

Baby formula maker Abbott to buy medical test provider Alere

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In this Tuesday, July 19, 2011, file photo, Similac baby formula is displayed on the shelves at Shaker's IGA in Olmsted Falls, Ohio. Abbott Laboratories announced Monday, Feb. 1, 2016, that it is buying Alere for \$5.8 billion as it tries to expand its medical diagnostics business. Alere makes tests used to diagnosis the flu, HIV, malaria and several other diseases. Abbott makes drugs, infant formula and medical devices. (AP Photo/Mark Duncan, File)

Abbott Laboratories will buy Alere for \$4.8 billion as it tries to expand its medical-testing business.

Alere Inc., based in Waltham, Massachusetts, makes tests used to diagnosis the flu, HIV, malaria and several other diseases that are used in doctor's offices, clinics and at home.

Abbott makes [infant formula](#), [medical devices](#) and drugs. Infant formula and nutritional beverages, which includes the Similac, Ensure and Pedialyte brands, is currently Abbott's biggest business. That unit brought in \$6.98 billion last year, more than a third of the company's total revenue.

After the deal closes, which is expected to happen at the end of the year, Abbott said its diagnostics business is expected to bring in more than \$7 billion in revenue annually. Last year, that unit brought in \$4.65 billion in revenue for Abbott.

The North Chicago, Illinois, company has wrestled with the weakening performance of its Venezuela operations, and last week it said it expected lower earnings for the [current quarter](#), sending shares plunging. The company's stock has fallen 17 percent in the past month.

Abbott said it will pay \$56 for each [share](#) of Alere, a 50 percent premium from Friday's closing price of \$36.20. Abbott said the deal is worth \$5.8 billion when restricted stock, stock options and preferred shares are included. Abbott will also assume Alere's \$2.6 billion of debt.

The deal must still be proved by regulators.

Shares of Alere jumped \$16.80, or 45 percent, to \$54 in morning trading Monday. Shares of Abbott slipped 67 cents, or 1.8 percent, to \$37.18, nearing a two-year low.

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