

AIBC 2020

HSBC M&A Competition

Context

The pharmaceutical industry is no stranger to mergers and acquisitions, as companies seek to bolster their product lines and further increase their revenue with a consistent pipeline of newly developed drugs. 2019 has seen the continued consolidation of the industry, marked by blockbuster deals such as the US\$74 billion acquisition of Celgene by Bristol-Myers Squibb and the US\$63 billion bid for Allergan by AbbVie. Spurred by the US tax reform in 2017, pharmaceutical and biotech companies are seizing the opportunity to utilise their sizeable assets to further increase their market share through aggressive expansion and ambitious acquisitions. In particular, Gilead Sciences Inc., a US-based biotechnology company, has expressed interest at the beginning of 2019 to seek M&A opportunities to expand its portfolio of drugs and diversify beyond its core HIV treatment products.

Company Background

Gilead Sciences Inc. is an American biopharmaceutical company with a focus on the research and development of innovative medicines. Founded in 1987, it is one of the largest companies in the industry by market capitalization, and has pioneered numerous successful products including HIV treatment medicines Biktarvy and Truvada as well as Hepatitis C drugs Sovaldi and Harvoni. In recent years, the company has struggled to perform, with its share price falling from a high of US\$122.21 in 2015 to its current price of US\$75.16 as of 31st May 2020.

With a shakeup of leadership in 2016, the new management team set its sights on restoring the performance of the firm, in particular through further M&A activities. With a successful US\$4.9 billion acquisition of Forty Seven Inc. earlier this year, the company is ready to seek new acquisitions to bolster its current portfolio of drugs, backed by a strong balance sheet of an estimated US\$19.4 billion in cash and cash equivalents.

Teams are highly encouraged to perform their own research to support their analysis. As a starting point, the company's latest quarterly report can be found below:

<http://investors.gilead.com/static-files/5e06f381-69dc-44c7-8013-aba71afcc463>

Your Task

You are an Analyst in the Investment Banking Division and your team has been selected to present a pitch book to the Board of Directors of your client, Gilead Sciences Inc. (GILD), regarding a potential acquisition target in the pharmaceuticals industry in line with their growth strategy.

Your team's submission will consist of:

1. A PowerPoint presentation with no more than 20 slides of content
2. An Executive Summary on one of the twenty slides of your presentation
3. An Excel financial model containing any supporting data

Your team is free to decide on the pitch deck title and format, provided that content is presented clearly. All submissions must be in English and the content should be analytical/predictive rather than descriptive.

You are advised to include the following in your Strategic Review:

- Situation overview and performance review
- Competitive landscape and positioning
- Overview of potential acquisition opportunities (recommendation to include a maximum of three potential targets)
- Strategic recommendation and rationale (choose one target out of the selected potential targets)
- Valuation summary
- Financing structure/ Merger analysis
- Appendix and reference list

Additional Information:

1. An appendix and other supporting files/documents can be included, but these should not be part of your presentation slides
2. Additional research materials used must be acknowledged in the notes section of the PowerPoint slides

The top 5 teams will move on to the Second Round where they will present their ideas in front of a panel of judges consisting of industry experts and leaders. Attractive prizes will be awarded to the top 3 teams.

Due Date and Submission Format

The deadline for submission of the Strategic Review is **23:59 HRS (Hong Kong Time), 10 August 2020**. Late submissions will not be considered.

Submission Instructions

- Submissions of the Strategic Review must be in both .pptx and .pdf format, and the Excel financial model must be in .xlsx format.
- Name your files as such: AIBC_M&A_[team name].pptx, AIBC_M&A_[team name].pdf and AIBC_M&A_[team name].xlsx
- Title the email: AIBC M&A Competition - [team name]
- Send your submissions to: competitions@aibc.asia

Timeline

Date	Event
1 July 2020	Opening of competition sign-ups and release of case competition materials.
24 July 2020	Deadline for competition sign-ups.
10 August 2020	Deadline for submissions.
17 August 2020	Top 5 teams will be notified. Finalist teams have to prepare a 10-15 minute team presentation.
1 September 2020 (Day Zero)	Top 5 teams will deliver a virtual team presentation to a panel of judges from HSBC.

Judging Criteria

Criterion	Weightage
Relevance, accuracy and soundness of quantitative and qualitative analysis	50%
Format and structure of presentation materials contributing to clarity and coherence	20%
Effective communication skills, persuasiveness and teamwork	20%
Professional judgement of the situation and overall reasoning process	10%

Prizes

Each team member from the Top 5 teams will receive:

- Certificate of Achievement

First Place	Cash prize HKD\$5000 Individual certificates Other awards and exclusive merchandise from HSBC
Second Place	Cash prize HKD\$3000 Individual certificates Other awards and exclusive merchandise from HSBC
Third Place	Cash prize HKD\$2000 Individual certificates Other awards and exclusive merchandise from HSBC

Terms and Conditions

1. Teams must consist of 3-5 members. Teams are to register via the Google Form link that can be found in the AIBC 2020 website with a distinct team name.
2. Only applicants who have registered and paid for AIBC 2020 are allowed to enter this competition.
3. All decisions made by the committee and judges in both the First and Second Rounds are final.
4. Teams that are selected for the Second Round are to inform the AIBC Team via email within 3 working days of being notified, on their availability to attend Judging Day (1 September 2020).
5. At least 3 team members must be present on Judging Day. Inform us via email at competitions@aibc.asia if any team members are going to be absent.
6. Teams that are unable to confirm their attendance in time will automatically forfeit their place. The AIBC Team will decide on the next best team to replace the team that drops out and will inform them promptly.
7. Originality of the work is extremely important and plagiarism will not be tolerated.
8. By participating in this competition, you consent to AIBC recording your presentation and the rights to use your submission.

Contact Us

If you have any queries, drop us a message through our social media pages or visit our FAQ page on the AIBC website: <https://www.aibc.asia/faq>

Should you require any further assistance, please feel free to contact us at competitions@aibc.asia and we will get back to you as soon as possible.