Biogen Idec gets a boost from Moody's upgrade

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Moody's Investors Service has upgraded approximately $1 billion of Biogen Idec's [1] (Nasdaq: BIIB) debt to a rating of Baa2 from Baa3, due to strong operating performance. The agency also lauded the filing of the company's new potential oral therapy, BG-12, for multiple sclerosis, to U.S. and European regulatory agencies for approval. Moody's said the outlook for the Weston, Mass.-based biotechnology company is stable.

"Although the outlook for the next 12 to 18 months is stable, a strong launch of BG-12 could create the potential for an additional upgrade in 18 to 36 months," Michael Levesque [2], Moody's Senior Vice President, said in a statement.

Moody's said Biogen's strengths include "limited near-term patent exposures, its good late-stage pipeline and its strong credit metrics." The agency said it expects ongoing growth from the company, in part due to its multiple sclerosis drug Tysabri, which continues to gain patients.

The agency identified the company's limited product diversity as an ongoing risk. Biogen narrowed its focus in 2010 to work exclusively on neurological disorders and roughly 75 percent of the company's revenues are from its multiple sclerosis products. Moody's said, however, it believed Biogen Idec's pending drug, BG-12, could become a leader in the space over the next several years.

Moody's said it could potentially upgrade the rating if there is a strong launch of BG-12. Total revenues above $6 million could also trigger an upgrade, Moody's said. Biogen's 2011 revenues were approximately $5 billion.

Moody's said it would consider downgrading Biogen in the future if it substantially increases its debt, faces declining sales of Tysabri, or is hit with multiple pipeline setbacks.

SOURCE [3]

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