Oaklins

HEALTHCARE

Deal flash, November 2015

CROSS-BORDER DEAL IN BIOSIMILARS

Deal snapshot

- Oaklins' Swedish and Italian teams advised the shareholders of Xbrane Biosciences AB (Xbrane) on the acquisition of Primm Pharma.
- Xbrane has world leading expertise in developing biogenerics for injectable slow-release drugs and a proprietary high-yield protein expression technology for the development of biosimilars.
- Headquartered in Milan, Italy, Primm Pharma specializes in the development and production of pharmaceutical formulations for slow-release injections and has a portfolio currently consisting of five slow-release biogeneric candidates.
- Xbrane is a portfolio company of Swedish investment firm Serendipity Ixora. Serendipity Ixora's business focuses on identifying, investing in and developing growth companies with products and services that have global market potential.

What our client said

Martin Amark, CEO, Xbrane Biosciences AB, Sweden

"Through the acquisition of Primm Pharma, we are able to broaden our expertise within the field of high demand complex generics. Primm Pharma has unique expertise in microsphere-based drugs and a lead product, Spherotide, we believe will become the world's first slow-release biogeneric for a sizable prostate cancer drug."

Our role in the transaction

Oaklins' teams in Sweden and Italy supported the buyer by scouting the Italian market, identifying the most suitable target, and assisting in the LOI formulation and in negotiations throughout the process.

Market trends and deal drivers

- An increasing demand for biosimilars motivated by healthcare cost savings, increasing supply, such as biologics patent expiration, and more regulatory approvals are drivers for future market growth.
- Since the biosimilars market's formal inception in Europe in 2005, deal flow has been solid.
- Since the approval of Zarxio in March 2015, the first biosimilar cleared in the United States, an array of smaller companies developing their own biosimilar drugs now look like attractive acquisition targets.

M&A valuation aspects

As with biotechnological products and pipeline valuation in general, the classic valuation tools, such as discounted cash flow methods and valuation multiples based on earnings estimates, cannot be applied in the valuation of biosimilars. Instead, valuation methods for experimental drugs should be applied but only after adapting them to the specific purpose and situation of biosimilars, i.e. development risk, clinical development costs and market potential.

Oaklins industry expert

Adel Koubaa, Managing Partner and life sciences expert, Oaklins, Sweden

Adel was a key member of the team that led the Primm Pharma transaction. He has considerable experience and has advised many clients in the life science industry. "Over the past 30 years, there has been tremendous growth and development of biologic agents in the pharmaceutical industry. The pharmaceutical market has moved from being dominated by small molecules to biologics. Biosimilar development is a consequence of the financial success of biologic therapies and their eventual patent expiration."