

Roche remains big pharma's biggest R&D spender



Amy Brown



As Covid-19 spending pushes the sector's R&D bill ever higher, Lilly continues to plough the most back in as Sanofi applies the brakes.

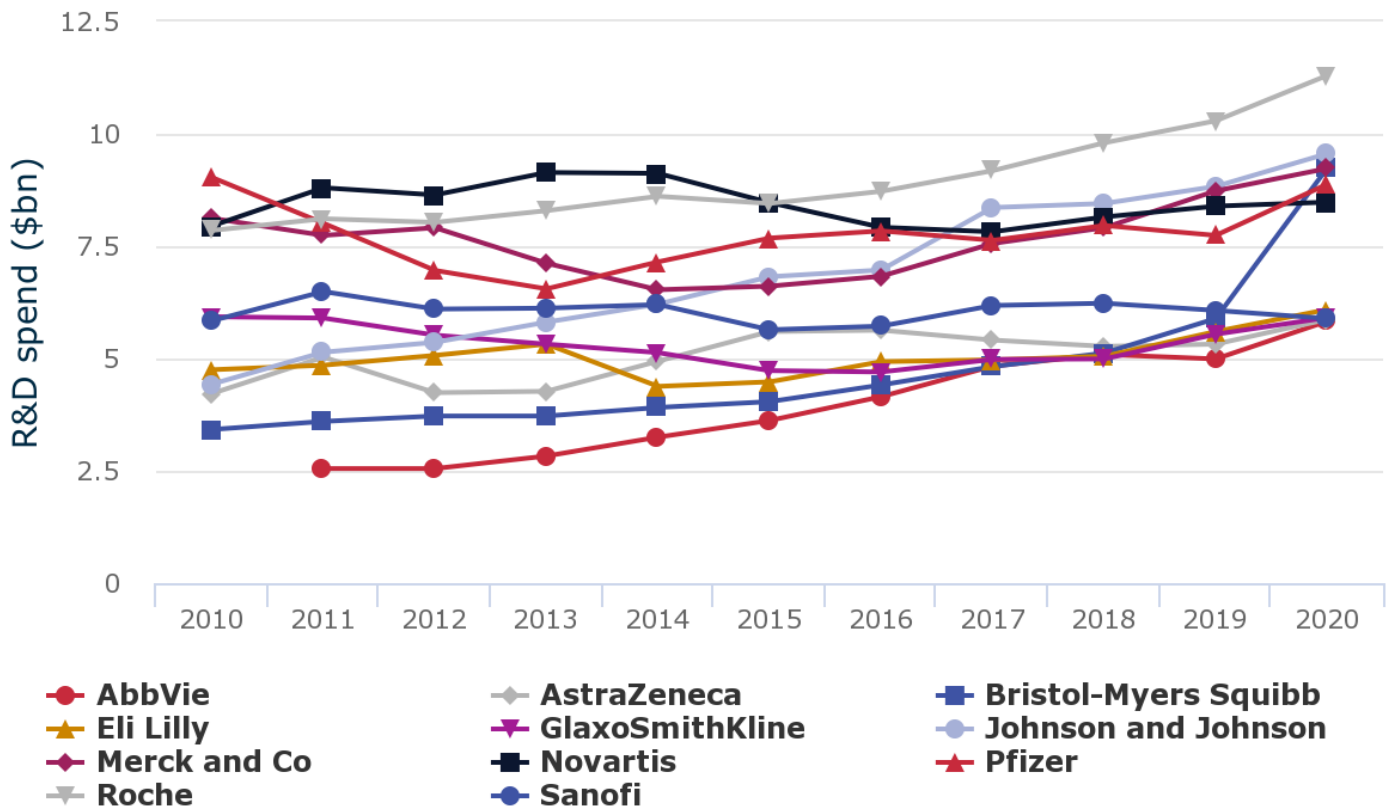
Research and development spending by the world's 11 big pharma companies jumped 11% to \$86.3bn last year, the largest annual rise for at least a decade, as huge efforts to find treatments for Covid-19 pushed expenditure to new heights.

Some of the biggest hikes in spending can be seen among the big pandemic players, with Pfizer and AstraZeneca registering 10% upticks; also standing out is Abbvie, which saw its investment balloon by 17%. The company is undertaking a costly programme of indication expansion for its two new immunology launches, Skyrizi and Rinvoq.

Among the pharma majors only Sanofi reported a dip last year, presumably reflecting attempts by the company's relatively new chief executive to improve the French firm's productivity. Sanofi is also notable for having one of the smallest R&D spends of the pharma majors, and for reinvesting one of the smallest proportions of sales back into the pipeline.

