

Novartis has the most new approvals, but Lilly's are worth more



[Edwin Elmhirst](#)



When it comes to big pharma's novel therapies, it is a case of quantity versus quality.

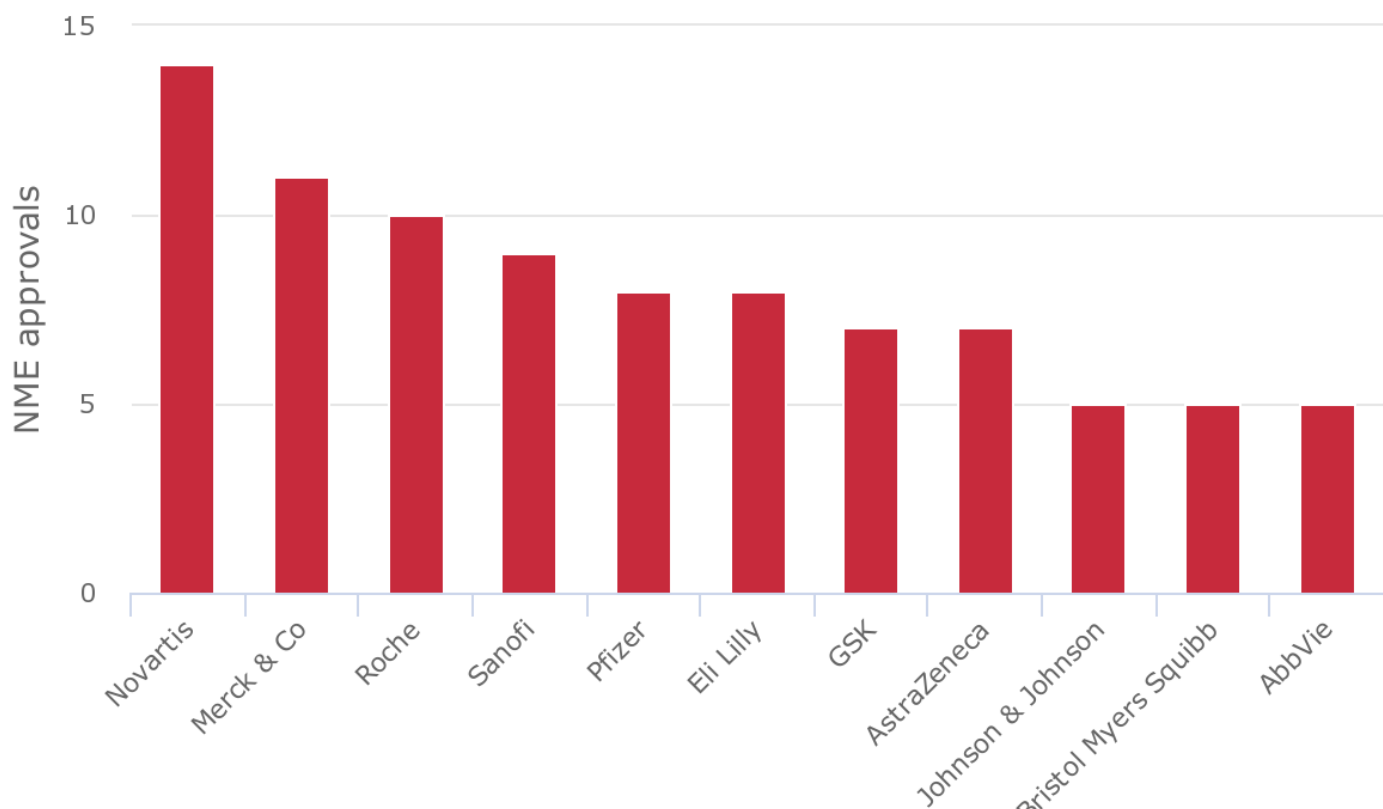
There are many growth strategies employed by big pharma, but ultimately the test of these businesses is bringing new drugs, and if possible new blockbusters, to market. On this metric Novartis leads the cohort, having launched 14 novel therapeutics over the past five years.

In terms of commercial potential, however, it is Eli Lilly that is set to reap the greatest value from its new arrivals. This is all the more remarkable considering Lilly has only had one first-time approval in the past 18 months: fortunately that product was the metabolic disease asset Mounjaro, which arrived [backed by huge expectations](#).

This might help explain why Novartis emphasised it is prioritising its pipeline to "focus on high value NMEs", at an investor event held today ([Novartis starts the fight back](#), September 22, 2022). Quantity does not necessarily mean quality - when it comes to the value of big pharma's most recent arrivals, Novartis ranks thoroughly middle table, our analysis finds.

The analysis below captures only new molecular entities (NMEs) each of the 11 big pharmas owned at the time of the drugs' first approval, between the start of 2017 and the end of June 2022. Assets acquired after approval are not counted; neither are subsequent approvals, when a drug adds another indication or setting to its label.

