

Merck To Close 8 Plants

Manufacturing.net

TRENTON, N.J. (AP) -- Drugmaker Merck & Co. said Thursday it is shutting down eight manufacturing plants and eight research sites around the world, including two domestic locations, in the latest phase in its strategic pruning of operations.

The moves, which include consolidating some offices, are part of ongoing consolidation following Merck's acquisition of Schering-Plough Corp. last November.

That deal made Merck the world's second-biggest drugmaker but the company said it would eliminate about 15 percent of the combined work force, or roughly 16,000 jobs.

Those cuts are intended to save the Whitehouse Station, N.J., company about \$3.5 billion a year, starting in 2012. Merck said Thursday that the restructuring plans announced so far will bring savings of about \$2.7 billion to \$3.1 billion in 2012, most of its target.

Merck said the consolidation is part of its strategy to diversify, focus on patient needs and invest in biologic drugs, emerging markets and other key areas for future growth.

"Today's announcement is another important step as we successfully integrate out global operations on schedule and move forward with Merck's strategic priorities," Chief Executive Richard Clark said in a statement.

Merck said that the cumulative cost for the initial phases of restructuring from the merger will range from \$3.5 billion to \$4.3 billion, before taxes. It expects to take a charge for some of that cost in the second quarter.

Merck is scheduled to report its second-quarter results on July 30.

Over the next two years, the company will phase out operations at eight research sites, including one outside Cambridge, Mass. Three of the research facilities being closed are in the Netherlands, three others are in Europe and one is in Canada.

Beginning in the second half of this year, Merck will phase out operations at eight manufacturing plants, transferring production to other factories. One of the affected locations is in Miami Lakes, Fla., a plant the company intends to sell. The other factories to be closed or sold include two in Europe, two in Mexico, two in South America and one in Singapore.

In morning trading, Merck shares rose 36 cents to \$35.79.

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Published on Chem.Info (<http://www.chem.info>)

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