

Pfizer Inc

Pfizer says it is not looking for a mega-deal

CEO Ian Read wants to spend capital on developing experimental medicines



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David Crow in New York MAY 1, 2018

[Pfizer](#) signalled that it does not plan to pursue a mega-deal in a move that effectively ruled the acquisitive drugmaker out of the next round of industry consolidation.

Many investors had been expecting the drugmaker to revive flagging revenue growth with a large transaction and responded with a share sell-off that drove its stock price down by more than 4 per cent in early New York trading.

On a conference call with analysts to discuss the company's first-quarter earnings on Tuesday, Ian Read, [Pfizer](#) chief executive, fielded repeated questions over whether the drugmaker was planning a large acquisition.

"Frankly, I don't see that we need a transformative deal, nor do I see one at appropriate values right now in the marketplace," said Mr Read, adding that he would prefer to use capital to develop Pfizer's experimental medicines.

He said: "I believe at this moment in time, although things can always change . . . the best investment we have now is in our own pipeline."

Mr Read's candid comments came after months of speculation during which Pfizer was touted as a potential buyer for several of its large rivals, including Bristol-Myers Squibb, Allergan and [Shire](#).

One large Pfizer shareholder said they were disappointed by the update, and that the general impression among investors had been the company was “planning something really big”.

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Pfizer’s apparent coolness on the merits of a mega-deal comes as bankers and lawyers predict a mergers and acquisitions frenzy amid a scramble by drugmakers to replace medicines about to lose [patent protection](#).

Last week, Japan’s Takeda Pharmaceutical reached a preliminary agreement to buy Irish drugmaker Shire for about £46bn in a deal that bankers predicted was a portent of things to come.

However, the decision by Pfizer to all but rule itself out of the running for large deals means that any M&A spree will have to proceed without one of the industry’s most acquisitive and deep-pocketed players.

Merck & Co also reiterated its lack of interest in a big-ticket transaction when it reported earnings on Tuesday, although other large drugmakers have signalled their enthusiasm for deals.

Earlier this year, Amgen, the largest biotech company, told the Financial Times it was “[looking hard](#)” for takeover targets on which to deploy its \$27bn cash pile, while advisers for Celgene have said it is also considering [further deals](#).

Meanwhile, Pfizer appeared to remove another M&A opportunity from the table on Tuesday after it confirmed it had not received an “acceptable offer” for its consumer business.

Companies including GlaxoSmithKline and Reckitt Benckiser had considered bidding for the unit — which makes Chapsticks, Advil painkillers and Centrum vitamins — but balked at a price tag in the region of \$20bn.

Pfizer reported first-quarter revenues of \$12.91bn, 1 per cent higher than a year ago and below the \$13.14bn that Wall Street analysts were expecting. Adjusted earnings per share were 77 cents, compared with consensus of 74 cents.

In the absence of a large transaction, Mr Read will have to restore flagging revenue growth by shepherding Pfizer’s experimental medicines through the regulatory approvals process and on to the market.

On Tuesday, he touted the promise of the company’s pipeline of medicines and identified 25-30 drugs that he said could win approval by 2022, including 15 with the potential to generate

blockbuster sales in excess of \$1bn a year.

Pfizer's shares were down 4.2 per cent in early trading in New York, giving it a market value of \$209.6bn.

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