

Deal of the Week: Pfizer to Buy Anacor Pharmaceuticals for \$5.2B

Announcement Date	<ul style="list-style-type: none"> • May 16, 2016 	
Acquirer	<ul style="list-style-type: none"> • Pfizer Inc. (NYSE: PFE) 	
Acquirer Description	<ul style="list-style-type: none"> • Develops, manufactures, and sells healthcare products worldwide • Incorporated in 1849 and headquartered in New York, NY 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> • Mkt Cap: \$200.9 billion • EV: \$221.2 billion • LTM Revenue: \$51.0 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$19.6 billion • LTM EV / Revenue: 4.3x • LTM EV / EBITDA: 11.3x
Target Company	<ul style="list-style-type: none"> • Anacor Pharmaceuticals, Inc. (NASDAQ: ANAC) 	
Target Description	<ul style="list-style-type: none"> • Focuses on discovering, developing, and commercializing novel small-molecule therapeutics derived from its boron chemistry platform • Has developed a product, currently under review by the Food and Drug Administration, known as crisaborole, to treat eczema • Also makes a topical treatment, Kerydin, for a form of toenail fungus • Founded in 2000 and headquartered in Palo Alto, California 	
Target Financial Statistics	<ul style="list-style-type: none"> • Mkt Cap: \$4.5 billion • EV: \$4.4 billion • LTM Revenue: \$84.6 million 	<ul style="list-style-type: none"> • LTM EBITDA: NM • LTM EV / Revenue: NM • LTM EV / EBITDA: NM
Acquirer Advisors	<ul style="list-style-type: none"> • Centerview Partners and Guggenheim Securities 	
Target Advisor	<ul style="list-style-type: none"> • Citigroup 	
Price / Consideration	<ul style="list-style-type: none"> • \$5.2 billion 	<ul style="list-style-type: none"> • Cash
Rationale	<ul style="list-style-type: none"> • The deal hints at a shift in Pfizer's M&A strategy from lowering taxes - the rationale behind its \$160 billion bid for Dublin-based Allergan - to strengthening its drugs portfolio ahead of a decision on selling or spinning off its generic medicines business by late 2016 • Anacor's drugs would fit with the innovative business, said Albert Bourla, group president of Pfizer's global innovative pharma and global vaccines, oncology and consumer health care businesses • "We believe we are well positioned to maximize crisaborole's commercial potential through our strong relationships with pediatricians and primary care physicians," Mr. Bourla said • Pfizer said it believed crisaborole had the potential to reach or exceed peak sales of \$2 billion 	
Deal Points	<ul style="list-style-type: none"> • A subsidiary of Pfizer will acquire Anacor for \$99.25 a share in cash, representing a 55% premium over Anacor's closing price from Friday • Pfizer plans to finance the transaction through existing cash on its balance sheet 	
Of Note	<ul style="list-style-type: none"> • Pfizer has signed its first acquisition since terminating its merger with Allergan about a month ago • Pfizer said the transaction would be slightly dilutive to earnings per share in 2017 and accretive the following year 	