

Acorda to pay \$525M for Boston biopharma company

BY JOHN GOLDEN
jgolden@westfairinc.com

ACORDA THERAPEUTICS INC. IN ARDSLEY will pay \$525 million in a cash deal to acquire a Boston area biopharmaceutical company and worldwide rights to the 5-year-old company's promising drug treatment for Parkinson's disease patients.

Acorda, a Nasdaq-traded company, develops and markets drugs for patients with neurological disorders, including multiple sclerosis, spinal cord and brain injuries, stroke and epilepsy. The pending acquisition of Civitas Therapeutics would propel Acorda into the international market for Parkinson's disease, a progressive neurodegenerative disorder that afflicts approximately 1 million people in the U.S. and 7 million to 10 million people worldwide, according to Acorda officials.

Acorda on Sept. 24 announced the agreement with Civitas, a privately held company in Chelsea, Mass. The all-cash acquisition is expected to close in the fourth quarter this year. Of Acorda's total payment, \$35 million will be used to pay costs related to a Civitas change-in-control.

Civitas in late August announced it had filed a registration statement with the Securities and Exchange Commission for a proposed initial public offering of its stock shares. The company was negotiating an acquisition deal with Acorda while it embarked on "what looked to be an enormously successful IPO road show," Dr. Ron Cohen, Acorda's founding president and CEO, told investors and analysts in a conference call to discuss the pending deal.

Cohen said Acorda has closely followed Civitas and the development progress of its Parkinson's disease therapy since fall of 2012. "For a deal like this, the stars have to align just so, and that happened," he said. "We see this as a strategically compelling acquisition."

By Wall Street standards, "The timing is a little unusual" in that Civitas was actively looking to do an IPO while negotiating the sale, said Acorda spokesman Jeff Macdonald.

If the deal is approved by regulators, Acorda will obtain worldwide rights to CVT-301, an inhal-

ant drug in late-stage clinical trials as a treatment for patients who show re-emergent symptoms of Parkinson's disease while taking L-dopa medication orally. The inhaled form of L-dopa is being tested on humans as an adjunct to a patient's oral doses of the same drug taken during those episodes.

Cohen said Acorda's commercial marketing team has projected peak sales of CVT-301 in excess of \$500 million annually in the U.S. The treatment could be appropriate for approximately 350,000 patients in the U.S., he said.

The acquisition also includes Civitas' proprietary ARCUS pulmonary delivery technology - a reusable aerosol device first developed at MIT - and a 90,000-square-foot manufacturing facility in Chelsea built for the commercial-scale production of drugs administered through ARCUS inhalers.

A phase 3 study of CVT-301 is expected to begin in early 2015 and Acorda is expected to file for regulatory approval by the U.S. Food and Drug Administration by the end of 2016.

Macdonald said the Parkinson's disease therapy, if approved by the FDA, would allow Acorda to expand its operations into the global market rather than license the drug's overseas production and marketing to foreign companies, as was done with its drug Ampyra, which improves walking in MS patients. "If we did want to expand internationally, this is a nice opportunity," he said.

"Both the product and that technology platform are right in our wheelhouse in terms of our neurological expertise," Macdonald said.

"This acquisition marks a great day for Acorda and Civitas," Cohen said in the joint announcement. "Both companies share a passion for developing novel therapies that can restore function to people with neurological diseases. We also see substantial synergies between our capabilities, people and pipelines."

Cohen said the deal adds to Acorda's development pipeline a drug that addresses "a significant unmet need in Parkinson's disease" and also "leverages Acorda's existing development and commercial capabilities and creates an opportunity for us to develop a global presence." The ARCUS technology



Dr. Ron Cohen, president and CEO of Acorda Therapeutics Inc., at the company's Ardsley headquarters.

"adds a proprietary platform with the potential for future development opportunities," he said.

Mark Iwicki, CEO of Civitas Therapeutics, in the announcement called the pending acquisition "an ideal match of expertise, vision and culture." He said Civitas staff will collaborate with their new Acorda colleagues to continue development of CVT-301.

MTS Health Partners L.P. and Lazard served as financial advisers to Acorda Therapeutics and Cadwalader, Wickersham & Taft L.L.P. served as the company's legal adviser on the transaction. J.P. Morgan and Bank of America Merrill Lynch served as financial advisers to Civitas Therapeutics and Ropes & Gray L.L.P. was the company's legal adviser.

One of Westchester County's largest biotech companies, Acorda employs 287 workers at its Ardsley headquarters complex on the Ardsley Park life science campus owned by the county's largest biotech landlord, Biomed Realty Trust Inc. The company relocated its operations from Hawthorne in 2012. It has a total of 436 employees nationwide.

Trading in Acorda stock closed at \$29.35 per share on Sept. 23, the day before the deal was announced. It closed at \$37.62 per share on Sept. 24, a 28 percent increase from the previous day's closing price.