Merck acquires Millipore **Deal No 1601162482**

Deal overview

Deal type	Acquisition 100%
Deal status	Completed
Deal value	7,200 mil USD *

Target name	Country	Activity	BvD ID number
Millipore Corporation	US	Pumps and pumping equipment	US042170233

Acquiror name	Country	Activity	BvD ID number
Merck KGaA	DE	Pharmaceutical preparations manufacturing	DE6050108507

Regulatory bodies European Commission (European Union)

Deal structure & dates

Deal type	Acquisition 100%	**Deal status**	Completed
Deal sub-type	Public takeover	**Rumour date**	23/02/10
Deal financing	New bank facilities	**Announced date**	28/02/10
Deal method of payment	Debt assumed (1,200 mil USD) Cash (6,000 mil USD)	**Completed date**	15/07/10

Deal values

Deal value	7,200.00 mil USD *	**Native currency**	USD
Deal equity value	6,000.00 mil USD		
Deal enterprise value	7,200.00 mil USD		
Deal modelled enterprise value	6,764.76 mil USD		
Deal total target value	7,200.00 mil USD *		

Pre-deal target financials & multiples

Millipore Corporation

Consolidated statements	31/12/09 12 months Unqual Local GAAP 10-K mil USD	31/12/09 Deal value multiples	31/12/09 Equity value multiples	31/12/09 Enterprise value multiples	31/12/09 Modelled enterprise value multiples
Pre-deal target operating revenue/turnover	1,654	4.35	3.63	4.35	4.09
Pre-deal target EBITDA	403	17.85	14.87	17.85	16.77
Pre-deal target EBIT	277	25.98	21.65	25.98	24.40
Pre-deal target profit before tax	220	32.79	27.32	32.79	30.81
Pre-deal target profit after tax	179	40.18	33.48	40.18	37.75
Pre-deal target total assets	2,811	2.56	2.13	2.56	2.41
Pre-deal target shareholders funds	1,503	4.79	3.99	4.79	4.50
Pre-deal target market capitalisation	n.a.	n.a.	n.a.	n.a.	n.a.

Pre-deal target financials & multiples

Consolidated statements	31/12/09 Total target value multiples
Pre-deal target operating revenue/turnover	4.35
Pre-deal target EBITDA	17.85
Pre-deal target EBIT	25.98
Pre-deal target profit before tax	32.79
Pre-deal target profit after tax	40.18
Pre-deal target total assets	2.56
Pre-deal target shareholders funds	4.79
Pre-deal target market capitalisation	n.a.

Deal stock prices

Offer price	107.00 USD
Bid premium - Rumour Date	22.50 %(22/02/10)
Bid premium - Announced Date	13.34 %(26/02/10)

Target name:	**Millipore Corporation**
Stock price 3 months prior to rumour	68.30 USD(23/11/09)
Stock price 3 months prior to announcement	67.85 USD(27/11/09)
Stock price prior to rumour	87.35 USD(22/02/10)
Stock price prior to announcement	94.41 USD(26/02/10)
Stock price after completion	n.a.
Stock price 1 week after completion	n.a.
Stock price 1 month after completion	n.a.

Acquiror name:	**Merck KGaA**
Stock price 3 months prior to rumour	98.29 USD(23/11/09)
Stock price 3 months prior to announcement	98.25 USD(27/11/09)
Stock price prior to rumour	87.78 USD(22/02/10)
Stock price prior to announcement	78.27 USD(26/02/10)
Stock price after completion	81.11 USD(19/07/10)
Stock price 1 week after completion	n.a.
Stock price 1 month after completion	n.a.

Deal comments & rationale

Comments On 23/02/10 it was reported that ThermoFisher Scientific Inc. has proposed offering USD 6 billion in cash to acquire Millipore Corporation, the listed Billerica, Massachusetts-based diagnostics and laboratory equipment wholesaler. Based on Millipore having 55,612,000 shares in issue, the proposed offer is equivalent to USD 107.89 per share, which would represent a bid premium of 23.515 per cent over Millipore's closing share price of USD 87.35 on 22/02/10, the last trading day prior to this rumour.

On 28/02/10 it was announced that Merck KGaA has entered into a definitive agreement to acquire Millipore. The offer is USD 107 per share in cash, which reportedly values Millipore at approximately USD 7.2 billion, inclusive of debt to be assumed. The offer represents a bid premium of 13.335 per cent over Millipore's closing share price of USD 94.41 on 26/02/10, the last trading day prior to this announcement, and a bid premium of 22.496 per cent over Millipore's closing share price of USD 87.35 on 22/02/10, the last trading day prior to a sale of Millipore being rumoured. The transaction has been approved by the boards of directors of both companies. Merck intends to maintain Millipore's headquarters in Billerica and retain Millipore's senior management. Completion of the transaction is subject to the approval of the Millipore shareholders, receipt of anti-trust clearance, other regulatory approvals and other customary conditions. The transaction is expected to complete in the second half of 2010.

On 01/03/10 it was reported that the consideration excluding debt is approximately USD 6 billion.

Deal comments & rationale

Comments On 03/06/10 Millipore Corporation announced that it has received shareholders approval. The deal is expected to complete early in the third quarter of 2010.
On 07/07/10 it was reported that the deal has received European Commission approval.
On 15/07/10 Merck KGaA announced that it has acquired Millipore Corporation.

Rationale This transaction is very attractive to shareholders, customers and employees of both companies," said Dr Karl-Ludwig Kley, Chairman of Merck. "This is a combination with an excellent strategic fit, which will allow us to cover the entire value chain for our pharma and biopharma customers, offering in entire value chain for our pharma and biopharma customers, offering integrated solutions beyond chemicals."

