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People

Sanofi-Aventis recruits Regenauer to lead Europe

Sanofi-Aventis has recruited **Hans Regenauer**, worldwide head of Boehringer Ingelheim's Consumer Health Care division, to lead its OTC business in Europe.

Regenauer takes up the newly-created position of vice-president, Consumer Health Care, Europe and global development at Sanofi-Aventis. He reports to **Belen Garijo**, who is senior vice-president for European Pharmaceutical operations at the French company.

Regenauer moves to Sanofi-Aventis from Boehringer Ingelheim, where he was worldwide head of the German company's Consumer Health Care business. Before joining Boehringer Ingelheim in 1997, Regenauer held various marketing, sales and general management positions at Bayer.

Boehringer Ingelheim said Regenauer had not yet been replaced, and it was evaluating the options.

Sanofi-Aventis said further announcements regarding appointments at its Consumer Health Care business would be made in the near future.

The news of Regenauer's appointment comes soon after Sanofi-Aventis announced it would enter the US OTC market by acquiring Chattem for approximately US\$1.9 billion (€1.3 billion).

Chattem will become the US Consumer Health Care division of Sanofi-Aventis. It will continue to be led by the current management, which will report to Sanofi-Aventis' US Pharmaceutical operations, and its headquarters will remain in Chattanooga, Tennessee.

Sanofi-Aventis said last year that it intended to double the size of its OTC business to around €3 billion within the next five years through acquisitions and geographic expansion (*OTC bulletin*, 27 February 2009, page 1).

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Mergers & Acquisitions

Novartis set to take control of Alcon

Novartis is set to acquire a majority stake in Alcon from Nestlé, and has proposed a deal to take full control of the global eyecare specialist.

Nestlé's 52% stake in Alcon will be added to Novartis' existing 25% holding – acquired from Nestlé two years ago – and the Swiss company will then launch an all-share offer for the remaining Alcon shares.

Once the takeover has been completed, Novartis will create a new eyecare division called Alcon, which will bring together the Alcon assets, Novartis' Ciba Vision business, and some of Novartis' ophthalmic pharmaceuticals.

Proforma 2008 sales for the division would have been around US\$8.5 billion (€5.9 billion), pointed out Novartis, noting that the division would have a presence in 70% of the global vision care market, including pharmaceuticals, surgical products, contact lenses and OTC products.

Just under two years ago, Novartis agreed a two-stage transaction to acquire Nestlé's majority stake in Alcon (*OTC bulletin*, 15 April 2008, page 4). The first stage in April 2008 saw Novartis pay Nestlé US\$10.4 billion for an initial 25% slice of Alcon's shares. The optional second stage gave Novartis the exclusive right to pay Nestlé US\$181 per share, or US\$28.1 billion, for its remaining 52% stake in Alcon between January 2010 and July 2011.

Novartis said the second stage – providing it with a 77% holding in Alcon – should be completed in the second half of 2010. The company will then launch an all-share offer to acquire the remaining 23% stake held by minority shareholders for around US\$11.2 billion.

The total price tag for Alcon of US\$49.7 billion represents almost 7.9-times the eyecare specialist's sales of US\$6.3 billion in 2008 and 22.6-times its operating profit of US\$2.2 billion.

Alcon's business is dominated by its Surgical and Pharmaceuticals divisions, which generated 87% of the company's 2008 sales. The Consumer division contributed the remaining 13%.

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Business Opportunities

Avery Dennison seeks adhesive partners

Avery Dennison Specialty Tape is seeking brand owners and private-label companies worldwide to use its new proprietary adhesive technology in OTC wound-care products.

The company pointed out that the new ultra-thin hydrocolloid adhesive delivered “real consumer benefits in terms of better wear comfort, flexibility, longer wear time, less skin softening beneath the dressing, and gentle removal”.

Gert Van Der Haegen, Avery Dennison’s European marketing manager for medical, said the adhesive offered the possibility to “create a range of very novel consumer product designs”.

Avery Dennison said companies could be supplied with rolls of a thin hydrocolloid laminate for subsequent slitting/cutting to singles; converted product for packaging; or fully-packaged consumer products ready for the retail shelf.

The company noted that a special hydrocolloid formulation with a moisturising capability was available for treating dry and cracked skin as well as callouses and corns.

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Mergers & Acquisitions

Kraft sweetens Cadbury takeover offer

Kraft Foods has increased the cash part of its £10 billion (€11 billion) hostile takeover bid for Cadbury, owner of the world's leading medicated confectionery, the 100 year-old Halls cough brand. But the revised terms do not increase the bid's value.

The move came as the US-based group revealed its original bid had been accepted by shareholders representing just 1.5% of Cadbury's shares by the initial acceptance deadline of 5 January 2010. The company has now given Cadbury's shareholders until 2 February to accept the offer.

Explaining the changes to its offer, Kraft said it would use the US\$3.7 billion (€2.6 billion) proceeds from the agreed sale of its US frozen pizza business to increase the amount of cash it was offering Cadbury's shareholders in place of some of the new Kraft shares they would have otherwise received.

The decision had been based on the "desire expressed by some Cadbury's security holders" to have a greater proportion of the offer in cash, Kraft said, and because some of its own shareholders had expressed a desire for the company to "be more sparing" in the use of its shares as currency for the deal.

Cadbury's board flatly rejected a £10.2 billion unsolicited offer from Kraft in September (*OTC bulletin*, 16 September 2009, page 3). However, on 9 November, Kraft took the same offer directly to Cadbury's shareholders (*OTC bulletin*, 30 November 2009, page 3).

Meanwhile, Nestlé announced that it would not make, or participate in, a formal offer for Cadbury. The Swiss firm had been linked with a possible bid for Cadbury in a number of media reports.

Other sources have suggested that Cadbury is discussing a merger with chocolate manufacturer Hershey. The US-based firm has not officially added to its statement issued in November when it confirmed that it was reviewing its options and could not say whether an offer would be forthcoming.

The Italian firm Ferrero – owner of the Nutella brand – has also been linked with a possible bid for Cadbury. And one press report suggested that Ferrero and Hershey could make a joint bid.

Cadbury reported sales up by 15% to £5.38 billion in 2008, while pre-tax profits finished ahead by 57% to £400 million. The Halls brands had sales of £450 million.

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Nutrition 21 sells US retail business

Nutrition 21 has sold its retail and direct-selling businesses to contract manufacturer Nature's Products to help pay its debts.

Nature's Products is paying US\$3.2 million (€2.2 million) plus the assumption of designated liabilities for the US-based businesses. It has also agreed to purchase ingredients from Nutrition 21.

Nutrition 21 said it would use approximately US\$2.7 million of the proceeds to repay in full the notes that it issued in August 2006.

Commenting on the sale, Michael Zeher, president and chief executive officer of Nutrition 21, said the deal allowed the company to focus its "limited financial resources" on its profitable ingredients business. It has also retained its patent portfolio, which includes more than 30 issued and pending patents associated with chromium picolinate as well as combinations of chromium compounds with other dietary supplement ingredients.

Nutrition 21 said in October of last year that it had signed a non-binding letter of intent to sell its retail and direct-selling business to an unnamed private company to help repay its debts, after the firm's sales and profits were hit by the global economic downturn (*OTC bulletin*, 30 October 2009, page 10).

For the year ended 30 June 2009, Nutrition 21 reported an operating loss of US\$17.4 million, after it cut the goodwill valuations of its assets by US\$17.5 million. Sales fell by 16% to US\$39.6 million.

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