

Bayer to acquire Merck & Co.'s consumer-care business for \$14.2 billion

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Bayer announced on 6 May that it has agreed to acquire the consumer-care business of pharmaceutical company Merck & Co. (Whitehouse Station, NJ), for \$14.2 billion in cash. The acquisition will give Bayer the global number-two position in OTC products, behind Johnson & Johnson, Bayer says. Merck's consumer-care business includes leading brands such as Claritin, Coppertone, and Dr. Scholl's. Pro forma sales of the combined businesses in 2013 amounted to \$7.4 billion, with Merck's business contributing about \$2.2 billion, Bayer says. The transaction is subject to approval from the relevant antitrust authorities, with closing expected in the second half of 2014, Bayer says.

The merged business is to be headquartered at the Bayer site at Whippany, NJ. "This acquisition marks a major milestone on our path towards global leadership in the attractive nonprescription medicines business," says Marijn Dekkers, CEO of Bayer. The purchase price represents a 2013 pro forma Ebitda multiple of 21, Bayer says. Bayer expects the integration of the businesses to generate cost synergies of about \$200 million/year by 2017.

Bayer has declined to comment on reports from late April, prior to the announced deal with Merck, that it is contemplating selling its Bayer MaterialScience (BMS) division. BMS produces polyurethanes and polycarbonate. Bayer has said in the past that it would consider selling BMS to fund a big, pharma-related acquisition.

Source: IHS Chemical Week