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## Sawai Pharmaceutical to acquire Upsher-Smith Laboratories U.S. generics business

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Sawai Pharmaceutical (</news-online/tag/sawai-pharmaceutical>), a Japanese generic pharmaceuticals manufacturer, and Upsher-Smith Laboratories (</news-online/tag/upsher-smith-laboratories>), a generics manufacturer based in Minnesota, U.S., have announced the signing of an agreement for Sawai to purchase the generic pharmaceuticals business of Upsher-Smith, from its parent, ACOVA.

Upsher-Smith is a privately-held U.S. pharmaceutical company, owned by the Evenstad family through their company, ACOVA. Mark Evenstad is the CEO of Upsher-Smith, and his father, Ken Evenstad is the chairman. Upsher-Smith has a diversified product portfolio of over 30 pharmaceutical products, mainly oral solid preparations, and a strong pipeline of over 30 products.

Sawai will purchase all the equity interest in the generic pharmaceuticals business of Upsher-Smith from ACOVA, for consideration of \$1.05 billion. The transaction will be financed by bank loans and available cash. It is expected to close near the end of June 2017, subject to customary regulatory approvals. Rusty Field, the current president of Upsher-Smith, will continue leading the company. Following the closing, Upsher-Smith's non-generic pharmaceuticals businesses will remain with ACOVA.

The acquisition will mark a major expansion of Sawai's presence in the U.S. market. Moving forward, Sawai plans to build a U.S. business that leverages its intellectual property and combines R&D capabilities with Upsher-Smith's manufacturing base, strong distribution network, established commercial relationships and highly respected brand. For Upsher-Smith, the acquisition brings access to Sawai's state-of-the-art manufacturing technology and opportunities to bring its medicines to exciting new markets, like Japan.

Since its founding in 1919, Upsher-Smith has been committed to delivering high-value, high-quality pharmaceuticals that measurably improve individuals' lives. Upsher-Smith offers a broad array of generic and branded medications, and through its pharmacist heritage, has built excellent, long-standing relationships with pharmacies, wholesalers, retailers and healthcare organizations to distribute its products.

"Upsher-Smith has developed and delivered crucial therapies to patients, from infants to the elderly, with a broad array of on-market generic pharmaceuticals. We have also built a pipeline that will enable even more patients to get life-changing therapies over the next several years. After owning and operating Upsher-Smith for the past 47 years, my family and I made the decision to sell the largest part of our company, the generic

buyer that shared Upsher-Smith's values, was completely committed to its long-term success and was looking for a strong and fully operational U.S. platform for growth. Sawai is a compelling strategic fit and we are delighted that the generics business is poised to benefit from the extensive resources and management focus that Sawai will bring."

With the aging Japanese population, and the increasing focus on bringing down the cost of medicines, in 2015 the Japanese government set a target of raising the share of generic prescriptions to 80% by fiscal 2020. In August 2016, Sawai announced in its Medium-term Business Plan, "M1 Trust 2018," focused on providing a stable supply of generics to meet this government goal and maintaining its undisputed number one position among manufacturers of generic medicines. As part of this medium-term business plan, Sawai spelled out its intent to target the U.S., the world's largest pharmaceutical market, for expansion.

"We are delighted to sign this agreement today with ACOVA to acquire Upsher-Smith, which is our first overseas investment. Upsher-Smith, like Sawai, has a long history as a private family-owned generic pharmaceuticals company that is also focused on patient needs, centered on our philosophy of 'Patients First.' We look forward to working closely with Rusty and the talented management team to forge a new global chapter in Upsher-Smith's future together. Most importantly, we are committed to the entire team at Upsher-Smith, and to expanding the opportunities for the U.S. workforce at Upsher-Smith," said Sawai President Mitsuo Sawai.

Rusty Field, President, Upsher-Smith added, "We all want to thank the Evenstad family for their excellent stewardship of the company. I speak for the entire management team when I share how excited we are to be entering a new phase of our growth as a global company. In the dialogue we have had with the Sawai management team over recent months, it is clear that our two companies are an excellent fit in terms of philosophy and vision, with an equal focus on the importance of quality. Together we look forward to achieving recognition as a global contributor to the growth of generics, with a firm grounding in 'Patients First.'"

No changes to Upsher-Smith's operations are currently anticipated, and under the leadership of Rusty Field, the current management team will continue to lead Upsher-Smith from its current headquarters in Minneapolis.

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