SPECIAL REPORT

Pharm Exec 50

Last year, pharma sold $466 billion in Rx drugs. Here are the companies driving industry's growth.

BY L.J. SELLERS, SENIOR EDITOR

1. Pfizer
2. GlaxoSmithKline
3. Merck
4. Johnson & Johnson
5. Aventis
6. AstraZeneca
7. Novartis
8. Bristol-Myers Squibb
9. Wyeth
10. Eli Lilly
11. Abbott Labs
12. Roche
13. Sanofi-Synthélabo
14. Boehringer Ingelheim
15. Amgen
16. Takeda
17. Schering-Plough
18. Schering AG
19. Bayer
20. Sankyo
21. Eisai
22. Yamanouchi
23. Novo Nordisk
24. Merck KGaA
25. Teva
26. Baxter
27. Akzo Nobel
28. Fujisawa
29. Daiichi
30. Genentech
31. Shionogi
32. Forest Labs
33. Purdue Pharma
34. Solvay
35. Serono
36. Altana
37. Allergan
38. Schwarz Pharma
39. King
40. Otsuka
41. Genzyme
42. Watson
43. Tanabe Seiyaku
44. Biogen Idec
45. Alcon Labs
46. Mylan Labs
47. Shire
48. Kyowa
49. Chiron
50. Ono

THE YEAR 2003 PRODUCED SOME HUGE WINNERS in the industry—as well as a few losers. Jumpers in this year's Top 50 ranking include: Amgen, from 20 to 15, Teva, from 30 to 25, Forest Labs, from 38 to 32, Serono, from 39 to 35, Schwarz Pharma, from 48 to 38, and Genzyme, from 50 to 41. (See "Top 10 Movers," page 63.) The big upset in the top 10 was Johnson & Johnson's move to fourth place (from sixth), edging out Aventis and AstraZeneca. Pfizer—at the top of the list for the last three years—absorbed Pharmacia to post 40 percent growth, surpassing its nearest competitor by $10 billion or so. The company also had the best-selling product: Lipitor at $9.23 billion. (See "Top 10 Products," page 63.)

Some companies had a tough year: Schering-Plough dropped from 14 to 17 and lost a quarter of its sales; Akzo Nobel plunged from 22 to 27 (based mostly on divestitures and restructuring), and several Japanese companies fell in the rankings, which they claim was a result of reduced government reimbursement for their products. Overall, the news is good: The industry grew 9 percent (according to IMS Health) and had prescription sales of $466 billion. In fact, this is the first year that all 50 companies cleared $1 billion in sales.

The weak US dollar played a big role again this year in determining both growth rates and ranking. Several European companies (Aventis, Bayer, Boehringer Ingelheim, Schering AG) had increased "sales activities," but because an average 60 percent of their sales are in the United States, their reported sales figures were lower this year than in 2002. We calculated growth based on companies' reported sales in their own currency. For the rankings, we converted those sales into dollars by averaging the monthly conversion rate over the year 2003.

The rankings do not represent a company's total revenue or its profit; they represent only its human prescription drug sales (no diagnostics, devices, or animal health). In fact, a few of the smaller companies are not even in the black, but their products' sales are high enough to make the list. And some companies do not report sales of individual products, so there are a few gaps in the data.

Other companies were happy to report product sales—because they had a particularly good year: AstraZeneca's Nexium (62 percent growth); Schering AG's Yasmin (50 percent), GlaxoSmithKline's Advair (39 percent), and Teva's Copaxone (34 percent).

In the past, we've taken a stab at predicting the next year's top 10, but with the uncertainty of Aventis' possible merger with another large company, it is impossible to guess. One other merger to watch for is Yamanouchi's purchase of Fujisawa, which could give it a huge boost in sales and ranking. But with the economy on the mend, it's safe to predict that 2004 will be an even better year.

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"Pharm Exec 50" sales figures, R&D spend, and top-selling products appear on pages 62–70»

TOP TEN

Pharm Exec 50

The top 10 companies each had sales of more than $12.5 billion. Together they generated $205.32 billion and marketed a combined total of 47 products that racked up more than $1 billion each in sales (not all products are listed here). And coming in right on the top 10's heels are Abbott Labs and Roche, each with more than $12 billion in sales.

