



June 10, 2015

## **Panasonic Healthcare and Bayer Diabetes Care to Create Leading Global Diabetes Care Solutions Business**

TOKYO--(BUSINESS WIRE)-- To strengthen its commitment to providing high-quality and life-enhancing products to diabetes patients globally, Panasonic Healthcare Holdings, Co., Ltd. ("PHCHD") today announced a groundbreaking agreement with Bayer Aktiengesellschaft ("Bayer AG") under which PHCHD and Bayer Diabetes Care ("BDC") will partner to create a truly global diabetes care solutions business. The combined companies will be better equipped to respond to customers' healthcare needs. Under the terms of the agreement, PHCHD will acquire BDC for EUR 1,022 million (approximately ¥138 billion at the exchange rate of EUR1=¥135).

BDC is one of the leading providers of blood glucose monitoring systems to people with diabetes and healthcare professionals around the world. It was formed as a business unit within Bayer and is present in more than 125 countries. It generated sales of EUR 909 million in 2014.

PHCHD, which has been backed by funds sponsored by leading global investment firm KKR since 2014, is a comprehensive healthcare company. It develops and manufactures blood glucose monitoring meters and strips for people with diabetes through the In Vitro Diagnostics business of its subsidiary Panasonic Healthcare Co., Ltd. ("PHC"). BDC has marketed and sold PHC products around the world for more than two decades and has been PHC's exclusive sales and distribution partner for the Contour™ Next products, as well as some Contour™ products.<sup>1</sup>

The integration of BDC's global sales network with PHC's high-quality production capabilities better enables the companies to reach global consumers at a transitional time for the diabetes healthcare sector. According to the World Health Organization, nearly 350 million people live with diabetes globally, up from an estimated 30 million in 1985. The rate of diagnoses is expected to rise, particularly in low- and middle-income countries. To accommodate the rising number of incidence, many country healthcare providers have instituted price reduction programs for diabetes care products. This has contributed to an increase in the volume of diabetes care products in the market at lower prices. To navigate the environment, BDC and PHCHD together look forward to scaling their capabilities to continue providing top-quality and cost-competitive products to patients in need.

Kenji Yamane, President of PHCHD said, "Since first taking steps to becoming an independent healthcare company from Panasonic Corporation through KKR's investment, it has been our key management objective to form strong partnerships with strategically pivotal companies. For more than 20 years, BDC has been our flagship partnership with whom we share complementary goals. Now, with KKR's support, we are pleased to have reached this landmark agreement with BDC. We anticipate that this partnership will take our two great businesses to new heights, and we wholly welcome the BDC team as full partners to Panasonic Healthcare."

"We are confident that the sale of our Diabetes Care business to our long-standing partner Panasonic Healthcare, with the strong backing of KKR, will support the long-term sustainability of this portfolio," said Werner Baumann, member of the Board of Management of Bayer AG and CEO of Bayer HealthCare.

"This groundbreaking agreement of two strong leaders in manufacturing and marketing diabetes care products, combined with the commitment and shared vision of our partner KKR, will create a large global business fully committed to investing in innovative solutions that will help improve the lives of diabetes patients," said Michael Kloss, Global Head of Bayer Diabetes Care.

Johannes Huth, Member & Head of KKR Europe, Africa and Middle East, and Hiro Hirano, Member & CEO of KKR Japan, said, "We are pleased that Bayer Diabetes Care chose Panasonic Healthcare and KKR as the trusted partners for bringing the business to its next stage of development. This is another milestone in KKR's track record of partnering with leading German and Japanese corporates and in growing top health care companies. Together, we will leverage our experience and network to create a global diabetes care solutions powerhouse in an effort to make this a transformational transaction for the diabetes care industry."

The company expects to close the transaction in the first quarter of 2016, subject to customary closing conditions, including relevant antitrust clearance. Further details of the transaction were not disclosed.

### **About Panasonic Healthcare Holdings Co., Ltd.**

Established in 2014, Panasonic Healthcare Holdings Co., Ltd. (shareholder structure: KKR 80%; Panasonic Corporation 20%)

is involved in developing, manufacturing, selling and servicing medical equipment through its subsidiary Panasonic Healthcare Co., Ltd. It seeks to strengthen its core businesses, In Vitro Diagnostics including self-monitoring of blood glucose systems, its Medicom businesses involved in medical IT businesses and its life sciences based Biomedical business and to continue to pursue an important role in the provision of optimal healthcare for all. For further information on Panasonic Healthcare please visit <http://www.panasonic-healthcare.com/global/phchd/>.

### **About Panasonic Healthcare Co., Ltd.**

President & CEO: Kenji Yamane  
Headquarters: Minato-ku, Tokyo, Japan  
Incorporation: 1969  
Employees (as of March 31, 2015): Approx. 3,700

### **About Bayer AG**

Bayer is a global enterprise with core competencies in the fields of health care, agriculture and high-tech polymer materials. As an innovation company, it sets trends in research-intensive areas. Bayer's products and services are designed to benefit people and improve their quality of life. At the same time, the Group aims to create value through innovation, growth and high earning power. Bayer is committed to the principles of sustainable development and to its social and ethical responsibilities as a corporate citizen. In fiscal 2014, the Group employed 118,900 people and had sales of EUR 42.2 billion. Capital expenditures amounted to EUR 2.5 billion, R&D expenses to EUR 3.6 billion. For more information, go to [www.bayer.com](http://www.bayer.com).

### **About Bayer Diabetes Care**

Global Head: Michael Kloss  
Headquarters: Basel, Switzerland and Whippany, NJ, USA  
Business overview: Develops, manufactures and sells blood-glucose monitoring systems  
Sales (FY 2014): EUR 909 million  
Sales region: 125 countries  
Employees (as of April 2015): Approx. 1,500

### **About KKR**

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE: KKR), please visit KKR's website at [www.kkr.com](http://www.kkr.com).

<sup>1</sup> Contour™ is the trademark of Bayer HealthCare LLC.

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*Ashton Consulting*

*John Sunley, +81-3-5425-7220*

[jas@ashton.jp](mailto:jas@ashton.jp)

*or*

*Brendan Jennings, +81-3-5425-7220*

[b.jennings@ashton.jp](mailto:b.jennings@ashton.jp)

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