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Schering-Plough Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Tim Anderson - Sanford Bernstein.

Tim Anderson - Sanford Bernstein

Can you describe your level of confidence that golimumab will receive European approval some time in the current year?

And in Canada, where you recently received approval, why are you guiding for launch only later in the year? It seems like a delay that would be longer than what I would expect on the launch of that.

And can you give us an idea of what your sales are in the quarter in emerging markets both in terms of absolute sales as well as year-on-year growth?

Fred Hassan

Very good questions, Tim. The first question will be answered by Tom Kessler and the second question will be answered by Carrie Cox.

Thomas P. Koestler

As far as the European registration's concerned, it generally takes about 12 to 18 months for a registration in Europe and we think it's on track.

Carrie S. Cox

We are delighted to have the approval in Canada. We're very optimistic about the upcoming approval in the EU, but nothing additional to report at this time.

We are working through the local issues around reimbursement and access that occur in any market, particularly the first market for launch, so we look forward to bringing golimumab or SIMPONI to the market as soon as we can in Canada.

Fred Hassan

As you know, Tim, the provincial reimbursement formularies do take some time.

Robert J. Bertolini

Tim, on the emerging markets - or we call them newer markets actually - about 10% of our sales are in those markets and on an ex exchange basis this quarter they grew about 5%.

Operator

Your next question comes from Chris Schott - J.P. Morgan.

Chris Schott - J.P. Morgan

First on the gross margin strength in the quarter, can you just quantify the benefit you saw from some of that inventory revaluation in the quarter and, sequentially, how shall we think about the benefit as we move into 2Q? I guess you would be expecting gross margin declines.

And the second quarter on the Animal Health business, as we think about the impact of the weak economy here, is that something that accelerated throughout the first quarter? And when we think ahead again to 2Q and beyond, are you anticipating an increased level of economic impact on that Animal Health business as the year progresses?

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