

Press Cutting

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Market forces Astra falters as new deals fail to impress City

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A day after its shares slumped following two drug trial disappointments, **Astra-Zeneca** yesterday announced moves to bolster its pipeline of new products. It has signed deals with two Asian companies, although the drugs involved are both in their early stages.

Firstly, Astra said it would co-develop Volitinib, a cancer treatment from Hutchison China MediTech, for which it will pay \$20m upfront. Hong Kong-based Chi-Med will get up to \$120m if the drug is successful, plus more if it reaches certain milestones and from royalty payments.

Astra has also bought options on a possible new class of diabetes drugs from Astellas Pharma. But the City seemed unimpressed with its attempts to seek out new products. After falling 44p on Tuesday, Astra shares fell another 22p to £28.83.

Early euphoria following news that the European Central Bank had supplied a higher-than-expected €489bn of cheap three-year loans to Europe's beleaguered banks soon wore off, as analysts questioned how successful it would be in tackling the eurozone crisis. So after climbing to 5479, the **FTSE 100** finished down 29.86 points at 5389.74.

Banks held some of their early gains after the move, with **Barclays** 0.55p better at 171.95p and **Royal Bank of Scotland** rising 0.15p to 19.82p. But **Lloyds Banking Group** was the pick of the bunch, up 1.315p to 24.935p after Exane BNP Paribas lifted its recommendation from underperform to outperform.

Indian power group **Essar Energy** was the biggest faller on the leading index, down 6.1p to 171.9p after announcing its chairman was temporarily stepping down. Ravi Ruia will remain as a director of the Indian energy business but is involved in an inquiry by India's Central Bureau of Investigation into the award of mobile phone licences. The firm said the investigation did not relate to Essar Energy but Essar Group. Both Ruia and Essar Group deny any wrongdoing.

Software group **Sage** slipped 7p to 284.8p after disappointing results from US technology firm Oracle but **Gem**

Diamonds rose 9.3p to 191.7p after Goldman Sachs moved from neutral to buy.

Insurance group **Hardy Underwriting** added 9p to 193.875p after rival **Beazley**, up 0.8p to 134.8p, said it was interested in making another bid for the business, after dropping a 350p a share offer a year ago. **Travelzest** fell 25% to 6.25p after it ended takeover talks with Red Label Vacations. It plans to sell underperforming UK assets and concentrate on its Canadian operations and developing UK brands such as flight.co.uk.

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