

Shire bags Baxalta for \$32 billion

12 January 2016 | News | By BioSpectrum Bureau

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Shire and Baxalta announced that the boards of directors of both companies have reached an agreement under which Shire will combine with Baxalta. Under the agreement, Baxalta shareholders will receive \$18.00 in cash and 0.1482 Shire ADS per Baxalta share.

Based on Shire's closing ADS price on January 8, 2016, this implies a total current value of \$45.57 per Baxalta share, representing an aggregate consideration of approximately \$32 billion. The parties expect the transaction to close mid-2016.

Shire CEO Dr Flemming Ornskov, said, "This proposed combination allows us to realize our vision of building the leading biotechnology company focused on rare diseases. Together, we will have leadership positions in multiple, high-value franchises and become the clear partner of choice in rare diseases. Our expanded portfolio and presence in more than 100 countries will drive our growth to over \$20 billion in anticipated annual revenues by 2020. Our due diligence has reinforced our belief in the combination, and we look forward to welcoming Baxalta colleagues to a shared entrepreneurial, patient-driven culture."

Baxalta CEO Dr Ludwig N Hantson, said, "Today's announcement marks a new path forward for our organization and is a testament to the significant progress we have made in achieving our strategic business priorities. This transaction presents a unique opportunity for Baxalta shareholders, who will receive substantial immediate value as well as an ongoing stake in a combined global leader in rare diseases with strong growth prospects. We bring to Shire a strong portfolio and pipeline of market-leading products, high-quality manufacturing capabilities and a talented global workforce that places patients at the center of everything we do. The combined organization will be well positioned to accelerate innovation and deliver enhanced value for all stakeholders."

The combination of Baxalta and Shire will create the number one rare diseases platform in revenue and pipeline depth, with best-in-class products in each of the following growing, multi-billion-dollar franchises: Hematology; Immunology;

Neuroscience; Lysosomal Storage Diseases; Gastrointestinal / Endocrine; and Hereditary Angioedema (HAE).

The combined portfolio will have an expanded range of therapeutic areas with more than 60 programs in development, including over 50 that will address rare diseases and the newly-approved Baxalta products ADYNOVATE, VONVENDI and OBIZUR. Shire anticipates more than 30 recent and planned product launches from the combined pipeline, contributing approximately \$5 billion in annual revenues by 2020.

Further, the combined company will benefit from expanded geographic reach across more than 100 countries, with a high-quality commercial organization and world-class manufacturing.