

Panasonic sells health unit to US buyout firm for \$1.67 bn

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Panasonic said Friday it was selling a majority stake in its health unit to US buyout firm Kohlberg Kravis Roberts (KKR) for \$1.67 billion as the struggling electronics giant overhauls its vast business.

The deal would transfer ownership of Panasonic Healthcare for 165 billion yen to a subsidiary of the US firm, with the Japanese giant taking a 20 percent stake in that unit.

While the healthcare company is profitable, Panasonic has been trying to scale back its business after losing billions of dollars in the last two fiscal years.

It has scaled back on money-losing divisions, spun off its chip business, and abandoned producing smartphones for consumers.

"We believe that partnering with KKR will also allow us to learn from (its) global operational and business management expertise as we pursue the next stage in growth for Panasonic," the firm's president Kazuhiro Tsuga said in a statement.

The deal represents KKR's biggest and only its second major investment in the Japanese market since it acquired temporary staffing agency Intelligence for \$356 million in 2010.

"Panasonic Healthcare has excellent market positions and high-level technical capabilities, and we believe it has significant growth potential,"

said the US firm's co-chief executive Henry Kravis.

The deal to buy Panasonic's health care unit, which makes blood glucose monitoring systems and has a medical IT business, is expected to close by March next year.

In a separate earlier deal, rival electronics giant Sony struck a capital tie-up agreement with Japan's Olympus to tap the lucrative medical equipment market. Although better known as a camera maker, Olympus is a world leader in medical endoscopes.

Panasonic and its domestic rivals, including Sony and Sharp, have been undergoing painful restructuring aimed at stemming years of record losses largely tied to their electronics units.

Japanese electronics makers struggled to compete against lower-cost foreign rivals and have been left behind by US giant Apple and South Korea's Samsung in the global smartphone market.

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