

## Deal of the Week: J&J to Buy Momenta Pharmaceuticals for \$6.5B

Announcement Date	<ul style="list-style-type: none"> <li>August 19, 2020</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</li> <li>Operates in three segments: Consumer, Pharmaceutical, and Medical Devices</li> <li>Markets its products to the general public, and retail outlets and distributors, as well as distributes directly to wholesalers, hospitals, and health care professionals for prescription use</li> <li>Founded in 1886 and headquartered in New Brunswick, NJ</li> </ul>	
Acquirer Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$402.8 billion</li> <li>EV: \$414.0 billion</li> <li>LTM Revenue: \$80.5 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$27.2 billion</li> <li>LTM EV / Revenue: 5.1x</li> <li>LTM EV / EBITDA: 15.2x</li> </ul>
Target Company	<ul style="list-style-type: none"> <li>Momenta Pharmaceuticals, Inc. (NASDAQ: MNTA)</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>Biotechnology company that focuses on the discovery and development of novel biologic therapies for the treatment of rare immune-mediated diseases in the US</li> <li>Founded in 2001 and headquartered in Cambridge, MA</li> </ul>	
Target Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$6.2 billion</li> <li>EV: \$5.8 billion</li> <li>LTM Revenue: \$30.1 million</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: (\$240.9) million</li> <li>LTM EV / Revenue: 193.1x</li> <li>LTM EV / EBITDA: NM</li> </ul>
Acquirer Advisor	<ul style="list-style-type: none"> <li>NA</li> </ul>	
Target Advisors	<ul style="list-style-type: none"> <li>Goldman Sachs, Centerview Partners</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>\$6.5 billion</li> </ul>	<ul style="list-style-type: none"> <li>Cash</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>This acquisition provides an opportunity for the Janssen Pharmaceutical Companies of Johnson &amp; Johnson to broaden its leadership in immune-mediated diseases and drive further growth through expansion into autoantibody-driven disease, improving the health outcomes of patients. With full worldwide commercial rights for Momenta's biopharma intellectual property, including existing and future products in the pipeline, Janssen will have the potential to introduce multiple launches, many as first-in-class indications with potential for significant peak year sales, some of which could exceed \$1 billion</li> <li>Costs associated with the development of Momenta's portfolio are expected to be incremental to planned R&amp;D investment levels over the next few years given the value creation potential of the current portfolio, and thus expect this incremental investment in R&amp;D to have an EPS impact worth approximately \$0.10-\$0.15 in 2021</li> <li>"This acquisition broadens Janssen's leadership in autoimmune diseases and provides us with a major catalyst for sustained growth. Autoantibody-driven diseases are often serious, and patients are underserved by current treatment options," said Jennifer Taubert, Executive Vice President, Worldwide Chairman, Pharmaceuticals, J&amp;J</li> <li>"J&amp;J's leadership in immunology, extensive capabilities, and global reach, as well as its alignment with our vision of pioneering therapies for complex diseases is a strong fit for our company and our portfolio," said Craig Wheeler, President and CEO of Momenta</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>J&amp;J will pay \$52.50 for each Momenta share, the company said in a statement, a 70.4% premium to Momenta's closing price Tuesday</li> <li>The \$6.1 billion estimated net value of the transaction is based on Momenta's estimated fully diluted shares outstanding, less estimated cash at the time of closing</li> </ul>	