Pharmaceuticals

Novo Nordisk gatecrashes Pfizer deal

Danish group accused of stifling competition after $9bn offer for Metsera

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Danish drugmaker Novo Nordisk has gatecrashed Pfizer's takeover of obesity-focused biotech Metsera with an offer of up to $9bn, drawing charges from its US rival it is trying to stifle competition.

Metsera, which in September agreed to an up to $7.3bn takeover offer from Pfizer, said yesterday after Novo went public with its unsolicited bid that the new takeover proposal was "superior".

After losing out to Pfizer in the initial bidding war for Metsera, Novo has returned with a new bid with an unusual structure, according to multiple people familiar with the details.

Pfizer labelled Novo's latest proposal "reckless and unprecedented", saying it was "an attempt by a company with a dominant market position to suppress competition".

It added that the deal structure was an attempt "to circumvent antitrust laws", saying it was "prepared to pursue all legal avenues to enforce its rights".

The Novo bid sets off a dramatic takeover battle as it vies with its US rival for a biotech with a portfolio of obesity drugs.

Under the Novo proposal, the group will pay Metsera, rather than its shareholders. Metsera will then declare a dividend of $56.50 in cash to be paid to investors shortly after the deal is signed, ensuring shareholders receive the majority of the cash before the deal undergoes full regulatory scrutiny.

If the deal is agreed by shareholders and regulators, shareholders will receive the further payments of up to $21.25, based on milestones similar to those agreed in the deal between Metsera and Pfizer.

Pfizer had offered to pay $47.50 a share in cash for Metsera and an additional $22.50 further down the line, valuing the company at up to $7.3bn.

Novo's takeover offer comes as it grapples with a sinking share price as investors fret that it is losing its dominance in the weight loss drug market to rival Eli Lilly. Shares in Novo fell 3.5 per cent yesterday on news of its bid, while Metsera's shares were up by more than 24 per cent in midday trading. Pfizer's shares were flat.

Novo's latest bid for Metsera shows that the drugmaker, which has historically shied away from larger deals, is willing to spend to expand its obesity pipeline following the arrival of new chief executive Maziar Mike Doustdar and the planned return of former chief Lars Rebien Sørensen as chair.

Mark Kelly, chief executive of advisory firm MKI Global Partners, said the deal had become "very political" and the structure was a sign that Novo had "no confidence itself in getting antitrust approvals done anywhere near as smoothly as Pfizer would".

Sørensen, who is set to become chair next month, was instrumental in encouraging the company to become more aggressive in pursuing deals, according to people familiar with the situation.

Metsera, which went public this year, has four clinical trials in train for early and mid-stage obesity drugs: a monthly injection, a weight loss pill and two for a drug based on the hormone amylin, which promotes a sense of fullness.

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