

US biopharma firm Amgen to acquire Horizon Therapeutics for \$28 bn

December 12 2022



Horizon Therapeutics, which agreed to be acquired by Amgen, is known for Tepezza, which treats thyroid eye disease.

US biopharmaceutical firm Amgen said Monday it has reached agreement to acquire Horizon Therapeutics, which specializes in

medicine for rare and auto-immune diseases, for \$27.8 billion.

The California-based company said it will pay cash to the tune of \$116.50 a share in Horizon Therapeutics, a 20 percent premium over Horizon's closing price Friday on Wall Street, in what would be the biggest deal of the year in the health sector.

The bid will be financed through a bank lending facility.

Founded in 2005, Horizon Therapeutics develops and markets drugs for rare, auto-immune and inflammatory illnesses. It is best known for making Tepezza, which is used to treat thyroid eye disease, the symptoms of which include eye pain, redness and swelling.

Amgen said the deal would strengthen its drug portfolio, while positioning Horizon's products through its global commercial and manufacturing network.

"The acquisition of Horizon is a compelling opportunity for Amgen and one that is consistent with our strategy of delivering long-term growth by providing innovative medicines that address the needs of patients who suffer from serious diseases," Amgen CEO Robert Bradway said.

The deal is subject to approval by antitrust regulators in the United States, Austria and Germany, as well as the approval of the Irish High Court. If all goes well, the deal should be concluded in the first half of 2023, Amgen said.

Shares of Horizon surged nearly 15 percent to \$111.70 in mid-morning trading, while Amgen dropped 1.2 percent to \$275.44.

Horizon is based in Ireland, but trades in New York.

Responding to an article in The Wall Street Journal, Horizon Therapeutics said last month it was in preliminary talks with Amgen, but also with Johnson & Johnson and French company Sanofi.

Sanofi said Sunday it ended discussions with Horizon after concluding the transaction prices "do not meet our value criteria."

J&J also said in early December that it had dropped its pursuit of the deal.

'Solid portfolio'

The transaction shows "Big Pharma will pay top dollar for a solid portfolio and pipeline in therapeutics for rare diseases," where the competitive landscape is "generally much less crowded," said Derren Nathan, head of equity research at Hargreaves Lansdown in Britain.

"With AstraZeneca's acquisition of Alexion still fresh in the mind, the trend for consolidation is clear but the universe of large specialists in the space is dwindling, so further deals may be more bite-sized and opportunistic," Nathan added.

Sales of Tepezza came in at \$491 million in the third quarter and \$1.7 billion for all of 2021, more than half of Horizon's total revenues.

Other major Horizon products include Krystexxa, which treats chronic gout; Ravicti, which treats urea disorders; and Uplizna, which treats an autoimmune disease.

"In nearly 15 years, we have built one of the fastest-growing and most respected companies in the biotechnology industry from the ground up," said Horizon Chief Executive Tim Walbert.

"Amgen is aligned with that commitment and passion and will continue to maximise the value of the current portfolio and pipeline and accelerate the ability to reach more patients globally."

Amgen's portfolio also includes an autoimmune treatment, Enbrel, but sales have fallen in recent quarters.

Pharma analysts note that Amgen's revenue outlook has been clouded by upcoming patent expirations for key drugs such as Prolia, which treats osteoporosis, and Otezla, which treats psoriasis and psoriatic arthritis.

"Our focus is on long-term growth," Bradway said of the patent outlook. "We're not trying to solve for the short- or medium-term, but rather we're trying to invest capital in order to generate long-term returns for our shareholders."

"And we think this transaction is consistent with that objective."

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Citation: US biopharma firm Amgen to acquire Horizon Therapeutics for \$28 bn (2022, December 12) retrieved 27 April 2024 from <https://medicalxpress.com/news/2022-12-biopharma-firm-amgen-horizon-therapeutics.html>

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