

## **Deal of the Week: Johnson & Johnson to Buy Actelion for \$30B**

Announcement Date	<ul style="list-style-type: none"> <li>January 26, 2017</li> </ul>	
Acquirer	<ul style="list-style-type: none"> <li>Johnson &amp; Johnson (NYSE: JNJ)</li> </ul>	
Acquirer Description	<ul style="list-style-type: none"> <li>Researches and develops, manufactures, and sells various products in the health care field worldwide. It operates through three segments: Consumer, Pharmaceutical, and Medical Devices</li> <li>Founded in 1885 and headquartered in New Brunswick, NJ</li> </ul>	
Acquirer Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$307.6 billion</li> <li>EV: \$294.3 billion</li> <li>LTM Revenue: \$71.9 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$24.8 billion</li> <li>LTM EV / Revenue: 4.1x</li> <li>LTM EV / EBITDA: 11.9x</li> </ul>
Target Company	<ul style="list-style-type: none"> <li>Actelion Ltd (OTC: ALIOF)</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>Biopharmaceutical company which discovers, develops, and commercializes drugs for unmet medical needs</li> <li>Founded in 1997 and headquartered in Allschwil, Switzerland</li> </ul>	
Target Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$27.2 billion</li> <li>EV: \$27.6 billion</li> <li>LTM Revenue: \$2.3 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$882.3 million</li> <li>LTM EV / Revenue: 12.0x</li> <li>LTM EV / EBITDA: 31.3x</li> </ul>
Acquirer Advisors	<ul style="list-style-type: none"> <li>Lazard and Citigroup</li> </ul>	
Target Advisors	<ul style="list-style-type: none"> <li>Bank of America Merrill Lynch and Credit Suisse</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>\$30 billion</li> </ul>	<ul style="list-style-type: none"> <li>Cash</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>The acquisition gives J&amp;J access to the Swiss group's line-up of high-price, high-margin medicines for rare diseases, helping it diversify its drug portfolio as its biggest product, Remicade for arthritis, faces cheaper competition; the deal will add Actelion's treatments for pulmonary arterial hypertension, or high blood pressure in the lungs, to the American giant's stable</li> <li>J&amp;J said it expected the transaction to be immediately accretive to its adjusted EPS and accelerate its revenue and earnings growth rates</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>Johnson &amp; Johnson said that it would pay \$280 a share in cash for Actelion, equating to 280.08 Swiss francs per share, representing a 23% premium to Actelion's closing price on Wednesday of 227.4 Swiss francs and is more than 80% above the Nov. 23 closing price before initial reports emerged that Europe's biggest biotech company had attracted takeover interest</li> <li>J&amp;J would pay for the transaction with cash it holds outside the US</li> </ul>	
Of Note	<ul style="list-style-type: none"> <li>As part of the deal, Actelion would spin off its drug discovery operations and early-stage clinical development assets into a new Swiss biopharmaceutical company, listed in Switzerland; Johnson &amp; Johnson would initially own 16% of the new research and development company, with the right to acquire an additional 16%. Actelion shareholders would also receive shares in the new company</li> </ul>	