

Pfizer to lose crown to Sanofi as world's biggest drug maker



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After nine years as the world's biggest maker of medicines, Pfizer is set to cede its crown next year to a company that a decade ago few would have predicted to be leading the pharma league tables – Sanofi.

Sanofi is expected to retain the top spot until at least 2016 with Pfizer relegated to third place, behind Novartis, toppled by the loss of mega-blockbuster drug Lipitor, consensus sales forecasts from *EvaluatePharmashow*. The French drug maker has raced up the rankings over the last decade largely through acquisition, culminating in its \$20bn swoop on US biotechnology specialist Genzyme, which assisted in securing pole position (see table below).

Shifting fortunes

Pfizer's \$68bn acquisition of Wyeth in 2009 went a long way to alleviate the pain of the impending loss of Lipitor but the cholesterol-lowering statin is a huge product to replace. Global sales peaked at \$13.4bn in 2008 – setting the record for the biggest selling medicine – but the loss of US patent protection in November means sales will shrink to \$2bn by 2016, according to *EvaluatePharma*.

Still, a couple of recent pipeline successes, including RA pill tofacitinib and Eliquis, the blood thinner partnered with Bristol-Myers Squibb, mean analysts expect Pfizer's top line drug sales will start growing again come 2016.

That upturn will help retain the company's notable position as the only US company in the top five.

Despite buying Schering-Plough for \$41bn in 2009, Merck & Co is seen struggling to expand its drugs business over the next four years, with below average 1% annual sales growth predicted, letting faster growing Europeans GlaxoSmithKline and Roche climb ahead.

Domestic peer Johnson & Johnson is seen faring better. The diversified firm, which derives less than half of its revenues from prescription and over-the-counter medicines, is expected to benefit from a series of recent pipeline successes although its drugs arm remains substantially smaller than the five biggest pharma companies.

Novartis is expected to be Sanofi's closest challenger on the pharmaceutical front over the next few years, with strong sales growth from Gilenya and Tassigna offset by the loss of patent protection for Diovan next year. Novartis' recently completed \$48bn acquisition of Alcon is mostly helping the group's topline sales in areas outside of prescription and OTC drugs.

Other entrants

A notable entrant to the top ten next year will be Teva. The Israeli generics giant is predicted to post strong 7% annual sales growth over the period with both copycat and branded drug segments expanding. This has been achieved largely through an aggressive acquisition policy that has seen the company strike five multi-billion dollar deals in the last seven years; an ambitious target to grow revenues to \$31bn by 2015 suggests more are on the way ([Teva strives to meet growth targets with Cephalon buy, May 3, 2011](#)).

Takeda represents the only non-Western contender in the top 15. The Japanese company has also been buying beyond its borders – this year's \$13bn purchase of private European drug company Nycomed followed the acquisition of US cancer specialist Millennium Pharmaceuticals for \$8.8bn in 2008 ([Takeda confirms defensive course in Nycomed buy, May 19, 2011](#)).

Novo Nordisk, meanwhile, stands out with the predicted fastest growing drug sales over the period, 9% a year until 2016. The Danish diabetes specialist is already seeing strong demand for once-daily GLP-1 agonist Victoza – sales are forecast to top \$1bn this year, its second full year on the market – while its new long acting insulin, degludec, will hear on regulatory approvals next year. Many analysts believe it has the potential to become a substantial product although the fight for market share will be a tough battle ([Novo confirms potential in new insulin but challenges remain, February 2, 2011](#)).

Sanofi transformation

With analysts projecting annualised sales growth of 4% over the next four years Sanofi appears easily capable of holding the top spot, barring another wave of mega mergers which cannot be ruled out in this ever consolidating sector. For example Abbott's drugs arm, the impending spin-out of which could prompt the attention of a few of the companies below, would substantially expand any acquirer's top line ([Abbott spin off will test market's appetite for R&D, October 20, 2011](#))

The outlook for Sanofi is the culmination of a decade of its own mega-merger spree, starting with the merger-of-equals between Sanofi and Synthélabo in 1999 in a deal worth an estimated \$30bn.

That period saw a spate of other huge deals that created some of the other big pharma players around today – the \$67bn deal that merged Astra and Zeneca; the \$189bn union of GlaxoWellcome and SmithKline Beecham; the creation of Novartis from the \$77bn deal merging Ciba-Geigy and Sandoz.

When fellow French firm Aventis – itself a result of the union between Hoechst and Rhône-Poulenc – became the target of a cross border approach from Novartis, Sanofi- Synthélabo stepped in with a \$63bn winning bid that created Sanofi-Aventis in 2004.

The takeover of Genzyme this year was an aggressive cross-border move that revealed just how much the culture of Sanofi has changed in the last few years. The traditionally inward looking French drug maker has, like many of its peers, taken big strides to acquire and license innovation from beyond its own labs in an attempt to revive flagging R&D productivity.

Sales of the US biotech's enzyme replacement therapies should be enough to keep Sanofi at the top of the table until at least 2016. The addition of Cerezyme and Myozyme blockbuster products will help to offset the loss of revenues from Plavix, which loses US patent protection next year, and ongoing generic erosion of Lovenox and Taxotere.

World's top 15 pharmaceutical companies by 2016									
	Market Rank				Rx & OTC pharma sales (\$bn)				CAGR 2011-16
	2011	2012	2014	2016	2011	2012	2014	2016	
Sanofi	3	1	1	1	47.9	51.6	55.4	58.4	4%
Novartis	2	2	2	2	49.5	49.9	52.2	54.8	2%
Pfizer	1	3	3	3	54.1	49.8	49.7	51.9	(1%)
GlaxoSmithKline	5	6	5	4	39.3	41.2	45.6	50.9	5%
Roche	6	4	4	5	39.1	44.1	46.3	49.0	5%
Merck & Co	4	5	6	6	42.1	41.9	41.4	43.4	1%
Johnson & Johnson	8	8	7	7	24.8	26.5	29.4	31.5	5%
AstraZeneca	7	7	8	8	32.0	29.2	27.5	25.7	(4%)
Teva	12	10	10	9	17.4	20.3	22.5	24.4	7%
Abbott Laboratories	9	9	9	10	22.5	23.5	23.7	24.3	2%
Bayer	11	12	11	11	18.9	19.7	21.7	23.4	4%
Takeda	14	13	12	12	17.0	18.2	18.7	20.2	3%
Bristol-Myers Squibb	13	16	17	13	17.1	14.2	15.4	18.9	2%
Novo Nordisk	17	17	15	14	12.3	13.6	16.4	18.9	9%
Eli Lilly	10	11	14	15	21.5	20.1	17.6	17.9	(4%)

Source: EvaluatePharma

