

**DEAL PROFILE**

ELI LILLY & CO. | LOXO ONCOLOGY

**VALUES**

**\$8.0bn**

**51.0x**

**NA**

**TRANSACTION VALUE**

**LTM REVENUE MULTIPLE**

**LTM EBITDA MULTIPLE**



**ELI LILLY AND COMPANY (NYSE:LLY)**

Eli Lilly and Company (“Eli Lilly”) discovers, develops, manufactures, and markets pharmaceutical products worldwide. The company operates through its Human Pharmaceutical Products and Animal Health Products segments. Eli Lilly also owns Elanco Animal Health Incorporated. Eli Lilly was founded in 1876 and is headquartered in Indianapolis, IN.

**TEV: \$119.1bn**

**LTM EBITDA: \$7.8bn**

**LTM Revenue: \$24.3bn**



**LOXO ONCOLOGY, INC. (NasdaqGM:LOXO)**

Loxo Oncology, Inc. (“Loxo”) is a biopharmaceutical company that develops and sells medicines for patients with genetically defined cancers in the US. Its lead product candidate comprises larotrectinib, an oral selective inhibitor of tropomyosin receptor kinase (“TRK”), which is in Phase 1 and 2 trial for patient groups of various ages. The FDA approved Loxo’s first commercial medicine in 2018, which it developed in partnership with Bayer. Loxo was founded in 2013 and is headquartered in Stamford, CT.

**TEV: \$6.5bn**

**LTM EBITDA: (\$72.4mm)**

**LTM Revenue: \$144.8mm**

**BOURNE PARTNERS MARKET RESEARCH**

Bourne Partners provides strategic and financial advisory services to clients throughout the business evolution life cycle. In order to provide the highest level of service, we routinely analyze relevant industry trends and transactions. These materials are available to our clients and partners and provide detailed insight into the pharma, pharma services, OTC, consumer health, and biotechnology sectors.

**OVERVIEW**

On January 7, 2019, Eli Lilly and Company announced that it had entered into an agreement to acquire all of the outstanding shares of Loxo Oncology for \$235 per share or ~\$8.0bn. The purchase price represents a premium of about 68% to Loxo’s January 4<sup>th</sup> closing price. The transaction is an all-cash deal and will be financed through a mix of cash and debt. Eli Lilly’s stock price fell ~1.5% on the announcement.

**HIGHLIGHTS**

Eli Lilly has stated that it will update its financial outlook to include the full purchase price of the acquisition when it announces Q4 earnings in February – the cost of cash was already worked into its guidance for 2019. When discussing the deal, Eli Lilly’s CEO, Dave Ricks, stated “Replenishing Lilly’s pipeline is a key focus in upcoming years.” Ricks also reinforced the company’s focus on oncology moving forward saying, “We’d like to grow our presence in oncology. We have a good set of medicines there but we’d like to expand that because there’s so much exciting science for patients emerging in oncology to invest in.” Other oncology focused biotech companies rallied on the announcement as well.