Alexion Issues Statement on Path to Value Creation

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BOSTON--(BUSINESS WIRE)-- Alexion Pharmaceuticals, Inc. (NASDAQ:ALXN) today issued the following statement on behalf of the Board of Directors and management team:

"The Board and management team are focused on delivering long-term shareholder value by advancing our mission of developing and delivering transformative medicines for people with rare diseases.

As part of this commitment, we maintain an active dialogue with shareholders and welcome all constructive input. We have a history of seeking, considering and incorporating feedback from all our shareholders. In that spirit, at their request, we have recently engaged in good faith with Elliott Advisors (UK) Limited, an affiliate of Elliott Management, to listen to their point of view, including their recommendation that we immediately launch a proactive sale process. Consistent with its fiduciary duties, the Board unanimously decided that conducting a proactive sale process would not be in the best interest of shareholders and the patients we serve at this time. However, in the interest of transparency, we feel it is important for all our stakeholders to hear about our decision directly from us.

Refreshed, Independent and Experienced Board Committed to Fiduciary Duties and Good Governance

Our Board regularly reviews our strategy and underlying assumptions to ensure that Alexion is on the best path to creating shareholder value. In considering Elliott’s recommendation, we have had the benefit of our Board’s exceptional industry backgrounds, investment experience and M&A leadership, including evaluating, negotiating and executing on numerous mergers, acquisitions and sales of major companies throughout their careers. Since 2017, Alexion has added five new directors, including a new Chief Executive Officer, and several of these new directors with desirable skillsets, independence and expertise were added with the benefit of input from Elliott and other investors.

In deciding that it would be inadvisable to follow Elliott’s recommendation, our Board considered, among other factors, that it is highly unusual, if not unprecedented, for a biopharmaceutical company of our size and maturity to proactively launch a sale process. We do not believe this approach is the best path for driving shareholder value.

To eliminate confusion and inaccurate information in the marketplace, to-date, Alexion has not received any indications of interest to acquire the Company nor have we rejected any such inbound proposals. As we have a strong commitment to transparency, we believe that our public disclosures provide significant detail into the state of our business sufficient to allow shareholders or a potential strategic partner to understand our current and future prospects. Were we to ever receive legitimate and actionable proposals, the Board would evaluate them in accordance with their fiduciary duties and act in the best interest of all shareholders.

Alexion Poised to Significantly Increase Shareholder Value

An important factor in the Board’s consideration of Elliott’s recommendation is that we firmly believe the Company has established a strong foundation to drive growth, create value and improve patients’ lives. In the past 2.5 years, Alexion has:

- installed an entirely new leadership team, substantially refreshed the Board of Directors and appointed a new and independent chair of the Board;
- redefined our strategy and aligned our resources to focus on driving facilitated conversion to ULTOMIRIS® (ravulizumab-cwvz), expanding our current assets into new diseases (such as the neurology franchise), and diversifying our portfolio;
- rebuilt and advanced our pipeline, including delivery of three positive Phase 3 programs, four successful launches, 12 business development deals and the initiation of multiple additional clinical programs with our medicines;
- executed consistently and generated strong financial and operational performance, underscored most recently by another strong quarter in Q3 2019, with 23 percent revenue growth and 38 percent non-GAAP EPS growth year-over-year; and
- delivered strong top-line performance each of the last 11 quarters from Q2 2017 through Q3 2019, reset the cost structure of the business and placed our operating margin in a competitive band that will enable us to deliver on our future goals.

We are not done. We believe significant potential value growth lies ahead for Alexion and our shareholders. As we look to the future, we expect to drive that growth and durability through three key priorities - facilitated conversion to ULTOMIRIS, expansion of our current assets into new diseases, and further diversification of our portfolio, while maintaining a strong culture of compliance and transparency. Our rebuilt and expanded pipeline – which includes 22 clinical-stage development programs planned across 11 assets – has the potential to deliver at least 10 additional launches by 2023, supported by a revamped and strengthened R&D organization and disciplined business development initiatives.

Over the course of our engagement, Elliott has been extremely complimentary of our Board, management team and
business. We appreciate Elliott’s recognition of the uniqueness and strength of Alexion’s business, the quality and independence of the refreshed Board and management team, prospects for attractive top-line and bottom-line growth, and our strong operational and financial performance, consistently delivering on the ambitious strategy we laid out a few years ago. Finally, we share Elliott’s view that the current market price substantially undervalues the Company today.

