

## Nestle Takes Lead in Bids for Merck's Consumer Unit

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- Perrigo, Bain and Cinven are said to have dropped out
  - Reckitt, Mylan also eyeing assets that may fetch \$5 billion
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Nestle SA, the world's largest food company, is emerging as the lead bidder to acquire [Merck KGaA's consumer-health business](#) for as much as \$5 billion after some of the other potential suitors dropped out, according to people familiar with the matter.

Nestle has submitted [the highest offer](#) and the German company is likely to select a winner during the first quarter, the people said, asking not to be identified because the discussions are confidential. Companies such as Perrigo Co. and private equity firms Bain Capital and Cinven have decided to drop out of the sale process, the people said.

Spokesmen for Nestle, Merck, Bain and Cinven declined to comment. A representative for Perrigo didn't immediately respond to emailed requests.

While other companies such as Reckitt Benckiser Group Plc and Mylan NV are [among the suitors](#) for the assets, Nestle is considered the frontrunner so far, the people said. The Swiss food company's CEO Mark Schneider has been beefing up its health business, and last month acquired Canadian supplements maker Atrium Innovations for \$2.3 billion.

A spokeswoman for Reckitt Benckiser declined to comment. A call to Mylan was referred to the company's U.S. representatives, who didn't respond to an email outside of business hours.

The German conglomerate's consumer unit, which has generated less excitement among potential buyers than a competing set of assets being [brought to market by Pfizer Inc.](#), could fetch \$4 billion to \$5 billion in a sale, the people said. No final decision has been made and Merck may opt to retain the assets, the people said.

Merck is seeking to divest the unit, which markets vitamins and food supplements, and instead focus resources on [its pharmaceuticals business](#) <<https://www.bloomberg.com/news/articles/2017-11-01/pharma-s-other-merck-seeks-to-prove-cancer-success-was-no-fluke>>. The German conglomerate has said it won't have the money to bolster the consumer health division as well as test new drugs such as the cancer medicine Bavencio. The company plans to use the proceeds from a potential deal to pay down debt.

The division's over-the-counter brands include Neurobion, a combination of B vitamins, and Seven Seas nutritional supplements. The business generated 860 million euros (\$1.03 billion) in revenue for 2016.

Meanwhile U.S. behemoth Pfizer's consumer-health division, which had sales of \$3.4 billion in 2016, is expected to attract non-binding bids early this year with potential suitors including Nestle, Johnson & Johnson, GlaxoSmithKline Plc, Sanofi and Reckitt Benckiser, people

with knowledge of the matter said last month.

— *With assistance by Naomi Kresge, John Lauerman, Corinne Gretler, Thomas Buckley, and Yaacov Benmeleh*

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