



Abbott To Take Over St Jude in \$25 bln Mega-Cardio Deal



Abbott Laboratories is taking over St. Jude Medical Inc. in a deal worth \$25 bln that will create a giant in the cardio-related devices market.

The two NYSE-listed companies said in a [joint announcement](#) that the combination will “create a premier medical device leader and strengthen Abbott’s long-term growth potential.”

They added that the merged company will consolidate St. Jude’s strong positions in heart-failure devices, heart catheters and defibrillators with Abbott’s strength in coronary intervention and heart-valve repair.

Under the deal, Abbott agreed to swap \$46.75 in cash and 0.8708 shares for each St. Jude share, the *Wall Street Journal* [reported](#). The offer values each St. Jude share at about \$85, representing a 37 per cent premium to the stock’s closing price Wednesday.

Shares of Abbott fell 7 per cent to \$40.60 in early trading, while St. Jude rose 25 per cent to \$77.70, the *WSJ* said. The merged company will have annual cardiovascular sales of \$8.7 bln and the deal is expected to be concluded in the final quarter of the year.

The merger comes at a time of growing concern of heart disease in the U.S. According to the two companies, more than 40 per cent of adults in the U.S. are expected to have one or more forms of heart disease by 2040.

Abbott CEO Miles White told analysts in a conference call that after the deal, the merged company would be better positioned to compete in an increasingly consolidated U.S. healthcare market as hospitals grow and push for better prices to keep their own costs down.

On the other hand, Reuters [reported](#) that the deal “raises doubts that Abbott will go through with its purchase of diagnostics company Alere Inc, which is under federal investigation for its sales practices.”

That deal, [announced](#) in February, would be worth \$5.8 bln and would allow Abbott to become the leader in point-of-care diagnostic testing.

Abbott CEO Miles White last week declined to respond directly to a question on the Alere agreement, fueling speculation the deal might not close, Reuters said.

Published on : Thu, 28 Apr 2016