

Biogen: Turning a Major Acquisition into Sustainable Growth

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Classroom convention: The 12-18 month operating-priority and resource-allocation question below is constructed for teaching from the public record. It is not a claim that Biogen disclosed an unresolved internal allocation decision.

The first quarter after closing

On May 14, 2026, Biogen completed its acquisition of Apellis Pharmaceuticals. The deal added two marketed medicines, SYFOVRE for geographic atrophy (GA) associated with age-related macular degeneration, and EMPAVELI for paroxysmal nocturnal hemoglobinuria (PNH), C3 glomerulopathy (C3G), and primary immune complex membranoproliferative glomerulonephritis (primary IC-MPGN). It also brought commercial and medical capabilities in ophthalmology and nephrology, areas where Biogen had less presence. Biogen said the acquisition would support near-term revenue, expand specialized immunology, and add infrastructure for possible future launches in nephrology.

The deal was large relative to the company's recent portfolio changes. Biogen paid \$41 per Apellis share in cash and granted each share a contingent value right (CVR) for up to another \$4, tied to annual global SYFOVRE sales thresholds. In its second-quarter filing, Biogen recorded \$5.406 billion of cash consideration and \$4.1 million as the fair value of contingent consideration, for total accounting consideration of \$5.410 billion. The maximum contractual CVR payout is different from its accounting fair value.

The acquisition was intended to do more than add two brands. Biogen expected to use Apellis's nephrology commercial and medical infrastructure to support potential launches of felzartamab, a Phase 3 asset. At the same time, Biogen had multiple late-stage programs approaching important data readouts. Its July investor presentation listed five registrational readouts expected over the next four quarters: two Phase 3 studies of litifilimab in systemic lupus erythematosus (SLE), one litifilimab study in cutaneous lupus erythematosus (CLE), felzartamab in antibody-mediated rejection (AMR), and zorevunersen in Dravet syndrome. The company cautioned that its timeline was not comprehensive and could change.

Public filings described the acquisition rationale, early product performance, expected synergies, and upcoming pipeline readouts, but did not disclose Biogen's internal post-close allocation plan. For classroom discussion, the constructed decision is how the company could organize itself to pursue the acquisition's potential while keeping its broader growth portfolio and pipeline on track.

A portfolio in transition

Biogen reported second-quarter 2026 revenue of \$2.736 billion, up 3% from the prior-year quarter. Its company-defined Growth Portfolio generated \$1.06 billion, up 24% year over year. The legacy multiple sclerosis portfolio generated \$767 million. MS product revenue overall fell 13%, with generic competition affecting TECFIDERA and continuing demand shifts away from older interferon products.

The acquired products entered the portfolio with different profiles and customer systems. SYFOVRE was an intravitreal treatment administered by retina specialists. EMPAVELI was a complement inhibitor administered subcutaneously, with approved uses spanning hematology and rare kidney diseases. During the full second quarter, SYFOVRE generated \$162 million of net product revenue, up 8% year over year; EMPAVELI generated \$46 million, up 123%. Those figures cover the full quarter, including weeks before Biogen closed the deal. Biogen's own consolidated revenue included \$97.4 million of SYFOVRE and \$30.4 million of EMPAVELI revenue recognized from the May 14 closing through June 30.

Product growth did not remove execution risks. Before the transaction, Apellis reported that first-quarter 2026 product revenue had risen year over year for both products. Its annual report also described substantial competition: EMPAVELI faced established C5 inhibitors and an oral factor B inhibitor in PNH; SYFOVRE competed with another approved complement inhibitor in GA. Apellis identified access and reimbursement, physician and patient acceptance, treatment persistence, and safety perceptions among factors that could affect commercial performance. Those statements came from the seller and did not independently establish clinical differentiation or future demand.

Building the next wave

Biogen presented the acquisition as one part of a broader repositioning. Alongside the two acquired products, it was launching and expanding medicines in rare disease, neurology, and women's health. In Alzheimer's disease, LEQEMBI was commercialized with Eisai. Global in-market LEQEMBI sales were \$184 million in the second quarter, up 15%, including \$97 million in the U.S. Biogen's Q2 income statement recorded \$63.7 million of Alzheimer's collaboration revenue. It also recorded its half of collaboration development and sales-and-marketing costs.

Biogen did not control LEQEMBI on its own. Under the collaboration, Eisai led global development and regulatory submissions and had final decision-making authority on collaboration matters, subject to contract limitations. Costs and profits or losses were shared equally. The commercial plan allocated meaningful responsibilities to both companies, considering their respective capabilities. Thus, Biogen could coordinate its own resources with the collaboration, but could not treat LEQEMBI as a fully independent investment choice.

