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Alere's founder raises \$8.6bn to get his baby back



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Well, it makes a change from mergers. If its former chief executive gets his way, the diagnostics company Alere will be taken private at \$46 a share, a 25% premium to Friday's close. The figure behind the proposed deal is Ron Zwanziger, Alere's founder, who resigned from the group in July.

It is not known for certain who is putting up the funds, but a buyout by private equity has been rumoured for some time, so this is almost certainly where most of the money is coming from. And it is quite a sum: according to [an SEC filing](#), Mr Zwanziger and his backers have secured financing worth \$8.6bn to purchase Alere's common and preferred stock and to pay down its debt.

Missteps

The offer has not been accepted by Alere and in fact is not yet final: [a letter sent by Mr Zwanziger](#) to Alere's management speaks of a potentially more generous "formal fully financed offer" to be made after a month of due diligence. But Alere has had a tumultuous year, so even a \$46 bid has a chance of succeeding.

Investors and analysts had something of a shock when the company reported its second-quarter results in early August: sales just missed analysts' expectations but adjusted earnings per share were 26% out. The share price fell 13%, closing at \$34.75.

The period, during which Alere was of course under Mr Zwanziger's control, also saw an abortive attempt to float the group's BBI subsidiary in the UK. This misstep prompted strident criticism from one of Alere's investors, Coppersmith Capital, which agitated hard for a trade sale of Alere and might have contributed to Mr Zwanziger's resignation. He had already been stripped of his role as chairman.

Coppersmith, and quite possibly other Alere investors, now looks likely to get its sale, but at the price of seeing Mr Zwanziger triumph.

And Mr Zwanziger, who still owns 3.5 million shares, just less than 5% of the total, really wants his company back. He has been working on the bid for two months - at which point he was still chief exec - and is offering an astonishing amount of money.

Bona fide?

A close reading of the SEC filing shows that the bidders believe that they can lay their hands on \$4bn to buy the common stock they do not already own, around \$600m for Alere's preferred stock, and a further \$4bn for refinancing the company's outstanding debt.

However, the filing goes on to say that Alere's former executives have neither requested nor received specific commitments from financing sources to provide this equity or debt financing.

In addition to its common stock for which the putative buyers are offering \$46 each, Alere has 1.8 million New York stock exchange-listed series B preferred shares worth a total of \$617m. It also carried \$3.8bn of gross debt at the end of the second quarter. Sales topped \$3bn last year, but the group is loss-making.

Alere's current management says that it would give appropriate consideration to a "bona fide" buyout proposal. Mr Zwanziger's offer promises much but seems a little thin on details. This is one to revisit in a month's time.

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