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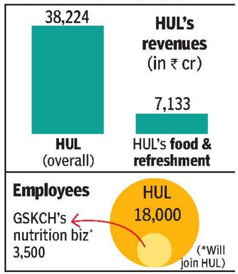
HUL now owns Horlicks, Boost

TIMES NEWS NETWORK

Mumbai: The merger of GlaxoSmithKline Consumer Healthcare (GSKCH) with Hindustan Unilever (HUL) — one of the largest FMCG deals — is complete. Now, the board of HUL has also approved the takeover of brand Horlicks from GSK global.

This option was available to HUL in the original agreement between Unilever and GSK, which was signed in December 2018. HUL will pay a consideration of Rs 3,045 crore (376 million euros) to GSK through its internal accruals. Since HUL is buying the brand, it will not pay any brand royalties. Brands Boost, Maltova and Viva, which were owned by GSKCH, would be automatically transferred to HUL.

NEW FORMULA



The merger, for which all necessary approvals have been obtained, has been done on the basis of an exchange ratio of 4.39 HUL shares for each one of GSKCH. Following the issue of new HUL shares, Unilever's holding in HUL will be diluted from 67.2% to 61.9%. GSK, on the other hand, gets an ownership of 5.7% in HUL after the merger.

In a conference call with media persons, HUL's CFO Srinivas Phatak said GSKCH's nutrition team of 3,500 employees will join HUL. GSKCH brands will form part of HUL's food and refreshment (F&R) portfolio. HUL said the merger will bring a market development opportunity to drive premiumisation through the high sciences portfolio.

The merger is effective April 1. HUL, with the number one health food drinks portfolio in its kitty, emerges as one of the largest foods companies in India, in addition to it being the numero uno home and personal care company. Horlicks has a volume share of close to 50%.

In a statement, HUL CMD Sanjiv Mehta said, "The merger gives us a unique opportunity to live our purpose and serve India where nutrition-related challenges form the largest causes of disease." After the merger, HUL's F&R business (Rs 7,133 crore in 2018-19) would near its home care portfolio (Rs 12,876 crore) in sales.