The pipeline created a second resource claim. The five anticipated registrational readouts could generate future growth but required continued clinical execution. Biogen's Q2 release attributed higher R&D expense in part to increased spending on Phase 3 programs, including felzartamab and litifilimab. It also said higher SG&A reflected Apellis commercial and management operations and increased spending for product launches. For the second half of 2026, the company expected combined non-GAAP R&D and SG&A expense of \$2.65-\$2.70 billion.

Biogen's updated financial guidance captured both promise and strain. The company expected underlying 2026 non-GAAP diluted EPS of \$15.85-\$16.85 before approximately \$3.00 of acquired in-process R&D and milestone charges and approximately \$0.85 of Apellis transaction dilution. Reported guidance was \$12-\$13 per share. Biogen said it remained on track for the

acquisition to be accretive to non-GAAP EPS in 2027 and expected at least \$250 million in run-rate synergies exiting 2027. These were management estimates, not realized outcomes, and the company did not disclose a product-level synergy bridge or detailed integration budget.

Funding the transaction used cash and new borrowing. At June 30, Biogen reported \$1.3 billion of cash and marketable securities and approximately \$8.1 billion of total debt. It had funded the acquisition using existing liquidity, a \$2.0 billion term loan, and a \$400 million revolver draw. Cash generation, pipeline investment, integration spending, and debt service would therefore sit alongside the company's operating priorities.

Capabilities and bottlenecks

Biogen had to combine a large neurology company with a smaller business built around specialized complement medicines. The commercial work was not interchangeable across products. Retina specialists, nephrologists, hematologists, diagnostic pathways, payer processes, treatment administration, and safety monitoring shaped each product's adoption. Biogen had not publicly disclosed which Apellis roles or capabilities it planned to preserve, how it would integrate commercial teams, or where it expected overlap.

Experience with another complex launch offered a caution, not a direct forecast. Studies of lecanemab implementation in the United States identified staffing, imaging, referral processes, infusion capacity, multidisciplinary coordination, reimbursement, and safety monitoring as factors that could delay treatment [7, 8]. These studies examined Alzheimer's care settings, not SYFOVRE or EMPAREL. Their samples were small or selected and did not show that manufacturer spending alone would overcome barriers. They did, however, suggest that adoption of specialized medicines can depend on the delivery system around the product as well as on the product's clinical profile.

The acquired products also carried their own uncertainties. For SYFOVRE, use depended on diagnosis and treatment decisions by retina specialists, patient acceptance of recurring injections, payer access, and safety perceptions. For EMPAREL, physicians and patients weighed the mechanism, route of administration, disease severity, alternatives, and reimbursement within several distinct indications. Public reporting did not provide post-acquisition launch spending, patient-level persistence, indication-level revenue, contribution margin, or the staffing available for integration.

The choice

For the constructed classroom decision, assume Biogen's executive committee is reviewing its first-year priorities after the close. Should it concentrate resources on integrating Apellis and scaling the two acquired products, accepting that synergy delivery and launch execution could require management attention? Should it protect the late-stage pipeline and existing launches, limiting near-term integration changes so clinical programs and other growth brands remained on schedule? Or should it use a staged approach, preserving specialized Apellis capabilities while setting explicit milestones that would determine where additional support went?

Each direction had a credible case. A commercial push could capitalize on existing revenue and demand growth, but could strain teams and encourage premature integration. A pipeline-first plan could protect several important data readouts, but leave acquired products and synergy opportunities under-supported. A staged plan could adapt as evidence emerged, but would require clear accountability, measures, and decision rules that Biogen had not publicly described.

Assume you are advising Biogen's executive committee on July 29, 2026. What operating priorities should the company set for the next 12-18 months? Which capabilities should it integrate, which should it preserve, and how should it decide when to shift resources? What evidence would tell you that the plan was working?

Exhibits

Exhibit 1. Biogen portfolio and acquired-product context

Q2 2026 measure	Reported value	Comparison / note
Total Biogen revenue	\$2.736bn	+3% year over year
Company-defined Growth Portfolio	\$1.06bn	+24% year over year
Legacy MS Portfolio	\$767m	Includes AVONEX, PLEGRIDY, TECFIDERA, TYSABRI
SYFOVRE, full Q2 product revenue	\$162m	+8% y/y; full quarter includes pre-close period
SYFOVRE, Biogen-recognized revenue	\$97.4m	Recognized after May 14 acquisition close
EMPAVELI, full Q2 product revenue	\$46m	+123% y/y; full quarter includes pre-close period
EMPAVELI, Biogen-recognized revenue	\$30.4m	Recognized after May 14 acquisition close
LEQEMBI global in-market sales	\$184m	+15% y/y; \$97m U.S. in-market sales
Biogen Alzheimer's collaboration revenue	\$63.7m	Biogen's recognized collaboration share, not gross global product sales

Sources: Biogen Q2 2026 earnings release and Form 10-Q. "Full Q2 product revenue" for SYFOVRE and EMPAVELI includes periods before close; Biogen's recognized revenue starts May 14. The company-defined Growth Portfolio includes specified products and Biogen's share of LEQEMBI collaboration revenue.

