



FOCUS Pharma consolidation trend not over yet

AFX International Focus

FRANKFURT (AFX) - Schwarz Pharma AG will not be the last German pharmaceutical company to follow this year's consolidation trend, analysts believe.

After Belgian drugs maker UCB SA agreed to launch a 4.4 bln eur bid for Schwarz Pharma, analysts believe generics company Stada Arzneimittel AG could be the next to adopt the deal trend set by Bayer-Schering; Merck-Serono; and Altana-Nycomed.

Bayerische Landesbank analyst Annette Blumenthal said: 'The market is speculating that Stada is the next company to go in this direction.'

Another analyst added that Stada was attractive because 100 pct of its shares are in free float. Analysts do not believe that the consolidation trend in the pharmaceutical industry is over yet. Metzler analyst Karl-Heinz Scheunemann said: 'The tendency will continue because pharma consolidation means cost-saving in research and development, production, sales and marketing.'

He added that German pharmaceutical companies had 'unfortunately' remained independent for far too long.

Christian Kummer, director of the Institute of Mergers, Acquisitions and Alliances, said it made sense for German companies to reinforce themselves by joining forces with other international companies.

'There is no place for national champions in this field,' he said. Analyst at Bayerische Landesbank Stefan Voss said it would take up to five years to assess whether companies like Bayer, Merck and Altana had made the right strategic decisions.

He said: 'The prices paid by Bayer and Merck were far higher than I would have expected.'

'Treatments take a long time to develop, so it will be around five years before we see can assess whether these expensive deals and their resulting synergies will have been worth it.'

krysia.diver@afxnews.com
kd/joy