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Lantheus Holdings, Inc.

(LNTH: NASDAQ)

LNTH: Evergreen Acquisition Promotes Future Innovation

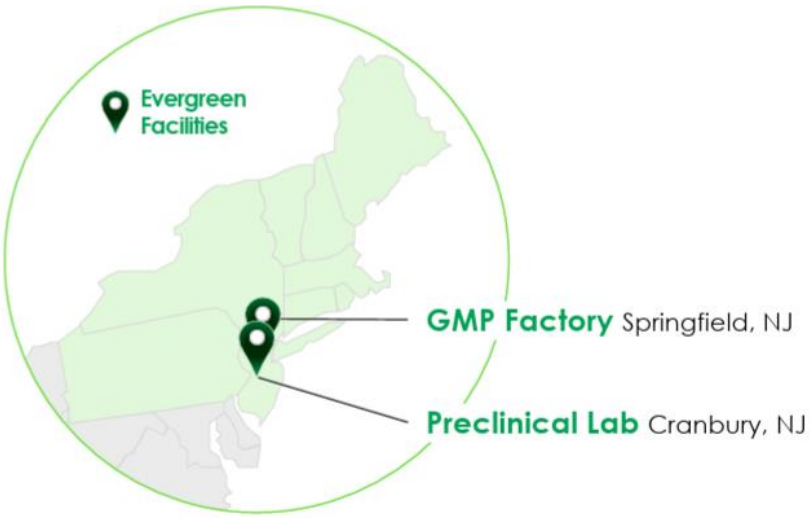
Research Note

Lantheus to Buy Evergreen Theragnostics

Lantheus Holdings, Inc. (NASDAQ: LNTH) announced its second acquisition this month; this time for private company Evergreen Theragnostics for $250 million in cash plus milestones valued at $752.5 million. The company's most advanced product, Octevy, is a positron emission tomography (PET) diagnostic for certain neuroendocrine tumors (NETs) and could be a complementary imaging agent for Lantheus' pipeline asset PNT2003. Octevy is being reviewed by the FDA and is expected to be approved in time for product commercialization in 2026. Evergreen has several other candidates in its pipeline with one in Phase II studies and the others in preclinical stages. Additional information was provided in a Form 8-K filing and webcast. The transaction is expected to be dilutive to earnings following closing due to research and development costs and launch related activities for Octevy. 18 months after close, the contribution of Life Molecular Imaging and Evergreen is expected to be accretive to earnings.

Management estimates that the total addressable market for somatostatin NET PET diagnostics is $200 million or 50,000 patients per year. By the next decade this could be $300 to $400 million or 65 to 85 thousand patients.

Exhibit I – Evergreen Facilities



Source: Lantheus Evergreen Theragnostics Acquisition Slide Deck

Beyond its pipeline of diagnostic (Gallium-68) and therapeutic (Lutetium-177) radionuclides, Evergreen owns a Contract Development and Manufacturing Facility (CDMO) in Springfield, New Jersey and a discovery lab in Cranbury, New Jersey. The CDMO is 14,000 square feet and is certified for good manufacturing practice (GMP) standards. The discovery lab is 6,500 square feet and houses a preclinical facility and vertically integrated laboratory.

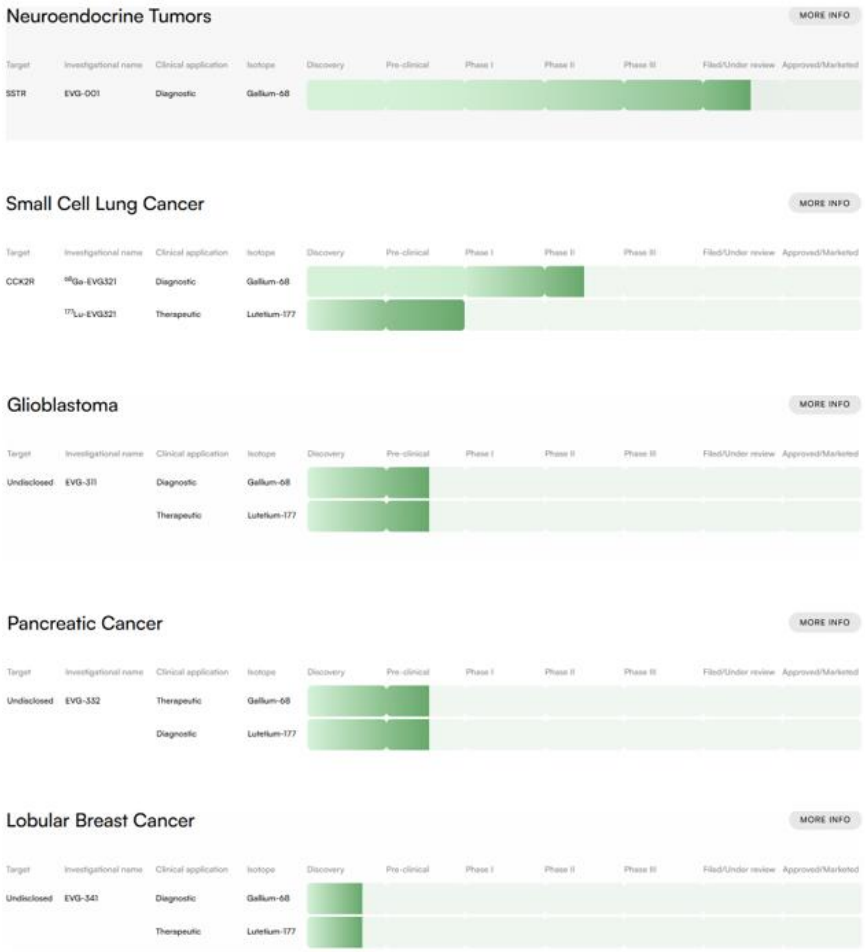
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Lantheus management expects that Octevy will be approved on a similar timeline to PNT2003 and both can be commercialized as a theranostic pair. This effort will be executed by partners. Evergreen has signed previous agreements for sales and distribution of Octevy with radiopharmacies UPPI and Jubilant Radiopharma.

In the accompanying press release, Lantheus highlighted its supporting rationale for the acquisition:

- Adds manufacturing infrastructure
  - Revenue generating CDMO business
  - Isotope flexibility
  - Supply for clinical trials
  - Diversified manufacturing capabilities
- Contribution from Octevy, if approved, to create theranostic pair with PNT2003 in NETs
- Multiple early-stage oncology assets
- Access to drug discovery and early-stage development platform
- Acceleration of development, life cycle management and intellectual property portfolio

Exhibit II – Evergreen Pipeline



Source: Evergreen Theragnostics Website Accessed January 2025

Summary

The Evergreen Theragnostics acquisition takes an aggressive stance on the future of Lantheus recognizing the importance and flexibility that owning development assets provides for innovation, growth and lifecycle management. The emphasis management put on the development capability of Evergreen's CDMO and lab assets leads us to believe the team anticipates broad demand for improved diagnostic and therapeutic radioisotopes in coming years. Lantheus also snags an asset that complements its existing portfolio in the NET space and that will allow it to be an increasingly dominant player in radiopharmaceuticals.

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