

Pfizer on acquisition spree, buys AZ's antibiotic biz

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AstraZeneca has announced that it has entered into an agreement with Pfizer Inc. (Pfizer) to sell the commercialisation and development rights to its late-stage small molecule antibiotics business in most markets globally outside the US.

The agreement reinforces AstraZeneca's focus on developing transformational medicines in its three main therapy areas, while realising value from the strong portfolio of established and late-stage small molecule antibiotics through Pfizer's dedicated commercialisation and development capabilities in anti-infectives. The portfolio comprises the approved antibiotics Merrem, Zinfo and Zavicefta, and ATM-AVI and CXL, which are in clinical development.

Under the terms of the agreement, Pfizer will make an upfront payment to AstraZeneca of \$550 million upon completion and a further unconditional payment of \$175 million in January 2019 for the commercialisation and development rights to the late-stage antibiotics business in all markets where AstraZeneca holds the rights. In addition, Pfizer will pay up to \$250 million in commercial, manufacturing and regulatory milestones, up to \$600 million in sales-related payments as well as recurring, double-digit royalties on future sales of Zavicefta and ATM-AVI in certain markets.

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Luke Miels, Executive Vice President for Europe and Head of the Antibiotics Business Unit at AstraZeneca, said: "This agreement reinforces our strategic focus to invest in our three main therapy areas where we can make the greatest difference to patients' lives. We're pleased that our strong science in antibiotics will continue to serve a critical public health need through Pfizer's dedicated focus on infectious diseases, ensuring these important medicines reach greater numbers of patients around the world."

John Young, Group President, Pfizer Essential Health, said: "As we continue to reshape our Essential Health portfolio, we are focusing on areas that further address global public health needs and that complement our core capabilities and experience in therapeutic areas, including anti-infectives. We are committed to looking for ways to enhance our portfolio around the world where we offer patients and healthcare professionals access to more than 60 anti-infective and anti-fungal medicines. The addition of AstraZeneca's complementary small molecule anti-infectives portfolio will help expand patient access to these important medicines and enhance our global expertise and offerings in this increasingly important area of therapeutics, in addition to providing the opportunity for near-term revenue growth."

MedImmune's portfolio of biologics, on-market products such as FluMist/Fluenz and Synagis, and AstraZeneca's stake in Entasis Therapeutics, spun-off from AstraZeneca in 2015 and now operating as a stand-alone company focused on the development of innovative small-molecule anti-infectives, are not included as part of the agreement.

The agreement with Pfizer is expected to close in the fourth quarter of 2016, subject to customary closing conditions. As AstraZeneca will de-recognise an intangible product asset and does not maintain a significant future interest in the late-stage small molecule antibiotics business all payments will be reported as Other Operating Income in the Company's financial statements. This includes the upfront payment of \$550 million and unconditional payment of \$175 million in 2019 (both to be recognised net of the aforementioned product intangible in 2016), the milestones of up to \$250 million, the sales-related payments of up to \$600 million and the recurring double-digit royalties on sales of Zavicefta and ATM-AVI.

AstraZeneca's established antibiotic medicines Merrem and Zinforo are available in more than 100 countries and generated Product Sales in 2015 of \$250 million. The agreement does not impact AstraZeneca's financial guidance for 2016.