Rank ['02 rank]	Company website	Global Pharma Sales [change from 2002]	R&D Spend	Headquarters	Top-Selling Products
1 [1]	**Pfizer** www.pfizer.com	**$39.631 billion** [40%]	**$7.13 billion**	New York, New York, US	**Lipitor** [$9.23 billion] **Norvasc** [$4.33 billion] **Zoloft** [$3.11 billion]

KEY DEVELOPMENTS Purchase and integration of Pharmacia/Expanded its New York operation and added 1,000 jobs/Has eight of the world's 25 top-selling products. **WHAT ANALYSTS SAY** "Its greatest strengths are its ability to think outside the box, to do strategic deals, to protect its franchises, and to commit its capital.The concern for investors is how well can a $50 billion organization with products that are subject to patent expiration maintain growth?" *—Mara Goldstein, CIBC World Markets*

2 [2]	**GlaxoSmithKline** www.gsk.com	**$29.817 billion** [5%]	**$4.54 billion**	London, England, UK	**Advair** [$3.63 billion] **Paxil** [$3.07 billion] **Avandia** [$1.52 billion]

KEY DEVELOPMENTS Ten approvals for new products or new indications, including Levitra/Strong product growth in Advair (39%) and Avandia (24%)/Paxil and Wellbutrin came under generic competition. **WHAT ANALYSTS SAY** "Prestigious cash flow is one huge plus point for the company. The other is, frankly, the world's largest early- to mid-stage pipeline. The negative is that it faces generic competition with a number of key products." *—Mark Clark, Deutsche Bank Securities*

3 [3]	**Merck** www.merck.com	**$22.485 billion** [5%]	**$3.17 billion**	Whitehouse Station, New Jersey, US	**Zocor** [$5.00 billion] **Fosamax** [$2.70 billion] **Vioxx** [$2.50 billion]

KEY DEVELOPMENTS Finally spun off Medco, its pharmacy benefits management company/Laid off 3,200 people with another 1,200 layoffs scheduled/Increased ownership of Banyu Pharmaceuticals from 51% to 99.4%. **WHAT ANALYSTS SAY** "Merck's key issue is the forthcoming US patent expiration of Zocor in June 2006. However, we are enthusiastic about the company's longer-term new product opportunities, including three major vaccines." *—Dave Risinger, Merrill Lynch*

4 [6]	**Johnson & Johnson** www.jnj.com	**$19.500 billion** [13.8%]	**$4.68 billion**	New Brunswick, New Jersey, US	**Procrit** [$3.98 billion] **Risperdal** [$2.51 billion] **Remicade** [$1.72 billion]

KEY DEVELOPMENTS Acquired Scios (and its CHF drug Natrecor) and Orquest (a biotech company)/Launched Cypher (Sirolinus-eluting stent)/Risperdal Consta (a long-acting injection) approved for schizophrenia. **WHAT ANALYSTS SAY** "J&J's strengths are a very seasoned management team, incredible cash flow, and consistent earnings growth. One negative is that it's going through a period where the pipeline is not producing new products." *—Glenn Navarro, Banc of America Securities*

5 [5]	**Aventis** www.aventis.com	**$18.990 billion** [-4.5%]	**$3.23 billion**	Strasbourg, France	**Allegra** [$1.96 billion] **Lovenox** [$1.87 billion] **Taxotere** [$1.54 billion]

KEY DEVELOPMENTS Submitted five products for approval: Apidra, Alvesco, Genasense, Menactra, and Sculptra/Made several moves to become a pure play pharma: divested Aventis Behring, sold generics business, and divested stake in Clariant. **WHAT ANALYSTS SAY** "Aventis has been able to meet its earnings targets, but it is rated "market performer" due to product challenges on key drugs Allegra and Lovenox, as well as its weak pipeline." *—Gbola Amusa, Sanford Bernstein*

