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Singapore: As a surprise to Sigma Aldrich stock holders, German pharmaceutical company Merck kGaA has acquired US-based Sigma Aldrich for \$17bn. With a \$2.7bn sales last year, Sigma Aldrich is the largest supplier of chemicals and biological materials used in scientific laboratories.

Market analysts state that the merger of Merck and Sigma-Aldrich would enable the new company to compete better in their pharmaceutical business.

At a press conference, Mr Karl-Ludwig Kley, Merck, chief executive said, "The merger will yield us a stable growth and profitability in our lifescience business and help the company benefit from trends like increasing globalization of research and pharmaceutical production."

Reports suggest that the deal will leave Merck with more profitable earnings and the company will be less reliant on its largest division, the pharmaceutical business. This can further encourage research and innovation.

Mr Ross Muken, a life sciences industry analyst, ISI Group LLC, New York, said, "Sigma helps fill in a lot of the missing pieces for Merck." Mr Muken added that the combined company will help in completing the entire drug development cycle as many of Merck's products are used to manufacture pharmaceuticals, whereas Sigma-Aldrich's products are commonly used in the earlier stages of drug discovery and development.

The acquisition has been unanimously approved by Sigma-Aldrich's board of directors and will be presented to the company's shareholders for approval at a special meeting.