

Drugmaker Shire backs new \$53.6-bn AbbVie takeover bid (Update)

July 14 2014, by Roland Jackson

Shire Pharmaceuticals on Monday backed a revised \$53.6-billion takeover from US giant AbbVie, reversing its opposition to a deal, and added it was in "detailed discussions" over terms.

AbbVie's latest cash-and-stock proposal for Shire was worth £53.20 per share, valuing the company at the equivalent of £31.35 billion or 39.5 billion euros (\$53.8 billion), Shire said in a statement.

The US group's previous offer, pitched only last week, was at £51.15 per share or \$51.6 billion.

Shire shareholders are to get £24.44 in cash and 0.8960 shares of new AbbVie per Shire share, and own 25 percent of the combined company, under the new proposal received on Sunday.

'Willing to recommend' bid

"The board of Shire has indicated to AbbVie that it would be willing to recommend an offer at the level of the revised proposal to Shire shareholders subject to satisfactory resolution of the other terms of the offer," Shire said Monday.

"Accordingly, the board is in detailed discussions with AbbVie in relation to these terms," added the group, which is listed in London and New York but based in Dublin.

Shire, which is a specialist in drugs for the treatment of attention-deficit disorder, had previously rejected offers from AbbVie as undervaluing the company's prospects.

It also provides treatments in areas such as rare diseases and neuroscience and is developing products in other therapeutic areas.

Shire had also previously highlighted concerns over AbbVie's plans to make Britain its home base for tax purposes.

The latest proposal remains subject to preconditions set by AbbVie on July 8, including due diligence and the recommendation of the board.

Shire added however that there was no certainty that any firm offer would be made, while a further update would be made when appropriate.

AbbVie, which is listed in New York and was spun off from Abbott Laboratories in January 2013, had been repeatedly rejected by Shire since an initial proposal on May 6 worth £39.50 per share .

The US group, known for the anti-inflammatory drug Humira, has until July 18 to make a formal bid for Shire under British takeover rules.

Shares under bid price

London investors appeared uncertain that the deal would go ahead however, as Shire's share price languished underneath the bid price.

It shares nonetheless gained 2.63 percent to stand at £49.98 pence in late morning deals on London's FTSE 100 index of leading companies, which was up 0.65 percent at 6,733.35 points.

"Shire Pharmaceuticals are trading higher but cautiously below the

proposed offer price suggesting investor nerves that the deal may not go ahead despite board approval," noted Mike McCudden, head of derivatives at stockbroker Interactive Investor.

The pharmaceuticals sector has seen a raft of multi-billion-dollar deals in recent months, with US companies looking to Europe as a way to reduce their tax liabilities.

In late May, Anglo-Swedish group AstraZeneca fought off a \$117-billion takeover bid from US giant Pfizer, amid worries over British jobs and research capability.

There were also accusations that the tie-up was a cynical ploy by Pfizer to avoid paying tax on profits if they were sent to the United States. The US group had also proposed to switch its tax base to Britain from the United States.

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