

May Pharmaceuticals

Situation

May Pharmaceuticals is a global, research-based biopharmaceuticals company. May is a leader in the Cardiovascular (CV) Drug Market due to its patented “Blockbuster” drug, HeartPlus®.

Complication

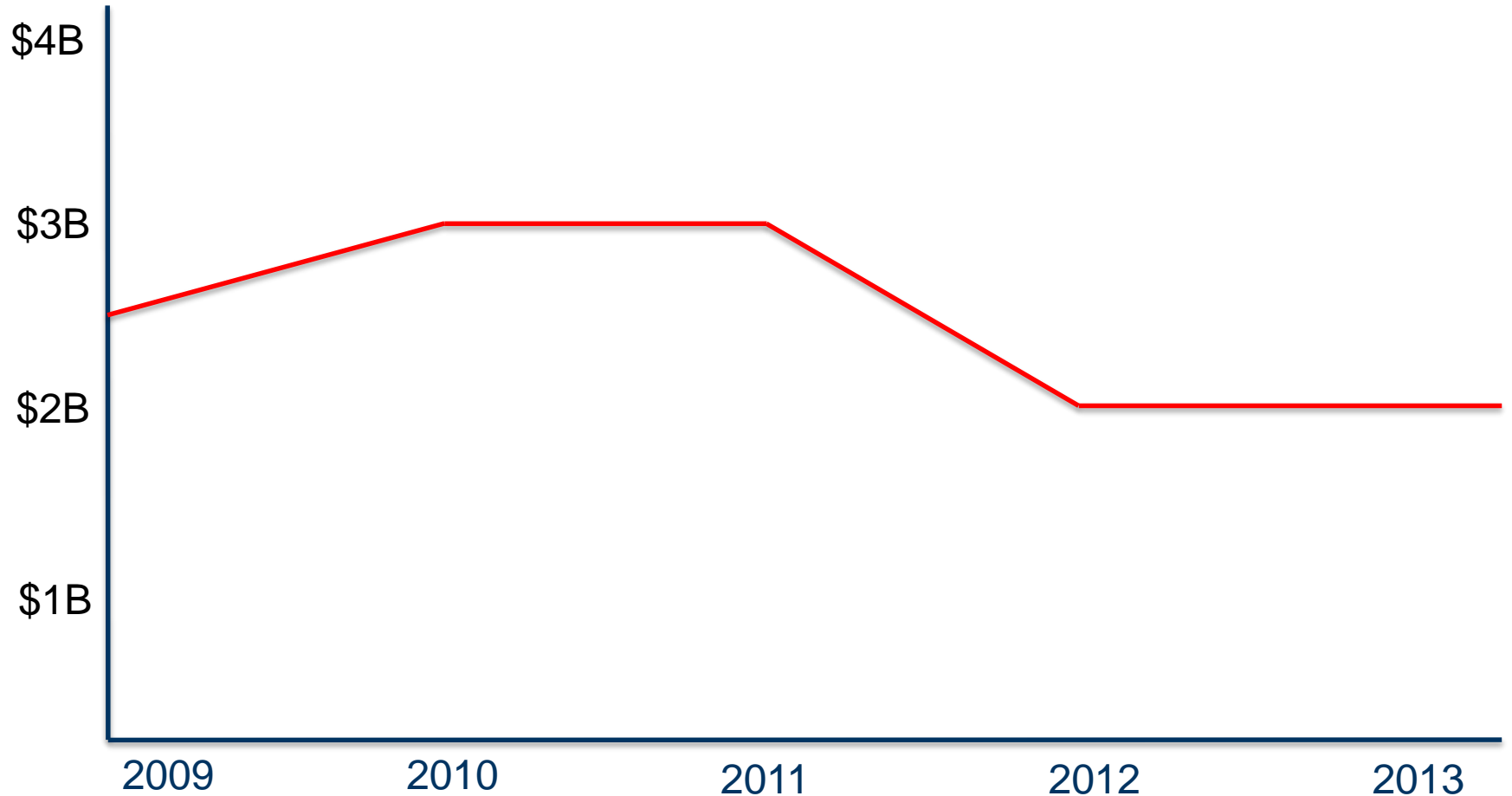
After an era of booming growth, May’s profits drastically declined, and have flattened out.