Working Together with Urgency and Focus

Our Board and management team continue to work with urgency and focus to deliver shareholder value. We understand that there are risks and uncertainties in the biopharmaceutical business and the path to value creation is often not smooth and linear. But in that context, we remain committed to providing the best outcomes we can to all our stakeholders. We are very proud of what our employees globally have accomplished over the past few years transforming the organization. We look forward to working together, alongside physicians and patients, to deliver on our mission of developing transformative medicines for people with rare diseases.

We hope this communication has been helpful to you, underscoring the respect we have for our investors and all stakeholders. We look forward to reporting on our continued business progress and maintaining an open dialogue with all our stakeholders and other stakeholders.

About Alexion

Alexion is a global biopharmaceutical company focused on serving patients and families affected by rare diseases through the discovery, development and commercialization of life-changing therapies. As the global leader in complement biology and inhibition for more than 20 years, Alexion has developed and commercializes two approved complement inhibitors to treat patients with paroxysmal nocturnal hemoglobinuria (PNH) and atypical hemolytic uremic syndrome (aHUS), as well as the first and only approved complement inhibitor to treat anti-acetylcholine receptor (AChR) antibody-positive generalized myasthenia gravis (gMG) and neuromyelitis optica spectrum disorder (NMOSD). Alexion also has two highly innovative enzyme replacement therapies for patients with life-threatening and ultra-rare metabolic disorders, hypophosphatasia (HPP) and lysosomal acid lipase deficiency (LAL-D). In addition, the company is developing several mid-to-late-stage therapies, including a second complement inhibitor, a copper-binding agent for Wilson disease and an anti-neonatal Fc receptor (FcRn) antibody for rare Immunoglobulin G (IgG)-mediated diseases as well as several early-stage therapies, including one for light chain (AL) amyloidosis and a second anti-FcRn therapy. Alexion focuses its research efforts on novel molecules and targets in the complement cascade and its development efforts on the core therapeutic areas of hematology, nephrology, neurology, metabolic disorders and cardiology. Headquartered in Boston, Massachusetts, Alexion has offices around the globe and serves patients in more than 50 countries. This press release and further information about Alexion can be found at: www.alexion.com.

Forward-Looking Statement

This press release contains forward-looking statements. Words such as “anticipates,” “may,” “forecasts,” “expects,” “intends,” “plans,” “potentially,” “believes,” “seeks,” “estimates,” and variations of such words and similar expressions are intended to identify such forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any such statements. Such forward-looking statements are based on current expectations, estimates and projections about our industry and business, management’s beliefs, and certain assumptions made by our management, and may include, but are not limited to, statements regarding: the strength of our business and continued growth; plans to expand Alexion’s pipeline; potential value growth lies ahead for Alexion; Alexion’s goal of continuing to build on momentum in the future; future plans for, and the timing for, the commencement of future clinical trials and the expected timing of the receipt of results of certain clinical trials and studies; potential benefits of current products and products under development and in clinical trials; plans for development programs with third parties; the potential to treat a broad range of diseases with assets acquired or licensed through our business development activities; the anticipated closing of the Achillion acquisition; and Alexion’s future clinical, regulatory, and commercial plans for ULTOMIRIS and other products and product candidates. Forward-looking statements are subject to risks and uncertainties that may cause Alexion’s results and plans to differ materially from those forward-looking statements. Such risks and uncertainties include, but are not limited to, increased competition, actions by regulatory agencies, product candidates not receiving regulatory approvals, the possibility that expected tax benefits will not be realized, assessment of impact of recent accounting pronouncements, potential declines in sovereign credit ratings or sovereign defaults in countries where we sell our products, delay of collection or reduction in reimbursement due to adverse economic conditions or changes in government and private insurer regulations and approaches to reimbursement, uncertainties surrounding legal proceedings, company investigations and government investigations and assessments, and the effect of shifting foreign exchange rates, as well as other risks and uncertainties discussed in Alexion’s Quarterly Report on Form 10-Q for the period ended September 30, 2019 and in our other filings with the SEC. Alexion disclaims any obligation to update any of the statements in this release to reflect events or circumstances after the date hereof, except when a duty arises under law.

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