

Taisho Pharmaceutical Holdings to purchase BMS's UPSA

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Taisho is seeking to leverage well-established brands and a strong manufacturing platform for strategic geographic expansion



Bristol-Myers Squibb Company recently announced that Taisho Pharmaceutical Holdings has offered to purchase Bristol-Myers Squibb's UPSA consumer health business for \$1.6 billion. UPSA develops and delivers important consumer medicines for patients in France, across Europe and additional countries.

Taisho is the largest over-the-counter (OTC) drug company in Japan, with over a century of experience in this field. Taisho holds a leading presence in anti-inflammatory analgesic, cold and flu and hair growth segments in Japan and Southeast Asia. The potential transaction is anticipated to be completed during the first half of 2019, subject to regulatory approvals and satisfaction of certain other customary closing conditions.

"Today's announcement marks the culmination of an in-depth strategic review to identify the best option to grow the UPSA business for the long-term," said Giovanni Caforio, chairman and chief executive officer of Bristol-Myers Squibb. "UPSA is a strong business that deserves the best possible opportunities for its employees and its future development. With Taisho we have found an experienced and reliable buyer with the strategic interest to successfully sustain and grow the business for the future."

Bristol-Myers Squibb and Taisho have a history of conducting successful transactions. In 2009, Taisho entered the OTC market in certain Asian countries through the purchase of PT Squibb Indonesia from Bristol-Myers Squibb. The subsidiary of Taisho is now known as PT Taisho Pharmaceuticals Indonesia Tbk. UPSA is a French pharmaceutical company and brand owned by Bristol-Myers Squibb.

Since 1935, UPSA has built its expertise in the development and manufacturing of pharmaceutical drugs and supplements for everyday ailments. Its portfolio covers a wide range of therapeutic areas: pain, cough & cold, vitamins and supplements, gastrointestinal and sleep.

Over the past several years, Bristol-Myers Squibb has been realigning its business portfolio to address changes in its business and the future requirements of its evolving pipeline. The company is focusing resources on its highest priorities of discovering, developing and delivering transformational medicines for patients facing serious diseases. UPSA is focused on consumer medicines that are outside of the Bristol-Myers Squibb core focus.

The offer by Taisho is structured in the form of a “put option” agreement. Under the terms of the agreement, the offer is subject to Bristol-Myers Squibb’s exercise of the put option following information and consultation processes with relevant employee representative bodies. Upon exercise of the put option, Bristol-Myers Squibb and Taisho would execute a definitive stock and assets purchase agreement following which Taisho would acquire all of the issued and outstanding shares of capital stock of UPSA SAS, as well as Bristol-Myers Squibb’s assets and liabilities relating to the UPSA product portfolio. Assuming completion, Bristol-Myers Squibb estimates the potential transaction would be approximately (\$0.04) dilutive to 2019 earnings.