

Thermo Fisher to buy Life Technologies for \$13.6 billion

By Tom Murphy

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Thermo Fisher Scientific Inc. has offered to pay about \$13.6 billion to buy genetic testing equipment maker Life Technologies in a cash deal that will create a giant company serving research and specialty diagnostics.

Life Technologies started on Grand Island in 1962 as GIBCO, Grand Island Biological Co.

Thermo Fisher, a Waltham, Mass., company, said Monday it has agreed to pay \$76 in cash for each share of Life Technologies, which is now based in Carlsbad, Calif.

Shares of both companies started climbing before markets opened and continued to rise after the bell.

Life Technologies offers more than 50,000 products and delves into genetic analysis and engineering, stem cell therapies and chemicals used in forensics and food safety. It owns or licenses more than 5,000 patents.

Thermo Fisher CEO Marc N. Casper told analysts the deal will create “an unrivaled leader” in research and specialty diagnostics. He said Thermo Fisher executives like, in particular, the potential of Life Technologies’ next-generation sequencing platform.

“The performance capabilities of this technology will dramatically accelerate the discovery rate of gene-based disease mechanisms, which can be used to develop more rapid diagnoses and treatments,” he said during a Monday morning conference call.

Life Technologies was formed in November 2008 through the combination of Invitrogen Corp. and Applied Biosystems Inc. and has about 10,000 employees. It earned about \$430.9 million, or \$2.40 per share, last year on \$3.8 billion in revenue. Its earnings climbed 18 percent in the fourth quarter.

Invitrogen owned the former GIBCO plant on Grand Island. The 275,000-square-foot complex on Grand Island has changed from GIBCO, to Life Technologies, to Invitrogen and back to Life Technologies, and now, presumably, to Thermo Fisher. The Grand Island facility makes cell culture media and reagents, powders and liquids scientists use as nutrients to grow cells and employed 582 at the beginning of the year.

The Grand Island company was started when Robert Ferguson, a former Roswell Park Cancer Institute employee, started a tissue culture company in his garage.

Life Technologies Corp. shareholders and regulators still need to approve the acquisition, but the boards of both companies have already backed it. Thermo Fisher, which makes scientific instruments and laboratory supplies, said it has obtained financing commitments for the deal from JP Morgan and Barclays.

The companies expect the deal to close early next year. The \$13.6 billion price does not include \$2.2 billion in debt that will be assumed as part of the deal.

Shares of Life Technologies have shot up more than 38 percent so far this year and set several record highs. Much of that climb started after it said Jan. 18 that it had retained Deutsche Bank Securities and Moelis & Co. to help conduct a strategic review of its business, but it had not decided on a course of action.

Its shares then climbed again last month after The Wall Street Journal reported that investment manager KKR & Co. was thinking about pairing up with other private equity firms to pursue Life Technologies. The report, citing anonymous sources, also named Thermo Fisher as a possible bidder.

Life Technologies shares jumped 7.7 percent, or \$5.25, to \$73.25 in morning trading, while Thermo Fisher rose 3.5 percent, or \$2.80, to \$82.39.