

Six months on, Biohaven succumbs to Pfizer



[Amy Brown](#)



Biohaven looks to have timed its exit well, giving investors more reason to cheer the \$11.6bn buyout.

In November Biohaven disappointed investors by [selling ex-US rights to its migraine business](#), rather than the whole company, to Pfizer. Today it rectified that move by agreeing to an \$11.6bn buyout offer.

Coming after a terrible day for biotech, when the closely watched XBI index slumped to a six-year low, the deal will be welcomed by a sector desperately looking to M&A to improve sentiment. Biohaven investors should also be applauding: with competition in migraine only getting fiercer, the company could have timed its exit to perfection.

Biohaven is being bought largely for Nurtec ODT, an oral migraine drug approved both to treat and prevent the debilitating headaches. Nurtec ODT is a contender in the fiercely contested anti-CGRP field, which also has Abbvie, Lilly, Teva and Lundbeck fighting for share, in various niches.

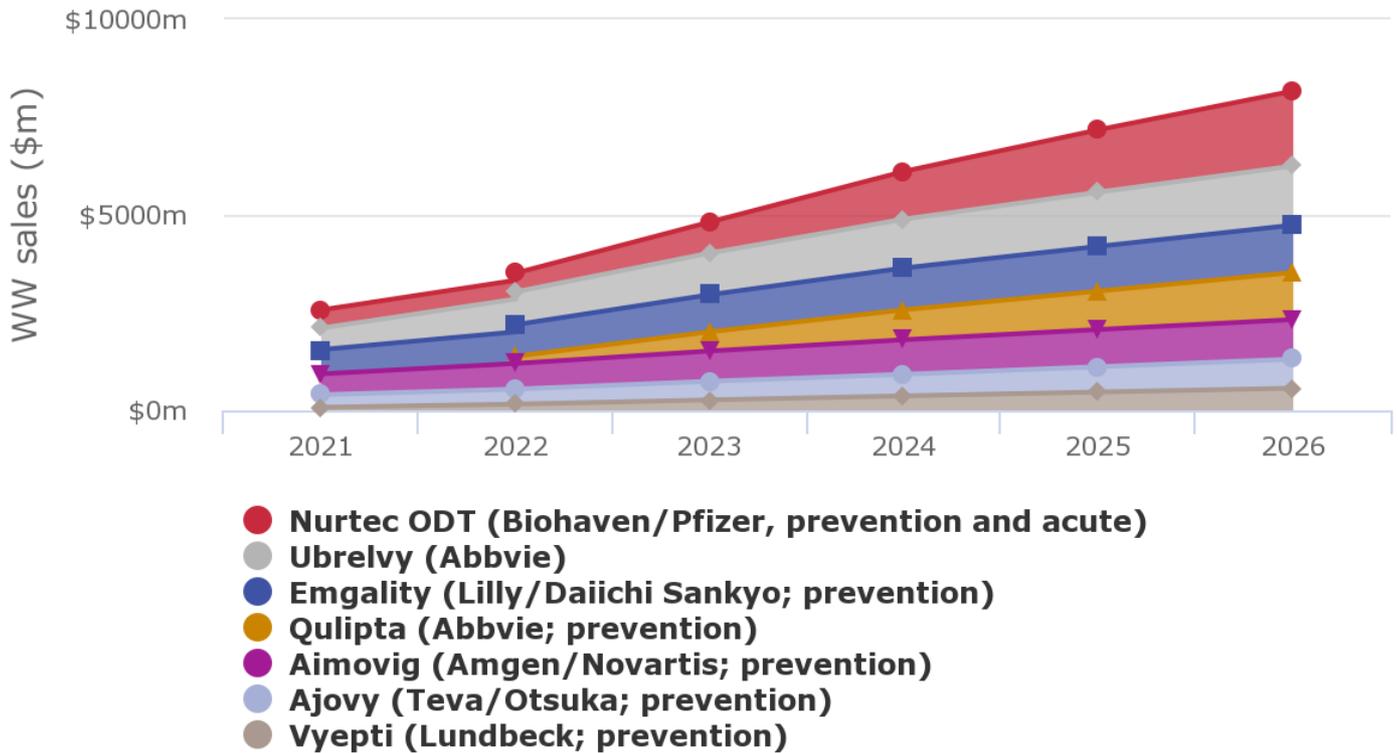
Nurtec ODT's selling point has always been simplicity, with the same product approved in both settings, as well as superior safety, at least according to Biohaven. This has allowed blockbuster sales forecasts to build – analysts currently see \$2bn peak revenue potential – despite the product [looking the weakest on efficacy of the CGRPs](#), albeit according to imperfect cross-trial comparisons.

But the threats have been growing, particularly from Abbvie, which last year won approval for another oral CGRP project, Qulipta. First-quarter results crystallised concerns about sales growth and competition, with its migraine revenues substantially missing expectations, largely because of a lower than expected net price.

That prompted the sellside to rein in forecasts for Biohaven, and today the company reported even worse numbers than feared for Nurtec ODT in the opening months of this year.

These sales misses were blamed on “seasonal fluctuations”, but of course this is all Pfizer's problem now. And the pharma giant today essentially promised to throw money at the situation, while revealing its own huge peak sales forecast of \$6bn for the Biohaven CGRP franchise.

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As part of the deal Pfizer also gets zavegepant, an intranasal formulation, and five preclinical CGRP assets. Biohaven's other pipeline assets outside this mechanism will be spun off into "New Biohaven", which will be led by the biotech's existing management team.

On a call with analysts this morning Pfizer executives made much of its global reach and ability to scale the business quickly. The sales force detailing Nurtec ODT will be doubled as soon as the deal closes, they said, adding that the market for CGRP drugs was substantially "underpenetrated".

Right timing

Pfizer is certainly not short of cash right now, and is in a position to describe \$11.6bn as a bolt-on deal.

It is paying \$148.5 per share for Biohaven, a 33% premium over the biotech's three-month average stock price, and an even larger 79% premium over yesterday's close. Biohaven's shares closed at a one-year low yesterday, amid the wider market turmoil and ongoing concerns about the future size of the migraine market.

The pharma giant handed over around \$173 per share when it bought a 2.6% stake last November, as part of the licensing deal.

Little wonder that the Biohaven board is more receptive to a takeover now than it was six months ago. Stock market declines are showing no sign of bottoming out, and fears that Western economies are heading towards recession are growing.

If ever there was a time for Biohaven to bring on Pfizer, this was it. Management teams of other small developers take note: selling out while still in a position of strength might feel like capitulation, but missing the right moment will be painfully punished a few years down the road.

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