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EDITED TRANSCRIPT

MRK.N - Merck & Co Inc at TD Cowen Health Care Conference

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PRESENTATION

Stephen Michael Scala - *TD Cowen, Research Division - MD & Senior Research Analyst*

We are delighted to have Merck here at Cowen's 44th Annual Healthcare Conference. Representing the company, Joe Romanelli, who is President of Human Health International. Also joining us here on stage, Peter Dannenbaum, who is Head of Investor Relations.

So thank you so much for making the effort to be with us today. Lots to talk about. Obviously, OUS Merck is a big business, diverse business, lots going on. So we want to dig into all these topics in the next 30 minutes or so.

QUESTIONS AND ANSWERS

Stephen Michael Scala - *TD Cowen, Research Division - MD & Senior Research Analyst*

Let me start out by asking about one of Merck's biggest successes and that is GARDASIL. And Merck has this ambition that it's going to achieve roughly \$11 billion in 2030. But we, in our models, show the product pretty much achieving that just in international and then, of course, the U.S. So tell me why \$11 billion is the cap and why it can't be a whole lot larger and maybe that much just in your territory?

Joseph Romanelli - *Merck & Co., Inc. - Senior VP & President of Human Health International*

Yes. So thanks, Steve, and good afternoon to everyone. Great to see everyone. And Steve, always great to see you. And knowing that you're going to put out a great giant report, looking forward to reading it.

But yes, I would say, look, if you look at our business, we have -- we're held to 2 fundamental standards. First is how many people can you reach and what impact you have on those people. And if you look at GARDASIL, we've had a phenomenal time over the past 18 years really launching in new markets. And then as we entered into this decade, we looked at how big could GARDASIL be internationally and then globally.

And then we put out that guidance, and what we said is we anticipate by 2030, we'd be more than \$11 billion. And I think we've made steady progress since putting that outlook out there, and we continue to see, as an opportunity, we continue to view that by 2030, it would be greater than \$11 billion.

And if I look at how we've done internationally, last year, we were able to reach about 45 million patients or consumers in the international markets. Now that's great, but unfortunately, we still have about 1,000 people per year who are -- or day, sorry, that are dying of cervical cancer. So we still have a lot of opportunity.

Now there are really, for us in international, there are 3 things that we focus on. So if you look at our 3 different business segments, we have the reimbursed business or the NIPs and the tenders. We have the private market business, and then we have our low middle income business where we partner with Gavi, WHO, PAHO.

If you look at the reimbursed NIP business, we have, for GARDASIL-9, roughly 40 NIPs. Our goal there is, first and foremost, is to increase the vaccine coverage rates, so the VCR rate. If you look at WHO, they want 90% VCRs. If you can achieve 90% VCRs in 15-year-olds, you can potentially reach elimination. So that's our #1 goal.

Second is expanding the coverage in those NIPs. So starting with cohorts that are traditionally adolescent, trying to go into teens or older teens and then going into mid adult women. So that's our second priority in the reimbursed market. Third would be conversion to gender-neutral, right?

And so all these -- if we look at all of those markets, we've made steady progress to try to get a gender-neutral program up and running to make sure that we're not only vaccinating young women and mid adult women, but also males.

And then in those reimbursed markets, for the cohorts that fall outside of reimbursement, we look to try to build a private market, right? So this is patients going out of pocket to a vaccination center to pay for the vaccine. Now if we think about that private market in international, it's roughly 60% to 70% of our business is out-of-pocket private market.

So the goal there is to identify who the consumers are that would benefit. So typically 9- to 45-year-olds, but mostly in the out-of-pocket market, it's the 20- to 45-year-olds that are going to go pay.

So number one is working with partners or influencers to make sure that they're aware of HPV. Second is to work with partners to make sure, not only are they aware, but can they identify where they need to go to be vaccinated? And then third is working with partners, whether it's diagnostic centers, aesthetic centers or private hospitals to get them vaccinated.

We've made steady progress there. Our largest market is China, of course, where it's now it's -- GARDASIL is the #1 product in China. And for sure, if we look at how we're expanding in the developing markets, we're seeing other developed markets that continue to grow. In fact, Vietnam is my fifth largest market despite not having reimbursement.

