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Ironwood Pharma to split into two entities

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Singapore- Ironwood Pharmaceuticals has announced that its board has authorized the separation of the company into two publicly traded firms, one focused on commercialization and the other on R&D, in the first half of 2019. The move should be tax-free to current shareholders.

Ironwood will focus on commercializing its currently marketed products and the development of its gastrointestinal, gout and abdominal pain pipeline. It is expected to be profitable in 2019.

The rare disease-focused company will work to advance the company's work in cyclic guanosine monophosphate, or cGMP, pharmacology. It's most advanced compounds are in mid-stage clinical testing for sickle cell disease and achalasia, as well as diabetic neuropathy and a form of congestive heart failure.

The decision follows a strategic review started last year, but it also comes as Ironwood told shareholders that biotech activist investor Alex Denner of Sarissa Capital wanted a seat on the board of the company.

The two companies will have separate boards and management teams focused on the strategic priorities, markets, and opportunities of each business. Both companies will be headquartered in Cambridge, Massachusetts and with the commercial business called Ironwood and the name of the R&D company announced at a later date.