

Roche clinches Genentech deal

It will buy all outstanding shares in the US biotech group at a higher US\$46.8bil

ZURICH: Roche Holding AG has struck a deal with Genentech Inc to acquire all outstanding shares in the US biotech group for US\$46.8bil, or US\$95 a share, the Swiss drugmaker said yesterday.

After a fierce battle that started last summer, Roche finally clinched the deal to buy 44% of the US biotech group it doesn't already own after the Genentech board recommended shareholders accept the increased cash offer.

Roche had raised its hostile bid to US\$93 a share from US\$86.50 last week, which had prompted the restarting of talks between the two companies, Roche chairman Franz Humer said.

"A price below US\$100 per share has to be seen as positive," Julius Baer analysts said in a note.

Buying Genentech will give Roche control of all revenues for big-selling cancer drugs *Avastin* and *Herceptin*, as well as absorbing an attractive portfolio of new medi-

The buyout is the third major deal in the pharmaceutical industry this year, after Pfizer Inc's agreement to buy Wyeth for US\$68bil in January and Merck & Co Inc's US\$41bil agreed bid for Schering-Plough Corp this week.

Big drugmakers have been seeking to diversify and reduce their reliance on slow-growing traditional prescription medicine, which face patent expiries and falling prices.

The Genentech deal was expected to be accretive to earnings per share in the first year after closing, Roche said, and the combined group would be the seventh largest US pharmaceuticals company by market share, with around US\$17bil in annual revenue in the United States.

Roche's initial bid was rejected last year, and the Basel-based company turned hostile after several months, during which the financial crisis raised doubts about financing, and Genentech's shares fell below the offer price. —



Genentech