Rank ['02 rank]	Company website	Global Pharma Sales [change from 2002]	R&D Spend	Headquarters	Top-Selling Products
6 [4]	**AstraZeneca** www.astrazeneca.com	**$18.849 billion** [5%]	**$3.45 billion**	London, England, UK	**Nexium** [$3.3 billion] **Prilosec** [$2.56 billion] **Seroquel** [$1.48 billion]

KEY DEVELOPMENTS Nexium sales grew 62% to $3.3 billion/Exanta approved in France/Twenty-eight projects in Phase III clinical trials.
WHAT THE EXPERTS SAY "The company has had great research over a long period of time. And it has high expectations and follow-through. It also certainly has a willingness to put its money where its mouth is in terms of R&D and product support, but perhaps its execution is a bit slow." *—Mara Goldstein, CIBC World Markets*

7 [7]	**Novartis** www.novartis.com	**$16.020 billion** [18%]	**$3.07 billion**	Basel, Switzerland	**Diovan** [$2.42 billion] **Gleevec** [$1.12 billion] **Neoral** [$1.02 billion]

KEY DEVELOPMENTS Now ranked fifth in global market share/8,000 patients helped though Gleevec's patient assistance program/Visudyne approved in Japan.
WHAT ANALYSTS SAY "Novartis is not a company that we see as having a tremendous amount of growth because there aren't a lot of catalysts in the near term. But this company is a reliable revenue and bottom-line earnings performer." *—Gbola Amusa, Sanford Bernstein*

8 [8]	**Bristol-Myers Squibb** www.bms.com	**$14.925 billion** [1%]	**$2.27 billion**	New York, New York, US	**Pravachol** [$2.82 billion] **Plavix** [$2.46 billion] **Taxol** [$934 million]

KEY DEVELOPMENTS Erbitux granted FDA priority review/FDA approves Abilify for expanded indications/FDA approves Reyataz as part of combination AIDS therapy.
WHAT ANALYSTS SAY "We believe that management is putting the company back on track and is navigating through patent expiration pressures. Most important, the company has one of the strongest mid-to-late-stage pipelines among its peers." *—Dave Risinger, Merrill Lynch*

9 [10]	**Wyeth** www.wyeth.com	**$12.622 billion** [7.5%]	**$2.09 billion**	Madison, New Jersey, US	**Effexor** [$2.71 billion] **Protonix** [$1.49 billion] **Premarin** [$1.27 billion]

KEY DEVELOPMENTS FluMist approved and launched in United States/Three products exceeded $1 billion in sales/Premarin sales dropped 32% as a result of NIH clinical trials. **WHAT ANALYSTS SAY** "We are excited about the company's growth prospects, which are superior to competitors. The Premarin franchise is beginning to show signs of stabilization, and although investor expectations for the pipeline are low, we're looking looking forward to the company's R&D update." *—Dave Risinger, Merrill Lynch*

10 [11]	**Eli Lilly** www.lilly.com	**$12.582 billion** [13.5%]	**$2.35 billion**	Indianapolis, Indiana, US	**Zyprexa** [$4.28 billion] **Humulin** [$1.06 billion] **Humalog** [$1.02 billion]

KEY DEVELOPMENTS FDA approved Cialis for erectile dysfunction/Four products exceeded $1 billion/Strattera earned $370 million first year on the market.
WHAT ANALYSTS SAY "Lilly's great strengths are its innovation, its willingness to fully fund/commit to products, and its cutting-edge marketing organization. For investors, one of its weaknesses is that it sets the bar very high but hasn't always met those expectations in a timely fashion." *—Mara Goldstein, CIBC World Markets*

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Top 10 Products 2003

Rank	Product	Maker	2003 Sales
1	**Lipitor** [atorvastatin]	Pfizer	$9.23 billion
2	**Zocor** [simvastatin]	Merck	$5.00 billion
3	**Norvasc** [amlodipine]	Pfizer	$4.33 billion
4	**Zyprexa** [olanzapine]	Lilly	$4.28 billion
5	**Procrit** [epoetin alpha]	Johnson & Johnson	$3.98 billion
6	**Advair** [fluticasone/salmeterol]	GSK	$3.63 billion
7	**Nexium** [esomeprazole]	AstraZeneca	$3.30 billion
8	**Prevacid** [lansoprazole]	Takeda/Abbott (TAP)	$3.19 billion
9	**Zoloft** [sertraline]	Pfizer	$3.11 billion
10	**Paxil** [paroxetine]	GSK	$3.07 billion

