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Waters and BD unite in $17.5B deal to lead life sciences and diagnostics

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The Reverse Morris Trust deal doubles Waters' addressable market to ~$40B, enhances recurring revenue to over 70%, and delivers a pro forma 2025 outlook of $6.5B in revenue and $2.0B in adjusted EBITDAÃ¢â?¬â?¢accelerating expansion into high-growth adjacencies with immediate EPS accretion and long-term value creation.



- Strong strategic fit that increases presence in multiple high-growth adjacencies and offers immediate commercial impact from Waters' proven execution model
- Doubles Waters' total addressable market to approximately $40 billion, with 5-7% annual growth
- Creates a combined company with pro forma expected 2025 sales of approximately $6.5 billion and adjusted EBITDA of approximately $2.0 billion
- Increases annual recurring revenue to over 70% with over 80% of revenue coming from iconic market-leading brands
- Anticipate approximately $345 million in annualized EBITDA synergies by 2030, including $200 million of cost synergies by year three, and $290 million of revenue synergies by year five
- Delivers an industry-leading financial outlook with mid-to-high single-digit revenue growth, approximately 500 basis points of adjusted operating margin expansion, and mid-teens annualized adjusted EPS growth expected over five years
- Transaction expected to be accretive to adjusted EPS in the first year

Waters Corporation and BD announced a definitive agreement to combine BD's Biosciences & Diagnostic Solutions business with Waters, creating an innovative life science and diagnostics leader with pioneering technologies and an industry-leading financial outlook. The agreement is structured as a tax-efficient Reverse Morris Trust transaction valued at approximately $17.5 billion.

Compelling Strategic and Financial Benefits

The companies expect that the transaction will create substantial shareholder value by:

- **Bringing together complementary technologies to serve high-volume testing in attractive and regulated end-markets:** The combined company will have best-in-class liquid chromatography, mass spectrometry, flow cytometry, and diagnostic solutions, doubling Waters' total addressable market to approximately $40 billion.

- **Increasing annual recurring revenue in high-quality applications:** Over 70% of the combined company's revenue is expected to be recurring annually and over half of instrument revenue is expected to be recurring within a typical five- to ten-year replacement cycle.

- **Accelerating Waters' expansion into multiple high-growth adjacent end-markets:**
    - The bioseparations portfolio will expand by combining Waters' chemistry expertise and BD's biologics expertise to unlock new ways to separate large molecules and to drive growth in biologics and novel modalities with next-generation consumables.
    - In bioanalytical characterization, Waters' expertise in downstream high-volume applications and its established Empower™ informatics platform are well-positioned to deploy BD's flow cytometry and PCR technologies into large molecule QA/QC.
    - BD's regulatory expertise and established presence in clinical and diagnostic settings is expected to drive enhanced market access, improved service support, accelerated menu expansion, and automation for multiplex diagnostics using LC-MS technologies from Waters.

- **Applying Waters' proven execution model to unlock the full potential of BD's Biosciences & Diagnostic Solutions business:** Waters will systematize execution across instrument replacement, service plan attachment, e-commerce adoption, and new product launches.

- **Delivering substantial cost and revenue synergies:** The transaction is expected to create approximately $200 million of cost synergies by year three post-closing, and approximately $290 million of revenue synergies by year five, resulting in approximately $345 million of annualized EBITDA synergies by 2030.
    - Cost synergies are expected to be driven primarily by optimization in manufacturing, supply chain, and SG&A, while maintaining a strong commitment to R&D and commercial investments.
    - Revenue synergies are expected to be derived from commercial excellence, accelerating expansion into high-growth adjacencies, and realizing cross-selling opportunities.

- **Providing an industry-leading pro forma growth outlook with rapid adjusted EPS accretion:** The combined company is expected to generate pro forma revenue of approximately $6.5 billion and approximately $2.0 billion in pro forma adjusted EBITDA for calendar year 2025. On a pro forma basis, the combination is expected to deliver mid-to-high single-digit revenue growth and mid-teens adjusted EPS growth on an annualized basis between 2025 and 2030. By 2030, the pro forma combined company is expected to have an industry-leading financial outlook with approximately $9 billion in revenue, $3.3 billion in adjusted EBITDA, and an adjusted operating margin of 32%. The transaction is expected to be accretive to adjusted EPS in the first year post-closing.

