



# Current Agreements

## Dealdoc

### Asset purchase agreement for drug manufacturing business

Aspen Holding  
Sigma Pharmaceuticals

Aug 16 2010

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<b>Companies:</b>	<a href="#">Aspen Holding</a> <a href="#">Sigma Pharmaceuticals</a>
<b>Announcement date:</b>	Aug 16 2010
<b>Deal value, US\$m:</b>	804.0 : deal value in cash
<b>Related contracts:</b>	<a href="#">Acquisition agreement for Sigma - terminated</a>

- [Details](#)
- [Financials](#)
- [Termsheet](#)
- [Press Release](#)
- [Filing Data](#)
- [Contract](#)

### Details

<b>Announcement date:</b>	Aug 16 2010
<b>Industry sectors:</b>	Bigpharma Pharmaceutical Generic pharma
<b>Technology types:</b>	Equipment Facilities
<b>Deal components:</b>	Asset purchase Manufacturing

### Financials

<b>Deal value, US\$m:</b>	804.0 : deal value in cash
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### Termsheet

16 August 2010

Aspen Pharmacare to buy the drugmaking arm of Sigma Pharma in a recrafted deal for \$804 million cash.

This deal leaves Sigma with its drug distribution and pharmacy business.

### Press Release

South Africa's Aspen to buy Sigma drugs arm for \$804 million

16 August 2010

South Africa's Aspen Pharmacare (APNJ.J), in a recrafted deal, has agreed to buy the drugmaking arm of Australia's Sigma Pharmaceuticals (SIP.AX) for \$804 million cash, giving it control of about a quarter of Australia's generic drugs market.

Aspen had offered A\$648 million for all of Sigma earlier following a share price slump. But instead of a full takeover, it opted for the drugs manufacturing arm, the asset it coveted most, leaving Sigma with its drug distribution and pharmacy business.

Sigma's shares jumped as much as 7 percent on the deal, in a broader market that was down 1.1 percent, as the sale moved it closer to resolving its debt woes.

Sigma's second-largest shareholder, Orbis Investment Management, gave a thumbs-up for the sale.

"I think it's a good price," Simon Marais, chief investment officer at Orbis, which owns 9.25 percent of Sigma, told Reuters.

"Could they have turned the (drugs) business around? There's a chance, but this takes all the risk out of the thing, and it leaves a huge margin of safety for current investors."

Other suitors had been circling, looking at Sigma's generics business, as well as its Orphan specialty drugs arm and its Herron over-the-counter pain killers and vitamins business.

Sigma's shares later trimmed some of the gains to be up 4 percent at A\$0.52. Volume, at 11.4 million shares, was nearly a fifth more than the 90-day average.

#### 'LOW' PRICE TAG

"The A\$900 million gets the ball rolling. If this transaction goes ahead, it's likely to force the hand of any other potential suitors," said David Arter, an analyst at broker Wilson HTM.

Sigma hopes to put the deal to a shareholder vote at the end of October.

Arter said the price tag appeared to be on the low side, estimating fair value in the mid-A\$900 million range.

Sigma, however, is in a weak bargaining position after taking a big writedown on its generic drugs business earlier this year due to tough competition, issuing two profit warnings since then, and facing pressure from its lenders to sell assets.

Sigma, advised by Lazard (LAZ.N), said the sale to Aspen exceeded the group's debt and would position the company to grow again.

"Sigma will emerge after the sale in a financially powerful position for future growth and business improvement under the company's new management team, led by Mark Hooper," Chairman Brian Jamieson said in a statement.

Aspen is being advised by Investec.

Sigma's biggest shareholder, Lazard Asset Management, with a 9.5 percent stake, declined to comment on Aspen's offer.

Orbis' Marais said he wants Sigma to use the funds from the sale to pay down debt and return capital to shareholders, then focus on running its distribution operation well.

"The only thing we would not want them to do at all is to use the money to go and buy things again. They've got to recognize that it is a smaller business now," he said.

The group's long-time chief executive Elmo de Alwis is about to step down, while its chairman and chief financial officer also quit.

Aspen first approached Sigma in May, offering A\$0.60 a share, then cut its offer in July to A\$0.55 a share.

#### **Filing Data**

*Not available.*

#### **Contract**

*Not available.*