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Shire offloads its oncology business for $2.4B

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Shires said that the deal will help increase its focus on rare diseases

Shire, a leading global biotechnology company focused on rare diseases is selling its oncology business to French drugmaker Servier S.A.S. for $2.4 billion. The US-based company said that the deal will help tighten its focus on rare diseass

Shire's Oncology business includes in-market products ONCASPAR (pegaspargase), a component of multi-agent treatment for acute lymphoblastic leukemia (ALL) and ex-U.S. rights to ONIVYDE, a component of multi-agent treatment for metastatic pancreatic cancer post gemcitabine-based therapy. The portfolio also includes Calaspargase Pegol (Cal-PEG), which is under FDA review for the treatment of ALL and early stage immuno-oncology pipeline collaborations.

In 2017, the Oncology business generated revenues of $262 million. The total consideration represents a revenue multiple of 9.2 times 2017 revenues. The gross assets that are the subject of the transaction are approximately $1.6 billion and the profits attributable to the assets being transferred are approximately $140 million, excluding depreciation, amortization and other direct and indirect costs.

Mr Flemming Ornskov, M.D., M.P.H., Shire Chief Executive Officer, commented, "This transaction is a key milestone for Shire, demonstrating the clear value embedded in our portfolio. While the Oncology business has delivered high growth and profitability, we have concluded that it is not core to Shire's longer-term strategy. We will continue to evaluate our portfolio for opportunities to unlock further value and sharpen our focus on rare disease leadership with selective disposals of non-strategic assets.

"We are confident that Servier will continue to invest in this business and our colleagues who are expected to transfer as part of the transaction in order to meet the needs of cancer patients globally."

The deal comes as Japan’s largest drug company, Takeda Pharmaceutical, weighs a potential takeover of Shire. Late last month, Takeda confirmed that it is considering an acquisition, though at the time, it said no offer had been made. But Takeda laid out a case for a tie-up, saying in part that Shire would strengthen the Japanese company’s core therapeutic areas of oncology, gastrointestinal disease, and neuroscience.

The divestment of the cancer business may be a deterrent for Takeda, since oncology was one of the areas it had highlighted as driving the case for a Shire deal, along with gastrointestinal medicine and neuroscience.