

Merck to Sell Consumer Health to Procter & Gamble

Merck announced today that it has signed an agreement to sell its global Consumer Health business to Procter & Gamble (P&G) for approximately € 3.4 billion in cash ...



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- ◆ **Next step in Merck's strategic focus on innovation driven businesses**
- ◆ **All-cash purchase price of € 3.4 billion**
- ◆ **Proceeds will support further deleveraging and increase flexibility to strengthen all three business sectors**

Darmstadt, Germany, April 19, 2018 – Merck, a leading science and technology company, announced today that it has signed an agreement to sell its global Consumer Health business to Procter & Gamble (P&G) for approximately € 3.4 billion in cash, or approximately \$ 4.2 billion at current exchange rates. The transaction, which is expected to close by the end of the fourth quarter 2018, is subject to regulatory approvals and satisfaction of certain other customary closing conditions. Merck intends to use the net proceeds from the divestiture primarily to accelerate deleveraging. At the same time, it will allow Merck to increase flexibility to strengthen all three business sectors.

"The divestment of the Consumer Health business is an important step in Merck's strategic focus on innovation driven businesses within Healthcare, Life Science and Performance Materials. It is a clear demonstration of our continued commitment to actively shape our portfolio as a leading science and technology company. The attractive price reflects the high asset value and the performance Consumer Health has delivered," said Stefan

strong business that deserves the best possible opportunities for its future development. With P&G we have found a strong, highly recognized player who has the necessary scale to successfully drive the business going forward.”

“P&G’s global scale and strategic interest in the health and well-being of consumers provide an excellent basis for accelerating growth, leveraging our teams’ capabilities and expanding the Consumer Health business profitably. The marketed portfolios, product pipelines and geographic footprints of both businesses are highly complementary,” said Belén Garijo, Member of the Executive Board of Merck and CEO Healthcare. “With this transaction, we continue to rigorously deliver on our strategy to become a global specialty innovator and bring breakthrough medicines to patients.”

“We like the steady, broad-based growth of the OTC healthcare market and are pleased to add Merck’s Consumer Health portfolio and people to the P&G family,” said David Taylor, P&G Chairman of the Board, President and CEO.

“These leading brands and the great employees of Merck’s Consumer Health business will complement our Personal Health Care business very well,” said Tom Finn, President, P&G Global Personal Health Care. “This acquisition helps us continue to drive sales and profit growth for P&G by providing the capabilities and portfolio scale we need to operate a winning global OTC business.”

Between 2015 and 2017, Consumer Health’s net sales grew organically by 6%, outpacing the consumer health market’s growth of approximately 4% over the same period. For the full year 2017, net sales of the Consumer Health business amounted to € 911 million.

The transaction will be executed through the sale of Merck’s shares in a number of legal entities as well as various asset sales and comprises the Consumer Health business across 44 countries, including more than 900 products and two Consumer Health-managed production sites in Spittal (Austria) and Goa (India). As part of the transaction, it is contemplated that approximately 3,300 employees, mainly from Consumer Health, will transition to P&G upon completion of the transaction, subject to prior works council consultation where required. This includes Merck employees who, through their work, are fully dedicated to Consumer Health, and employees in share deal entities. The sale of the global Consumer Health business does not yet comprise the French Consumer Health business, where P&G has made a binding offer to acquire the shares and assets upon Merck having informed and consulted with the relevant works council representatives. For the Indian business, it has been agreed that P&G will acquire Merck’s majority

mandatory tender offer to minority shareholders. As part of the transaction, Merck and P&G have agreed a number of manufacturing, supply and service agreements.

In September 2017 Merck announced that it was preparing strategic options for its Consumer Health business, including a potential full or partial sale of the business as well as strategic partnerships.

J.P. Morgan acted as financial adviser to Merck on the transaction, and Freshfields Bruckhaus Deringer acted as a legal adviser to Merck.

