

Trillium buyout keeps premiums keen



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The average takeout premium for a research-stage biotech is tracking at 100% this year, the latest data show.

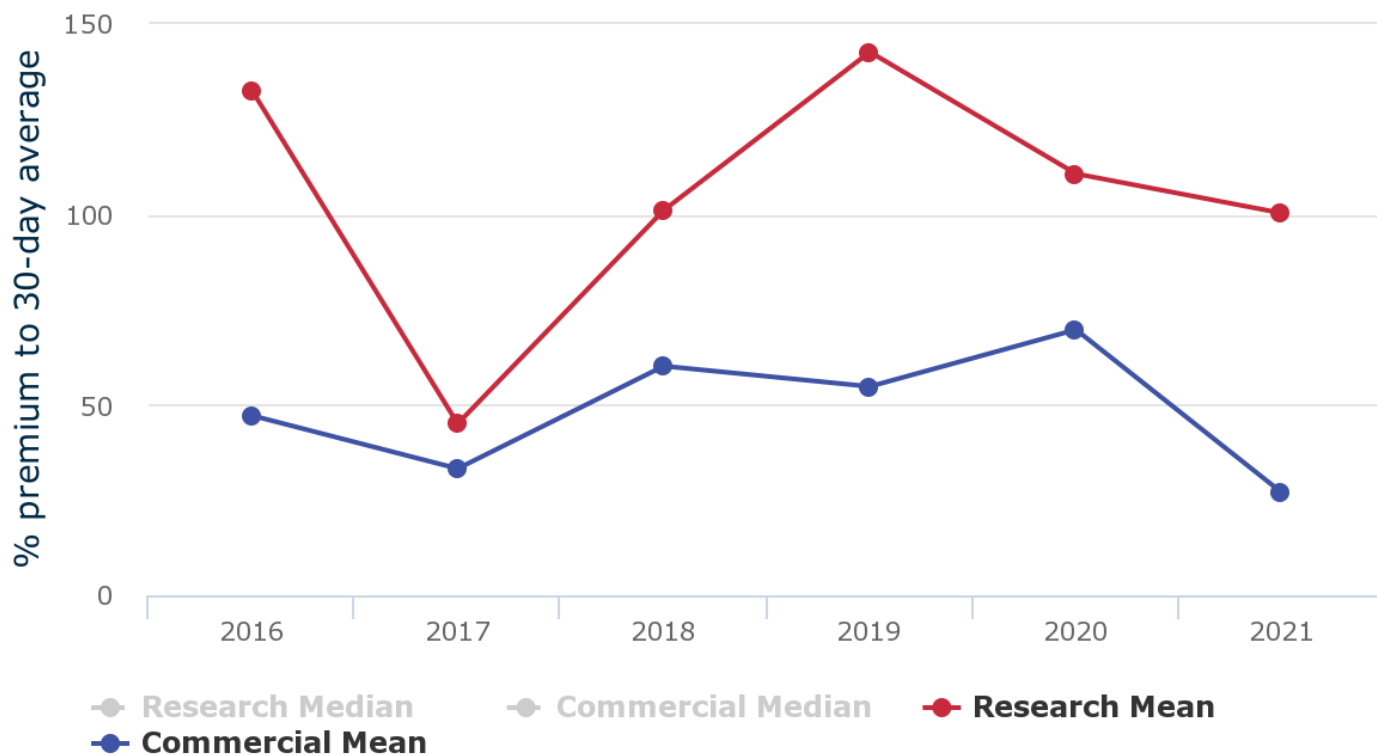
[Pfizer's \\$2.3bn move on Trillium](#) this week might not be the biggest takeout of the year, but it does involve one of the highest premiums seen so far in 2021. The per-share price was 170% higher than Trillium's average stock price over the 30 days before the bid; [Merck & Co's purchase of Pandion](#), struck at a 171% premium, does beat this, but only just.

These two deals have helped keep the average 30-day premium for takeouts of R&D-stage drug developers above 100% this year, the latest analysis of *Evaluate Pharma* data shows. It is worth remembering that the volume of transactions has been low in 2021, but the average premium remains in line with previous years.

The numbers for 2021 comprise only eight acquisitions of public developers, three of which had products on the market. One of these was [Jazz's acquisition of GW Pharmaceuticals](#), which at \$7.1bn is 2021's biggest biopharma M&A deal so far. That transaction was struck at a 51% premium, in line with the average seen in other deals for commercial-stage groups in recent years. This cohort tends to see less price inflation than R&D-stage firms.

These data concern only deals with a stated total transaction value, and clear terms from which to calculate a premium. A \$100m deal value cut-off was applied to remove tiny buyouts, which can be struck at huge premiums, and only takeovers of pure-play drug developers were considered.

Average M&A premiums to 30-day average share price



Evaluate

When reading the chart above it is worth bearing in mind that the distinction between commercial and R&D-stage companies is not as clear as it might first seem. A developer that has only just undertaken its first launch is technically commercial, but if its product still has a long development path ahead a buyout can be struck at the sort of level more typically seen with R&D-stage deals.

One such example is [Menarini's acquisition of Stemline](#) – struck at a 130% premium – shortly after Stemline launched Elzonris. The drug was approved for a very rare type of leukaemia but the value of the deal reflected a much larger potential market.

Overall, these data suggest that buyers remain prepared to pay up for research-stage companies, which continue to attract some punchy premiums. And while the average for commercial-stage developers is lower there is some evidence of price inflation here: some of the biggest premiums in this cohort have emerged in the last couple of years, the table below shows.

It is also worth noting that reading premiums is far from straightforward, as a triple-digit number does not necessarily mean that competition for the target was high. Buyouts of developers that have recently suffered a setback or a period of disappointing share price performance can also see big upticks on the recent share price. [Merck's move on Immune Design](#), at a 247% premium, falls into this camp.

Some investors had argued that Trillium was undervalued before Pfizer's move, given its presence in the anti-CD47 space, a hot oncology target that has prompted [other large deals](#). Presumably Trillium's backers are happy with the 170% premium that emerged, however: that figure ranks seventh largest, after the top five deals highlighted below.

Paying top dollar? Some of the biggest biopharma takeout premiums since 2016

Acquirer (year of deal)	Target	Premium (30 day average)	Deal size	Focus
R&D-stage deals				
Cipla (2018)	Avenue Therapeutics	286%	\$180m	Ph3 IV tramadol project (pain)
Sanofi (2019)	Synthorx	282%	\$2.5bn	Ph1 IL-2 project (immuno-oncology)
Merck & Co (2019)	Immune Design	247%	\$300m	Cancer vaccines/vaccine adjuvant technology
Sanofi (2020)	Kiadis	219%	\$358m	Cell therapy (oncology/infectious diseases)
Allergan (2016)	Vitae	173%	\$639m	Ph2 psoriasis/dermatitis projects (dermatology)
Commercial-stage deals				
Roche (2019)	Spark	143%	\$4.8bn	Luxturna (gene therapy)
Nestlé (2020)	Aimmune	141%	\$2.6bn	Palforzia (food allergy treatments)
Alexion (2020)	Portola	139%	\$1.4bn	Andexxa (blood disorders)
Menarini (2020)	Stemline	130%	\$677m	Elzonris (blood cancers)
Gilead (2020)	Immunomedics	111%	\$21bn	Trodelvy (oncology)

Source: Evaluate Pharma.

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