

# Medivation: No to Sanofi's renewed press to take \$9.3B offer

May 5 2016, by By Linda A. Johnson

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Medivation again rejected Sanofi's bid to acquire the biologic drugmaker for \$9.3 billion, saying Thursday that it "substantially undervalues" Medivation and its prospects.

The swift response came hours after Paris-based Sanofi, France's biggest drugmaker, threatened Medivation's board members with possible removal if they won't discuss a deal.

Sanofi SA released a letter it sent to the board of Medivation, which about a month ago became a hot acquisition target for large multinational drugmakers looking for ways to boost their medicine portfolios and future sales.

The letter stated that the acquisition is a "priority for Sanofi." It said Sanofi might raise its offer price if Medivation will discuss the deal and can show "additional value," adding Sanofi will attempt to replace Medivation's board members if they don't negotiate. Sanofi added that it's talked with Medivation's top shareholders and believes "there is overwhelming support by your shareholders for a transaction."

On April 28 Sanofi offered \$9.3 billion in cash, or \$52.50 per share, for the San Francisco drugmaker, well above its \$37 range before deal rumors began. Medivation's board promptly rejected the offer as too low.

On Thursday, Medivation said in a brief statement that "Sanofi's letter

simply restates an inadequate proposal" that undervalues the company, "its leading oncology franchise, and innovative late-stage pipeline." The statement said the board "believes the execution of Medivation's business plan will deliver value to its stockholders that is far superior to Sanofi's proposal."

Medivation is a specialty drugmaker, focused on developing medicines for [cancer](#) and serious diseases with few treatment options. It has only one approved product, Xtandi for advanced prostate cancer that doesn't respond to hormone-based medicines. Its pipeline includes enzalutamide, in mid- and late-stage patient testing for prostate, liver and breast cancer, plus talazoparib for breast cancer and pidilizumab, which is in mid-stage testing against the blood cancer B-cell lymphoma.

Last year, Medivation posted revenue of \$943.3 billion, about half of it from Xtandi and the rest from payments from various collaborators.

The company released its first-quarter financial results after the market closed Thursday. Medivation swung to a profit of \$4.82 million, or 3 cents per share, for the first three months of the year. Adjusted earnings per share improved to 11 cents, while revenue rose 41 percent to \$182.5 million. The stock closed regular trading up 16 cents at \$59.22 and then added 18 cents in after-hours trading. Sanofi's U.S. shares closed regular trading up 32 cents at \$39.07.

Meanwhile, other major drugmakers with cancer medicine franchises are reportedly considering bidding for Medivation, including Pfizer Inc., Amgen Inc., AstraZeneca PLC and Novartis AG.

Sanofi's letter to Medivation is signed by Chief Executive Olivier Brandicourt, a trained physician who arrived at Sanofi in April 2015 from Bayer, after spending 13 years in executive positions at New York-based Pfizer. Over that span, Pfizer grew dramatically through three

mega-acquisitions. But in 2014 and again this year, Pfizer failed in attempted mergers with Europe-based drugmakers—AstraZeneca PLC and Allergan PLC, respectively—that would have allowed Pfizer to move its headquarters on paper from the U.S. to a lower-tax country.

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