in its battle with Vodafone and Deutsche Telekom's T-Mobile.

Reuters

who have not responded to current hormonal agents. Roche said Seragon's so-called oral selective estrogen receptor degraders, or SERDs, would complement existing research and may have not responded to current hormonal agents. Roche said Seragon's so-called oral selective estrogen receptor degraders, or SERDs, would complement existing research and may have not responded to current hormonal agents. Roche said Seragon's so-called oral selective estrogen receptor degraders, or SERDs, would complement existing research and may have not responded to current hormonal agents.

billion more if Seragon achieves drug development milestones.

The price Roche is paying for Seragon looks relatively high for a firm with only one treatment in a Phase I study, but can be justified because Roche is filling a huge gap for future breast cancer treatments with the purchase, analysts at Zürcher Kantonalbank said.

"We assume that Genentech's scientists see considerable potential in SERDs, because otherwise they would not have accepted this relatively high price," ZKB said.

Since acquiring Genentech for \$46.8 billion in 2009, Roche has earned a reputation as a disciplined acquirer, prepared to walk away from potential deals rather than overpay. Chief Executive Severin Schwan abandoned a \$6.8 billion deal to buy US gene sequencing company Illumina in 2012 and has snapped up a couple of smaller diagnostic companies this year instead of pursuing multi-billion deals.

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