

Royalty Pharma lets Elan takeover bid expire

June 18 2013, by Tom Murphy

Royalty Pharma has let its latest takeover bid for Irish drugmaker Elan lapse as it decided against pressing ahead with a court challenge of a requirement that it withdraw the offer.

Royalty offered earlier this month to pay \$13 per share for each Elan share plus up to \$2.50 per share in payments based on performance milestones. That totaled about \$7.76 billion not counting the milestone payments.

An Irish Takeover Panel required Royalty to withdraw that offer if Elan's shareholders approved a [stock buyback](#), which they did in a vote announced Monday. New York-based Royalty had planned to challenge the takeover panel's requirement in court, but it said Tuesday it withdrew the judicial review request.

Elan is exploring a sale of the company, and it has said Royalty can participate in its formal sale process.

Royalty, based in New York, is a privately held company that buys royalty interests in drugs and late-stage [drug candidates](#). It has made several offers to buy Elan this year after initially pitching a deal for \$11 per share in February.

A Royalty spokesman declined to comment Tuesday on whether the company will consider another Elan bid.

Elan had said Royalty's latest offer was "wholly inadequate" for its

shareholders.

Elan management may be amenable to a deal that values the company at between \$15 and \$20 per share, Jefferies analyst Corey Davis said in a research note. He thinks Elan may be worth about \$19 per share.

Elan had 596.7 million shares outstanding at the end of the first quarter, so \$19 per share would equate to a deal worth about \$11.34 billion.

In April, Elan sold its interest in the multiple sclerosis treatment [Tysabri](#) to former development partner Biogen Idec Inc. That deal was worth \$3.25 billion in cash and recurring [royalty payments](#).

The drugmaker also attempted to diversify its business through a string of acquisitions, but shareholders rejected those deals. Elan said last week it would explore a sale after it became clear that shareholders would reject the acquisitions.

Elan's shares rose 18 cents to \$13.67 in premarket trading Tuesday 25 minutes before the market opening.

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Citation: Royalty Pharma lets Elan takeover bid expire (2013, June 18) retrieved 20 March 2024 from <https://medicalxpress.com/news/2013-06-royalty-pharma-elan-takeover-expire.html>

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