

The Global Pharmaceutical Industry

Trends 2020-2023

Leaders' recent performances

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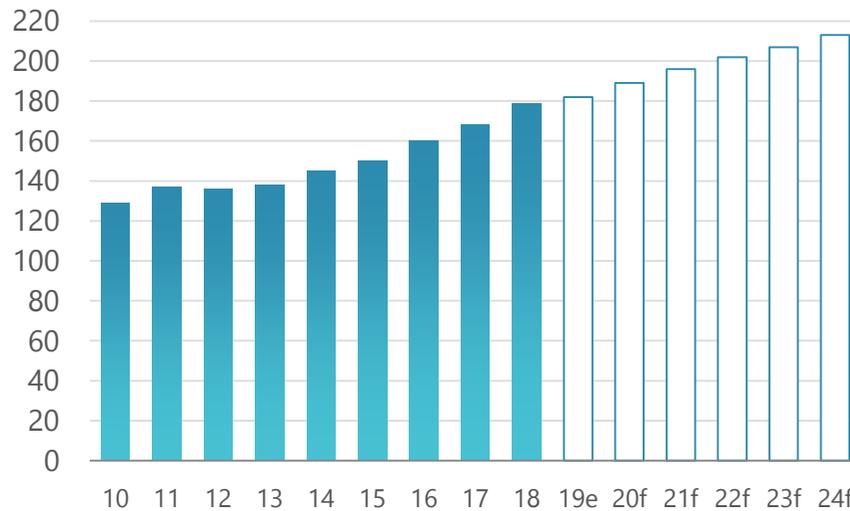
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Labs are faced with growing R&D costs

Global pharma R&D spending (2010-2024)*

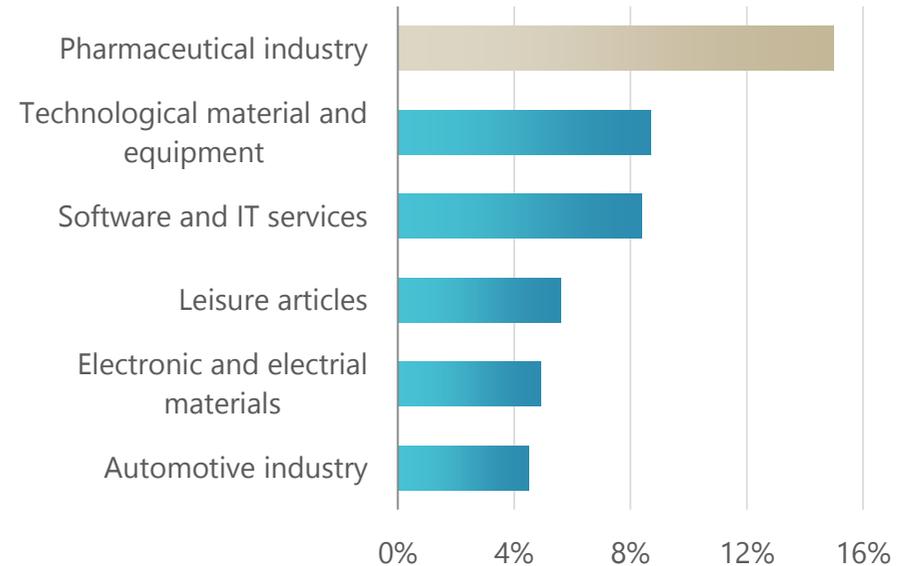
Unit: billion dollars



*Estimates and forecasts made before the Covid-19 crisis and which do not take into account its impact / Source, estimates and forecasts: Evaluate Pharma

