Pfizer eyes merger deal with large rival

By Andrew Jack in London
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Pfizer, the world's biggest pharmaceutical group, is willing to acquire a large rival drugs company to improve its financial health, in a move that could trigger a fresh round of mergers within the sector.

Jeff Kindler, chief executive, said: "The real goal is to grow revenues . . . We are open to opportunities and constantly looking at those which are big, small and inbetween."

His comments stand in stark contrast to those of his peers, who have increasingly focused on small-scale deals and partnerships while turning against the "mega-mergers" that created the current industry groups including Pfizer, **AstraZeneca**, **GSK** and **Sanofi-Aventis**.

But any large-scale acquisition by Pfizer could drive a fresh round of consolidation in the sector, as other companies await the US group's move before responding with deals of their own. Unlike most other sectors in the current downturn, pharmaceuticals boasts many companies that can still fund deals through substantial cash reserves.

Mr Kindler's remarks reflect Pfizer's strong need to compensate for a forecasted sharp drop in sales as its existing patented drugs become exposed to competition. These include anti-cholesterol treatment Lipitor, the world's top selling medicine with more than $13bn in annual sales, on which exclusivity ends in 2011.

He stressed that "We are always open to opportunities to enhance licensing, alliances and acquisitions, but whatever we do – small or large – has to meet the criteria of shareholder value."

Investors have argued that Pfizer could strengthen its expansion into biological medicines by purchasing **Amgen**, the largest independent quoted US biotech group, which has developed a range of promising medicines.