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Consumer-Health-Divestiture-EN.PDF

APPLICATION/PDF (163.9 KB)

20180419_1100 Audio-cast Journalist Call
Merck_EN.mp3

AUDIO/MPEG (2.7 MB)

For more information contact **Thomas Möller**



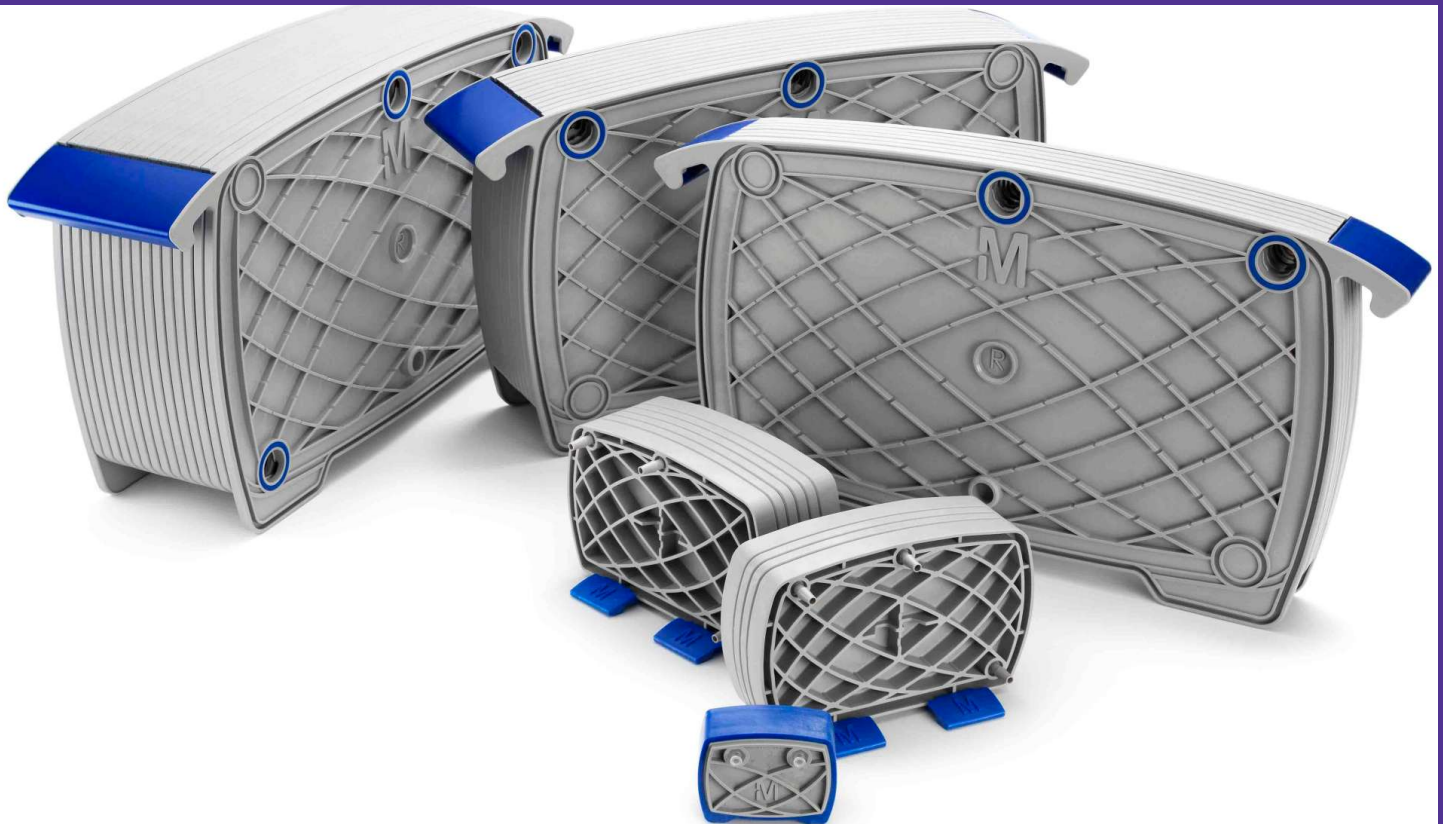
+49 6151 72-62445

About Merck

Merck is a leading science and technology company in healthcare, life science and performance materials. Almost 53,000 employees work to further develop technologies that improve and enhance life – from biopharmaceutical therapies to treat cancer or multiple sclerosis, cutting-edge systems for scientific research and production, to liquid crystals for smartphones and LCD televisions. In 2017, Merck generated sales of € 15.3 billion in 66 countries.

Founded in 1668, Merck is the world's oldest pharmaceutical and chemical company. The founding family remains the majority owner of the publicly listed corporate group. Merck holds the global rights to the Merck name and brand. The only exceptions are the United States and Canada, where the company operates as EMD Serono, MilliporeSigma and EMD Performance Materials.

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