

# Circassia Pharmaceuticals PLC

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## Circassia Pharmaceuticals shares rise as it coughs up US\$32m for PPHN drug

Circassia Pharmaceuticals PLC (LON:CIR) saw its shares rise on Thursday as the respiratory disease specialist revealed it has acquired the exclusive US and Chinese commercialisation rights to AirNOvent - a treatment for persistent pulmonary hypertension (PPHN) of newborns.

PPHN occurs when the pressure in the blood vessels of a baby's lungs remains high after birth, which can restrict the amount of oxygen flowing around the body and make the newborn unwell. It is thought to occur in around one in 500 births.

**WATCH:** Circassia Pharmaceuticals adds 'exciting, near-term' respiratory drug to portfolio

Circassia is paying US\$7.35m upfront for the rights to AirNOvent, plus up to a further US\$25.2m in commercialisation and performance milestones. Most, if not all of that, will be paid in shares.

On top of that, AIT Therapeutics, the company selling the drug, will take a chunk of any future sales.

AirNOvent is expected to launch in the US in the first half of 2020 following the submission of a Premarket Approval (PMA) to the US Food and Drug Administration in the second quarter of this year.

Once that approval is in place, Circassia plans to look at AirNOvent's potential in other indications.

"Acquiring the US and Chinese commercialisation rights to the innovative product AirNOvent represents an important milestone in Circassia's strategic transformation into a commercially-focused respiratory pharmaceutical business," said chief executive Steve Harris.

"With our commercial platform established in the United States and our rapid expansion in China nearing completion, we look forward to leveraging our infrastructure to commercialise this novel product, once approved."

He added: "In the coming months we anticipate significant progress across our business, as we take full commercial control of Tudorza in the United States, the FDA completes its review of Duaklir's NDA and AIT submits AirNOvent for approval."

**Better than competition**

In the US, only one similar treatment to AirNOvent is on the market, called INOMAX, and that generated US sales of over US\$400m in 2017.

Circassia reckons AirNOvent has a "number of potential benefits" over its competition, as it is "smaller, significantly lighter and more convenient than the INOMAX system". It also doesn't require special handling or storage.

**Price:** £0.18

**Market Cap:** £68.85 m

### 1 Year Share Price Graph



September 2018 March 2019 September 2019

### Share Information

**Code:** CIR

**Listing:** LSE

**52 week High Low**  
79.9 13.25

**Sector:** Pharma & Biotech

**Website:** www.circassia.com

### Company Synopsis:

*Circassia is a specialty pharmaceutical company focused on respiratory disease. Our growing commercial organization promotes our innovative asthma management products directly to specialist physicians in a number of key markets, and we market the chronic obstructive pulmonary disease (COPD) product Tudorza® in the United States.*

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In a note to clients, analysts at Peel Hunt said: "This new platform-enhancing revenue opportunity should support further operating leverage on the strong commercial base Circassia has recently built."

They added: "We recently placed our forecasts and target price under review and will update our model for this new deal in due course."

In early afternoon trading, shares in Circassia Pharmaceuticals were 2.6% higher at 51.30p.

-- Adds analyst comment, updates share price --

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up	to	Twenty	Five	Thousand	dollars	(\$25,000).
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