And then lastly, we look at the opportunity -- I've talked a little bit about that 1,000. A lot of that 1,000 per day is in kind of the low middle income segment. So how do we work with a Gavi, WHO, PAHO to reach that low middle-income segment?

And tremendous credit to the team in our manufacturing organization who have increased capacity over the past couple of years to a point where next year, we should not be constrained by manufacturing capacity. So that was a great investment in Sanat, who leads our manufacturing division.

He's done a great job to make sure that we can reach those other markets that we haven't yet reached. Not only low middle income, but there are markets where we yet to launch GARDASIL-9. We still work with our 4-valent GARDASIL. So made steady progress and committed to that greater than \$11 billion by 2030.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

Great. I should have mentioned at the outset, if any of you have questions along the way, just raise your hand, we'll call upon you and get your question answered.

So let's move to another very successful Merck product, that being KEYTRUDA. And interestingly, one of your competitors, Roche, has basically told analysts not to expect much growth out of TECENTRIQ because they claim the market is saturated.

Now I guess, saturation could occur either because the markets are truly saturated or KEYTRUDA is giving no opportunity to grow. So what is the outlook for KEYTRUDA in OUS markets, both in metastatic and early-stage settings?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

So I think at a very high level, we continue to see KEYTRUDA as an opportunity for growth in 2024. And I give Dean, who runs our research labs, and Eliav, who runs our clinical development group, tremendous amount of credit because of the programs that they put together.

If you look at our business internationally, 80% of the business is metastatic. Within that 80%, roughly 50% of that is in lung. And if I look, particularly in Europe, we have around 60% to 80% market share across the markets. Now in 2023, that metastatic business continued to grow, and albeit not a primary driver of growth. Our early-stage business continues to be in 2023 and in 2024, the primary driver of growth.

What I talk about quite often to my teams is we've done a phenomenal job of reaching patients, but -- and focusing on treatment, but we're still launching in some markets and trying to make sure that we continue to grow our metastatic business. So in addition to lung, head and neck, RCC, melanoma and even triple-negative breast, there's still a percentage of that business that's coming from metastatic.

But certainly an area where -- if I think about Dean's strategy for oncology, it really was expand, extend and deepen. So expand into new tumor types, we've done that in metastatic; extend into new lines of business or extend into earlier treatment, which is the early stage setting; and then deepen the impact we have by working with partners and working within our pipeline to expand co-formulations and build combinations.

In the earlier stage setting, we've done a really nice job, it's about 20%. We follow the U.S. by about 12 to 18 months in terms of time of launch. So generally, they're going to be slightly ahead of us, a couple of basis points in terms of where they are with their percentage.

But for us, last year, if we look at triple-negative breast was roughly 50% of our growth, and I would say probably the best opportunity we have, because -- we talk a lot about screening. Triple-negative breast, there's very robust screening programs in the world. So women are identified, they're screened, they're diagnosed, and we can get them on treatment early, which is fantastic.

In addition to triple-negative breast, cervical, RCC and melanoma are kind of 3 other tumor types where in the early stage, we anticipate growth this year. Now if I compare us to the U.S., the U.S. is launching KEYNOTE-671 in lung and -091. We -- the launch for KEYNOTE-671 will probably the latter part of this year in Europe into next year. We were happy that we got a positive opinion from the CHMP. Look forward to that.

I will say that the screening opportunity in OUS, particularly Europe is even lower than the U.S., and we talk about 6% screening in the U.S. for lung cancer. Outside of the U.S., if I look across Europe, we really don't have any screening programs in major European markets outside of what we're experimenting with or what the U.K. government is experimenting with for screening.

So there is an opportunity. I know a lot of other companies are trying to build screening. There are new diagnostic companies that are out there trying to build programs that will help screen in Europe. But if I look at kind of where we are, 80% metastatic, 20% early stage, excited about the opportunities for co-formulations.

I think Dean -- actually, Rob setting the strategy, Dean executing with the internal pipeline and looking for great assets externally, and then Caroline, making sure we have the right valuation on those deals, have done a fantastic job, whether it's ADCs, neoantigen therapy or other co-formulations that we can have to try to deepen the impact of KEYTRUDA. It's been pretty outstanding.