Top 10 Movers 2002–2003

Fastest-growing companies based on sales increase

Rank	Company	Growth
1	**Amgen**	57%
2	**Schwarz Pharma**	55%
3	**Chiron**	45%
4	**Pfizer**	40%
5	**Forest Labs**	40%
6	**King**	38%
7	**Genzyme**	32%
8	**Serono**	31%
9	**Teva**	30%
10	**Allergan**	26%

Rank ['02 rank]	Company website	Global Pharma Sales [change from 2002]	R&D Spend	Headquarters	Top-Selling Product
11 [13]	Abbott Labs www.abbott.com	$12.325 billion [14.4%]	$1.73 billion	Abbott Park, Illinois, US	Prevacid [$1.59 billion] (TAP) Clarithromycin [$1.2 billion]
12 [12]	Roche www.roche.com	$12.184 billion [16%]	$3.47 billion	Basel, Switzerland	NeoRecormon/Epogen [$1.52 billion]
13 [15]	Sanofi-Synthélabo www.sanofi-synthelabo.com	$9.102 billion [8%]	$1.48 billion	Paris, France	Ambien [$1.52 billion]
14 [16]	Boehringer Ingelheim www.boehringer-ingelheim.com	$7.992 billion [-2%]	$1.33 billion	Ingelheim, Germany	Flomax [$995 million]
15 [20]	Amgen www.amgen.com	$7.868 billion [57%]	$1.65 billion	Thousand Oaks, California, US	Epogen [$2.43 billion]
16 [17]	Takeda www.takeda.co.jp	$7.365 billion [11.6%]	$1.06 billion	Osaka, Japan	Prevacid [$1.59 billion] (TAP)
17 [14]	Schering-Plough www.sch-plough.com	$6.672 [-24%]	$1.46 billion	Madison, New Jersey, US	Intron [$966 million]

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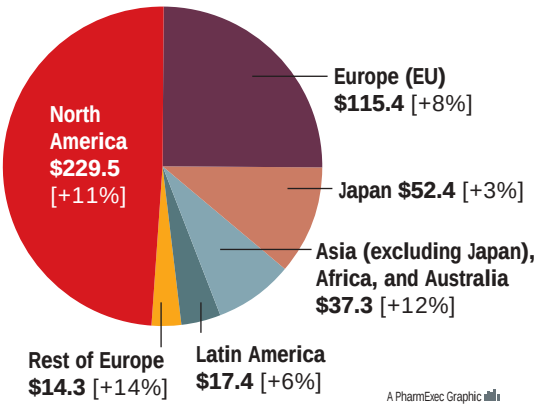
Pfizer, with nearly $40 billion in sales, spent almost 18% of its prescription revenue—$7.13 billion—on R&D. The top 10 companies combined spent $35.98 billion on R&D.

2003 Global Pharmaceutical Sales by Region in US$ billions

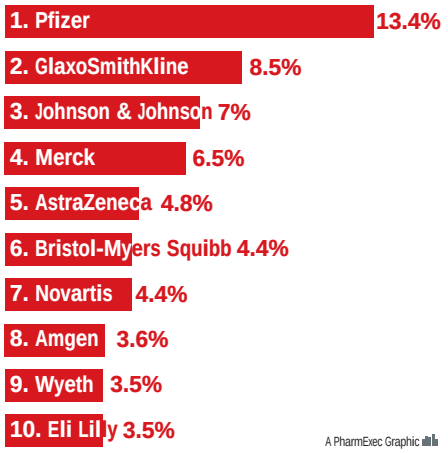
[with percent change from 2002]

