

# French drug giant Sanofi vows hostile bid for US prey (Update)

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French pharmaceutical giant Sanofi vowed to open a hostile takeover battle Friday after its \$9.3 billion (8.2 million-euro) offer for US cancer drug maker Medivation was dismissed for being too cheap.

Sanofi, warning that it has a strong record in takeovers, said it will not give up its pursuit of the reluctant American prey, manufacturer of the high-priced, blockbuster prostate cancer medication Xtandi.

Medivation said its board had unanimously rejected Sanofi's unsolicited, non-binding cash offer of \$52.50 a share, declaring that it "substantially" undervalued the company and was not in the interests of shareholders.

The San Francisco-based biotech firm accused Sanofi, France's largest drugs company, of making a shrewd grab for its riches.

The US group said its Xtandi drug has racked up \$2.2 billion in worldwide annual net sales and it has other potential big-selling medicines in the pipeline such as Talazoparib, which aims to treat a broad range of cancer conditions.

## 'Opportunistic' bid

"Sanofi's opportunistically-timed proposal, which comes during a period of significant market dislocation, and prior to several important near-term events for the company, is designed to seize for Sanofi value that

rightly belongs to our stockholders," Medivation chief executive David Hung said in a statement.

Undeterred, Sanofi vowed to take its offer directly to Medivation's shareholders despite the board's opposition.

"Sanofi is a disciplined acquirer and has a strong acquisition track-record," the group warned.

"While to date Medivation has chosen not to enter into discussions regarding this value-creating transaction, Sanofi remains committed to the combination and looks forward to engaging directly with Medivation shareholders with regard to our proposal."

Hours earlier, Sanofi chief executive Olivier Brandicourt said he was "confident" the Medivation shareholders would be convinced by the bid.

## **Frustration**

He spoke as Sanofi reported a 6.3-percent rise in net profits to 1.09 billion euros in the first quarter of the year despite sales slipping 3.3 percent to 7.78 billion euros.

If the offer is accepted, it would be Sanofi's biggest acquisition since it bought the US biotech group Genzyme in 2011 for more than \$20 billion.

Sanofi, the 11th largest pharmaceutical company in the world by stock market valuation, on Thursday released a letter to Medivation's chief executive expressing its frustration at the frosty reception given to its initial approach.

In the letter, Sanofi's boss said that Hung had declined to meet when first

contacted on March 25, and that the Medivation board soon afterwards decided that it had no interest in discussing his interest in a takeover.

Brandicourt argued that Sanofi's offer represented a "very substantial premium" to the average price of Medivation shares on the market in the past couple of months.

## 'Benefit patients'

"Thanks to Medivation's excellent prostate cancer treatments, we believe that a merger with Medivation would benefit patients and, at the same time, create value for shareholders in both companies," he said.

Analysts predicted a long battle ahead, with a possible bidding war for Medivation breaking out if others enter the fray.

After being spurned by Medivation, Sanofi shares slumped 6.0 percent to 71.62 euros in afternoon trade on a generally lower Paris stock market.

Medivation shares were trading on the Nasdaq at \$55.84, down 0.6 percent. They peaked in March 2015 at close to \$68.

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