

Shifting analyst views highlight industry's bright sparks and damp squibs



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While analyst forecasts for individual product sales are something of a dark art, looking at how they change over time can illustrate how a drug's performance has been boosted by a particular event as well as indicating how macro changes can affect the perception of how things will pan out in the future.

With the second-quarter financial results largely reported the sell side has been busy amending its assumptions, and *EvaluatePharma* data reveal a number of drugs that have benefited from recent upgrades or been hit by sharp downward revisions (see tables below). Taking a look back, some of these, such as Januvia, Benicar and Provenge, also feature in our analysis of industry products that exceeded or missed revenue expectations last year.

Among the winners is a trio of diabetes drugs. The biggest of these, Sanofi's insulin glargine, Lantus, continues to benefit from fading fears over a biosimilar launch, and has seen analysts boost their 2012 sales forecasts by \$742m over the past 12 months. Victoza, not far behind, is set to consolidate Novo Nordisk's domination of the diabetes space, and Merck & Co's DPP-IV inhibitor Januvia continues to benefit from growing sentiment.

Biggest upgrades in last 12 months					
Rank	Product	Company	Therapeutic subcategory	12 month change in WW forecast (\$m)	Annual sales WW - 2012 (\$m)
1	Lantus	Sanofi	Anti-diabetics	742	5,970
2	Humira	Abbott Laboratories	Other anti-rheumatics	695	8,928
3	Januvia	Merck & Co	Anti-diabetics	618	4,077
4	Lucentis	Novartis	Eye preparations	587	2,360
5	Victoza	Novo Nordisk	Anti-diabetics	573	1,637

On the downside meanwhile, Dendreon's Provenge slides, its 2012 consensus revenue forecasts slashed by \$570m as reality sets in over how hard it has proved to make money out of the pricey autologous therapy. Daiichi Sankyo's Benicar is downgraded sharply as generic versions of competing drugs buffet the angiotensin II inhibitor class.

Slight differences in patent expiry expectations are responsible for a downgrade for Nexium, while Novartis's Tekturna has had \$639m cut from its 2012 sales forecast in view of December's news that it would no longer be sold in combination with commonly used hypertension medicines ([Novartis' Tekturna looks troubled, December 21, 2011](#)).

The surprising \$512m forecast revenue reduction to Bayer's Xarelto, meanwhile, is likely a sign of ever-shifting ground in expectations for the outcome of a three-way battle of the blood thinners. Among the beneficiaries from analyst upgrades, Humira apparently continues to outperform almost 10 years after launch, while Lucentis surprisingly fights its corner against Regeneron's Eylea; given that the latter itself features further down the list of upgrades, this is probably a sign of growing expectations for the whole sector.

Biggest downgrades in last 12 months					
Rank	Product	Company	Therapeutic subcategory	12 month change in WW forecast (\$m)	Annual sales WW - 2012 (\$m)
1	Benicar	Daiichi Sankyo	Angiotensin II antagonists	(1,009)	2,413
2	Tekturna	Novartis	Other anti-hypertensives	(639)	310
3	Provence	Dendreon	Other cytostatics	(570)	363
4	Nexium	AstraZeneca	Antacids & anti-ulcerants	(530)	3,843
5	Xarelto	Bayer	Anti-coagulants	(512)	269

Hits and misses

Turning to how good analysts were at forecasting product sales last year, Januvia also stars as one of the outperformers, along with Reckitt Benckiser's opioid addiction drug Suboxone, which beat 2011 consensus forecasts by \$621m as it managed to stave off the entry of generics for longer than had been expected.

The tables below summarise the most significant differences between last year's reported product revenues and consensus as at December 2011. The analysis is skewed heavily by fluctuations in the Swiss franc/US dollar exchange rate, so sales of Roche products have been excluded. Unsurprisingly, Benicar and Provence also feature as drugs that missed consensus revenue forecasts for 2011.

Regarding the issue of timing generic entry, three CNS drugs - Lilly's Zyprexa and Cymbalta and UCB's Keppra - performed better last year in the run-up to the expiry of their US patents than had been expected.

GlaxoSmithKline's Seretide/Advair, as well as facing up to more realistic threat of generics, missed consensus by \$507m - still a relatively small amount versus its actual total sales of over \$8bn - as a US label change for ICS/LABA combinations hit.

Epogen and Procrit suffered from US price caps and Brilinta built on its reputation as a perennial underperformer, with actual sales of \$21m missing the December 2011 consensus by a whopping 93%.

Products that beat expectations in 2011 (\$m)

Product	Company	Therapeutic subcategory	Expected 2011 sales	Actual 2011 sales	Difference
Januvia	Merck & Co	Anti-diabetics	2690	3324	634
Suboxone	Reckitt Benckiser	Other CNS drugs	601	1222	621
Pevnar 13	Pfizer	Vaccines	3044	3657	613
Victoza	Novo Nordisk	Anti-diabetics	549	1119	570
Incivek	Vertex Pharmaceuticals	Anti-virals	420	951	531
Zyprexa	Eli Lilly	Anti-psychotics	4137	4622	485
Keppra	UCB	Anti-epileptics	774	1254	480
Cymbalta	Eli Lilly	Anti-depressants	3695	4162	467
Neulasta	Amgen	Immunostimulants	3494	3952	458
Humira	Abbott Laboratories	Other anti-rheumatics	7494	7932	438

Products that missed expectations in 2011 (\$m)

Product	Company	Therapeutic subcategory	Expected 2011 sales	Actual 2011 sales	Difference
Benicar	Daiichi Sankyo	Angiotensin II antagonists	3,317	2,602	(715)
Seretide/Advair	GlaxoSmithKline	Other bronchodilators	8,622	8,116	(507)
Epogen	Amgen	Anti-anaemics	2,345	2,040	(305)
Alimta	Eli Lilly	Anti-metabolites	2,739	2,461	(278)
Brilinta	AstraZeneca	Platelet aggregation inhibitors	299	21	(278)
Tracleer	Actelion	Other anti-hypertensives	1,972	1,721	(251)
Procrit	Johnson & Johnson	Anti-anaemics	1,848	1,623	(225)
Multaq	Sanofi	Cardiac therapy	573	363	(210)
Benlysta	Human Genome Sciences	Immunosuppressants	239	52	(187)
Provenge	Dendreon	Other cytostatics	396	214	(182)

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