

**DIVE BRIEF**

PTC to sell spinal muscular atrophy drug royalties for \$1B

A second deal with Royalty Pharma will allow PTC to retire Blackstone debt and keep more cash for future operations.

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Financial details under magnifying glass echoevg via Getty Images

Dive Brief:

- PTC Therapeutics has agreed to sell a big chunk of its remaining royalty stream from the spinal muscular atrophy drug Evrysdi to Royalty Pharma for \$1 billion.
- As part of the deal announced Thursday, both companies retain options for a sale that would transfer even more of the rights to Royalty, potentially bringing in as much as \$500 million more for PTC. The agreement builds on Royalty's purchase of 43% of Evrysdi royalties in July 2020.
- PTC said it will use the cash to retire all outstanding debt obligations with Blackstone Life Sciences as well as preserve funds for future operations. For now, the company will retain 19% of royalties from Evrysdi, which is marketed by Swiss drugmaker Roche.

Dive Insight:

PTC worked with Roche and the Spinal Muscular Atrophy Foundation to develop Evrysdi, which was approved by the Food

and Drug Administration in 2020. The drug brought in sales of 1.1 billion Swiss francs, or about \$1.2 billion, last year and continues to have strong growth, making it an attractive target for Royalty.

For PTC, the deal offers a chance to clear a significant “overhang” on the stock, Cantor Fitzgerald analyst Kristen Kluska wrote in a note to clients. Investors, who have been concerned about the company’s balance sheet, can now focus on the prospects for the company’s pipeline and a pending European regulatory decision on its Translarna drug for a form of Duchenne muscular dystrophy.

Under the current deal, Royalty will have rights to 81% of tiered royalties for Evrysdi up to a \$1.3 billion total cap and 67% of royalties above the cap. If Royalty or PTC chooses to exercise one of the options for a bigger sale of royalties, those percentages would increase. The overall royalty rate Roche pays slides from 8% to 16%, depending on sales.

The agreement with PTC adds to a busy year for Royalty. In March, the company picked up a portion of royalty rights to an experimental schizophrenia drug being developed by Karuna Therapeutics. And in August, it bought royalties on Ferring Pharmaceuticals’ Adstiladrin treatment for bladder cancer