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JULY 5, 2018 / 11:54 AM / UPDATED 5 MINUTES AGO

Exclusive: BMS hires banks for 1 billion euro-plus sale of French OTC drug unit - sources

Ben Martin, Pamela Barbaglia, Arno Schuetze



LONDON (Reuters) - U.S. pharmaceuticals giant Bristol-Myers Squibb ([BMY.N](#)) has hired two banks to find a buyer for its French over-the-counter (OTC) drugs business, which could be valued at more than 1 billion euros in a potential deal, sources familiar with the matter told Reuters.

Deutsche Bank and Jefferies are preparing the maker of Dafalgan and Efferalgan painkillers for an auction process which will kick off after the summer, the sources said.

The unit generated revenue of 425 million euros in 2017. It has core earnings of about 100 million euros and could fetch up to 1.5 billion euros (\$1.8 billion), one of the sources said, pointing to high sector valuations.

It comes after BMS said last month it would carry out a strategic review of its French consumer health business, called Upsa, which employs about 1,500 people in the country. The U.S. firm took full control of the unit, which also produces effervescent aspirin and vitamin C, 24 years ago.

BMS declined to comment beyond its June statement. Deutsche Bank and Jefferies declined to comment.

The planned sale reflects a trend by big drugmakers to focus on their strongest areas and BMS has already taken similar steps to offload non-core assets as it concentrates on high-margin prescription drugs, particularly for cancer.

The potential sale of Upsa follows a series of high profile deals in the consumer health industry including Procter & Gamble's acquisition of Merck KGaA's vitamin brands and GlaxoSmithKline's ([GSK.L](#)) move to buy Novartis out of their consumer healthcare joint venture for \$13 billion in March.

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BMS' French business is expected to draw interest from a series of European private equity-backed companies which are looking to scale up their existing portfolio companies, the sources said.

The bidding field is expected to include German generics drug firm Stada ([STAGn.DE](#)), which is held by buyout funds Bain and Cinven, and France's Zentiva [ROSCD.BX](#), which was sold to private equity firm Advent earlier this year, the sources said.

Italy's Recordati ([RECI.MI](#)), which recently entered an agreement to sell a majority stake to CVC, may also decide to join the fray, they said.

U.S. drug firms including Mylan ([MYL.O](#)) and Procter & Gamble ([PG.N](#)) are also expected to bid for the BMS unit, whose product portfolio includes cold and flu drug Fervex, they said.

Bristol-Myers Squibb Co

BMY.N NEW YORK STOCK EXCHANGE

55.49

-0.16 (-0.29%)



BMY.N GSK.L STAGn.DE RECI.MI MYL.O

The prospective bidders have yet to be given access to confidential information, one of the sources said.

Stada, Zentiva's owner Advent and P&G declined to comment while Recordati's backer CVC and Mylan were not immediately available for comment.

BMS's recent divestments include the 2013 rights sale to Reckitt Benckiser ([RB.L](#)) of a range of over-the-counter products sold in parts of Latin America while in 2005 Novartis ([NOVN.S](#)) bought certain BMS products in the United States for \$660 million.

BMS has previously taken steps to divest other non-core businesses, including the spin-off of its baby food unit Mead Johnson Nutrition in 2009.

Additional reporting by Ben Hirschler; editing by David Evans

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