

FINANCIAL NEWS

22 April 2014

Independents in rude health with \$20bn+ pharma win

By Nick Kostov

The advisory boutique launched by City rainmakers Michael and Yoël Zaoui has teamed up with Lazard on the latest multibillion-dollar M&A win for independent investment banks in 2014.

Zaoui & Co and Lazard are advising GSK on the sale of its cancer drugs business to Swiss company Novartis for \$16 billion. The deal, announced today, will also see GSK acquire Novartis' vaccines division for \$7.1 billion, while the two pharmaceutical groups will combine their consumer healthcare units.

The deal is another big win for the Zaoui brothers, whose Mayfair boutique has been operational for about six months but has already been named on the advisory rosters of some of Europe's largest deals. Mandates include advising Lafarge on its proposed €40 billion merger with Holcim, Peugeot on its talks with China's Dongfeng and L'Oreal on its deal to buy back 8% of itself from Nestle for €6 billion.

Zaoui & Co is now ranked 10th in Dealogic's Europe M&A league table by volume, up from 12th before today's GSK deal.

This year is shaping up to be a strong one for independent advisory houses; boutiques advised on around 34% of announced global M&A volume in the first quarter, their biggest slice of the pie at the first quarter stage on record, according to Dealogic. Benoit d'Angelin, who co-founded advisory firm Ondra Partners, told Financial News late last month: "We are back to 'normality' – with advisory firms giving independent advice and banks providing financing."

The GSK deal represents another high-profile



win for Lazard in the healthcare sector. The bank advised Shire on its acquisition of Virapharma for \$4.3 billion in November last year.

David Gluckman, global co-head of healthcare, is working on the GSK deal for Lazard. He is joined by Andrew Dickinson, head of life sciences at the bank, and Richard Shaw, who was named a Financial News Rising Star in 2011. Ken Jacobs, Lazard's chief executive and chairman, also advised on the deal.

GSK also received financial advice from Citi and Arkle Associates, an independent healthcare advisory partnership founded in December 2008 by Mark Tracey, formerly co-head of global healthcare equity research at Goldman Sachs.

Separately, Novartis agreed to sell its animal health business to Eli Lilly in a deal worth \$5.4 billion. Goldman Sachs is advising Novartis, according to two people familiar with the matter. Gordon Dyal, co-chairman of investment banking, and Ben Thorpe, co-head of European healthcare, are on the mandate, one of the people said. Goldman Sachs declined to comment.