
All-Cash Proposal to Acquire Versum

Categories : [Pharmaceuticals](#)

Date : 10. March 2019

Merck, a science and technology company, today delivered a letter to the Board of Directors of Versum Materials, Inc. (Versum), outlining the terms of a superior proposal to acquire Versum for \$ 48 per share in cash, representing a premium of 51.7% to the undisturbed trading price per Versum share on the trading day prior to announcement of the Entegris, Inc. (Entegris) transaction (January 25, 2019). Merck's proposal is therefore substantially superior to the Entegris transaction.

"We truly believe in the power of a combined electronic materials portfolio of Merck and Versum. Our attractive cash proposal to Versum's investors underlines that we are fully committed to completing this transaction successfully", said Stefan Oschmann, Chairman of the Executive Board and CEO of Merck. "It is our clear intention to further strengthen our operations in the U.S. We are proud of our nearly 130 years of U.S. market history and already more than 10,000 highly qualified employees today working at more than 50 sites coast-to-coast."

The combination of Merck's and Versum's businesses would create a deep and complementary portfolio of electronic materials, equipment and services for the semiconductor and display industries. The combined R&D capabilities would enable faster innovation cycles and strengthen the product offering to customers. They would offer increased scale, product and service depth, an enhanced global presence and a strengthened supply chain, which would help drive leading innovation supported by long-term tailwinds in the industry. Moreover, they would provide an additional source for innovation through leading positions in attractive segments.

All-cash consideration offering attractive premium

Merck's all-cash proposal represents an attractive premium across key benchmarks:

- 51.7 % premium to Versum's undisturbed share price, on January 25, 2019, the day prior to the Versum-Entegris merger announcement;
- 15.9 % premium to Versum's current share price as of February 26, 2019

Additionally, the all-cash proposal offers Versum's shareholders certain value, and does not leave them exposed to integration or other post-merger risks. With Merck's strong credit rating, the transaction will be fully financed and the transaction agreement will not have a financing contingency.

Commitment to strengthen U.S. operations

Merck has a strong reputation for innovation and has demonstrated a robust commitment to R&D spending and capital investment. As the long-term secular trends in science and technology continue to drive lasting demand for electronic materials, the leaders will be those willing to invest, innovate and adapt in this fast-developing environment. Merck believes this philosophy is consistent with Versum's culture and strength of its employees, and as such intends to maintain Versum's Tempe, AZ site as the major hub for the combined electronic materials business in the U.S., complementing Merck's already strong commitment to this important market.

An opportunity for Versum employees

The firm is a long-term oriented, predominantly family-owned science & technology company.

“Performance, People & Technology” are its three strategic priorities. In Merck’s more than 350-year history, people have always been and will continue to be at the center of everything it does.

The company already has a strong footprint in the U.S. and a track record as a top employer. Over the past decade, the company has invested some \$24bn in the U.S. through acquisitions alone, including the successful acquisitions of Millipore in 2010 and Sigma-Aldrich in 2015.

Versum employees will become an integral part of a leading electronic materials business and will benefit from new and exciting development opportunities within a truly global science and technology company.

Timing

The company is confident it can close a transaction with Versum in the second half of 2019, assuming expedient engagement by the Versum Board of Directors. Merck’s long track record of completing acquisitions, its strong balance sheet and investment-grade credit rating position the combined company well for a future of investment and growth. Unlike the Entegris transaction, the only shareholder approval required by Merck’s proposal is that of Versum’s shareholders, and Merck fully expects to receive all customary regulatory clearances in a timely manner.