

Media Coverage

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BIO 2011 special report: Australian biotechnology comes of age

The Australian biotechnology industry has entered a new phase, with several high profile deals demonstrating the sector can truly deliver. Now attention is turning to what comes next.

[Tim Dean](#) (Australian Life Scientist)



When Mesoblast announced in December last year that US middle-weight pharmaceutical company Cephalon was pitching to acquire a 20 per cent stake in the regenerative medicine company at an eyebrow raising 45 per cent premium, along with a cash payment of \$130 million and potential milestone payments of up to US\$1.7 billion, sentiment within the Australian biotech industry changed overnight. No longer was biotech the realm of high hopes and speculative returns, it was now yielding tangible results with real dollar figures attached.

And Mesoblast (full story, page 24) wasn't the only company to share some good news. Cephalon also took a shining to ChemGenex and its targeted treatment for chronic myeloid leukaemia, looking to acquire the company for a neat \$159 million in cash.

In other acquisitions, Dutch sample and assay company Qiagen sought to pick up diagnostics specialists Cellestis for US\$355 million in April. Perth-based iCeutica was also snapped up in April by its US partner, Iroko Pharmaceuticals, for its SoluMatrix reformulation platform for an undisclosed, but apparently tidy, sum.

Acrux took its testosterone replacement therapy, Axiron, into the US market care of a partnership with Eli Lilly, fetching the Victorian biotech US\$137 million in milestone payments in the process – \$100 million of which immediately went out as a singularly magnanimous 60c-per-share dividend.

Sydney-based Pharmaxis recovered from its regulatory wobbles in Europe to receive the tick of approval from the Therapeutic Goods Administration back home for its cystic fibrosis treatment

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Bronchitol. Living Cell Technology received regulatory approval in Russia for its xenotransplantation-based type 1 diabetes treatment, boding well for further regulatory hurdles here and abroad.

Sirtex saw profits from the sale of its anti-cancer treatment, SIR Spheres, rise. Biota is reaping growing royalty payments from GlaxoSmithKline for Relenza, and secured a tidy \$230m deal from the US Health Department for development of its anti-flu drug, Laninamivir. Several companies have also posted some very promising clinical trial data, including QRxPharma, Bionomics and Mesoblast – the results of which helped the latter get over the line with Cephalon. There were even a couple of IPOs, breaking the post-GFC drought.

According to PricewaterhouseCoopers numbers, the biotech ex majors (all those excluding giants CSL, Cochlear and ResMed) grew by almost 24 per cent over the past six months, with medical device ex majors nudging 16 per cent – both outperforming the wider ASX after a bumpy second half of 2010.

According to Anna Lavelle, CEO of AusBiotech, the timing of this confluence of good news is no accident. “These are some spectacular results,” she says. “What this is reflecting is the seven to 10 years of investment in the front end to deliver these outcomes.”