

DEAL PROFILE

ABBVIE | ALLERGAN

VALUES

\$84.2bn

5.4x

11.9x

Implied Enterprise Value

LTM REVENUE MULTIPLE

LTM EBITDA MULTIPLE


ABBVIE, INC. (NYSE:ABBV)

AbbVie, Inc. discovers, develops, manufactures, and sells pharmaceutical products in the United States and Internationally. Most notably, AbbVie offers Humira, the blockbuster arthritis drug that stands as the world's largest selling pharmaceutical product. On January 1, 2013, AbbVie split from Abbott Laboratories as its own entity headquartered in North Chicago, IL.

TEV: \$136.2bn

LTM EBITDA: \$13.9bn

LTM Revenue: \$32.6bn


ALLERGAN PLC (NYSE:AGN)

Allergan plc is a pharmaceutical company that develops, manufactures, and commercializes branded pharmaceutical, device, biologic, surgical, and regenerative medicine products worldwide. Allergan operates in three segments, US Specialized Therapeutics, US General Medicine, and International. The company was founded in 1983 and is headquartered in Dublin, Ireland.

TEV: \$76.7bn

LTM EBITDA: \$7.1bn

LTM Revenue: \$15.7bn

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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

On June 25, 2019, AbbVie announced that it will acquire Allergan at a \$188 per-share value with a mix of cash and stock. The deal will be worth ~\$63bn before accounting for the existing debt on Allergan's balance sheet, representing a 45% premium over Allergan's closing price on June 24, 2019. Shares of Allergan jumped 25% upon announcement (up another 3% as of July 12) while shares of AbbVie slumped ~16% on the news before rebounding ~7% over the following weeks. The deal is expected to close in early 2020.

HIGHLIGHTS

The combined enterprise will help diversify AbbVie's product offerings, adding revenue streams that will make up for sales erosion that are soon to face AbbVie's leading drug Humira. With Humira facing competition in Europe already, and soon to be facing US competition after patent expiration in 2023, Allergan's product portfolio, one that includes the likes of Botox and other beauty drugs, is an attempt to create a more balanced revenue stream. The combined business should also benefit from synergies within its GI and Women's Health portfolios. As the owner of the top two pancreatic enzymes on the market, Creon and Zenpep, the company is likely to divest Zenpep and IL-23, an experimental inhibitor, to meet regulatory requirements.