Mr Martin Madaus, Chairman, President and CEO of Millipore said, "Over the past five years, we have transformed Millipore into a life science leader by driving innovation, entering new markets, and generating exceptional operational performance. Today's announcement, which is the outcome of a thorough strategic review process, is a validation of the tremendous value of the Millipore brand and a testament to the value this transformation has created for all of our stakeholders. We are excited to join a high-quality company like Merck as we will gain greater scale and scope in the life science industry. This is a very positive outcome for our employees and customers as we continue to build on our strategy for growth, while maintaining our headquarters in Billerica."

Dr Kley added: "By combining Millipore's bioscience and bioprocess knowledge with our own expertise in serving pharma customers, we will be able to unlock value in our chemicals business and transform it into a strong growth driver for Merck. Through this acquisition, we will expand the overall product offering of the Merck Group, using the well-recognized Millipore brand in addition to our own brand."

The transaction is expected to generate cost synergies of around USD 100 million.

All advisors

ADVISORS TO TARGET

Target name	Advisor name	Advisor role	Location	BvD ID number	Deal professionals
Millipore Corporation	Goldman Sachs	Financial Advisor	n.a.	US47513	n.a.
	Cravath Swaine & Moore	Lawyer	n.a.	US07-105-0819	n.a.
	Ropes & Gray LLP	Lawyer	n.a.	US07-171-4067	n.a.

ADVISORS TO ACQUIROR

Acquiror name	Advisor name	Advisor role	Location	BvD ID number	Deal professionals
Merck KGaA	Guggenheim Partners LLC	Financial Advisor	n.a.	US14-260-3567	n.a.
	Perella Weinberg Partners LP	Financial Advisor	International	US78-099-7388	n.a.
	Skadden Arps Slate Meagher & Flom LLP	Lawyer	International	US07-104-4069	Mr Peter Atkins Mr Frederic Depoortere Hilary Foulkes Mr Ben Crisman Mr Johannes Kremer

INVESTORS

Investor type	Investor name	Location	BvD ID number	Deal professionals
DEBT	Commerzbank AG	n.a.	DE13190	n.a.
	Bank of America Corporation	International	US36041	n.a.
	BNP Paribas SA	International	FR10931	n.a.

ADVISORS TO ADVISORS/INVESTORS

Advisor name	Advisor name	Advisor role	Location	BvD ID number	Deal professionals
Commerzbank AG	Hengeler Mueller	Lawyer	International	n.a.	Mr Thomas O Cron Mr David Barst
	Davis Polk & Wardwell	Lawyer	New York	n.a.	Mr Peter R Douglas Mr Bradley Y Smith
Bank of America Corporation	Hengeler Mueller	Lawyer	International	n.a.	Mr Thomas O Cron Mr David Barst
	Davis Polk & Wardwell	Lawyer	New York	n.a.	Mr Peter R Douglas Mr Bradley Y Smith
BNP Paribas SA	Hengeler Mueller	Lawyer	International	n.a.	Mr Thomas O Cron Mr David Barst
	Davis Polk & Wardwell	Lawyer	New York	n.a.	Mr Peter R Douglas Mr Bradley Y Smith

Editorial

23/02/10 :Has Thermo Fisher bid for Millipore?

Shares in Millipore, a US supplier of diagnostics and equipment to the biotechnology industry, soared 22.4 per cent on a report it has received a multi-billion-dollar takeover offer.

A person close to the situation told Bloomberg that Thermo Fisher Scientific, the leading manufacturer of laboratory instruments, has approached the Massachusetts-headquartered life science group with an unsolicited offer worth around USD 6.00 billion.

The source, who declined to be identified as discussions are not yet public, mentioned the target has hired Goldman Sachs as financial adviser after receiving a bid and a deal could be shaken on as early as next week.

Joel Levington, an analyst with Brookfield Investment Management, told Bloomberg: “Strategically, a combination would make sense between the peers, as it would enhance Thermo Fisher’s exposure to the faster-growing biotech sector.”

However, it remains to be seen whether anything more concrete emerges from the reported talks.

Ron O’Brien, a spokesman for Thermo Fisher, declined to comment on “rumours” while Karen Hall, a Millipore representative, said in an e-mailed statement to Bloomberg: “It’s a rumour and we have no comment on the rumour.”

Millipore’s Nasdaq-listed shares advanced by as much as 23.8 per cent yesterday following the report before paring gains to end the day USD 16.01 higher at USD 87.35 (19th February: close of USD 71.34), giving a market capitalisation of USD 4.86 billion.

Founded in 1954, the company has subsidiaries or offices in more than 30 countries and a network of distributors and dealers, with major manufacturing centres in France, Ireland and New Hampshire.

It has around 6,000 employees worldwide, with 2,800 in North and Latin America, 2,700 in Europe and 470 in the Asia-Pacific region, according to its website.

In the 12 months ended 31st December 2009 Millipore generated operating profit of USD 268.65 million on revenue of USD 1.65 billion compared with USD 233.50 million on sales of USD 1.60 billion in FY 2008.

Net profit attributable to shareholders rose to USD 177.00 million, showing a profit per share of USD 3.15, from USD 137.61 million, or USD 2.47 per security, a year earlier.

Source information

Source data

http://www.boston.com/; Electronic Publication, Business Wire; reuter; Company Press Release; Advisor Submission

Source documentation

Date	Document
24/02/10	Target press release
28/02/10	Target Press Release
28/02/10	Acquiror Press Release
03/06/10	Target Press Release
15/07/10	Target Press Release