

Danaher buying MDS, Life Technologies unit

September 2 2009, By MIKE OBEL , AP Manufacturing Writer

(AP) -- Danaher Corp. said Wednesday it will shed about twice as many existing jobs and plants as previously announced and also buy a global provider of medical instruments to analyze molecules.

The Washington-based company, which makes Sears' Craftsman hand tools, dental X-ray machines and microscopes, has been cutting costs since last year.

In April, the board decided that further reductions were needed in the face of "a general decline in worldwide demand for the company's products and services," Danaher said in a regulatory filing.

The company, which employs about 50,000 people, said Wednesday it aims to cut about 3,300 existing jobs and close 30 facilities, up from the 1,700 jobs and 13 facilities mentioned last spring.

Besides shedding people and plants, Danaher said Wednesday it will pay \$1.1 billion to buy several businesses that one analyst estimated should experience percentage market growth in the mid to high single digits.

Specifically, Danaher will pay \$1.1 billion, including debt, for two properties, Applied Biosystems/MDS Sciex, a mass spectrometry business, and a bioresearch and analytical instrumentation company owned by MDS Inc.

Applied Biosystems/MDS Sciex is a 50-50 joint venture of MDS and Life Technologies Corp. Danaher is paying \$450 million to Life

Technologies for its share of the mass spectrometry venture.

Danaher is also paying \$650 million to MDS for its 50 percent stake in the Applied Biosystems/MDS Sciex joint venture and 100 percent of its bioresearch and analytical instrumentation business, known as Molecular Devices.

Mass spectrometry is a technique widely used in medical research for determining what elements comprise a molecule.

The amount of debt being assumed in the transactions, set for completion by the end of this year, was not immediately available.

Danaher will run the acquired businesses in its medical technologies segment, which provides microscopes, medical diagnostic equipment and dental X-ray machines. Danaher expects revenue from its medical technologies segment to grow by more than \$650 million and increase Danaher's life sciences and diagnostics annual revenues to more than \$2 billion.

In a conference call, Danaher CEO H. Lawrence Culp Jr. said he expects the new businesses to boost 2010 earnings per share by 5 cents to 10 cents.

Deutsche Bank analyst Nigel Coe said the move gives Danaher a coveted asset.

"Mass spectrometry is among the most attractive areas in the research technology space, given that spectrometry has become the gold standard in detection analysis; AB SCIEX is currently No. 1 globally in this market with a market share of about 20 percent share, slightly ahead of Thermofisher, Waters and Brooks," he said.

Meanwhile, the layoffs and closures will boost restructuring charges to between \$225 million and \$250 million from an earlier projection of \$150 million to \$170 million, Danaher said. Savings are now estimated at \$220 million per year.

In midday trading, Danaher rose \$1.17, or 2 percent, to \$61.59, while MDS jumped \$1.29, or 22 percent, to \$7.15 and Life Technologies added 38 cents to \$44.87.

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Citation: Danaher buying MDS, Life Technologies unit (2009, September 2) retrieved 11 May 2024 from <https://phys.org/news/2009-09-danaher-mds-life-technologies.html>

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