

AstraZeneca off-loads anesthetic portfolio to Aspen

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British drug giant AstraZeneca has sold market rights to its portfolio of seven anesthetic medicines worth \$770 million to South African firm Aspen Group outside the US. Aspen, South Africa's largest drug maker, operates in 50 countries and employs more than 10,000 people.

As per the terms, Aspen will pay \$520 million upfront for the products, which include general anesthetic Diprivan and local anaesthetic Marcaine. An extra \$250 million could be paid in installments over the next two years, dependent on sales, as well as double-digit percentage trademark royalties.

The news comes a day after Aspen secured a \$3 billion funding boost. It has spent more than \$2 billion on acquisitions from pharma firms including GlaxoSmithKline and Merck over the past few years.

AstraZeneca will continue to manufacture and supply the products on a cost plus basis to Aspen for an initial 10 years. The products are sold in more than 100 countries, including China, Japan, Australia and Brazil, and currently bringing in revenues of \$592 million a year.

The company's CEO, Mr Pascal Soriot mentioned that the deal will help Astra focus on its three main therapy areas—oncology, respiratory, and cardiovascular and metabolic disease and would "extend the reach of our established portfolio to a greater number of patients through [Aspen's] extensive commercial network. This agreement supports our strategic focus on the new medicines in three main therapy areas, said Mr Soriot in a statement."

AstraZeneca has used externalization income from licensing out products in non-core areas, such as neuroscience, to help fund investment in new medicines in cancer and other fields.

Reeling under the pressure of patent expires, AstraZeneca has been selling off rights to the company's older drugs to raise cash and shed extraneous products. The deals reflect an industrywide trend, as major drugmakers zero in on therapeutic fields where they believe they can profit most.

Among many other deals, the company recently raised \$500 million by selling a partnership to Eli Lilly (\$LLY) for an Alzheimer's drug. It snagged \$200 million from Daiichi Sankyo, allowing the Japanese drugmaker to develop its treatment for opioid-induced constipation Movantik. Another \$215 million was raised by licensing out its gastrointestinal drug Entocort to Tillotts Pharma.