

Panvera Sold Again

Biotech Firm's New Buyers To Retain Local Workers

The Capital Times :: BUSINESS :: 8D

Wednesday, February 5, 2003

By Jeff Richgels The Capital Times

After being acquired for the third time in two years, local biotech PanVera appears to have a solid future. Executives of Invitrogen Corp. spoke only in positive terms about PanVera after acquiring it from Vertex Pharmaceuticals in a \$105 million deal Tuesday. "This acquisition brings many key technologies to Invitrogen, significantly broadening our product offerings, and it includes a new R&D and manufacturing facility and a highly-skilled employee base in Madison," said Invitrogen President and CEO James Glynn.

PanVera works out of a two-year-old, 50,000-square-foot building in University Research Park. The firm has about 125 employees, including 37 scientists, providing a boost to Invitrogen's research and development efforts, Glynn said in a conference call discussing the deal.

"We plan to operate the Madison facility in Madison and anticipate being able to retain everyone in Madison," Glynn said.

Invitrogen said it already has a team working on integrating the two companies. Invitrogen, which is based in Carlsbad, Calif., has about 2,400 employees in 20 countries and is one of the world's largest providers of products for biotech research.

PanVera also makes products for biotech research, but there is "very little overlap" between the two companies' product lines, Glynn said.

PanVera's focus is on proteins used for drug and other biotech research. Invitrogen said it expects its 350-person sales force to give a strong boost to those products and technologies, many of which were available to only a few customers. PanVera has just a handful of sales personnel.

"We've been working to access their technology since it was an independent company," Glynn said. PanVera, which was founded in 1992 by former Promega Corp. employees, was acquired by San Diego-based Aurora Biosciences Corp. in a deal announced in November 2000 and completed in March 2001. The stock-based deal originally was valued at about \$86 million but was worth only about \$32 million when completed.

Then in May 2001, Cambridge, Mass.-based drug developer Vertex Pharmaceuticals Inc. reached agreement to acquire Aurora in a stock-for-stock deal valued at nearly \$600 million. That deal was completed in July 2001.

Aurora's drug discovery equipment and services were described at the time as a good complement to PanVera's proteins that allow pharmaceutical companies to test drugs they are developing. Invitrogen is acquiring virtually all of the technology and assets of PanVera and Aurora, much of which Vertex had folded into PanVera in 2002.

The assets include the rights to about 300 patents and pending patent applications for technologies used in drug discovery and research.

The deal includes \$95 million in cash and \$10 million in assumption of debt and closing costs, Invitrogen said.

The transaction has been approved by the boards of directors of both Invitrogen and Vertex and is expected to close, subject to regulatory review, within the next couple of months.

Invitrogen said PanVera will add \$22 million to \$24 million in revenues to its top line in the last nine to 10 months of the year, and will add 2 cents to 3 cents per share to its pro forma earnings this year.

A Thomson First Call survey of 10 analysts yielded a mean estimate of \$2.04 a share for Invitrogen's 2003 earnings, compared with \$1.83 estimated for 2002. Invitrogen plans to report 2002 results on Feb. 13. Invitrogen will finance the acquisition with cash from credit facilities.

Vertex on Tuesday reported its fourth-quarter loss widened from a year earlier due to higher research and development costs as well as lower revenue from its drug discovery tools business, and said it expects losses to widen further this year.

Invitrogen's stock rose 31 cents per share to \$30.36 on Tuesday.