

Roche senses rival influences and strikes for Santaris



[Jonathan Gardner](#)

Roche may have denied European biotech investors a shot at another initial public offering with its buyout of Danish RNA medicine specialist Santaris Pharma. The Swiss group expanded its first foray into antisense medicine with a \$250m upfront payment to secure a technology that has produced phase II candidates in liver cancer and advanced hepatitis C.

The seven-month collaboration must have revealed an approach to RNA silencing attractive enough for Roche to want to play keep-away with rival companies. Santaris' need for financing, and the possibility it might soon need to respond to a bigger group of investors, was an added incentive to make an offer.

Taking the next step

The acquisition includes a \$250m upfront payment and another \$200m in unspecified milestones. The deal brings to more than \$3bn the value of Roche's M&A activity so far in 2014, the biggest year since 2009 with the buyout of Genentech and the third-biggest since the turn of the century – although that is small compared to the activity of AbbVie or Actavis, both of which have committed tens of billions of dollars to acquisitions this year.

In January, Roche inked a \$10m drug discovery deal with Santaris across several disease areas, making use of the locked nucleic acid (LNA) platform. Santaris touts LNAs as differentiated from existing RNA-targeting technologies such as gene silencing and RNA interference (RNAi) because of a smaller size, greater target binding affinity and metabolic stability that can be delivered into a cell without a special delivery technology.

Roche must have liked what it saw in that short partnership, and when Santaris was examining its financing options the catalyst for the acquisition materialised.

"Santaris was considering going public," said Sander Slootweg, managing partner of Netherlands-based Forbion Capital Partners, an investor in the group since 2007. "This put some pressure on Roche."

Santaris' Danish site will remain open as Roche Innovation Centre Copenhagen, a sign that the Swiss group is keen to avoid too much interference in development of the technology.

The better mousetrap?

Antisense and RNA interference have struggled to make their mark on the sector, with just Isis's Kynamro on the market and a great deal of hope being placed on such candidates as the Duchenne's muscular dystrophy projects, Sarepta Therapeutics' eteplirsen and Prosensa's drisapersen. This specialised field has faced challenges both with off-target effects and target expression, which means that years of clinical research have yielded little.

A scan of *EvaluatePharma* data shows that analysts have attached sales forecasts to 14 antisense or RNAi programmes. Santaris' candidates are not included in this number, but now that they are wholly owned by Roche some visibility on sales potential should emerge in coming months.

Santaris says the LNA technology allows for much smaller molecules that can more easily penetrate cells without a separate delivery technology that can trigger off-target effects. In addition, the company says the technology allows for accumulation of molecules that can reduce the amount that needs to be dosed in order to have a therapeutic effect.

The most advanced candidates are miravirsin and SPC2968. The latter, being promoted for hepatocellular carcinoma, was until late last year partnered with Enzon Pharmaceuticals, a company that was in no position to be backing any innovative products.

The former is a pan-genotypic hepatitis C therapeutic that has reached phase II trials in patients who previously failed to respond to double therapy with interferon and ribavirin and triple therapy that included Incivek. Santaris has announced only that miravirsin has completed phase II enrolment but has not released

results.

In an outright takeout of Santaris, Roche has taken a leap into the RNA therapeutics space as others are leaving. The Swiss group must be fairly convinced that this technology is worth a quarter of a billion dollars at a minimum, but it needs to hope it was not time pressure that drove a premature swoop.

To contact the writer of this story email Jonathan Gardner in London at jonathang@epvantage.com or follow [@JonEPVantage](https://twitter.com/JonEPVantage) on Twitter

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