Medical Xpress

Perrigo to go it alone; shareholders reject $26B Mylan bid (Update)

November 13 2015, byTom Murphy

This Oct. 10, 2013, file photo, shows an EpiPen epinephrine auto-injector, a Mylan product, in Hendersonville, Texas. Shares of over-the-counter drugmaker Perrigo sank early Friday, Nov. 13, 2015, on a report that its stock owners will reject a hostile, $26-billion takeover bid from Mylan. (AP Photo/Mark Zaleski, File)

Shareholders of the drugmaker Perrigo shut the door on a $26-billion hostile takeover bid from Mylan.

Mylan acknowledged that its cash-and-stock offer failed to garner enough interest from Perrigo shareholders by a Friday deadline. About 40 percent of Perrigo shares had been tendered, well short of the more than 50 percent required to advance its takeover, the generic drugmaker said.

Acceding defeat, Mylan Executive Chairman Robert J. Coury said in a printed statement that the Perrigo deal was a "unique and exciting opportunity, but not one that was required for the future success of our company."

Mylan NV makes more than 1,000 generic drugs and the EpiPen, used for the emergency treatment of allergic reactions. It approached Perrigo a number of times before going hostile with its bid, seeking the direct approval of Perrigo shareholders in September.

Mylan saw advantages in a combination of its generic portfolio with Perrigo's suite of over-the-counter vitamins, nutritional products and infant formula.

Perrigo executives, however, called Mylan's offer grossly inadequate and urged shareholders to stand firm. Bolstering its case late last month, Perrigo said it would be trimming costs by cutting 800 employees, or 6 percent of its global workforce, and that it would begin buying back stock.

It will be a lot cheaper to Perrigo to do that in the short term.

Shares hit a low for the year after falling $11.47, to $144.71, a hit company investors were apparently more than ready to tolerate.

Perrigo Chairman and CEO Joseph C. Papa said Friday that the buying of company shares would commence immediately.

Mylan shareholders voted in favor of the acquisition last month, and European Union regulators had cleared it. It also got a nod from the U.S. Federal Trade Commission after saying that it would sell seven of its generic drugs.

Mylan remained confident in the deal just three days ago, and warned Perrigo shareholders that they would take a financial hit if they rejected its offer. Perrigo shares tumbled 7 percent Friday.

Perrigo shares were plunging even before the opening bell Friday after the Wall Street Journal, citing anonymous sources, reported that the Mylan bid would fail.

Both companies have tied up with foreign companies in recent years to trim their tax bills and organize in Europe using a maneuver called an inversion. Mylan became part of a new company incorporated in the Netherlands but still runs its business out of its Canonsburg, Pennsylvania, near Pittsburgh. Perrigo, based in Allegan, Michigan, combined with Ireland's Elan Corp. and now lists its headquarters as Dublin.