Unidentified Analyst

Do you expect the metastatic long ex U.S. will continue to grow?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

So I would just say metastatic -- we anticipate metastatic will continue to grow, but the majority of our growth will come from the early stage setting.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

Of course, Merck is working on subcutaneous formulation, and we analysts kind of look at it and say that's interesting and think about the U.S. market. But couldn't it really be a major opportunity OUS where they don't have quite the same facilities we have in the U.S. for infusing drugs? So what is the opportunity for subcu KEYTRUDA outside U.S.?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

Yes. We're watching closely. We're seeing, obviously, TECENTRIQ is the first one to have that conversion. What we're seeing, it depends on the market. In places like the U.K., you're going to see probably a faster adoption. And what we're seeing today is the majority of that adoption is happening -- having within the product itself.

So converting that IV to the subcu to get the patient out of -- as you talk about the bolus of patients that are coming into the IV centers into the hospitals. But not every market is built the same, so there will be some markets where they'll continue to want to bring the patient into the hospital.

We see subcu as an opportunity, especially as we transition from the metastatic business to the early-stage business to help patients kind of improve that process. These are younger patients. These are generally patients that want to have treatment outside of the hospital.

So if we can do that with a subcu formulation, I think that's kind of -- it will improve care, will improve the ability for the hospitals to manage for patients who are going in for IV, and certainly, I think, hopefully, from a duration perspective, keep patients on these assets a longer period of time to make sure they reap the benefits of OS and others.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

Great. Questions from the audience? Before we leave KEYTRUDA, one of the things that investors think about is, of course, the LOE. And there are, of course, LOEs outside the U.S. China, 28; EU, 31; Japan 32. So we know kind of what the contours are for LOEs in the U.S. even for biologics, but what should we expect in these markets? Is there anything unique? Could the tail be longer than people think? Tell us about the LOE in each of these markets.

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

Yes. So I think when you kind of talked about the timing. When we look at markets, if you think about the traditional curve, that curve could be a slightly different tail, so the slope of the tail could be different. We think about places like China, right? So we have -- KEYTRUDA in China is out of pocket. So it's not on the NRDL. We roughly have 15 other products, PD-1 antibodies in China.

As products go through -- when you think about Herceptin, and the experience of Herceptin in China was very different than probably Herceptin in the U.S. So there will be markets where there will be a different curve. Obviously, we want patients to have access to care irrespective of branded or unbranded. As you look at -- I think Rob, Dean have done a tremendous job to make sure that we continue to deepen the impact of KEYTRUDA.

So KEYTRUDA is the backbone. As we think about the ADCs, INT and other assets, having a more affordable KEYTRUDA and then adding in the new product, if we think about comparative effectiveness and clinical benefit that you would demonstrate with payers, you'd want to make sure that, that has an opportunity for reimbursement in those markets.

So I think the team has done a really nice job of positioning KEYTRUDA so that we can continue to benefit and patients benefit over time. And if we can lower the burden and improve access, that's something we want to do.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

One of the products that we in the U.S. are focused on, of course, is that sotatercept should be a fairly near-term approval. We're looking for a multibillion-dollar potential. But it does come up for approval in the EU in the second half of the year. What's your level of confidence that, that approval will come? And what should we expect after that?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

Yes. So everyone at Merck is extremely excited about sotatercept. This is a great opportunity because of the impact sotatercept can have on PAH patients. So if we look at kind of the international opportunity, and focusing on the EU and Japan, there are about 50,000 patients that have been identified with PAH.

Those are the kind of the first tranche of patients that we're going to be going after. And if you zero in on Europe, again, I can't say what the regulators are going to do, but we anticipate in the second half of this year, we'll get approval.

The interesting thing about this particular market opportunity is, number one, we have the STELLAR data, right? So there are very few products -- in fact, we haven't seen any products of PAH that have an impact on 6-minute walk, which is the real efficacy outcome, that have an 84% reduction in time of clinical worsening.

So when you think about the opportunity for patients who have been on therapy for 7 to 8 years to get a new therapy that's going to improve their quality of life, I think that is something that you want to hand in that dossier, whether it's in Germany or in France, so that patients have access. We feel very confident in that process.