Question

The CEO has hired you to determine the cause of the declining profits, and to propose a recommendation on how May should respond.

May Pharmaceuticals: Profits

Profit Contribution



May Pharmaceuticals: Revenue and Cost Data

Revenue Breakdown

Revenue

\$40B

\$30B

\$20B

\$10B

2009

2010

2011

2012

2013

Profit



CAGR
2011-12

(33%)

COGS

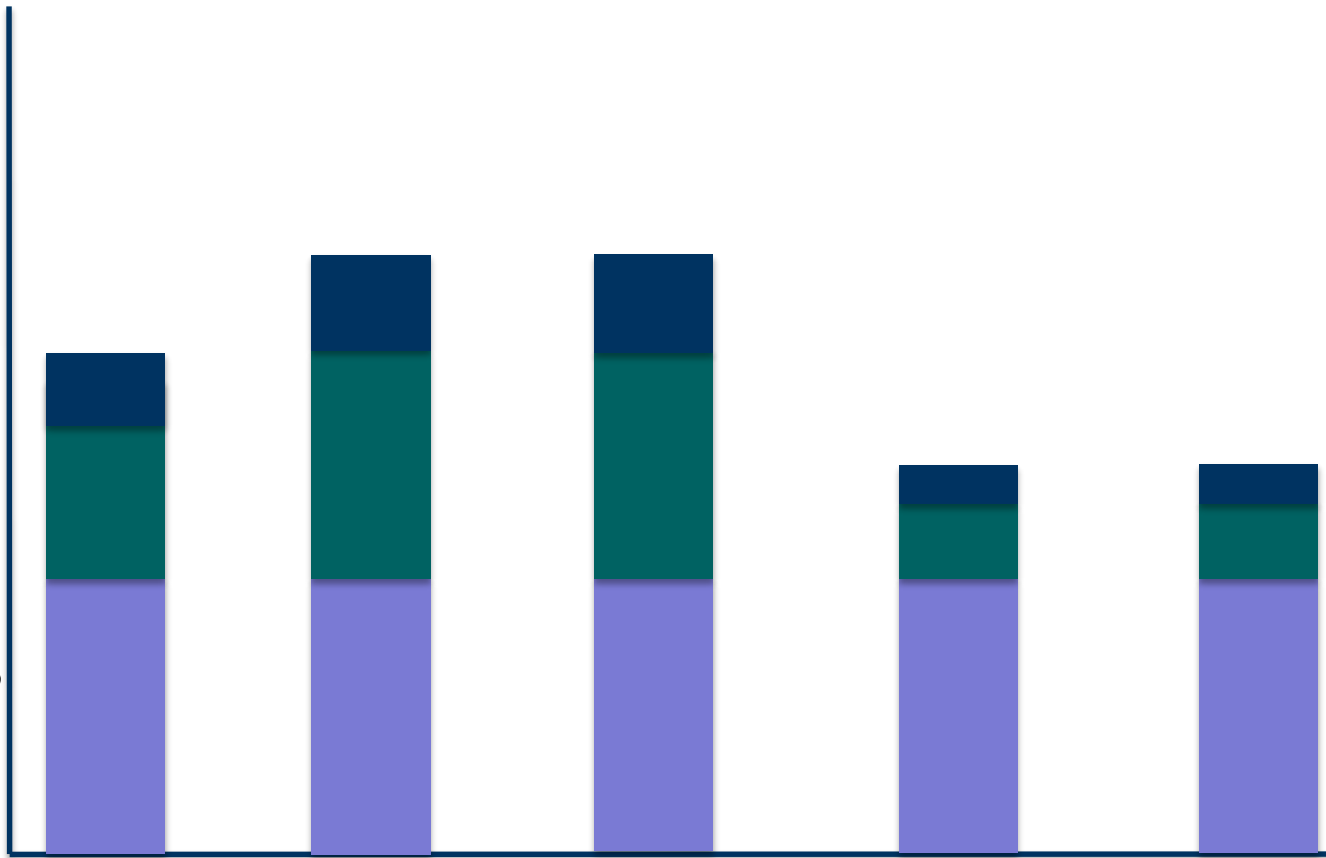


(40%)