Ranking of industries by R&D spending ratio

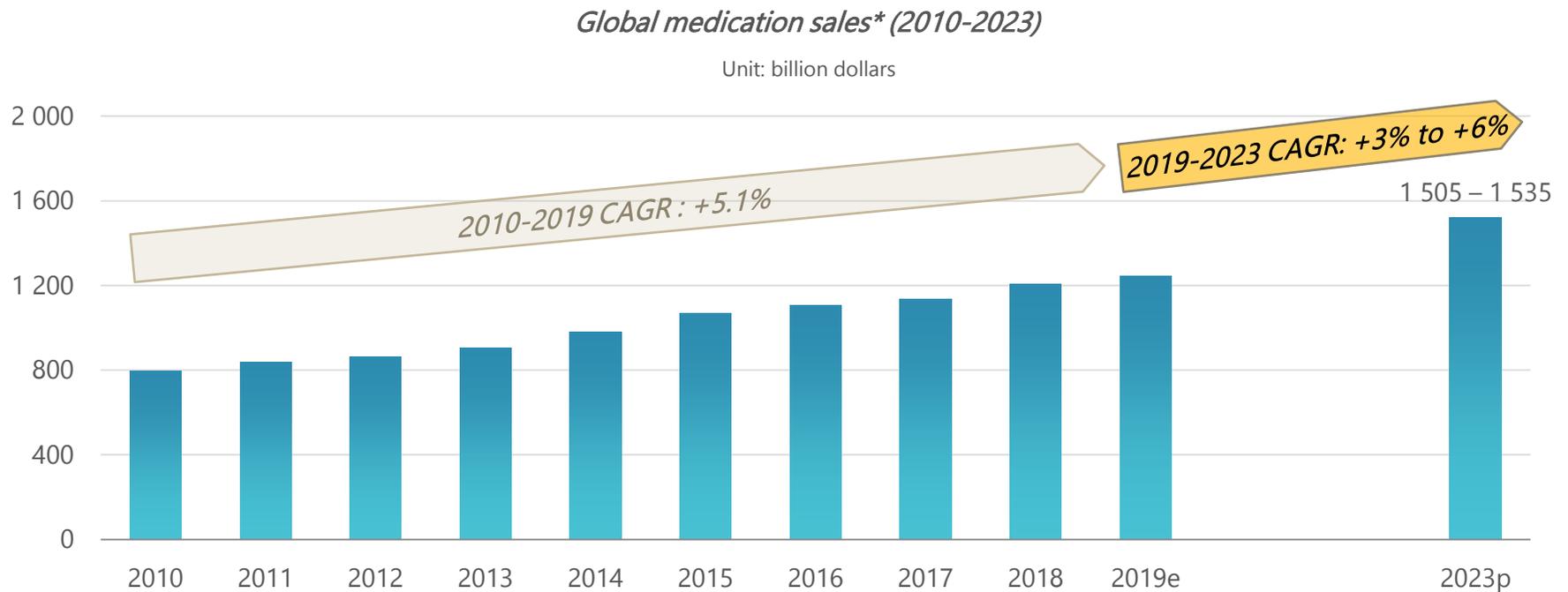
Unit: ratio of R&D to sales



Source: The 2018 EU Industrial R&D Investment Scoreboard *via* EFPIA

Pharmaceutical companies devote on average around 15% of their turnover to R&D, which places them well above other industries. Between 2010 and 2019, R&D spending by pharmaceutical companies increased by more than 40%, which is partly explained by the efforts made by the players to redirect their pipelines towards specialty medicine. This strong increase is also the result of rising R&D costs. The cost of developing a drug has doubled over the last 10 years to reach more than \$2 billion in 2018, mainly due to the strengthening of technical, regulatory and economic constraints on research activities.

The pharmaceutical market will continue to grow at a healthy rate over the next few years



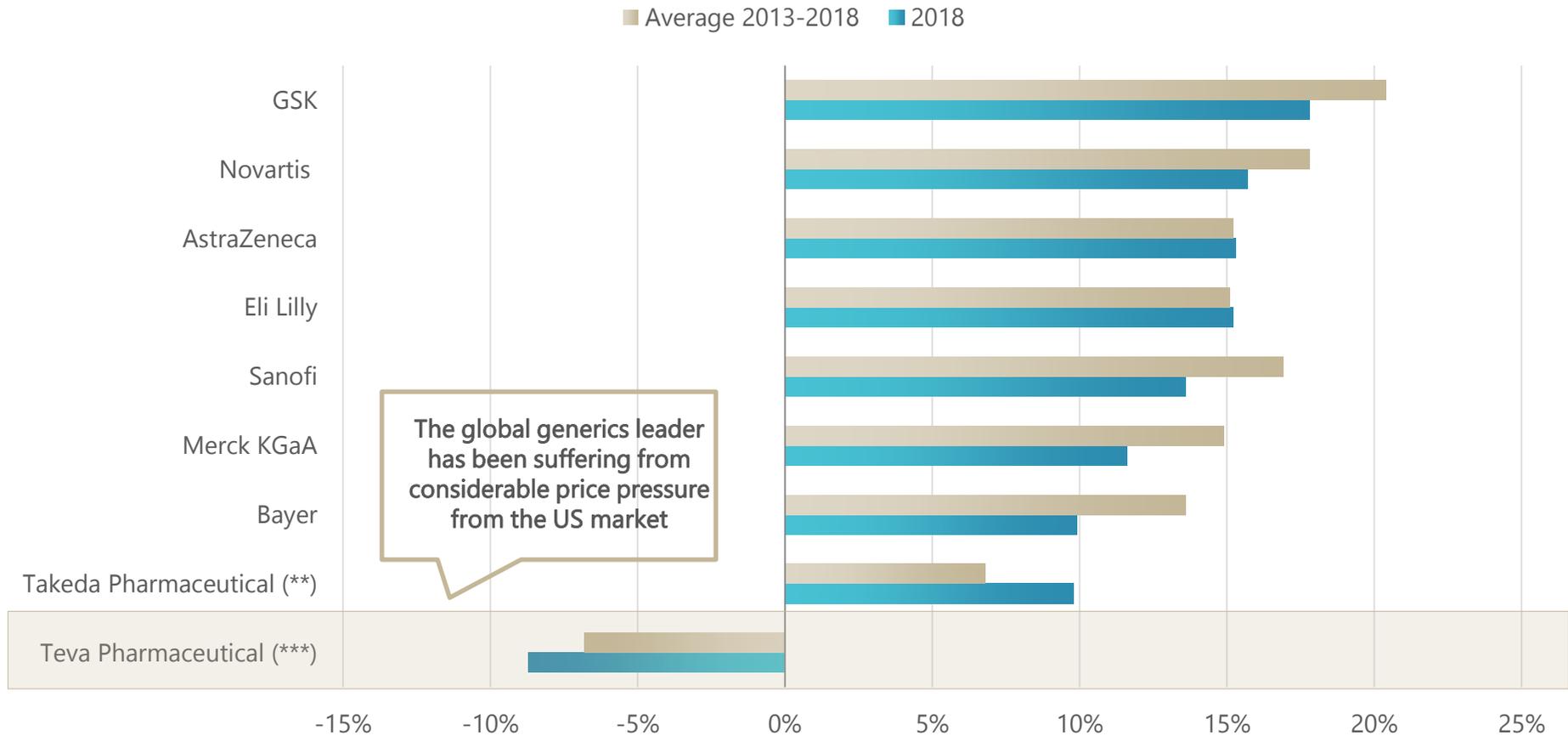
(*) Estimates and forecasts made by IQVIA before the Covid-19 crisis and which do not take into account its impact / Source, estimate and forecast: IQVIA