Likewise, from a go-to-market perspective, this is very different from a traditional kind of a primary care product where you'd have to go to all the primary care physicians in a market. For sotatercept in PAH, these are managed in COEs. And if I look across Europe, we know exactly where these COEs are.

We have -- in Germany, we have 71 COEs. In France and in Italy, there are around 25 centers of excellence. In Spain, there are 15. And in the U.K., there are 7. So we knew exactly who is treating in those centers. They have a registry for the patients. They know these -- they've been monitoring these patients for years, so they know which patients they want to target.

And currently, today, patients are on dual and triple therapy, and over time, we continue to -- we have a great life cycle management program, and our next 2 studies, the ZENITH study, which is going to be looking at functional Class 2 and 3 higher-risk patients who are at risk for morbidity and mortality, then HYPERION, which would read out after that, is more of the moderate risk patients in function Class 2 or 3. So I think I said function Class 2 or 3 for ZENITH, it's actually 3 and 4.

So we feel really comfortable with kind of our go-to-market strategy because we have a great asset, right? And the data that's come out of STELLAR, I think, is going to have an impact on care, not just in Europe but also Japan and other parts of the world.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

So with 50,000 identified patients and centers of excellence already established, we should be thinking in terms of a pretty darn good launch here. I mean this is going to take off pretty quickly. Would you agree with that?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

Yes. I mean I think when we look at the excitement around sotatercept, and we already gave guidance of what we believe the cardiovascular business could be in the mid-2030s, we said roughly \$15 billion, not risk-adjusted. We're excited, right?

And so I think this is a great opportunity, because number one, it's focused on the right thing. This is a product with unambiguous promotable advantages. And what we found is when we have products that have unambiguous promotable advantages, they get utilization quickly. KEYTRUDA was a great example out of that.

And I look at sotatercept as another product where, if you look at the current standard of care, patients are getting prostacyclins, ERAs and vasodilators, PDE5s, so there's an opportunity for us to come with great data, assuming it gets approved, that can have an impact on patients, and we're looking forward to this launch.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

Merck has a very kind of thoughtful strategy to approach the pneumococcal market, but when we speak with doctors, the conversation kind of begins and ends with Prevnar. They don't really need to hear about anything else.

We have a vaccines panel this afternoon. I don't know what will be said on that panel, but that's what we've heard in the past. So how can Merck break this mindset that doctors really need to be open-minded to vaccines -- pneumococcal vaccines beyond Prevnar?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

Yes. So I think we've taken a slightly different approach. So we follow the science in looking on population dynamics to say, is there a vaccine for a pediatric patient and a vaccine for an adult patient? And so what we've developed or what the team in MRL developed is VAXNEUVANCE, which is for the pediatric segment.

And for VAXNEUVANCE, we felt really good because if you look at the disease severity, particularly in the first year of life in serotype 3, there's strong coverage there. And so as we went out to the market, and I'll talk about ex U.S. for a moment, we launched in 20 markets. In those 20 markets, we had a 30% share exiting 2023.

And as we fast forward into 2024, every market is operating differently, because in some markets, you're kind of -- in the account, you're trying to position your product vis-à-vis either -- but not PCV20 yet, but Prevnar. And so when we look at that, particularly in markets like Germany, we have slightly higher share. And then for markets like Spain and Italy, where we have to win regional tenders, we're seeing actually winning tenders above that 30% to 40% share.

So our goal is really to be at 50-50 in ex U.S. If you look at the size of the Prevnar business, I don't know what it specifically -- how much the -- pediatric is roughly 70%. But we feel really good about the progress to date. We anticipate launching in another 20 markets this year. So we feel good about VAXNEUVANCE.

In terms of V116, we've -- our approach is really looking at what are the serotypes that cause disease IPD in adult patients? And in V116, we've developed an asset that has 8 of the [unique additional](added by company after the call) serotypes that are responsible for 30% of the disease. And if you look at the study, our Phase III study, we cover 83% of the disease, right?

So we feel very good about the health economics. So as I have to go to payers, I feel like I can really identify the patients who would benefit -- and if you -- often, if you go to a payer and there's a very broad patient population, it's harder to prove out the health economics of that dossier.

