

J&J to buy Pfizer's consumer unit ^[1]

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Calificación:



By Por Rafael Lama Bonilla / End.rlama@elnuevodia.com ^[2] endi.com ^[3] With the acquisition, to be completed by the end of this year, J&J will add to its list Pfizer products like Sudafed, for cold & flu, the mouthwash Listerine and the analgesic cream Bengay. This will as well extend the line of products of consumption of J&J that includes Band-Aid, J&J baby shampoo and the Aveeno skin care line. In an interview with El Nuevo Dia, Jeff Leebaw, spokesman of J&J, could not say the impact that the transaction could have in the manufacture operations of both companies in Puerto Rico. "We just made the announcement this morning (yesterday) and is very premature. But we are putting together an integration team between both companies and that team will be in charge to combine the operations and to create efficiencies to be able to be more competitive", emphasized Leebaw. Questioned on possible duplicity of operations and therefore consolidations that can repel in elimination or reduction of plants, Leebaw indicated that probably some over-capacity will arise, but added that the integration team will try to identify those areas. To the closing of this edition it was impossible to obtain a reaction from the local Pfizer, pharmaceutical that last year announced the reduction of more than 1.000 employees in Puerto Rico, to a great extent due to consolidations that resulted from their fusion with Pharmacia in 2002. On the other hand, according to Bloomberg news, the purchase of the Pfizer assets will extend in more than 30% - or almost a quarter of its total revenue- J & J's consumer products operations, with sales of \$13.000 million a year. J&J makes thousands of over-the-counter health products, including analgesics Tylenol and Motrin, dermatological creams Neutrogena and Pepcid pills for ulcers. "The price seems high, but also it seems a price of which J&J can get its extract value", said Robert Faulkner, analyst for JMP Securities in New York, in a telephone interview. "Investors could think that J&J has lost a little discipline, but they would rather see an increase in the gains and the good use of that cash, than no action at all". Pfizer put its consumption division for sale

for \$3.900 million a year in February, in order to collect capital developments and acquire new products, since it faces competition of generic for some of its main prescription drugs in next the two years. These products represented 7,6% of Pfizer's \$51.300 million revenue in 2005. Pfizer affirmed that it will purchase actions for up to \$17.000 million in 2006 and 2007. Lazard and Bear Stearns Cos. advised Pfizer in the transaction, and Cadwalader, Wickersham & Taft gave legal advising. With the sales of the Pfizer's consumer division, JP Morgan analysts considered initially that its value would be between \$8.000 and \$10.000 million. Glaxo, with seat in London, was considering to offer between \$14.000 and \$16.000 million this same month, informed the Financial Times recently. Pfizer could also have negotiated with Bayer AG, Reckitt Benckiser Plc and Wyeth.

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