

Novo's Emisphere takeout spells a private equity payday



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Novo has [made no secret of the fact that it is buying Emisphere](#) to eliminate future royalty payments; the small developer contributed the formulation technology that turned the injected diabetes drug semaglutide into the oral brand Rybelsus, and earns 2.5% of sales. Still, the Danish giant could have presumably paid considerably less than \$1.8bn had it acted sooner. Emisphere struggled for years to remain solvent after other reformulation partnerships went nowhere. The group's tech was used in Mannkind's fated inhaled insulin, while a Novartis deal over the oral form of the [osteoporosis drug calcitonin collapsed in 2011](#). That caused Emisphere to [default on debt](#) owed to the private equity firm MHR Capital, and various restructurings and financings since then have seen MHR amass a controlling stake in its client. SEC filings ceased after Emisphere's stock moved to the OTC market in 2016 so disclosure is sparse, but some believe that MHR owns as much as 75% of Emisphere. The firm also [appears to be owed](#) a substantial proportion of Emisphere's income - hence \$450m of the takeout price flows explicitly to MHR. In reality, however, it seems that the financing firm will be banking most of the money.

Emisphere Technologies share price (OTC: EMIS)



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