

DEAL PROFILE

Altaris Capital Partners | Perrigo Generic Rx Assets

VALUES

\$1.55bn

\$1.50bn

\$975.1mm

Transaction Value

Cash Consideration

Generic Rx 2020 Sales

ALTARIS



Altaris Capital Partners, LLC

Altaris is an investment firm focused exclusively on the healthcare industry with \$5.2 billion of equity capital under management. Altaris targets companies that deliver value to the healthcare system by improving patient outcomes, eliminating unnecessary costs, increasing efficiency and aligning stakeholder incentives. The firm seeks to invest equity between \$50 million and \$500 million and prefers to make control and significant minority investments. Since inception in 2003, Altaris has made more than 40 platform investments. Altaris is headquartered in New York, NY.

Perrigo Company plc (NYSE: PRGO)

Perrigo is a leading provider of Quality, Affordable Self-Care Products and over-the-counter (OTC) health and wellness solutions that enhance individual well-being by empowering consumers to proactively prevent or treat conditions that can be self-managed. The company operates through Consumer Self-Care Americas, Consumer Self-Care International, and Prescription Pharmaceuticals segments. In addition, Perrigo offers contract manufacturing services. Perrigo Company plc was founded in 1887 and is headquartered in Dublin, Ireland.

TEV: \$8,433.4mm¹ LTM EBITDA: 849.6mm¹ LTM Revenue: \$5,063.3mm¹

BOURNE PARTNERS MARKET RESEARCH

Bourne Partners provides strategic and financial advisory services to clients throughout the business evolution life cycle. In order to provide the highest level of service, we routinely analyze relevant industry trends and transactions. These materials are available to our clients and partners and provide detailed insight into the pharma, pharma services, OTC, consumer health, and biotechnology sectors.

OVERVIEW

Altaris has announced that it has entered into an agreement with Perrigo to acquire Perrigo’s generic prescription pharmaceuticals business (“Rx”) for a total of \$1.55bn. Under the agreed upon terms, Perrigo will receive \$1.5bn in cash consideration and Altaris will assume \$50.0mm in potential research and development milestone payments and contingent purchase obligations. Perrigo’s generic Rx division generated \$975.1mm in revenue for 2020 and had an adjusted gross profit of \$400.1mm. The transaction is expected to close in Q3, 2021.

HIGHLIGHTS

Perrigo’s sale of its troubled generic Rx division completes a major re-configuration of the firm’s product portfolio, a key strategic objective as the company looks to transform into a self-care company producing OTC medications. Murray Kessler, Perrigo President and CEO, said with regards to the transaction, “The sale of our Generic Rx business is the most impactful step in Perrigo’s transformation plan.” The deal will provide Perrigo with “increased financial predictability and flexibility,” and upon closing should result in Perrigo having \$2.0bn in cash for use to pursue “prudent and revenue accretive M&A,” for its consumer self-care business. In 2020, 51 state and local attorney generals sued Perrigo and several other generic drug companies for conspiring to artificially inflate the prices of 80 generic drugs; Perrigo will retain the lawsuit liabilities but share in the expense up to a cap.

Bourne Perspective

Beyond the ongoing realignment of Perrigo, this deal is significant for Generic Pharma. It marks the second acquisition of a sizeable generic pharma company this year by PE, the first being Nordic Capital’s acquisition of Advanz. Bourne Partners believes this signals renewed interest in the generic pharma market as PE look to re-enter a market that has been out of favor since its collapse in 2015.

¹LTM values for Perrigo as of 12/31/2020
Source(s): S&P CapitalIQ; MiBiz; TheStreet