

Sanofi joins bidder for Merck's consumer health products unit

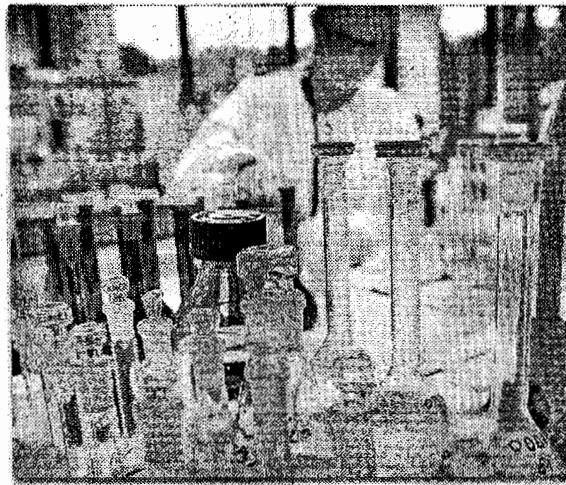
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Bloomberg

SANOFI, maker of the world's top-selling diabetes treatment, has joined the bidding for Merck's over-the-counter health-products unit, people with knowledge of the matter said.

Final bids, which could value the maker of copper-tone sunblock and claritin allergy medicine at \$10 billion to \$12 billion, are due next week, two people said, asking not to be identified discussing private information. Reckitt Benckiser Group, which sells Clearasil acne treatment cream, is the most aggressive bidder making it the frontrunner for the business, three people said.

Drugmakers have been spinning off or selling businesses that they deem too small or slow-growing in order to focus on new drugs and building up market-leading divisions. Merck's consumer-health sales dropped 3 per cent last year to \$1.9 billion, out of total sales of \$44 billion. Nearly a quarter of the unit's rev-



BUSINESS PLAN: Consumer products are the growth platforms it has identified as critical as it moves away from insomnia pills

enue comes from over-the-counter sales of Claritin, data compiled by Bloomberg show.

"OTC assets are highly desirable for market incumbents as almost no additional infrastructure is required," Barclays analysts including Michael Leuchten wrote in a note to investors on Tuesday. The Merck unit "from a geographic perspective would be a good fit" for Sanofi be-

cause 70 per cent of the revenue comes from the US, the analysts said.

Sanofi reported €3 billion (\$4.1 billion) of sales last year from consumer-health. Novartis has discussed swapping its animal-health business with Merck's consumer-health unit, people with knowledge of the matter said in January. Bayer is also interested in Merck's consumer business, three people said.

Spokesmen for Sanofi, Reckitt Benckiser, Bayer, Merck and Novartis declined to comment.

Sanofi shares rose 1.7 per cent to €74.79 at 10:39 am in Paris, valuing the company at 99 billion euros (\$137 billion).

Sanofi reported €3 billion of sales last year from consumer-health products, including allergy medicine Allegra. Consumer products are one of the growth platforms the company has identified as critical as it moves away from years of reliance on blood thinners and insomnia pills.

The French company's chief executive officer, Chris Viehbacher, whose signature deal since becoming CEO in 2008 was the \$20.1 billion acquisition of Genzyme in 2011, said in an interview last month that he's not contemplating doing another large deal as he pursues a strategy of partnerships with biotechnology companies.

Reckitt Benckiser, has grown its consumer-health business through acquisitions, with the segment now accounting for 28 per cent.

Company