Executive Commentary

Flemming Ornskov, M.D., M.P.H., Chairman, Waters, said:

"This transaction marks a pivotal milestone in Waters' transformation journey as we embark on a new chapter of growth and value creation. As the Board of Directors evaluated this opportunity throughout the process, it became evident that combining with BD's Biosciences & Diagnostic Solutions business is an excellent strategic fit with complementary strengths. We are confident that this combination will accelerate our strategy in multiple high-growth markets and deliver substantial near- and long-term value to our shareholders."

Udit Batra, Ph.D., President and Chief Executive Officer, Waters, said:

"Waters' transformation, marked by strong commercial execution and revitalized innovation, positions us well for this exciting next chapter. We see tremendous opportunity to immediately apply our expertise in instrument replacement, service plan attachment, and eCommerce expansion, and realize the full potential of the flow cytometry and specialty diagnostics portfolios. The combination doubles our accessible market to approximately $40 billion and allows us to accelerate value creation in multiple high-growth adjacencies such as bioseparations, bioanalytical characterization, and multiplex diagnostics, while increasing the ratio of our annually recurring revenues."

"We are bringing together two pioneering organizations with a rich history of delivering breakthrough innovations driven by strong R&D investment and a common customer-centric culture. I look forward to welcoming our talented and like-minded colleagues from BD's Biosciences & Diagnostic Solutions business and leading the collective organization. Together, we will work to make this combination a resounding success for our stakeholders and deliver significant value for shareholders."

Tom Polen, Chairman, CEO and President, BD, said:

"We are bringing together complementary portfolios and channels that create an industry-leading life science and diagnostics company. We see an incredible opportunity to leverage both companies' commitments to unparalleled innovation, technology, and commercial presence to serve attractive high-growth end-markets, while simultaneously unlocking multiple new growth vectors. We couldn't be more confident that the combined company, under Udit's leadership, represents the best path to create substantial value for shareholders. Waters offers the right cultural fit for our Biosciences & Diagnostic Solutions associates to flourish and continue their legacy of developing new-to-world, innovative solutions that make a meaningful impact on global healthcare."

"This transaction is an important milestone for BD, as it enhances our strategic focus as a leading medical technology company. BD is committed to unlocking long-term value through continued investment in our strong innovation pipeline, and operational and commercial excellence that will drive durable and profitable growth. BD will also receive a cash distribution of approximately $4 billion, which enhances our capital allocation framework, including a commitment to use at least half of the cash proceeds to repurchase shares, with the remaining balance allocated to debt repayment."

Additional Transaction Details

The transaction, which has been unanimously approved by the Boards of Directors of both Waters and BD, is structured as a Reverse Morris Trust, where BD's Biosciences & Diagnostic Solutions business will be spun-off to BD shareholders and simultaneously merged with a wholly owned subsidiary of Waters. BD's shareholders are expected to own approximately 39.2% of the combined company, and existing Waters shareholders are expected to own approximately 60.8% of the combined company. BD will also receive a cash distribution of approximately $4 billion prior to completion of the combination, subject to adjustment for cash, working capital, and indebtedness. The transaction is expected to be generally tax-free for U.S. federal income tax purposes to BD and BD's shareholders. Waters is expected to assume approximately $4 billion of incremental debt, which would result in a net-debt-to-adjusted EBITDA leverage ratio for the combined company of 2.3x at closing. The transaction is expected to close around the end of the first quarter of calendar year 2026, subject to receipt of required regulatory approvals, Waters shareholder approval, and satisfaction of other customary closing conditions.

Management, Governaance, and Headquarters

Upon closing of the transaction, Udit Batra, Ph.D., Waters President and Chief Executive Officer, will lead the new entity, and Amol Chaubal will serve as SVP and Chief Financial Officer. Executives from both companies will serve in key leadership roles to be announced at a later date. Up to two BD designees will join the Waters Board of Directors upon closing.

The combined company will continue to operate under the Waters name and retain its listing on the New York Stock Exchange under the ticker symbol WAT. Waters' headquarters will remain in Milford, Mass., and the combined company will maintain a significant presence where the BD Biosciences & Diagnostic Solutions business currently operates.