Exhibit 2. Acquisition and financial commitments

Item	Publicly reported information as of July 29, 2026
Closing date	May 14, 2026
Cash offer	\$41 per Apellis share
Contingent value right	Up to \$4 per share, tied to annual SYFOVRE net sales thresholds
Accounting consideration	\$5.410bn total, including \$5.406bn cash consideration and \$4.1m fair value of contingent consideration
Acquisition financing	Available cash plus \$2.0bn term loan and \$400m revolver draw
June 30 liquidity/debt	\$1.3bn cash and marketable securities; about \$8.1bn total debt
2026 acquisition dilution	Approximately \$0.85/share, company estimate
2027 accretion / synergies	Accretion expected in 2027; at least \$250m run-rate synergies targeted exiting 2027

Source: Biogen Q2 2026 Form 10-Q and earnings release. EPS and synergy statements are management expectations. The fair value of the CVR is not the maximum possible payout.

Exhibit 3. Expected registrational data flow

Program	Indication	Company's timing as of July 29, 2026
Litifilimab, two Phase 3 studies	SLE	Expected by end of 2026
Litifilimab, Phase 3	CLE	Anticipated in 2027; presentation showed H1 2027
Felzartamab, Phase 3	AMR after kidney transplant	Anticipated in 2027; presentation showed H1 2027
Zorevunersen, Phase 3	Dravet syndrome	Anticipated in 2027; presentation showed Q3 2027

Source: Biogen Q2 2026 results release and earnings presentation, slide 14. The company described the overall timeline as an estimate, not comprehensive, and subject to change.

Exhibit 4. Strategic capacity map

Priority area	Capabilities that may matter	Public evidence gap
SYFOVRE / retina	Retina-specialist relationships, injection access, patient identification, payer access, safety communication	No post-close staffing, persistence, margin, or independent product-level adoption evidence
EMPAVELI / nephrology and hematology	Specialist education, rare-disease diagnosis, payer pathway, administration support, indication-specific evidence	No indication-level sales mix or post-close commercial capacity disclosed
Felzartamab / pipeline	Trial execution, specialist/site access, regulatory readiness, potential nephrology launch preparation	Readout timing is forecast; outcomes and launch requirements remain uncertain
Existing growth brands and readouts	Launch support, clinical operations, medical affairs and collaboration coordination	No internal project-level resource allocation or hurdle rates disclosed
LEQEMBI collaboration	Shared promotion and development with Eisai	Eisai has final decision rights on collaboration matters; costs and profits/losses shared equally

This map is a discussion aid. It does not assert that these are Biogen's actual staffing plans or that the capabilities are interchangeable.

Sources

1. Biogen Inc., Form 10-Q for the quarter ended June 30, 2026, filed July 29, 2026, [SEC filing](#).
2. Biogen, “Biogen Reports Second Quarter 2026 Results,” July 29, 2026, [SEC Exhibit 99.1](#).
3. Biogen, Q2 2026 earnings presentation, July 29, 2026, slide 14, [PDF](#).
4. Biogen, “Biogen Completes Acquisition of Apellis Pharmaceuticals,” May 14, 2026, [release](#).
5. Apellis Pharmaceuticals, Form 10-K for year ended December 31, 2025, [SEC filing](#).
6. Apellis Pharmaceuticals, Form 10-Q for quarter ended March 31, 2026, [SEC filing](#).
7. O’Donnell, A. J., et al. “Implementation of Lecanemab for Alzheimer’s Disease Within the Veterans Health Administration: Facilitators and Barriers.” *Journal of the American Geriatrics Society* 73(10), 2025, 3178-3183. [DOI](#).
8. Rosenbloom, M., et al. “Real-world use of lecanemab: patient pathway findings from a US multicenter study.” *Alzheimer’s & Dementia: Diagnosis, Assessment & Disease Monitoring* 18 (2026): e70376. [DOI](#).

Teaching note: This is a student case. Instructor guidance is maintained separately in the private teaching note.