

Acquisitions at Roche

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Roche has followed a somewhat different pattern. Its most important acquisitions were the majority stake in Genentech in 1990, the full acquisition of Genentech in 2009 and the majority stake in Chugai Pharmaceutical in Japan in 2002. In the Chugai transaction, Roche combined its Japanese subsidiary Nippon Roche with Chugai and obtained a majority of just over 50 per cent of the enlarged company, which it later increased to about 60 per cent. Chugai remained listed on the Tokyo Stock Exchange and retained considerable autonomy, a model similar to that applied to Genentech before 2009. The partial ownership allowed Roche to gain control of an important research and commercial operation without paying for full ownership.¹

The Roche model of minority-listed subsidiaries has a financial logic. A listed subsidiary retains its own currency for incentivising researchers with share-based remuneration, its own access to capital markets and its own culture. At the same time, the parent consolidates the subsidiary's results and controls its strategy through the board. The disadvantage lies in the conflicts of interest that can arise between the parent and minority shareholders, for instance over licensing terms or the allocation of research projects. In the case of Genentech, these tensions eventually led Roche to buy out the minority, whereas the Chugai structure has remained in place.²

In the last decade, Roche has carried out a series of medium-sized acquisitions. In 2019 it acquired Spark Therapeutics, a gene therapy company based in Philadelphia, for about USD 4.3 billion. In 2023 it acquired Carmot Therapeutics, which developed treatments for obesity and diabetes, for about USD 2.7 billion plus potential milestone payments, and Telavant, a company developing an antibody for inflammatory bowel disease, for about USD 7.1 billion. Further transactions in 2024 and 2025, including the acquisitions of Poseida Therapeutics and 89bio, have followed the same pattern. Roche has financed these purchases from cash

and current borrowing, without the need for transactions of the scale of 2009.³

The acquisition of Spark was delayed by a lengthy review by the US Federal Trade Commission and the UK Competition and Markets Authority, which examined possible overlaps in haemophilia treatments. The review illustrates how antitrust procedures in several jurisdictions shape the timetable and financing of pharmaceutical transactions. A company that has agreed to buy a target at a fixed price must keep the necessary funds available for months, sometimes for more than a year, without knowing whether the transaction will be approved. A strong balance sheet with large liquid reserves allows the acquirer to bear this uncertainty without expensive committed bank facilities.⁴

1 Notes

1. On the alliance between Roche and Chugai Pharmaceutical concluded in 2001 and completed in October 2002, the merger of Nippon Roche into Chugai and the development of Roche's stake to about 60 per cent, see the Roche annual reports 2002 onwards and the annual reports of Chugai Pharmaceutical. Percentages to be verified. ↩
2. On the governance of Genentech as a majority-owned listed subsidiary of Roche between 1990 and 2009 and the governance agreements with Chugai, see the Roche annual reports and the literature on the Roche–Genentech relationship. The assessment of advantages and disadvantages is the author's own. To be verified. ↩
3. On the acquisitions of Spark Therapeutics (about USD 4.3 billion, announced February 2019, completed December 2019), Carmot Therapeutics (about USD 2.7 billion upfront, announced December 2023), Telavant (about USD 7.1 billion upfront, announced October 2023), Poseida Therapeutics (announced November 2024) and 89bio (announced 2025), see the Roche press releases and annual reports. Amounts and dates to be verified. Status to be verified. ↩
4. On the review of the Roche–Spark transaction by the US Federal Trade Commission and the UK Competition and Markets Authority in 2019, see the decisions and press releases of both authorities of December 2019. To be verified. ↩

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