

Shire to pursue more buys after NPS deal

London/Geneva, Jan 12: Shire will continue buying companies after forging its biggest takeover, a \$5.2-billion purchase of NPS Pharmaceuticals to add treatments for rare diseases.

"Given the amount of cash we generate and our ability to take on further debt, this does not put any restrictions of significance on our strategy to become a leader in the biotech area," chief executive officer Flemming Ornskov said in a telephone interview on Sunday. "Obviously that will require further M&A."

Shire is seeking to boost growth after its proposed \$52 billion sale to AbbVie collapsed. The purchase is Ornskov's seventh since his appointment



as CEO was announced in October 2012, including the \$4.2 billion acquisition of ViroPharma to add a treatment for a rare swelling disease.

Shire, based in Dublin, said on Sunday it will pay \$46 a share in cash for NPS, a 9.8% premium to the clos-

ing price on January 9. The offer is 50% more than Bedminster, New Jersey-based NPS's share price on December 16, before news broke of Shire's interest. Both companies' boards have approved the transaction.

NPS gives Shire Gattex, an approved treatment for short bowel syndrome, and Natpara, a drug for a rare and potentially fatal hormonal abnormality called hypoparathyroidism that is awaiting approval from the US Food and Drug Administration. The regulator is scheduled to make a decision by January 24.

"It ticks almost all the boxes," Ornskov said in the interview. "It's a strategic fit, growth enhancing, and we can afford it."

It was worth the risk to move ahead of the FDA's Natpara decision, Ornskov said. Shire's due diligence included looking at the correspondence with the FDA and, by moving early, Shire can also help with the drug's introduction, he said.

Gattex will garner more than \$300 million in sales in 2016, according to analysts' estimates compiled by Bloomberg, complementing Shire's existing stable of drugs for gastrointestinal diseases. Shire said it will fund the NPS deal through its cash resources as well as existing and new bank facilities. The NPS offer comes after Merck's \$8.4-billion agreement to buy Cubist Pharmaceuticals, which had also been a potential target for Shire. *Bloomberg*

M&A