

Galencia pays \$915M to acquire Canada's Aspreva Pharmaceuticals

BY ANDREW BULKELEY

Swiss pharmaceutical maker and distributor **Galencia AG** agreed Thursday to the \$915 million takeover of Canadian rival **Aspreva Pharmaceuticals Corp.** to gain expertise in finding new uses for drugs.

Bern, Switzerland-based Galencia said it would pay \$26 per Aspreva share, a 21% premium to the target's Wednesday close. Aspreva's board will recommend shareholders accept the approach.

Aspreva specializes in finding new uses for medications that can help a small number of patients with grave diseases. It is working with **Roche Holding AG** to use its CellCept drug to treat certain autoimmune diseases. The medicine was originally introduced to help fight rejection reactions following organ transplants.

"Aspreva Pharmaceuticals' partner network and its know-how in the field of medical affairs will help Galencia to penetrate new markets," the Swiss company said.

Galencia also hopes Aspreva can find new uses for its anemia treatments, including its Ferinject, which is already on the market, and an under-development phosphate binder. Phosphate binders are used to prevent bone decay in patients with kidney failure.

Galencia said it has secured financing from the **Royal Bank of Scotland Group**

and expects Aspreva's cash flow to pay off the loan "within a few years." The acquisition will boost Galencia's earnings in its first full year, the company said.

The target's shareholders will vote on the offer in December. Aspreva's directors and other shareholders, which in total represent 30% of the company's shares, have committed their stock to the deal, Aspreva said.

Last year Aspreva earned net profit of \$124.2 million on revenue of \$214.8 million. The company said Wednesday nine-month sales were up 29% at \$62 million.

The purchase comes just two years after Aspreva first sold shares at \$11 each to raise cash for expansion. The company is based in Victoria in the Canadian province of British Columbia.

Investors appear to approve of the deal, pushing Galencia's stock up Sfr35, or 8%, to Sfr510.

UBS and **Merrill Lynch & Co.** are providing financial advice to Galencia. **Kellers Hess** and **Blake, Cassels & Graydon LLP** are providing legal counsel.

Lazard and **Lehman Brothers Inc.** are financial advisers to Aspreva. **McCarthy Tétrault LLP**, **Coolley Godward Kronish LLP** and **Farris, Vaughan, Wills & Murphy LLP** are handling legal details. ■

DEAL MEMO

GALENICA • ASPREVA

Acquirer

Galencia Group

Investment banks

UBS

Merrill Lynch International

Law firms

Skadden, Arps, Slate, Meagher & Flom LLP

Richard Grossman

Blake Cassels and Graydon LLP

Bob Wooder

Kellerhals Hess

Target

Aspreva Pharmaceuticals Corp.

Investment banks

Lazard

David Low

Lehman Brothers Inc.

Douglas Solomon

Law firms

Coolley Godward Kronish LLP

Richard Climan

McCarthy Tétrault LLP

Lorna Telfer, Garth Girvan

Farris, Vaughan, Wills & Murphy LLP

Deal value \$915 million

Deal type Cash

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