So for us, looking at ex U.S., certainly, I feel like we have an opportunity to have an impact. We'll obviously have to see what happens with PCV20 both in the pediatric space as well as in the adult space. We don't know if it's a 2-plus-1 in the pediatric space or a 3-plus-1. We'll have to wait to see how that plays out. And then certainly, irrespective of which company, we want patients to be vaccinated.

The other benefit I think we have is our experience with GARDASIL in the private market. We understand how to activate consumers, how to get those consumers into a vaccination center. And thankfully, for us, for V116, it's a single shot, so we don't have to worry about trying to get them back for a second dose. So I think we have -- GARDASIL 4, there's a lot of experience in that regard.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

Great. Questions from the audience? Moving to another vaccine. Dean talks a lot about dengue. Our only experience with dengue with a competitor wasn't so good. So tell us about the opportunity for dengue assuming it gets through the regulatory process.

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

Yes. So -- and Dean's spot on. I'm very excited about dengue. In fact, earlier in our conversations, I talked a lot about what I see as an opportunity for dengue, particularly in the southern hemisphere. If we look at the southern hemisphere, we have 4 billion people who are potentially at risk. There are about 105 million infections per year with dengue.

We partnered with Instituto Butantan out of Sao Paulo, Brazil. They put out Phase III data. This is a quadrivalent vaccine, so it hits all 4 serotypes for dengue. They had 80% efficacy. So 90% efficacy on serotype 1 and 70% on serotype 2. With that data, we are doing a Phase II bridging study, and then ultimately, we'll launch our own Phase III study. Butantan is responsible for Brazil. We're responsible for all other markets.

And as I think about the impact that dengue can have -- and we talked a lot about China, but if you think about Guangzhou and like that Greater Bay area above Hong Kong and the risk of Dengue all the way through Southeast Asia into Africa. And I live in Switzerland. I live in Europe. You're now starting to see dengue in Europe, right, because of the migration from Africa and other parts of the world, the Middle East.

So making sure that we have a solution for what could be a pandemic-type situation in certain markets -- I lived in Southeast Asia when we had an issue in Singapore, and it caused disruption to travel, schools, workforce, et cetera. So having a solution that covers 80% efficacy and covers the 4 serotypes is outstanding.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

And when could this be available in foreign markets?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

I think I would probably -- obviously, the bridge to Phase II and then Phase III, it's going to take some time. So I'd probably put it at the end -- kind of towards the end of this decade, into the early part of next decade.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

Okay. VAXELIS. What should we know about VAXELIS? How's it going? What's your share and so forth?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

Yes. So VAXELIS, we're in a partnership with Sanofi. This is a hexavalent vaccine, which covers DTaP, polio, flu, and HBV. And I think the benefit here is can you reduce the shots versus a kind of 2 to 3 shots for the other competitor vaccine.

So if we can do that, we can continue to demonstrate kind of that differentiation. We think we can continue to build volume. We don't report the revenue. It goes through equity income. So I would just say I think we've been making steady progress in an important vaccine that covers a lot of different diseases.

Stephen Michael Scala - *TD Cowen, Research Division - MD & Senior Research Analyst*

Questions from the audience? What's the OUS opportunity for islatravir-doravirine combination. What -- how do you foresee the outlook for that?

Joseph Romanelli - *Merck & Co., Inc. - Senior VP & President of Human Health International*

Yes. When I look -- so for HIV, so when you look at the work that the team has done to get islatravir back on track with doravirine, we're very excited for this opportunity given the fact that there's still tremendous need out there.

We've launched 3 studies. Two are switch studies, one is a naive patient study. So hopefully, we're going to get the data for those 3 studies over the next 2 years, so in ['24, '25](corrected by company after the call). And this is a head-to-head with BIKTARVY, so this is an opportunity for us to really demonstrate differentiation.

And certainly, if we look at the standard of care, has changed quite a bit from when we originally launched Crixivan. You probably remember Crixivan in 1990s. I joined Merck in 1996, and that's right around the time we launched our first direct acting antiviral against HIV. Today, patients live longer. Patients have co-morbidities. There are issues around weight and other side effects.

