

Sanofi-Aventis makes 18.5 bln dollar bid for US Genzyme

August 29 2010, by Eve Szeftel

French pharmaceutical group Sanofi-Aventis unveiled Sunday an 18.5 billion dollar (14.5 billion euro) offer for US biotechnology firm Genzyme, hinting it may launch a hostile bid.

The non-binding cash offer of 69 dollars per share in the company which specialises in developing treatments for rare diseases, represents a 38 percent premium over the 49.86 dollars Genzyme's shares closed at on July 1 before takeover rumours began to swirl, according to Sanofi.

Sanofi said it was disclosing to Genzyme's shareholders the contents of its offer, which it initially made in July, after the company's management rejected it on August 11 and declined to enter into constructive talks.

"A combination with Genzyme represents a compelling opportunity for both companies and our respective shareholders and is consistent with our sustainable growth strategy," Sanofi chief executive Christopher Viehbacher was quoted as saying in a company statement.

Sanofi said it prefers to enter into constructive talks with Genzyme's management, but failing that is "prepared to consider all alternatives to successfully complete this transaction."

But a Sanofi spokesman said for the moment this "is not a hostile offer ... but a proposal addressed the Genzyme's management."

And in a conference call Viehbacher said at the moment Sanofi doesn't envisage raising its "strong offer" to clinch Genzyme, a company of 12,000 employees based in Cambridge, Massachusetts.

"We don't see any reason to make a higher offer for the moment."

Sanofi said analysts estimated the offer represents a multiple of 36 times Genzyme's 2010 earnings per share and 20 times 2011 earnings per share, and that the offer price takes into account an anticipated recovery in Genzyme's performance in 2011.

"The all-cash offer provides immediate and certain value for Genzyme shareholders at a substantial premium that recognizes the company's upside potential, while Sanofi-Aventis shareholders would benefit from the accretion and the attractive growth prospects of this combination," Viehbacher said.

Sanofi said it had already secured the financing for the transaction.

The French pharmaceutical company said the buyout would allow Genzyme to increase investment into its products that address rare diseases, kidney disease, orthopaedics, cancer, transplant and immune diseases, and diagnostic testing.

Sanofi's manufacturing expertise would also allow Genzyme to overcome its production difficulties, it added.

Sanofi said it intends to make Genzyme its global centre for excellence in rare diseases and further increase its presence in the greater Boston area.

The acquisition would be the biggest for Sanofi-Aventis since it was created in 2004 from the merger of Sanofi-Synthelabo and Aventis.

The all-time biggest merger in the global pharmaceutical industry brought together Pfizer and Warner-Lambert in 2000 in a deal worth 85 billion dollars. evs-doc/rl/rom

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