

GE selling BioPharma unit for \$21.4 bn to reduce debt

February 25 2019



General Electric announced it will sell its BioPharma business to Danaher for \$21.4 billion to Danaher to reduce debt.

General Electric announced Monday it will sell its Biopharma unit to

Danaher for \$21.4 billion in cash as it reduces debt amid an ongoing corporate turnaround effort.

The transaction allows the company to slim down further, and covers instruments and software that support research and development of biopharmaceutical drugs, a business that comprises about 15 percent of the revenues of GE's health sector.

Shares of GE rocketed higher after the announcement. The industrial giant was thrown out of the benchmark Dow Jones stock index in 2018 amid a prolonged slump in its power business that badly hit share price.

"Today's transaction is a pivotal milestone," said GE Chief Executive Lawrence Culp. "It demonstrates that we are executing on our strategy by taking thoughtful and deliberate action to reduce leverage and strengthen our balance sheet."

"A more focused portfolio is the right structure for GE, and we have many options for maximizing shareholder value along the way," Culp said.

Culp, who served as chief executive of Danaher from 2001 to 2014, was tapped to lead GE in September.

GE's Biopharma business —under GE Life Sciences—garnered revenues of about \$3 billion in 2018, compared with about \$17 billion for GE health assets not included in the deal, which includes radiology and other diagnostic imaging systems.

GE had previously planned to monetize about half its healthcare business, perhaps through a publicly-floated spin-off. Some analysts expressed concerns that divesting health care could harm the company's cash position.

Culp told Bloomberg the company was shelving a plan for a public offering, at least for now with the Danaher deal.

Washington-based Danaher said it plans to run GE Biopharma as a stand-alone unit within its life sciences business. It will finance the transaction with \$3 billion from an equity offering.

"We expect GE Biopharma to advance our growth and innovation strategy," said Danaher Chief Executive Thomas Joyce, adding that the assets will bolster "end-to-end bioprocessing solutions that help enable breakthrough development and production capabilities."

Shares of GE jumped 15.1 percent to \$11.71 in early trading, while Danaher gained 8.5 percent to \$123.08.

© 2019 AFP

Citation: GE selling BioPharma unit for \$21.4 bn to reduce debt (2019, February 25) retrieved 17 July 2024 from <https://phys.org/news/2019-02-ge-biopharma-billion.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.