

Basel, 11 September 1997

Progress in planning the integration of Boehringer Mannheim and DePuy

On 26 May this year Roche announced its intention to take over the Corange Group, consisting of the Boehringer Mannheim Group and DePuy Inc. While the required approval procedures are currently going through the authorities in the USA and Europe, the due diligence review is close to completion. Having thoroughly prepared the ground, Roche is able to go ahead with planning according to schedule, though the actual takeover will be finalised only when official approval has been received.

Roche's first step will be to nominate key positions for after the closure of the purchase. Provided that the acquisition is approved by the anti-trust authorities and the new appointments agreed by the competent bodies within the company, the positions will be duly filled.

In the next few days, planning teams will be starting work. They will draw up organisational and structural plans in order to ensure that integration proceeds rapidly once official approval has been granted. The planning process will be supervised by a review board to be composed of Fritz Gerber, Chairman of the Board of Directors of Roche Holding, Franz B. Humer, Chief Operating Officer and Head of the pharmaceuticals division, and Henri B. Meier, Roche's Chief Financial Officer. When the actual integration process has started, the review board will be able to call on Erich Hunziker, Chief Financial Officer of Corange, the Boehringer Mannheim holding company, for monitoring and coordination. Roche expects the planning work to be completed in the next few months.

DePuy to be a separate unit

Roche is considering having DePuy as a separate unit alongside the four existing divisions (pharmaceuticals, vitamins and fine chemicals, diagnostics, fragrances and flavours). As one of the world's leading suppliers of artificial limbs and other orthopedic products, DePuy can be considered a rational extension of Roche's health sector activities into a market with a promising future. The intention is that DePuy's current management, under Chairman and CEO James Lent, will continue to manage the company.

Leading positions for members of BM

In drawing up the integration plans, Roche is indicating a number of initial appointees to various positions. When official approval for the takeover has come through and been endorsed by the competent corporate bodies, numerous key positions will be filled by managers from Boehringer Mannheim. Until that time, the current management and organisational structures will remain in place.

Expansion of pharma activities

The planned integration of Boehringer Mannheim's therapeutics activities into Roche's pharmaceuticals division will broaden Roche's product line in particular in the fields of cardiovascular medicine, anemia and osteoporosis. The pharmaceuticals division intends to make the following appointments in this connection:

The current Chief Executive Officer of the Boehringer Mannheim Group and Chairman of the Supervisory Board of Boehringer Mannheim GmbH, Gerald Möller, will become a member of the Executive Committee of Roche, with responsibility for worldwide development within the pharmaceuticals division. In addition he will become head of Roche pharmaceuticals division's strategic marketing.

The present head of strategic marketing in the pharmaceuticals division, William Burns, is to become regional head for Europe (excluding Germany, France, Italy, Spain, and Great Britain), Africa and the Middle East. In addition, he will be coordinating activities in the EU countries and the coming operative integration worldwide of Boehringer Mannheim's pharma activities.

Klaus Strein, who currently heads the Boehringer Mannheim Group's therapeutics division, is to assume responsibility for a new function called Integrated Healthcare Solutions at headquarters in Switzerland. The aim of this new function, the head of which will report directly to the head of the pharmaceuticals division, will be to ensure that efficient, cost-effective packages can be brought to the healthcare market.

Leading role in diagnostics

The diagnostics division, which will probably operate under the name of Roche Boehringer Mannheim Diagnostics, is aiming to become leader in the global diagnostics market. Planning is based on a structure of four business units (biochemicals, laboratory diagnostics, molecular diagnostics, patient care), and three regional marketing and sales organisations (Germany, USA, other countries) in addition to the staff functions.

The new diagnostics division is to be led from Switzerland by Jean-Luc Bélingard, head of Roche's diagnostics division and a member of the company's Executive Committee. Jörg Menten, Chief Financial Officer of the Boehringer Mannheim Group, is to become the new division's head of controlling.

Three of the four business units are to be directed from Germany by their present Boehringer Mannheim heads, Manfred Baier (biochemicals), Staffan Ek (patient care) and Werner Schaefer (laboratory diagnostics), while the fourth, molecular diagnostics, is to be led from the US by Kathy Ordonez, currently head of Roche's molecular diagnostics (PCR) unit.

New organisational structure for Germany

In principle it is intended to retain all existing sites and legal structures in Germany.

Otto Meile, Chairman of the Board of Roche's Grenzach-based German subsidiary, Hoffmann-La Roche AG, will be proposed to the Supervisory Board of Boehringer Mannheim GmbH as the new Chairman of the Executive Board, a post he will hold in addition to his present position. As current head of Roche's German pharmaceuticals business, he will manage joint pharmaceuticals operations in Germany.

Furthermore, the current Chairman of the Executive Board of Boehringer Mannheim GmbH, Jürgen Schwiezer, is to be proposed to the Supervisory Board of Boehringer Mannheim GmbH as Deputy Chairman of the Executive Board. He will also manage joint diagnostics operations in Germany.