

**DEAL PROFILE**

**PFIZER | MYLAN**

**VALUES**

**57%**

**43%**

**\$12.0bn**

**PFIZER SHARE OF NEWCO**

**MYLAN SHARE OF NEWCO**

**NEW DEBT RAISED**



**Pfizer Inc. (NYSE:PFE)**

Pfizer Inc. ("Pfizer") is a pharmaceutical company that develops, manufactures, and sells products in internal medicine, vaccines, oncology, inflammation & immunology, and rare diseases. Upjohn, a subsidiary of Pfizer, is composed of Pfizer's oral solid generics and off-patent drugs franchise, such as Viagra, Lipitor, and Xanax. Upjohn has a strong focus in emerging markets, and is headquartered in Shanghai, China.

**TEV: \$265.4bn**

**LTM EBITDA: \$22.5bn**

**LTM Revenue: \$55.7bn**



**Mylan N.V. (NASDAQ:MYL)**

Mylan N.V. ("Mylan") is a pharmaceutical company that develops, manufactures, and commercializes generic, branded-generic, brand-name, and over-the-counter products. The company focuses in the following therapeutic areas: cardiovascular, CNS and anesthesia, dermatology, diabetes and metabolism, gastroenterology, immunology, infectious disease, oncology, respiratory and allergy, and women's health. Mylan was founded in 1961 and is headquartered in Canonsburg, PA.

**TEV: \$23.9bn**

**LTM EBITDA: \$3.5bn**

**LTM Revenue: \$11.3bn**

**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**

On July 29, 2019, Pfizer announced the spin-off of its off-patent drug unit, Upjohn, in order to merge the unit with generic drug manufacturer, Mylan. Shareholders of Pfizer and Mylan will own 57% and 43% of the new company ("NewCo"), respectively. Pfizer is to be paid \$12.0bn from new debt raised, bringing NewCo's debt total to ~\$24.5bn at close. With its FCF, NewCo intends to pay down debt, targeting <2.5x leverage by 2021, and pay out a dividend of >25% of FCF; the plan is to have this rise to ~50% by 2022+. The deal is expected to close in mid-2020.

**HIGHLIGHTS**

NewCo's leading market positions in China and other emerging markets, higher margin product portfolio, and improved corporate guidance will serve to substantially drive growth. Thus, analysts anticipate the transaction to represent significant upside if Mylan's current depressed valuation of ~6.8x EV/EBITDA holds with respect to increased pro-forma EBITDA. NewCo's adjusted 2020E EBITDA is expected to be in the \$7.5bn-\$8.0bn range, with phased cost synergies of \$1.0bn by 2023. NewCo will have a new executive team, with Robert J. Coury as Executive Chairman, Michael Goettler as CEO, and Rajiv Malik as President.