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Under the proposal, Allergan's legacy Actavis global generics business will be spun off and subsequently [merged with Teva](#).

The latter company will also accrue generic manufacturing and research and development units, along with third-party supplier Medis and an over-the-counter commercial unit.

Teva states that, following the addition of Allergan's generics business, it will have approximately 320 pending abbreviated new drug applications in the US, including around 110 first-to-file applications.

Furthermore, the combined company will boast a commercial presence across 100 geographies, including a top-three position in over 40 markets, further cementing Teva's status as a global leader in the generics space.

Mr Gianfranco Zeppetelli, GlobalData's deals analyst, says: "GlobalData's valuation puts Allergan's generics business at approximately \$40.3 billion, in line with Teva's final acquisition cost. Teva is therefore well positioned to make a substantial return on investment from the deal, given each company's revenue base and cost synergies. Indeed, Teva believes the purchase will lead to cost synergies and tax savings of approximately \$1.4 billion annually.

"Furthermore, Teva is expecting to achieve annual sales of approximately \$26 billion, with earnings of around \$9.5 billion in 2016, including estimated revenue of \$11 billion outside the US."

Teva's bid for Allergan's generics business illustrates that it has given up on its pursuit of rival Mylan NV, with acquisition attempts falling short after Mylan exercised the obscure 'stichting' option under Dutch law as a vehicle to block a potential takeover.

Mr Zeppetelli continues: "The transaction will serve to offset Teva's forthcoming revenue shortfall from generic entry to Copaxone (glatiramer acetate), its flagship multiple sclerosis treatment and primary sales generator.

"Meanwhile, the deal will allow Allergan to concentrate on its innovative pharmaceutical business, which boasts higher profit margins than generics. Additionally, Allergan will use the capital raised in the deal to reduce its debt accrued from recent M&A exploits and seek further acquisitions, with Biogen rumored to be high on the list of potential targets."

Following Actavis' purchase of the Botox maker in March for \$70 billion, the former officially changed its name to Allergan, under which its branded portfolio will be positioned.

The company has since made some strategic bolt-on acquisitions by signing deals for Kythera BioPharma and Naurex, with both deals complementing Allergan's therapeutic focus around the central nervous system and dermatology, according to GlobalData's analyst.