Shareholders agree to Takeda's $60bn Shire acquisition

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Takeda's near $60 bn purchase of Shire is the biggest foreign takeover by a Japanese firm

Japanese drug giant Takeda's mammoth $60-billion takeover of Irish pharmaceuticals firm Shire has been approved by both sets of shareholders, the pair said Wednesday.

The proposed purchase, worth the equivalent of 51.5 billion euros or £46 billion, represents the biggest ever foreign takeover by a Japanese firm.

A group of rebel Takeda investors, including members of the founding family, had attempted to thwart the deal but were outvoted at an extraordinary shareholders' meeting held in the western city of Osaka where the company has its headquarters.

The scheme was "approved as originally proposed", said a statement from Takeda, adding it should come into effect in early January.

Shire announced in a separate statement that its shareholders had also given the green light at a meeting held in Dublin.

The takeover is now expected to complete on January 8, according to Shire.

The deal, which will create one of the world's top 10 drug companies, caps a lengthy courtship by Takeda of its larger rival as it seeks to expand overseas.

"We are delighted that our shareholders have given their strong support to our acquisition of Shire," said Takeda CEO Christophe Weber.

Analysts have said the buyout would be a smart move by Takeda as it looks to diversify, and could pay off in the long-term, but it has also raised concerns that the Japanese firm could be overextending itself financially.

Takeda plans to finance the 46-billion-pound ($58.4 billion) buyout through issuing new shares in exchange for Shire stock, bank loans and bond issuance.

Shares in Takeda closed up 1.07 percent at 4,240 yen on the Tokyo Stock Exchange as investors cheered the shareholders' approval.

"The approval prompted buybacks," said Makoto Sengoku, market analyst at Tokai Tokyo Research Institute.

"The company averted the worst-case scenario in which opposition to the deal wins and throws its business planning into a mess," he told AFP.

But Sengoku noted the price was still down more than 30 percent from around 6,500 yen at the start of the year as investors worried about a dilution of the stock's value due to the planned issuance of new shares.

"From here, market players will be watching details of the deal, including exactly how many shares will be issued," he said.

'More competitive, agile'

The buyout is the latest in a flurry of merger and acquisition activity in the pharmaceutical industry as traditional players see profits eroded by competition from generic medicines.

Japanese firms in particular are facing pressure domestically as the government tries to cut prices of many branded drugs and increase the focus on cheaper generics to curb health spending as the population ages rapidly.

Takeda, led by Frenchman Weber, has been actively looking overseas for acquisitions.

In 2011 it took over Swiss rival Nycomed for 9.6 billion euros ($13.6 billion at the time).

Analysts have described Shire as an attractive target for Takeda, with a portfolio of existing treatments in fields where the barriers to entry are high and profits large.

In particular, Shire will give Takeda access to research and development in fields the Japanese firm has long sought, including digestive systems, mental illness and rare diseases.

The new firm would be "more competitive, agile, highly profitable, and therefore more resilient... poised to deliver highly innovative medicines and transformative care to patients around the world", said Weber.

The deal is by far the largest acquisition of a foreign firm by a Japanese company, dwarfing SoftBank Group's 2016 purchase of Britain's ARM Holdings in a $24.3 billion deal.

It falls well short, however, of breaking international records.

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