The numbers below are collected by *Evaluate Pharma* from annual reports, and exclude exceptional R&D expenses, where these are broken out. For example, Merck & Co reported a topline figure of \$13.6bn for 2020, but this included up-front fees for several deals and \$2.7bn spent on Velosbio; as such, the numbers in this analysis better reflect the R&D budgets that these firms are working with.

Big Pharma R&D spend



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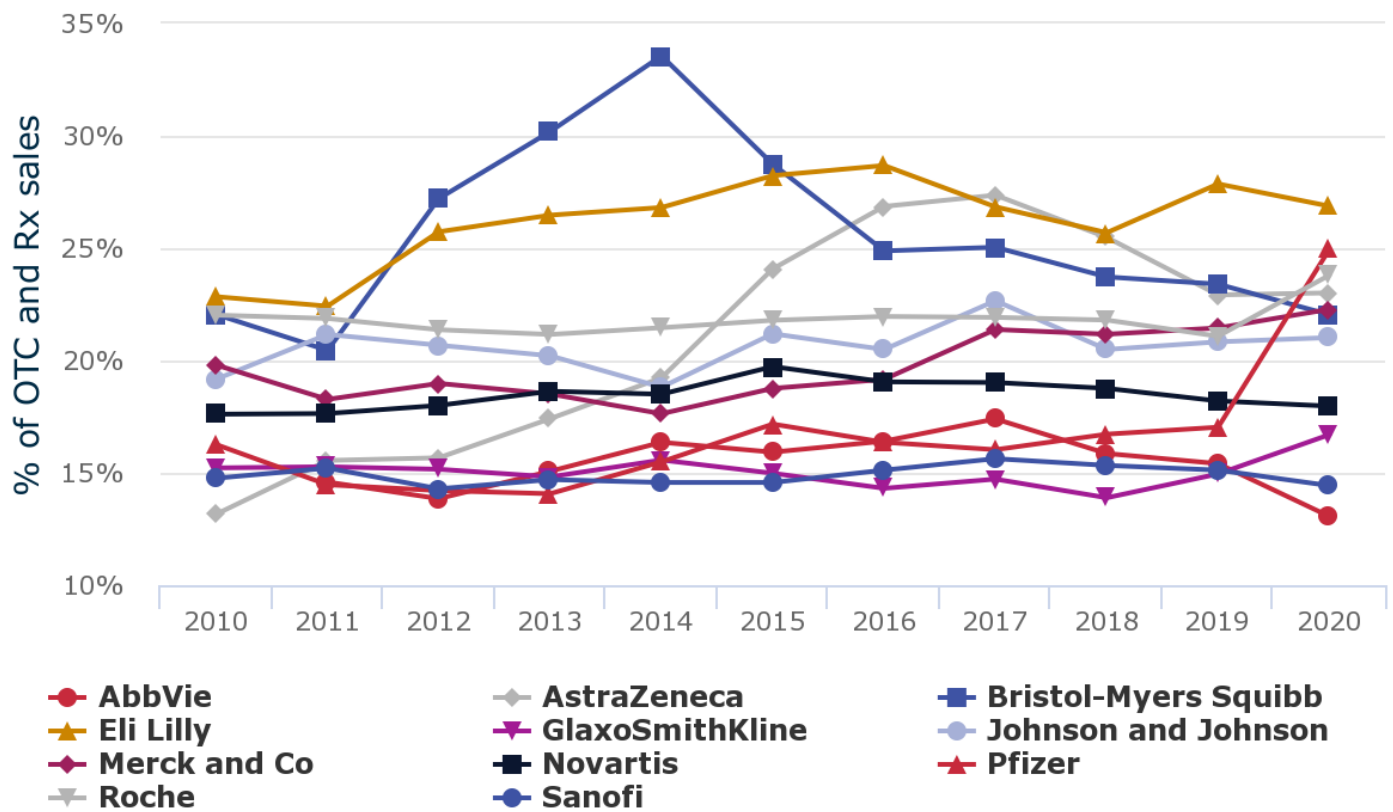
Roche continues to be big pharma's biggest investor in the clinic by some margin, by absolute spend and reinvestment alike. The Swiss firm ploughed 23.8% of its total drug sales (prescription and over-the-counter) back into R&D last year, a decade high. Research into potential pandemic treatments surely pushed the company's bill higher.

Only Pfizer and Lilly spent more as a proportion of sales. Pfizer's ratio was flattered by the spin-out of its Upjohn unit, however, which caused its top line to drop. Billions of Covid-19 vaccine sales to be booked this year will have the opposite effect.

Bristol Myers Squibb is another anomaly, seeing its R&D spend boosted by the integration of Celgene. Considering that this spending ratio is heavily influenced by topline fluctuations, it is interesting that the Celgene buy did not shift this figure much for Bristol.

With several groups dialling back spending on Covid-19 treatments, perhaps 2021 will show something of a retrenchment of the sector's R&D bill.

R&D spend as a % of OTC and Rx sales



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