

Novartis on track to become world's biggest drug maker



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Novartis might be struggling with a couple of painful years of patent expiries, but the longer term prospects for the Swiss drug maker look healthy. By 2018 the company is set to become the biggest maker of prescription medicines, with sales of more than \$50bn, according to new consensus data from *EvaluatePharma*.

By 2018 only one US-based drug maker, Pfizer, will rank among the top five, with Sanofi, GlaxoSmithKline and Roche also topping the table. Further down the league table sizeable shifts both up and down the rankings are forecast, as pipeline successes and failures drive the future fortunes of the world's biggest pharma companies (see table).

Switching places

Despite Novartis's substantial size and scope the company is struggling to keep investors looking to the long term at the moment, with a couple of years of top and bottom line retraction expected. Dented by the loss of Diovan and Gleevec, \$6bn and \$5bn products at peak, and with disappointments threatening over a couple of key projects including Gilenya and its new respiratory franchise, the next couple of years could be bereft of bright spots.

Longer term, however, analysts expect newly acquired eye care business Alcon and generics unit Sandoz to drive drug sales and enable the company to steal the top spot from Pfizer in 2014.

For Pfizer the loss of Lipitor is well documented, but a number of recent pipeline successes, and the addition of Wyeth's product portfolio, mean its fall will not be as precipitous as perhaps anticipated. The company only drops down to third place in 2017 when Sanofi edges into second position.

With less than a billion dollars between them in the 2018, however, it will not take huge swings in forecasts for Pfizer and Sanofi to switch places.

Falling down

Further down, the data reveal that near stagnation is projected for Merck & Co's pharma division. Diabetes franchise Januvia provides a rare growth story, but with the loss of \$5.5bn Singulair later this year, analysts see little in the company's R&D locker to drive market share gains.

It is a similar story at AstraZeneca, where patent losses and pipeline failures mean a projected \$10bn retraction in prescription drug sales is projected between 2011 and 2018.

Eli Lilly is perhaps the most disappointing big pharma story. The drug maker fails to even make the top 15 in 2018, dropping down to 17th place that year. Again, a number of big ticket drugs in the shape of Zyprexa and Cymbalta will fail to be replaced, analysts believe, despite the Indianapolis company's trenchant belief in R&D.

Lilly could easily be a surprise story for the future, though with an Alzheimer's candidate, solanezumab, in phase III. Should this prove successful the company will see a remarkable shift in sentiment.

Climbing up

Among other big swings in fortunes, but the other way, is Novo Nordisk, which is forecast to move into the top 15 for the first time thanks to surging demand for its diabetes medicines.

Bayer also creeps into the top 15 for the first time, with blood thinner pill Xarelto in no small part helping grow the diversified German group's pharma business.

Meanwhile vaulting into the top 15 is Gilead, which is projected to shoot up the rankings from 21st place by 2018. Driven by recent successes in hepatitis C, it will be interesting to see if those sky high forecasts can be maintained for the duration.

Based on a consensus compiled from equity analysts' sales forecasts, the data provide a snap shot of what the future might look for the world's biggest drug makers, as things stand today. The vagaries of drug development mean these numbers will certainly shift, while the dire needs of a few of these contenders to buy growth from elsewhere means acquisitions are also likely. By the time 2018 does arrive, this list will undoubtedly be different.

World's biggest drug makers by prescription drug sales in 2018							
Company	Sales (\$bn)			Market Share		Market Rank	
	2011	2018	CAGR	2011	2018	2011	2018
Novartis	46.7	50.8	1%	6.5%	5.7%	2	1
Sanofi	39.3	47.8	3%	5.5%	5.4%	4	2
Pfizer	53.5	47.1	(2%)	7.5%	5.3%	1	3
GlaxoSmithKline	35.0	45.6	4%	4.9%	5.1%	6	4
Roche	37.0	45.0	3%	5.2%	5.0%	5	5
Merck & Co	41.9	41.0	(0%)	5.8%	4.6%	3	6
Johnson & Johnson	22.3	27.3	3%	3.1%	3.1%	9	7
Teva	17.1	23.3	4%	2.4%	2.6%	11	8
AstraZeneca	32.4	22.1	(5%)	4.5%	2.5%	7	9
Abbott Laboratories	22.4	22.1	(0%)	3.1%	2.5%	8	10
Bristol-Myers Squibb	16.9	21.4	3%	2.4%	2.4%	12	11
Novo Nordisk	12.4	19.9	7%	1.7%	2.2%	17	12
Takeda	15.2	19.5	4%	2.1%	2.2%	14	13
Bayer	13.6	16.5	3%	1.9%	1.8%	16	14
Gilead Sciences	8.1	15.7	0.1	1%	1.8%	21	15

All data sourced to EvaluatePharma.

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