

Alcon to acquire ESBA Tech for up to \$589 million

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Alcon is to buy ESBA Tech, a private Swiss biotechnology company focused on antibody fragments, for up to \$589 million.

The agreement gives Alcon a range of biologics that have potential in eye care, expanding its research capabilities outside small molecules to proteins, antibodies and other large molecules.

Kevin Buehler, Alcon's president and CEO, said the deal was part of Alcon's strategy to "enhance access to multiple sources of technologies and compounds that bolster our total research platform in support of innovative products to treat eye diseases". ESBA Tech is developing single-chain antibody fragment therapeutics for topical and local delivery. It had previously been looking for partners to develop its lead antibody ESBA105. The company initiated a Phase IIa study of topically applied ESBA105, a single-chain anti-TNF alpha antibody fragment, for acute anterior uveitis at the end of February. Data are expected at the end of this year.

The biotech's CEO, Dr Dominic Escher, said that the agreement was a "perfect fit" for ESBA Tech. Alcon completely lacks biologics; given the growth in biologics for eye care, such as Genentech's Lucentis (ranibizumab injection) for wet age-related macular degeneration, Alcon had to respond, he added.

Alcon is increasing its focus on new treatments after it acquired exclusive discovery and potential development rights to AstraZeneca's ophthalmic library in July (scripnews.com, July 23rd, 2009).

Alcon will pay ESBA Tech \$150 million in cash on closing and up to \$439 million upon achieving R&D milestones.

The acquisition includes all rights to ESBA Tech's technology for therapeutic application to the eye, including age-related macular degeneration, diabetic macular edema, glaucoma, dry eye and uveitis.

ESBA105 efficacy

Preclinical results using a choroidal neovascularisation (CNV) model showed that ESBA105 can significantly reduce CNV when applied as eye drops. The model compared the efficacy of topical ESBA105 with Abbott's anti-TNF Humira (adalimumab) and Genentech's anti-VEGF Avastin (bevacizumab), which have both shown efficacy in this model.

In a previous interview, Dr Escher said that a combination of topical ESBA105 and a VEGF inhibitor could lead to a more effective and visually improved treatment for wet age-related

macular degeneration than a single therapy. It could eventually rival Lucentis, the leading wet AMD treatment which had sales of close to \$1 billion last year.

Uveitis is the most common form of inflammatory eye disease and an important cause of visual impairment and blindness. Evidence shows that TNF plays an important role in the development of the disease.

It is estimated that a tenth of new US cases of blindness result from the disease, with 300,000 people thought to suffer from uveitis in the US alone. The TNF antagonist market is worth more than \$8 billion.

Although ESBATech competes with the likes of Genentech and ReGeneron, which is developing the Phase III VEGF Trap-Eye in neovascular wet-AMD, ESBATech is the most advanced in topical biologic treatments for ophthalmology, Dr Escher says.

ESBATech has a special place in ophthalmology, and its platform is unique because it is fully humanised, he added.

New company

The investors of ESBATech retain the rights to the products and technology for applications outside ophthalmology and will create a new company, Delenex, to develop these products.

ESBATech has been developing ESBA105 via intra-articular administration for osteoarthritis and entered a Phase I/IIa trial earlier this year.

It believes that the molecule could have disease-modifying effects and be more effective than other anti-TNF alphas such as Humira or Johnson & Johnson/Schering-Plough's Remicade (infliximab) by reducing the number of required injections.

Data from the osteoarthritis trial is expected in the middle of next year. There are currently no disease-modifying drugs approved for the disease. Therefore, such a drug could revolutionise treatment in this field, creating a market worth more than \$10 billion, ESBATech says.

Dr Escher will remain at ESBATech and head Alcon's biologics unit; he will also be a board member of Denelex.

Most of the employees of ESBATech will join Alcon once the transaction has been finalised, which is expected in the next few weeks.