

## Deal of the Week: Pfizer to Buy Medivation for \$14B

Announcement Date	<ul style="list-style-type: none"> <li>August 22, 2016</li> </ul>	
Acquirer	<ul style="list-style-type: none"> <li>Pfizer Inc. (NYSE: PFE)</li> </ul>	
Acquirer Description	<ul style="list-style-type: none"> <li>Biopharmaceutical company which discovers, develops, manufactures, and sells healthcare products worldwide</li> <li>Incorporated in 1849 and headquartered in New York, NY</li> </ul>	
Acquirer Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$210.9 billion</li> <li>EV: \$234.2 billion</li> <li>LTM Revenue: \$52.3 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$19.9 billion</li> <li>LTM EV / Revenue: 4.5x</li> <li>LTM EV / EBITDA: 11.8x</li> </ul>
Target Company	<ul style="list-style-type: none"> <li>Medivation, Inc. (NASDAQ: MDVN)</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>Biopharmaceutical company which focuses on the development and commercialization of medical therapies to treat serious diseases in the United States</li> <li>Founded in 2004 and headquartered in San Francisco, California</li> </ul>	
Target Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$13.4 billion</li> <li>EV: \$13.1 billion</li> <li>LTM Revenue: \$1.0 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$456.5 million</li> <li>LTM EV / Revenue: 12.8x</li> <li>LTM EV / EBITDA: 28.7x</li> </ul>
Acquirer Advisors	<ul style="list-style-type: none"> <li>Guggenheim Securities and Centerview Partners</li> </ul>	
Target Advisors	<ul style="list-style-type: none"> <li>JPMorgan and Evercore</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>\$14 billion</li> </ul>	<ul style="list-style-type: none"> <li>Cash</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>Pfizer, like virtually all pharma companies, is making a big push into oncology. One reason is that discoveries in genetics and immunology are allowing for the development of new types of cancer drugs, but another big reason is that cancer drugs can sell for well over \$100,000 a year and so far have been more resistant to cost-cutting efforts by insurers than drugs for some other diseases</li> <li>Pfizer, which began its cancer effort several years ago, has not been wildly successful. But it now has a hit with Ibrance, a blockbuster drug for breast cancer. The acquisition of Medivation will give it another one in Xtandi, the prostate cancer drug</li> <li>Some analysts suggested Pfizer paid too much, particularly since it will split profits from Xtandi with Japan-based Astellas Pharma, which helps market the drug. Pfizer defended the deal, saying it would add 5 cents to its earnings per share in the first full year</li> <li>"The proposed acquisition of Medivation is expected to immediately accelerate revenue growth and drive overall earnings growth potential for Pfizer," said Ian Read, chairman and chief executive of Pfizer</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>Pfizer will acquire Medivation for \$81.50 a share in cash for a total enterprise value of approximately \$14 billion</li> </ul>	
Of Note	<ul style="list-style-type: none"> <li>The deal is Pfizer's largest since its \$152 billion merger with Allergan was terminated in April</li> </ul>	