According to IQVIA's forecasts, the global pharmaceutical market will continue to grow at a healthy pace between now and 2023 (by an average of 3 to 6% per year) to exceed the \$1,500 billion mark by the end of the period. Growth will continue to be driven by the launch of new innovative treatments (particularly in oncology), as well as by increasing access to medication in emerging countries. Measures to control healthcare costs will nevertheless continue to impact the market in several geographical areas, particularly in Europe and Japan.

Teva, the global generics leader, has been suffering from price erosion and slowing volumes on the US market

Ranking of leading players of the pharmaceutical industry by EBIT margin (*)

Unit: ratio of EBIT to consolidated sales in %



(*) BMS is not included in the ranking as its EBIT is not given in its annual report / (**) Data as of 31/03/2019 / (***) Teva Pharmaceutical recorded negative operating income in 2017 and 2018 due to considerable asset depreciation / Source: Groups' financial reports

Covid-19 : the "vaccine race" is in full swing

With more than 110 projects being carried out around the world and a dozen clinical trials already launched as of May 11, vaccine research is fully employed to develop a vaccine against Covid-19, which has caused the death of more than 300,000 people around the world. The emergency is presenting pharmaceutical companies with an unprecedented challenge. Manufacturers must combine two imperatives: to develop the most effective product possible in record time. This is a colossal task when the development, authorisation and production of a vaccine takes between 10 and 15 years on average.

Examples of moves related to the development of drugs or vaccines against Covid-19

| Month | Groups | Comment |
|------------|--------------|--|
| April 2020 | GSK | GSK partners with US-based Vir Biotechnology to develop antiviral antibodies and coronavirus vaccines. The two partners plan to conduct a Phase II clinical trial on several viral antibodies within the next three to five months. |
| April 2020 | Sanofi / GSK | Sanofi joins forces with GSK with the hope of developing a vaccine against Covid-19 that could be available by the second half of 2021. The French laboratory will bring its antigen of the S protein of the SARS-CoV-2 coronavirus to the table while GSK will share with Sanofi its pandemic vaccine production technology. |
| April 2020 | Eli Lilly | Eli Lilly announces that it wants to test the effectiveness of Olumiant against Covid-19. The American laboratory is going to launch a clinical study on this immunosuppressant approved in about sixty countries for the treatment of rheumatoid polyarthritis. It has also announced that it intends to launch a phase II study in pneumonia patients for its monoclonal antibody LY3127804. |
| May 2020 | AstraZeneca | A few weeks after announcing the start of a clinical trial to evaluate the efficacy of the anti-diabetic drug Farxiga against complications related to Covid-19, AstraZeneca announces a partnership with Oxford University to develop and manufacture a potential vaccine against the new coronavirus. |

Source: information from groups and business press