

GlaxoSmithKline rejects Unilever's £50bn bid for consumer health unit

GlaxoSmithKline (GSK), the owner of Aquafresh, Voltaren and Eno, has rejected a proposal from Unilever to acquire GSK's Consumer Healthcare business for a total acquisition value of £50bn, comprising £41.7bn in cash and £8.3bn in Unilever shares.



Source: [Pexels](#)

The Unilever offer is the third unsolicited takeover bid for the GSK consumer health business, the British multinational pharmaceutical company said in a statement. GSK said it rejected all three proposals made on the basis that they "fundamentally undervalued" the Consumer Healthcare business and its future prospects.

The Consumer Healthcare business is a joint venture between GSK and Pfizer, with GSK holding a majority controlling interest of 68% and Pfizer 32%.

Pushing ahead with demerger

In 2019, GSK set out its plan to spin off the consumer healthcare business through a demerger of its equity interest to shareholders and a listing of the joint venture on the UK equity market. Last year, GSK said it planned to complete the demerger by mid-2022, and reiterated those plans this past Saturday.

The Consumer Healthcare business has been transformed since 2014 through the integrations of GSK's business with the Novartis consumer health portfolio in 2015 and the Pfizer portfolio in 2019.

GSK said this transformation has also provided a platform to scale and optimise many aspects of the Consumer Healthcare business including divesting lower growth brands, introducing a new R&D/innovation model, optimising the supply chain and manufacturing network, alongside continued investment in new digital, data and analytic platforms and capabilities.

This has resulted in the creation of a global consumer healthcare business with annual sales of £9.6bn in 2021. "The business has an exceptional portfolio of world-class, category-leading brands; global scale with footprint and distribution capability to serve more than 100 markets; strong brand building, innovation and digital capabilities; and offers a unique proposition that combines trusted science with human understanding," GSK said.

Superior growth potential

GSK believes its consumer health business is well-positioned to sustainably grow ahead of its categories in the years to come. The fundamentals for the £150bn consumer healthcare sector are strong, reflecting an increased focus on health and wellness, significant demand from an ageing population and emerging middle-class, and sizeable unmet consumer needs, the company added.

"Superior sales growth for the business is expected to result from a strategy that puts the consumer at the heart of the business to better address everyday health and wellness needs, in particular by increasing household penetration of its leading brands and capitalising on new and emerging growth opportunities arising from innovation and the use of new technologies and digital platforms, all underpinned by continued strong execution and financial discipline," GSK said.



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2 Dec 2021



Over the medium term, superior sales growth is expected to be primarily driven by continued momentum of key brands in Oral Care, VMS, and Pain Relief; accelerating innovation in the US and China; and further growth in emerging markets.

Reflecting these trends, and the investments made and planned for the business, the board of GSK is confident that the Consumer Healthcare business can sustainably deliver annual organic sales growth in the range of 4-6% (CER) over the medium term.

The board of GSK, therefore, remains focused on executing its proposed demerger of the Consumer Healthcare business, to create a new independent global category-leading consumer company which, subject to approval from shareholders, is on track to be achieved in mid-2022.

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