

Merck CEO: Eager for deals, strong prospects for new drugs

January 5 2016, by Linda A. Johnson



In this Friday, July 13, 2012 file photo, Merck CEO Kenneth Frazier speaks at a news conference after a meeting at Penn State University's Worthington Scranton campus in Dunmore, Pa. Frazier said he's eager to find opportunities to bolster Merck's pipeline of experimental medicines, in 2016. (AP Photo/Matt Rourke, File)

Merck's chief executive says the drugmaker is "raring to go" on deals this year, particularly for small and midsize acquisitions of companies or

their experimental drugs.

CEO Kenneth Frazier, speaking Tuesday at a Goldman Sachs conference of CEOs of health care companies in Boston, also said he expects more approvals and growing sales from new cancer drug Keytruda.

And Frazier predicted Merck will soon be a player again in the lucrative hepatitis C market. The world's fourth-biggest drugmaker was a leader until rivals Gilead Sciences Inc. and AbbVie Inc. launched a new generation of medicines that cure nearly every patient in a few months. They wiped out sales of older hepatitis C medicines sold by Merck and other companies.

Frazier told analysts he's eager to find opportunities to bolster Merck's drug pipeline, willing to take more risk and favors deals that would position the Kenilworth, New Jersey company competitively in growing disease categories.

"I am very eager to look for opportunities to augment our pipeline," he said. "There's no way we can invent enough stuff for a company of Merck's size."

Frazier noted Merck did more deals last year than any in recent memory. About half of Merck sales come from drugs initially discovered by researchers elsewhere.

Globally, companies spent a record \$5.04 trillion on acquisitions in 2015, and nearly one in four of those dollars was for deals involving drugmakers, insurers and other health care companies. Analysts expect 2016 will continue the surge of consolidation in the pharmaceutical industry.

Asked about the hot issue of soaring drug prices, Frazier said critics

aren't considering their value to patients but added patients sometimes can't afford their medicines, a problem he said the government and the drug industry must address.

Meanwhile, Merck is awaiting expected U.S. regulatory approval of its hepatitis C combination pill, elbasvir/grazoprevir, by Jan. 28. It would compete with drugs including Gilead's Harvoni and Sovaldi and AbbVie's Viekira Pak, which have list prices of more than \$80,000 per treatment course.

They are raking in billions per year because they're a vast improvement over older medicines that barely cured half of patients, required frequent injections and caused awful flu-like symptoms over treatment that can last up to a year.

Frazier predicts Merck's Keytruda will remain a leader in immuno-oncology, a hot niche of drugs that boost the immune system to better fight cancer. Keytruda is approved for melanoma and the most common form of lung cancer and is in testing against about 30 more tumor types.

"We believe we can go head to head with Harvoni," the market leader, Frazier said, adding, "I don't think people have gotten their heads around how big this field could be."

Credit Suisse recently predicted the immuno-oncology market could grow to \$42 billion annually.

Merck does face one big headwind this year, as its No. 2 seller, the \$2.5 billion-a-year cholesterol drug Zetia, will soon lose sales to cheaper generic copies.

In afternoon trading, Merck shares rose 67 cents, or 1.3 percent, to \$53.15.

© 2016 The Associated Press. All rights reserved.

Citation: Merck CEO: Eager for deals, strong prospects for new drugs (2016, January 5)
retrieved 1 May 2024 from

<https://medicalxpress.com/news/2016-01-merck-ceo-eager-strong-prospects.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.