So is there an opportunity with this combination to differentiate on some of those AEs? That's one area where we're focused on. We also have a combination with lenacapavir from Gilead. There'll be data out tomorrow at CROI. So that's another opportunity. If I look at ID, so that's a once-daily, if I look at further combinations, we're looking at once-weekly and then ultimately into PrEP in the future.

Stephen Michael Scala - *TD Cowen, Research Division - MD & Senior Research Analyst*

Questions from the audience? Joe, you've lived in China for 5 years. And when we listen to pharmaceutical executives talk about China, it's kind of all good. Lots of people, great unmet need, rising standard of care...

Joseph Romanelli - *Merck & Co., Inc. - Senior VP & President of Human Health International*

Also it's great culture...

Stephen Michael Scala - *TD Cowen, Research Division - MD & Senior Research Analyst*

Good culture, good food, rising standard of care in the middle class, but you can't pick up the newspaper without having shivers run up and down your spine about the unrest and tension and so forth. So you've lived there. What's the reality?

Joseph Romanelli - *Merck & Co., Inc. - Senior VP & President of Human Health International*

Yes. So I don't want to speak on behalf of all countries. But what I would say is we've had a business in China for more than 30 years. And that business started as a JV, and over time, we transitioned to wholly-owned and operated in China. And through that time, we've been able to introduce new products.

And right around 2016, we really started to pivot to innovation when the government recognized, back in 2013, that the health care standards in China weren't up to par with the West. So they launched Healthy China 2030. And through that, we saw the NRDL was opened back up in 2017. We were -- amongst our peers, we negotiated to get onto the NRDL for some of our products. and we're able to get access to all the hospitals in China, which helped to drive growth.

The government continues to focus on how can we help more patients, and I think that's a mindset that I don't see -- so we talk about all the geopolitical issues and certainly, we're mindful of those. But I also know that anytime I go to China, it's -- they're always focused on solutions. So how can we reach more patients? Is there a product that you can bring earlier? And I think that if we continue to focus on that, ultimately, what we're going to do is have an impact on patients' lives.

Obviously, from a supply chain perspective as a company, we want to diversify to make sure that we have strong supply chains around the world that are independent of actions that can happen in one particular market. That's one area that we focus on as a company. Likewise, we also want to take advantage of the great science that's happening in China. We have a partnership with a company called Kelun for 3 [clinical stage ADCs](added by company after the call). That's a great partnership, and Dean is very -- works very closely with that organization to make sure that we have the right studies in place that we can benefit the most patients to that -- and we're not alone in that regard.

Many companies have partnerships with different companies in China, whether it's Beijing, Innovent, others. So that's another area where we're taking advantage of kind of great science that's happening in China. And then to your earlier point, from a growth perspective, we're now the #1 company in China by revenue.

A lot of that is built around the launch of GARDASIL back in 2017, which ultimately, we launched GARDASIL 9 in 2018 and has become the largest product in China. And quite honestly, we work with a partner, Zhifei biologics, and any time that we wanted to work with any one of the provinces, we always get an open door to try to come in. Because their goal is, again, to save lives. So as long as we have the right attitude, we're focused on the right thing, which is the patient, I think good things have happened. And obviously, we make sure that we're mindful of supply chains and anything that could change.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

Great. We're out of time, but let me conclude with a final question, and that is that you probably have a good understanding of how investors view Merck, specifically the OUS business. What is the one thing that we will realize in the next 5 to, say, 7 years that we don't appreciate now about the Merck OUS business?

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

I would follow the fact that I think our competitive advantage is our labs. I think under Dean's leadership, I think they've done a fantastic job. This year, we have more Phase III studies than any time in our prior history. And I think if those Phase III studies play out, whether it's oral PCSK9 or other studies that are happening, I think -- kind of many people focused on 2028. I think the work that Rob, Dean, Caroline have done in BD, we're kind of changing that concept of a cliff to more of a concept of a hill. And the more that we can do that work in BD, the more that 2028 takes care of itself, and then we can really focus on kind of 2030 and what we're doing to help patients beyond.

Stephen Michael Scala - TD Cowen, Research Division - MD & Senior Research Analyst

Great. It sounds like an exciting future. Thank you for being with us. And thank you, everyone, for joining .

Joseph Romanelli - Merck & Co., Inc. - Senior VP & President of Human Health International

Thank you.

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