Press Cutting

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AstraZeneca places two new bets after R&D setbacks

AstraZeneca PLC
AZN.L
2,910.00p
+5.00+0.17%
08:29:45 BST
Hutchison China MediTech Ltd
HCM.L
300.00p
+37.00+14.07%
08:28:30 BST
Astellas Pharma Inc
4503.T
¥3,095
+70.00+2.31%
06:00:00 BST

By **Ben Hirschler**
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LONDON (Reuters) - AstraZeneca (AZN.L) is placing new bets on drug research by signing deals with two Asian companies, just one day after suffering a double setback for two of its most important pipeline assets.

Britain's second biggest drugmaker said on Wednesday it had struck a global deal to co-develop a novel cancer treatment from Hutchison China MediTech (HCM.L) and bought options on a potential new class of diabetes pills from Astellas Pharma (4503.T).

The deals go some way to bolster AstraZeneca's pipeline of experimental medicines in two priority areas for the company, although the products are still at an early -- and risky -- phase of development.

Their addition to the portfolio will do little to offset investor concerns about AstraZeneca's increasingly fragile pipeline of new drugs, which was further damaged on Tuesday by high-profile setbacks in cancer and depression.

AstraZeneca is taking $381.5 million (243 million pounds) in charges -- pushing 2011 profits to the lower end of its forecast range -- after dropping olaparib for ovarian cancer and announcing a second unsuccessful late-stage test for new antidepressant TC-5214.

It can ill-afford such failures, since it has few other products in late-stage development, with the exception of a new pill for rheumatoid arthritis, as it faces looming patent losses on blockbusters like Seroquel for schizophrenia and Nexium for heartburn and ulcers.

Its top-selling cholesterol fighter Crestor also has a tough time ahead, due to the arrival of cheap generic copies of Pfizer's (PFE.N) market-leading drug Lipitor in the key U.S. market last month.

AstraZeneca will pay Chi-Med $20 million upfront for the global licensing, co-development and commercialisation agreement covering volitinib -- an inhibitor of the c-Met receptor tyrosine kinase that is about to enter initial Phase I clinical tests.

Hong Kong-based Chi-Med will get up to $120 million if the cancer drug is developed successfully, plus possible "significant" future commercial sale milestones and up to double-digit percentage royalties on net sales.

The deal with Japan's Astellas involves AstraZeneca paying an unspecified upfront fee for options to acquire PSN821 and PSN842 from Astellas -- two experimental treatments for type 2 diabetes that are in mid-stage Phase II clinical trials and preclinical development respectively.

Both the Astellas products belong to a class of compound known as G protein-coupled receptor GPR119 agonists.

(Reporting by Ben Hirschler; Editing by Helen Massy-Beresford)