

Sanofi buys US haemophilia treatment firm for \$11.6 bn (Update)

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France's Sanofi is to buy Bioverativ, a US firm that specialises in treatments for haemophilia, for \$11 billion.

French pharmaceutical firm Sanofi said Monday it had reached an agreement to purchase US biotech company Bioverativ, which

specialises in treatments for haemophilia and rare blood disorders, for \$11.6 billion.

Sanofi's chief executive Olivier Brandicourt said the acquisition "enhances its presence in specialty care and leadership in rare diseases... and creates a platform for growth in other rare blood disorders."

The purchase should also translate into a boost in profits per share beginning this year, rising to a gain of up to 5 percent in 2019, Sanofi said in a statement.

Bioverativ has latest-generation treatments for haemophilia, a disorder where blood does not clot properly to stop bleeding.

The haemophilia drugs market is "the largest market in rare diseases", worth around \$10 billion per year and projected to grow by seven percent annually over the next five years, Brandicourt said in an audio conference with analysts.

He said he harboured a "strong admiration" for Bioverativ, which is a leader in the field with two drugs, Eloctate and Alprolix, already in the market and estimated overall sales of \$1.2 billion in 2017.

Sanofi said it would be able to help Bioverativ with the research it has underway on the development of other haemophilia treatments, as well as for other rare diseases.

The agreement to purchase all of Bioverativ's outstanding shares for \$105 each in cash represents a premium of 64 percent from the closing price on Friday, Sanofi said.

The operation is to start in February and close three months later, Brandicourt said.

But investors were not convinced, sending Sanofi's shares sharply lower on the Paris stock exchange as they wondered about the wisdom of putting so much money on the table.

The deal "looks logical, but expensive", with only modest potential to drive growth in the medium term, judged analysts at the Jefferies firm.

Furthermore, Sanofi may run into competition concerns from regulators with the takeover, they said.

The French firm said it would use funds on hand and borrow to finance the acquisition of Bioverativ.

But although pricey, the acquisition will still leave Sanofi with enough financial firepower to go after other acquisition targets, Jefferies said. One such target could be Pfizer's consumer healthcare business, they said.

The purchase of Bioverativ is the largest Sanofi has made since it acquired US biotech firm Genzyme for \$20 billion in April 2011.

The French group failed in its 2016 bid to take over US cancer drugmaker Medivation which instead went to Pfizer.

Sanofi shares were 4.2 percent lower at 69.89 euros in late afternoon trading Monday, vastly underperforming the benchmark CAC 40 index in Paris which was up 0.2 percent.

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