

Pfizer buying Hospira for about \$15.23 billion

February 5 2015, byMichelle Chapman



In this May 4, 2014 file photo, the Pfizer logo is displayed on the exterior of a former Pfizer factory in the Brooklyn borough of New York. Pfizer is buying Hospira for approximately \$15.23 billion, saying it is a good fit with its global established pharmaceutical business. Hospira Inc., based in Lake Forest, Illinois, is a provider of injectable drugs and infusion technologies. Pfizer said Thursday, Feb. 5, 2015 that it will use its global network to help expand Hospira's reach to Europe and key emerging markets. (AP Photo/Mark Lennihan)

(AP)—Pfizer is buying Hospira for approximately \$15.23 billion, saying

it is a good fit with its established global pharmaceutical business.

The buyout will also help Pfizer tap into the growing market for biosimilars, which are cheaper versions of biologic drugs that are used to treat conditions such as anemia.

Hospira Inc., based in Lake Forest, Illinois, is a provider of injectable drugs and infusion technologies. It also offers biosimilars. Hospira announced last month that it was seeking approval from the Food and Drug Administration for Retacrit, a proposed biosimilar to the anemia treatments Epogen from Amgen and Procrit from Janssen.

Pfizer Inc. will pay \$90 per share in cash, which is a 39 percent premium to Hospira's Wednesday closing price of \$64.80. The companies put the deal's enterprise value at about \$17 billion.

Pfizer—which is the world's second-largest drugmaker by revenue—said Thursday that it will use its global network to help expand Hospira's reach to Europe and key emerging markets. Hospira's products are currently distributed mostly in the U.S.

Pfizer, a Dow component whose products include Viagra and painkiller Celebrex, has been under pressure from investors to boost its share price. The company has sold and spun off big parts of its business over the last few years, including animal health, nutrition and a capsule-making unit. This has helped, but hasn't satisfied detractors.

That's pushed CEO Ian Read to attempt Pfizer's oft-used strategy of doing big deals to quickly boost revenue and cut costs. Analysts have said that since Pfizer's \$119 billion offer for Britain's AstraZeneca PLC was rejected last May it needed to find another big takeover target.

Read has previously said that he's open to any deals that boost value.

Pfizer expects to finance the Hospira transaction with a combination of existing cash and borrowing. The New York company anticipates the acquisition delivering \$800 million in annual cost savings by 2018.

The deal is expected to add 10 cents to 12 cents per share to earnings in the first full year after the acquisition closes, with additional accretion expected after that.

Both companies' boards unanimously approved the transaction, which still needs approval from Hospira shareholders. The acquisition is targeted to close in the second half of the year.

Shares of Hospira soared \$22.79, or 35.1 percent, to \$87.59 in premarket trading about a half-hour before the market open, while Pfizer's stock added \$1.08, or 3.4 percent, to \$33.15.

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