

## Pfizer eyeing GSK for \$146 bn deal

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Pfizer is said to be bidding for GSK at a whopping \$146 billion.

Analysts at Deutsch Bank wrote a note introducing 'PfizerKline':

*"Pfizer's shareholder-friendly management team has previously stated that the company is open to acquisitions of various shapes and sizes. Regardless of whether Pfizer decides to split the company into pieces at some point, we believe that the company has a sense of urgency to create value by leveraging the power of its balance sheet to do needle-moving deals. As evidenced by Pfizer's interest in AstraZeneca last year, one important goal for Pfizer has been to seek a deal that would maximize access to its balance sheet and improve its tax structure.*

*"Since media reports in the past have pointed to the potential for a Pfizer/GlaxoSmithKline combination, we are revisiting that theme and presenting a pro forma analysis of this potential combo. In short, this potential combination could be materially accretive to earnings per share and discounted cashflow, while allowing Pfizer to unlock access to its balance sheet and improve its tax situation over time.*

*"As a base case, we assumed a purchase price of £1924 a share [around \$146bn or £95bn in total] funded with half stock/half cash, cost synergies of around \$3.7bn, and a simple blend of tax rates."*