Fixed
Costs

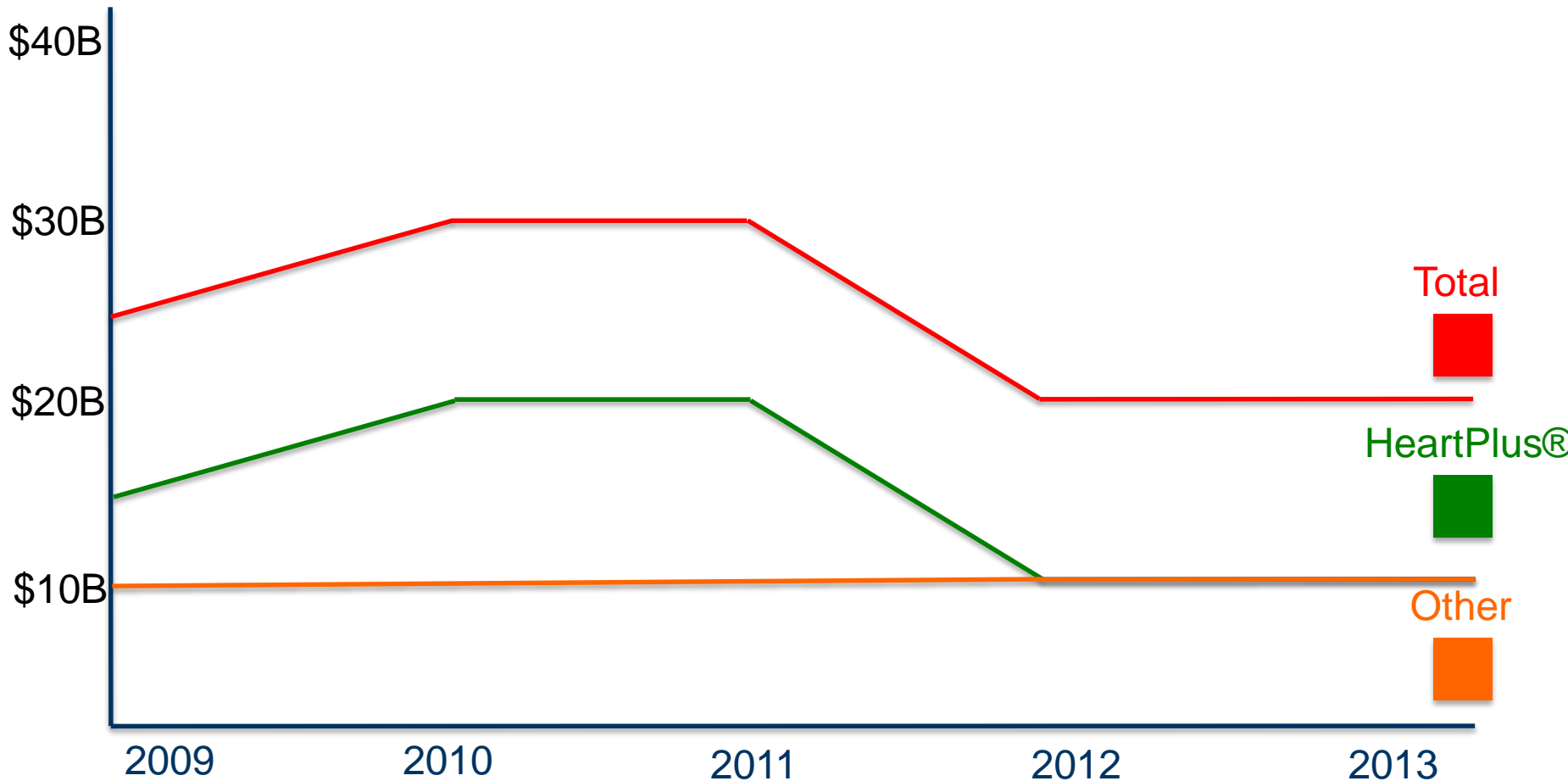


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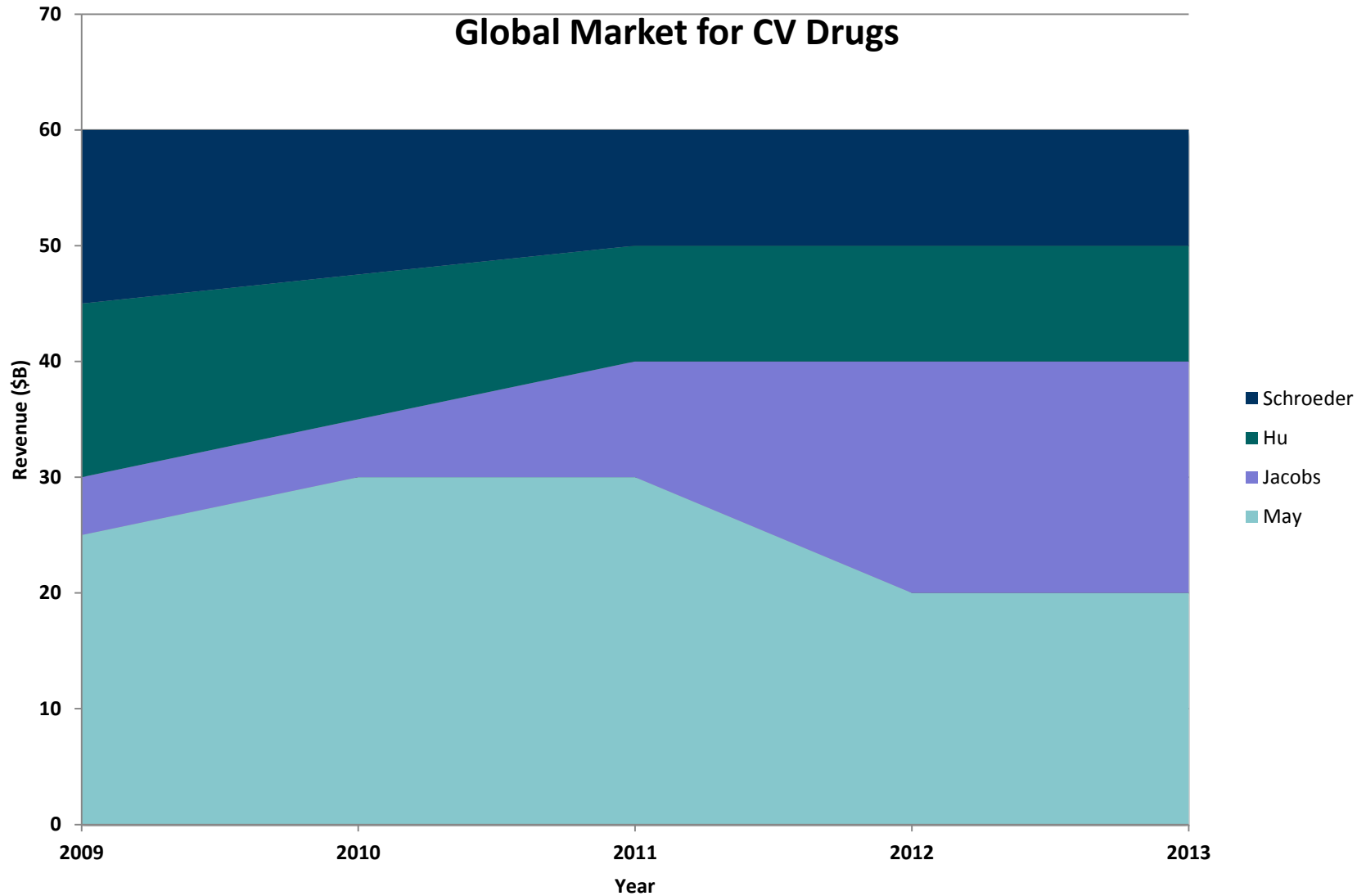


May Pharmaceuticals: Revenue Breakdown per Product

Net Sales in
May Pharmaceutical's Product Lines



Cardiovascular Drug Industry: Competitive Landscape



M&A Cost and Revenue Estimates

	Generic Decongestant Co.	Branded HIV Drug Co.
Market Value	\$9,250,000,000	\$47,500,000,000
SG&A Cost	\$5,750,000,000	\$2,500,000,000
Selling Price/Pill	\$10.00	\$200.00
Production Cost/Prescription		
First 200M Pills	\$200.00	\$4,000.00
Next 100M Pills	\$150.00	\$3500.00
Additional	\$150.00	\$3000.00

***1 Prescription = 25 Pills. Assume that one prescription will last one patient one month.**

2015 Market Forecasts

Prescriptions Sold in 2015

Prescription
Breakdown

