

ICU Medical Inks \$1B Deal For Pfizer Infusion Therapy Unit

By **Chelsea Naso**

Law360, New York (October 6, 2016, 5:48 PM EDT) -- California-based ICU Medical unveiled a \$1 billion cash-and-stock acquisition of Pfizer's infusion therapy business, boosting the medical device maker's IV pump, solution and devices offerings, according to a Thursday statement.

The deal will see ICU Medical Inc. takeover Pfizer Inc.'s Hospira Infusion Systems in an effort to create a "pure-play" infusion therapy company, according to Vivek Jain, ICU Medical's CEO. Together, ICU Medical and Hospira Infusion Systems will boast a complete IV therapy product portfolio with an expanded global footprint.

The deal also builds off of a 20-year relationship with the former injectables and biosimilars giant Hospira Inc. that Pfizer snapped up last year, according to a statement.

"The combination of these two businesses is the natural evolution of a productive relationship that began more than 20 years ago when Hospira began integrating ICU Medical's needlefree technology into their infusion offering globally," Jain said in a statement. "By acquiring the Hospira Infusion Systems business, currently our largest single customer, we create a pure-play infusion business with the focus and scale to compete globally, eliminate our single customer concentration issue, and have a significant value creation opportunity as a much larger company."

Under the terms of the deal, ICU Medical will pay Pfizer \$400 million in ICU Medical stock and \$600 million in cash, according to a statement. The deal will give Pfizer a 16.6 percent stake in ICU Medical and, so long as it holds onto at least 10 percent of ICU Medical's stock, it will have the right to nominate a director to the medical device maker's board.

The deal comes after Pfizer in 2015 snapped up Hospira in a deal worth \$17 billion. Pfizer at the time hailed the acquisition as an opportunity to unite two complementary companies with a promising revenue stream and growth prospects. The buy followed its failed takeover of U.K. pharmaceutical giant AstraZeneca plc.

Healthcare M&A, which includes pharmaceutical companies, has been on the decline so far this year, down 48 percent by deal value during the first nine months of 2016, according to Dealogic, which tracks the enterprise value of announced deals.

The drop-off is attributed to fewer megamergers, as well as fewer tie-ups in the hospital and insurance

carrier spaces, experts say. Pharmaceutical players are expected to keep inking deals to enhance their pipelines.

The deal is expected to close during the first quarter of 2017.

ICU Medical is being advised by Latham & Watkins LLP, while Barclays and Wells Fargo Securities LLC are acting as financial advisers.

The Latham team is led by corporate partners Charles Ruck and Thomas Christopher and associates Daniel Rees, Barbara Swensied, Nima Movahedi, Philip Houten, Anand Gandhi and Amro Suboh; with assistance from antitrust partner Amanda Reeves; intellectual property partner Steven Chinowsky, counsel Darryl Steensma and Eliot Choy, and associates Jia Jia Huang and Zhong-Min Hu; regulatory partner Ben Haas and associate Chad Jennings; tax partners Gregory Hannibal and Karl Mah and associates Lauren Malatesta and Aoife McCabe; benefits and compensation partners Michelle Carpenter and Catherine Drinnan and associate Hannah Cary; finance partners Stacey Rosenberg, Glenn Collyer and Hillary Shalla and associates Aaron Friberg and Meagan Licata; and compliance partners Michele Johnson and Eric Volkmar and associates Kristin Murphy and Erin Brown Jones.

Pfizer is being advised by Skadden Arps Slate Meagher & Flom LLP and Ropes & Gray LLP, while Goldman Sachs & Co. and Guggenheim Securities are acting as financial advisers.

The Skadden team includes M&A partners Kenneth Wolff and Paul Schnell and associate Dohyun Kim; intellectual property and technology partner Resa Schlossberg and counsel Andrew Woodward; tax partner Sally Thurston; corporate finance partner Stacy Kanter and counsel Adam Waitman; banking partner Steven Messina; and executive compensation and benefits counsel Berit Freeman.

--Editing by Emily Kokoll.