

**Novartis AG****Novartis to buy French nuclear medicine group AAA**

Drugmaker to pay \$3.9bn for company that specialises in radio pharmaceuticals



Novartis's purchase of Advanced Accelerator Applications will strengthen its cancer treatment activities © Reuters  
OCTOBER 30, 2017 Ralph Atkins in Zurich and Sarah Neville in London

Switzerland's [Novartis](#) has agreed to pay \$3.9bn to take over French nuclear medicines business Advanced Accelerator Applications in the Swiss group's latest move to strengthen cancer treatment activities.

AAA was spun out 15 years ago from **Cern**, the European nuclear research organisation, and specialises in "radio pharmaceuticals", which use radioisotopes to diagnose and treat tumours.

Novartis's planned takeover comes just two months after the Swiss group won US approval to use a new chimeric antigen receptor therapy, [known as Car-T](#), for children and young adults with a type of leukaemia. Like Car-T, radio pharmaceutical therapies involve developing complex supply and manufacturing systems — to overcome the problems of using unstable, radioactive products.

[Novartis](#) is offering \$41 per ordinary share and \$82 per American depositary share, valuing AAA at \$3.9bn. The offer has been recommended by AAA's board. Some 10 per cent of AAA's shares are held by its top managers and board.

The price offered represented a 47 per cent premium over the undisturbed share price before the deal — less than the premium paid on other recent comparable biotech deals, according to one banker close to the deal.

AAA received European approval last month for Lutathera, a treatment for gastroenteropancreatic neuroendocrine tumours — the type of cancer that killed [Apple founder Steve Jobs](#). US approval is expected next year.

## €109.3m

AAA's sales last year

Novartis said AAA would strengthen its oncology division with "both near-term product launches as well as a new technology platform with potential applications across a number of oncology early development programs."

Stefano Buono, AAA chief executive and founder, said Novartis was "an ideal partner" to develop Lutathera as well as the company's therapeutic platform.

AAA's expertise combined with Novartis's infrastructure and oncology experience "provide the best prospects for our patients, physicians and employees, as well as the broader nuclear medicine community," he said. AAA has 550 employees in 13 countries and reported sales of €109.3m last year.

Laura Sutcliffe, an analyst at Berenberg, the investment bank, said Novartis' existing Sandostatin drugs also treated neuroendocrine tumours. Although the patents on the compounds have expired, they still generated sales in 2016 of about \$1.6bn.

The tie-up with AAA would allow Novartis to "protect that franchise in the long term". Given the size of the potential market, Novartis had paid a price that would allow it to "see some return in the medium to long term", she added.

Novartis announced last month that [chief executive Joe Jimenez](#) would step down early next year and be replaced by 41-year-old Vas Narasimhan, its head of drug development. Mr Jimenez restructured and streamlined the Basel-based drugmaker following its rapid global expansion through mergers and acquisitions under his predecessor Daniel Vasella. But Mr Jimenez left the door open for smaller, “bolt-on” acquisitions to strengthen Novartis’s core innovative medicines business.

Novartis was advised by PJT Partners advisory group, and AAA was advised by Jefferies

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