

Merck & Co and Schering-Plough: a Marriage of Convenience?

<https://marketpublishers.com/r/M6DD80E276EEN.html>

Date: August 2009

Pages: 50

Price: US\$ 495.00 (Single User License)

ID: M6DD80E276EEN

Abstracts

The prospects for a major new company

The pharmaceutical industry's appetite for major mergers seems unabated, and the \$41.1 billion Merck & Co/Schering-Plough deal - one of the largest ever mergers in the industry – has been confirmed just a few weeks after Pfizer announced that it would acquire Wyeth.

Several observers have questioned both the timing and the value of the deal, arguing that, for example, the unresolved issue surrounding the potential loss of marketing rights to Remicade and Simponi make a proper valuation of Schering-Plough impossible. Remicade posted sales of US\$2.11 billion in 2008, a major contribution to its US\$14.25 billion prescription pharma revenues.

The combined company faces a number of issues:

Product pipelines, which are seen by some observers as too diverse and lack lustre

Ongoing concerns with Zetia, Vytorin and Vioxx.

Price reductions affecting products such as Gardasil

Loss of patent protection on several blockbuster products in the medium term

Adverse currency exchange rates which particularly affected Schering-Plough most of whose revenues are generated outside of the USA

However, for Merck, the merger is expected to have a number of benefits:

Mitigation of expected revenue-loss for key products whose patents are due to expire in the near-term

Expansion of Merck's international presence

Bolstering of the R&D portfolio, particularly in the area of respiratory products

Minimal overlap in compounds

Significant synergistic opportunities combining sales, marketing, research and other back-office functions.

Easily assess the prospects for the new company!

For a complete and concise assessment turn to this new FirstWord Report Merck & Schering-Plough: a marriage of convenience? Using primary source data and information, this 50-page report presents a timely, comprehensive yet easy-to-read briefing for all executives tracking developments in one of the industry's major company mergers.

This cost-effective report answers key questions:

What are the products most exposed to loss of market exclusivity and what contribution did they make to revenues in 2007 and 2008?

What products will lose patent protection in the medium term

What effect is the merger likely to have on the combined companies' R&D pipelines and where are the synergies?

What products are close to approval in the combined pipeline?

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