

Pharma sector set for wave of mergers, acquisitions: study

May 30 2016

The pharmaceuticals sector is facing an intensive period of mergers and acquisitions in the coming years, even if US firms Pfizer and Allergan recently failed to tie the knot, the corporate consultancy firm EY said Monday.

"We're going to see a high level of investments and divestments in the pharmaceuticals sector in the coming years," said Gerd Stuerz, analyst at EY.

In April, Pfizer and Allergan called off a \$160-billion (144-billion-euro) tie-up to create a new world leader in pharmaceuticals ahead of Switzerland's Novartis due to a US crackdown on tax-saving [mergers](#).

But that is unlikely to signify the end of a wave of major deals in the sector, EY said.

"Companies will sell off entire divisions or buy new ones in order to strengthen their position," said another expert Siegfried Bialojan.

In face of fierce competition, external growth is now key for many companies.

"Pharmaceutical groups can only present innovations quickly if they buy these from outside," Bialojan argued.

After a record year for M&A (mergers and acquisitions) in the

pharmaceuticals sector in 2014, 2015 would have been even better if the tie-up between Pfizer and Allergan had materialised.

Bialojan predicted that mergers of a scale of around \$200 billion would become the "new norm" in the sector.

A number of major deals have been signed in recent years. After its failure to acquire Allergan, Pfizer recently announced plans to buy Anacor Pharmaceuticals, a specialist in eczema treatment, for more than five billion dollars.

It is also interested in Medivation, a California-based biotechnology firm specialising in cancer treatments that is also coveted by French group Sanofi and US firm Amgen.

Also in the US, Abbott Laboratories and St. Jude Medical, leading makers of heart care and coronary devices, announced a \$25 billion merger to better target the rising levels of cardiovascular disease in aging populations.

German pharmaceuticals and chemicals giant Bayer is offering 55 billion euros for Monsanto, a bid the US firm has rejected for now.

© 2016 AFP

Citation: Pharma sector set for wave of mergers, acquisitions: study (2016, May 30) retrieved 7 May 2024 from <https://medicalxpress.com/news/2016-05-pharma-sector-mergers-acquisitions.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.