Big pharma novel approvals 2017-H1 2022



Source: Evaluate Pharma

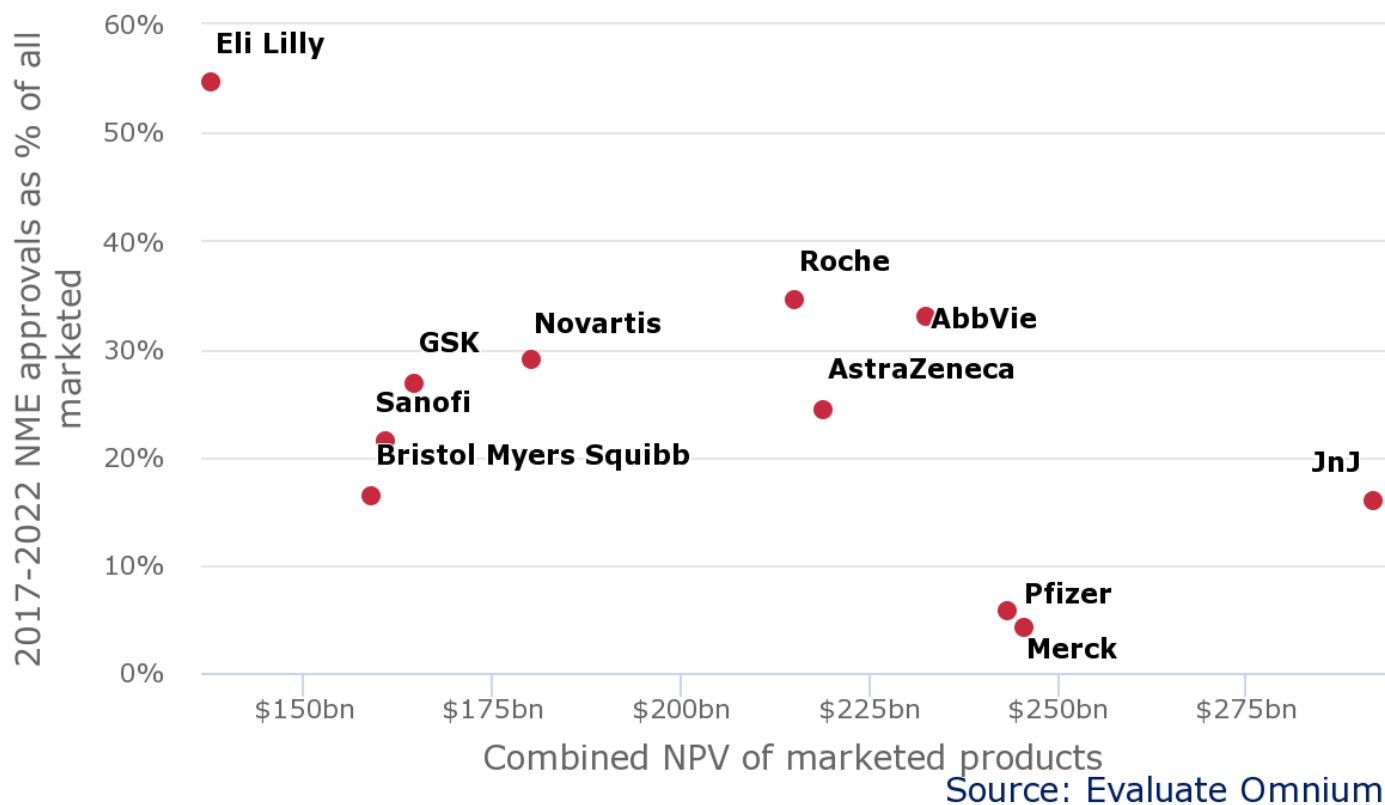
Novartis's total has been buoyed by three recent regulatory nods, for the PCSK9 Leqvio, the kinase inhibitor Scemblix and the radiopharmaceutical Pluvicto. Leqvio in particular is an important driver for the company; it is the third most valuable therapy ushered onto the market by a big pharma in the last 18 months, with a net present value of \$10.6bn.

But the most valuable of all the new market entrants is Lilly's Mounjaro, whose NPV sits at \$27.5bn. And it is largely thanks to this asset that Lilly punches above its weight when the new arrivals are put in context.

The graph below looks at the combined NPV of each group's novel molecules as compared with the value of all their marketed products. Logically, a company would want this proportion to be as high as possible, on the grounds that newer drugs have longer patent lives and can remain productive cash cows for many years to come.

A generous contribution?

NPV of NMEs and marketed products



And the winner here is Lilly, with the NPV of the eight drugs it has launched since 2017 making up more than half of the value of its total product offering. In fairness, the value of Lilly's entire franchise is relatively small; Johnson & Johnson, for instance, would have to launch a suite of incredible new drugs to hit a similar bar, simply because its overall sales are so much higher.

Conspicuous by their absence are the Covid therapies and vaccines. Since many were available under emergency authorisation in H1 rather than full approval, they fall outside the remit of this analysis. Next year, however, at least some of these products will probably appear here, with Comirnaty and Paxlovid potentially able to lift Pfizer from its position towards the bottom of the chart.

23/09/2022: This story has been updated with a correction to Sanofi's recent NME approvals

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