Sanofi extends bid for Genzyme

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French pharmaceutical giant Sanofi-Aventis said Monday it had extended its bid for US biotechnology group Genzyme without improving an offer that attracted only a fraction of Genzyme shares.

Sanofi's original offer of 69 dollars per share, launched October 4 after months of fruitless talks with Genzyme, expired at midnight New York time on Friday.

As the deadline ran out, the offer had attracted only 0.9 percent of Genzyme's total ordinary shares in circulation.

The extended offer will run until January 21, the firm said in a statement, adding that the terms were unchanged despite a rejection by Genzyme of the 18.5-billion-dollar (14-billion-euro) bid on grounds that it undervalued the group.

"In order to give holders of ordinary shares of Genzyme more time to bring their shares to the public offering, it is now planned that the offering be extended until 23:59 pm New York time, January 21, 2011, unless there is a new extension," the firm said in a statement.

Genzyme since September has pressed for a higher bid as a condition for taking part in formal talks, an overture Sanofi has resisted.

"Given the low number of Genzyme shareholders supporting the offer it seems strange that Sanofi-Aventis is extending it on exactly the same terms," said analysts at CM-CIC Securities in a note.

Shares in Genzyme, which specialises in rare disease treatments, closed at 69.82 dollars on Friday, down 0.24 percent from Thursday.

"By extending the offer at the same price Sanofi is giving itself time to make sure that if it raises the bid, it will be to a level that could change things," said Raymond James analyst Eric Le Berrigaud.

"If they raise it to 71 or 72 dollars, they have to be certain that at that price, the Genzyme board will open the door" and allow Sanofi to take a look at Genzyme's accounts, which until now Sanofi has been unable to do.

The dispute over the financial value of Genzyme reflects the difficulty in determining how quickly the company can recover from serious production problems with two of its leading treatments, which stem from contamination at a Genzyme plant.

"If Sanofi had access to data showing that Genzyme's production problems can be overcome within a reasonable time and with reasonable investment, it would go ahead," Le Berrigaud said.

"Without it, the company would probably withdraw."

To be successful, Sanofi would have to attract a majority of Genzyme shares and would need approval by the Genzyme executive board.

Another stumbling block for Sanofi has been the assessment of future sales of Campath, a treatment for multiple sclerosis marketed by Genzyme.

The head of Genzyme, Henri Termeer, has said he would be open to providing "guaranteed value certificates" to Genzyme shareholders enabling them to receive price supplements based on the success of

Campath, thereby boosting the Sanofi offer.

Sanofi has so far had no official comment on the proposal.

Industry analysts have said that acquiring Genzyme would be a major step for Sanofi in a drive by big pharmaceutical groups to become active in biotechnology and treatments for rare diseases.

Such treatments require specific knowledge to develop but can be marketed at high prices and are difficult to copy by generic drug makers.