

September 16, 2015

---

## For some elderly drugs resuscitation is the right medicine



[Jacob Plieth](#)

When Mallinckrodt shelled out \$5.6bn to buy Questcor last year it clearly bought into in the target's plan to use a legal loophole to hike the price of Acthar and turn this drug, first launched in 1952, into a blockbuster.

An analysis of *EvaluatePharma* consensus data suggests that Acthar is by no means alone in being years out of patent protection yet still holding significant revenue potential (see table below). No doubt companies like Retrophin and Catalyst Pharmaceuticals will take heart in just how much growth remains in off-patent drugs, though in most cases the secret lies in some other form of protection.

This is certainly the case for drugs like Abbvie's Synthroid or Grifols' Flebogamma, which both have complex extraction-based production processes in which their manufacturers have clear know-how that serves as a barrier to entry. The former was first launched in 1955, while the latter was introduced in 1993.

This analysis considers all pharma products that made their debut more than 20 years ago - thus likely putting them out of patent protection - yet still have significant growth prospects out to 2020, according to sellside consensus. The data are arranged in order of annual sales expected to be added between now and 2020.

### Old drugs, big sales expectations

| Company               | Product          | Product age (yrs)* | Expected extra sales (\$m)** | 2020e sales (\$m) |
|-----------------------|------------------|--------------------|------------------------------|-------------------|
| Mallinckrodt          | H.P. Acthar Gel  | 63                 | 1,477                        | 1,600             |
| Roche                 | Activase         | 28                 | 406                          | 1,223             |
| Sanofi                | Fluzone/Vaxigrip | 34                 | 397                          | 1,962             |
| Grifols               | Flebogamma       | 22                 | 291                          | 1,003             |
| Atrium Innovations    | Wobenzym         | 55                 | 279                          | 758               |
| Aspen Pharmacare      | Fraxiparine      | 30                 | 278                          | 558               |
| Emergent BioSolutions | BioThrax         | 45                 | 260                          | 506               |
| Horizon Pharma        | Actimmune        | 25                 | 241                          | 266               |
| Merck KGaA            | Glucophage       | 22                 | 231                          | 733               |
| Baxalta               | FEIBA VH         | 36                 | 200                          | 940               |
| Johnson & Johnson     | Tylenol          | 60                 | 195                          | 1,866             |
| Merck & Co            | Varivax          | 20                 | 191                          | 863               |
| Abbott Laboratories   | Creon            | 27                 | 188                          | 536               |
| Reckitt Benckiser     | Nurofen          | 32                 | 178                          | 774               |
| Takeda                | Protonix         | 21                 | 175                          | 1,123             |
| Bayer                 | Aspirin Cardio   | 27                 | 171                          | 817               |
| Pfizer                | Advil            | 31                 | 168                          | 957               |
| Pfizer                | Sulperazon       | 29                 | 159                          | 513               |
| Allergan              | Estrace Cream    | 32                 | 156                          | 414               |
| AbbVie                | Synthroid        | 60                 | 151                          | 860               |

Notes: \*years since first launch; \*\*difference between 2014 and 2020e revenue.

With an astonishing \$1.5bn of new annual revenue ascribed to Acthar the Mallinckrodt orphan drug leads the pack by some distance, with the sellside forecasting a 53% compounded annual growth rate until 2020.

This shows the financial benefit of finding an orphan indication for a drug first launched before the formal US drug approval process was even implemented, though whether the accompanying price hike benefits patients is debatable ([Questcor gives the bulls another short-term reason to cheer, June 12, 2013](#)).

Reasons for some of the others in this top 20 are somewhat more prosaic; Roche's Activase and Horizon's Actimmune, for instance, are complex biological molecules, which in itself lends its own layer of intellectual property protection – until the advent of biosimilars. It might come as a surprise that Activase and Actimmune respectively could still have \$406m and \$241m of annual sales up their sleeves.

A separate analysis of even older drugs that generated significant 2014 revenues, irrespective of their growth prospects, also picked out Johnson & Johnson's Tylenol and Bayer's Aspirin franchise as two examples of products that have entered the public consciousness so long ago and to such an extent that general ideas about competition do not really apply ([Some pharma senior citizens still work overtime, September 15, 2015](#)).

#### Doing a Questcor

Interesting though this analysis is in showing just how much growth certain well-established brands still have, some drugs that are too small to make the list might be even more relevant.

After all, Questcor took a down-and-out product that was not really being promoted, bought it for a song, and

then identified an orphan use that could turn it into a blockbuster. There is clearly a similar strategy at companies like Retrophin with Chenodal, and Catalyst with Firdapse.

Doing a Questcor was never about making orphan drugs affordable for payers, but Acthar's success shows that it can be done.

*To contact the writer of this story email Jacob Plieth in London at [jacobp@epvantage.com](mailto:jacobp@epvantage.com) or follow [@JacobPlieth](https://twitter.com/JacobPlieth) on Twitter*

© Copyright 2020 Evaluate Ltd.