



Drug marketer has \$50M equity round

by Clifford Carlsen
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Specialty drug marketer EKR Therapeutics Inc. announced Monday, March 10, that it has raised \$50 million in equity and arranged a \$95 million debt facility to fund a recent acquisition and support growth of its sales infrastructure.

The three-year-old company brought in new investors MPM Capital of Boston and LLR Partners Inc. of Philadelphia to lead the deal, joining previous backers Quaker BioVentures Inc. of Philadelphia; NewSpring Capital of Radnor, Pa.; Garden State Life Sciences Venture Fund of Trenton, N.J.; and ESP Equity Partners LLC of Cedar Knolls, N.J. GE Capital Healthcare Partners of Stamford, Conn., will foot the new debt financing, bolstering earlier debt financing from Merrill Lynch Capital Healthcare Finance Group of New York.

EKR founder and chief executive Howard Weisman said that in addition to funding last month's \$85 million acquisition of a portfolio of acute care products from PDL BioPharma Inc. of Redwood City, Calif., the new capital will support expansion of the company's sales force from 20 people at the time of EKR's \$13 million funding last August to about 80 salespeople. The new round brings total equity funding in the Cedar Knolls, N.J., company to more than \$21 million.

"This positions us to pay for the acquisition and set the company up for the next phase of growth," Weisman said. "We started talking to investors after PDL announced it was selling the products last fall in a managed process and had the financing in place to make the acquisition."

Steven St. Peter, a general partner with MPM Capital, said he had been following EKR's strategy of rolling up a portfolio of proprietary products, including cardiovascular, pain management and oncology products for the acute care market but that the opportunity to acquire the PDL products warranted investment for the first time. St. Peter had been an investor in Weisman's previous startup, ESP Pharma Inc. of Edison, N.J., while at New York buyout firm Apax Partners, and he had stayed close to EKR since its formation.

"We have had many discussions over the last couple of years, but it was this asset that we thought fit well and that will scale them," St. Peter said. "Obviously there will be some digestion that will have to go on, but we expect them to continue to bring products into the commercial infrastructure they have built and continue to leverage that."

Weisman said EKR's initial focus was in oncology but that it has gradually broadened to market products for other conditions. The company licensed pain drug DepoDur last summer from Pacira Pharmaceuticals Inc. of San Diego, while acquiring intravenous hypertension drug Cardene from PDL will dramatically boost the company's sales. Lazard Capital Markets analyst Joel Sendek estimated in a recent research note that 2007 sales of Cardene were about \$152 million.

"In the summer of 2007, we broadened our market with DepoDur, but we are taking our execution of the business plan and bumping it up quite a bit with Cardene," Weisman said.

Weisman said the company will continue to look for products to buy and that it is also advancing internal Phase 2 clinical trials of cardiovascular drug ularitide, also acquired from PDL.

Weisman did not disclose a valuation for the company following the acquisition and new funding round, but he said it was up from the company's Series C round.

EKR used no outside financial adviser in raising the new financing and had legal work on closing the round from Peter Ehrenberg of Lowenstein Sandler PC in Roseland, N.J.

Christopher Miller of **Pepper Hamilton LLP** in Berwyn, Pa., represented investors.