

Pfizer's \$33b cash pile has everyone guessing

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NEW YORK: Pfizer has \$33 billion in cash and a million potential ways to use it.

That total on the balance sheet has been the focus of speculation among investors ever since the New York-based pharmaceutical company walked away from an almost \$120 billion deal to acquire UK drugmaker AstraZeneca (AZN) last year.

The use of that cash is likely to be a topic of discussion after the biggest US drugmaker reports fourth-quarter earnings Tuesday. In October, executives announced an \$11 billion buy-back over an undefined time-frame, not enough to keep the company from doing deals, according to analysts.

Chief executive officer Ian Read's search for an acquisition target has been far and wide. After the AstraZeneca deal fell apart,

The company is said to be looking for acquisition of strategic assets that it aims to add to its portfolio

Pfizer approached Actavis (ACT), people familiar with the matter said last year. That company announced a deal to buy Allergan in November. Pfizer also reached out to Teva Pharmaceutical (TEVA) last year, but the Israeli drugmaker quickly rejected the overture, Bloomberg News reported, citing other people with knowledge of the encounter.

The AstraZeneca deal

was attractive to Pfizer in part because of the UK company's oncology pipeline. The proposed deal would also have let Pfizer relocate its legal address overseas, lowering its US tax bills.

Pfizer hasn't ruled out doing an inversion in the wake of those changes. Pfizer's management is also going to be careful about how much it pays for its next target, which could make it hard to strike a deal at all, according to David Heupel, senior health-care analyst at Thrivent Financial, which holds Pfizer shares.

"They're looking for strategic assets and they're taking a pretty broad stroke as to what they're looking at," he said. "But I think they're going to take a diligent and disciplined financial approach, and I don't think that's going to equate to a lot of opportunity for them."

PFIZER/BSE Rs 2,141.20 ▼

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