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Shire to Acquire NPS Pharmaceuticals for \$5.2B - Analyst Blog

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Referenced Stocks: HPT;SHPG;NPSP;BIOD;ABBV

In a move to further strengthen its rare disease portfolio, **Shire plc** ([SHPG](#)) announced that it will acquire NPS Pharmaceuticals, Inc ([NPSP](#)), a biopharmaceutical company focused on rare diseases, for \$46.00 per share or approximately \$5.2 billion in total.

The offered price of \$46.00 per share represents a 51% premium to NPS Pharma's share price of \$30.47 on Dec 16, 2014. The closing of the transaction is expected in the first quarter of 2015.

The Acquisition's Strategic Fit to Shire's Portfolio

The Boards of Directors of both the companies have approved the transaction. NPS Pharma's sole marketed drug Gattex, a subcutaneous injection, is approved in the U.S. and the EU (European trade name: Revestive) for treating adults with short bowel syndrome, dependent on parenteral support.

The drug enjoys orphan drug status in the U.S. and generated sales of \$67.9 million in the nine months ending Sep 30, 2014. Addition of this product to Shire's portfolio will further strengthen its gastrointestinal (GI) franchise.

NPS Pharma has a late-stage product in its pipeline - Natpara (rhPTH [1-84]) which is being evaluated for the treatment of hypoparathyroidism (HPT). The candidate is currently under review in the U.S. with an FDA PDUFA action date for the Biologics License Application set on Jan 24, 2015. It is also under review in the EU. Upon approval, the product would be the only bioengineered hormone replacement therapy for use in the treatment of HPT, a rare endocrine disease.

Shire expects the acquisition to be accretive to the bottom line from 2016 onwards. Shire also expects to realize operating synergies beginning in 2016 and growing substantially thereafter.

Our Take

Shire currently carries a Zacks Rank #1 (Strong Buy). We are encouraged by Shire's efforts to boost its rare disease portfolio. Shire had repositioned its business in 2013, undertaking a realignment program with strategic focus on rare diseases and greater operational discipline. The acquisition of erstwhile ViroPharma in 2014 was a step in the same direction, which added Cinryze to its portfolio.

With **AbbVie** ([ABBV](#)) terminating its acquisition offer in Oct 2014, we expect Shire to focus on its

revenues and complement the company's GI portfolio. The rumors of the acquisition had surfaced last month, following which the share prices of both companies had shot up.

NPS Pharma currently carries a Zacks Rank #4 (Sell). Right now, Biodel Inc. ([BIOD](#)) also looks attractive with the same rank as Shire.

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