

Royalty Pharma offers to buy Elan for about \$6.5B (Update)

February 25 2013

Royalty Pharma said Monday that it wants to buy Elan Corp. PLC for about \$6.5 billion, but has yet to receive a formal response from the Irish drugmaker.

The \$11-per-share offer, which was made earlier this month and applies to both Elan's regular and American depository shares, represents a 4 percent premium over its closing ADS price on Friday.

The news sent Elan's U.S. shares up 70 cents, or 6.6 percent, to \$11.30 in midday trading, after peaking at \$11.61 shortly after the session's opening bell.

Royalty Pharma, a private company based in New York, acquires royalty interests in marketed and late-stage biopharmaceutical products. It does not discover, develop or market drugs.

The company said Monday that Dublin-based Elan hadn't formally responded to its proposal and that it's been unsuccessful in engaging the company in talks since the proposal was made.

Elan released a statement questioning the timing of Royalty Pharma's announcement, calling it "highly opportunistic," but left the door open for future offers from Royalty Pharma or other suitors, saying that it will consider any "credible" offer.

Elan noted that Royalty Pharma's public announcement comes before

shareholders can properly evaluate a pending deal that's expected to land Elan a \$3.25 billion payment related to its collaboration on the multiple sclerosis drug Tysabri.

Elan has been a partner with Biogen Idec Inc. on the drug since 2000, but announced earlier this month that it was ending that arrangement. As part of that deal, which is expected to close soon, Biogen will get full ownership of Tysabri and Elan will get the \$3.25 billion payment, as well as royalties on all sales of the drug.

Elan has said that it plans to use part of the payment to buy back \$1 billion of its stock, boosting value for the company's shareholders.

Royalty Pharma said Monday it plans to finance the acquisition through a combination of cash and debt.

Over the past 52 weeks, Elan's U.S. shares have traded between \$9.37 and \$15.27. Over the past year, the shares have lost about 15 percent of their value.

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Citation: Royalty Pharma offers to buy Elan for about \$6.5B (Update) (2013, February 25) retrieved 6 May 2024 from

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