SOURCE: IMS World Review 2004



Top 10 Companies by US Market Share

SOURCE: IMS World Review 2004

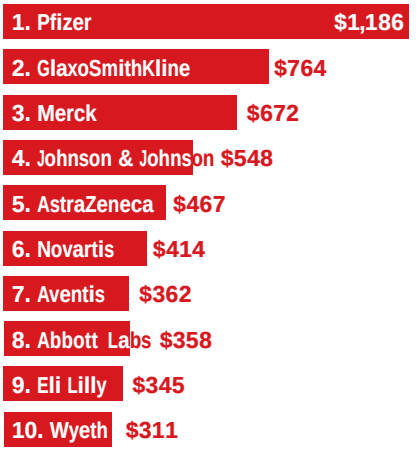


18 [18]	Schering AG www.schering.de	$5.460 billion [-3%]	$1.04 billion	Berlin, Germany	Betaferon [$870 million]
19 [19]	Bayer www.bayer.de	$5.366 billion [-0.4%]	$2.73 billion	Leverkusen, Germany	Cipro [$1.59 billion]
20 [21]	Sankyo www.sankyo.co.jp	$3.816 billion [5%]	$2.14 billion	Tokyo, Japan	Mevalotin [$2.46 billion]

Rank ['02 rank]	Company website	Global Pharma Sales [change from 2002]	R&D Spend	Headquarters	Top-Selling Product
21 [23]	**Eisai** www.eisai.co.jp	**$3.797 billion** [8.9%]	**$498 million**	Tokyo, Japan	**Aciphex** [$1 billion]
22 [24]	**Yamanouchi** www.yamanouchi.co.jp	**$3.537 billion** [7%]	**$575 million**	Tokyo, Japan	**Harnal** [$949 million]
23 [26]	**Novo Nordisk** www.novonordisk.com	**$3.442 billion** [5%]	**$685 million**	Bagsvaerd, Denmark	**Anti-diabetic therapies**

Top 10 Companies by Detail Spend [US$ millions]

SOURCE: Verispan



Top 10 Companies by DTC Spend [US$ millions]

SOURCE: Verispan and TNSMI-CMR

Top 10 Companies by Event Spend [US$ millions]

SOURCE: Verispan

A PharmExec Graphic

24 [25]	**Merck KGaA** www.merck.de	**$3.372 billion** [4.8%]	**$472 million**	Darmstadt, Germany	**Glucophage** [$365 million]
25 [30]	**Teva** www.tevapharm.com	**$3.276 billion** [30%]	**$213 million**	Petach Tikva, Israel	**Copaxone** [$720 million]
26 [27]	**Baxter** www.baxter.com	**$3.271 billion** [5.6%]	**$553 million**	Deerfield, Illinois, US	**r/antihemophilic factor**
27 [22]	**Akzo Nobel** www.akzonobel.com	**$3.112 billion** [-5%]	**$640 million**	Arnhem, Netherlands	**Remeron** [$235 million]
28 [31]	**Fujisawa** www.fujisawa.co.jp	**$2.937 billion** [11.9%]	**$536 million**	Osaka, Japan	**Prograf** [$771 million]
29 [29]	**Daiichi** www.daiichipharm.co.jp	**$2.769 billion** [-3%]	**$459 million**	Tokyo, Japan	**Cravit** [$383 million]
30 [32]	**Genentech** www.genentech.com	**$2.621 billion** [21%]	**$722 million**	San Francisco, California, US	**Rituxan** [$1.48 billion]

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Rank ['02 rank]	Company website	Global Pharma Sales [change from 2002]	R&D Spend	Headquarters	Top-Selling Product
31 [28]	Shionogi www.shionogi.co.jp	$2.308 billion [-32%]	$269 million	Osaka, Japan	Flomox [$294 million]
32 [38]	Forest Labs www.frx.com	$2.206 billion [40%]	$204 million	New York, New York, US	Celexa [$1.18 billion]
33 [34]	Purdue Pharma www.pharma.com	$2.200 billion [13.6%]	$359 million	Stamford, Connecticut, US	OxyContin [$1.8 billion]
34 [33]	Solvay www.solvay.com	$2.071 billion [-1.6%]	$456 million	Brussels, Belgium	Androgel [$282 million]
35 [39]	Serono www.serono.com	$2.018 billion [31%]	$467 million	Geneva, Switzerland	Rebif [$819 million]

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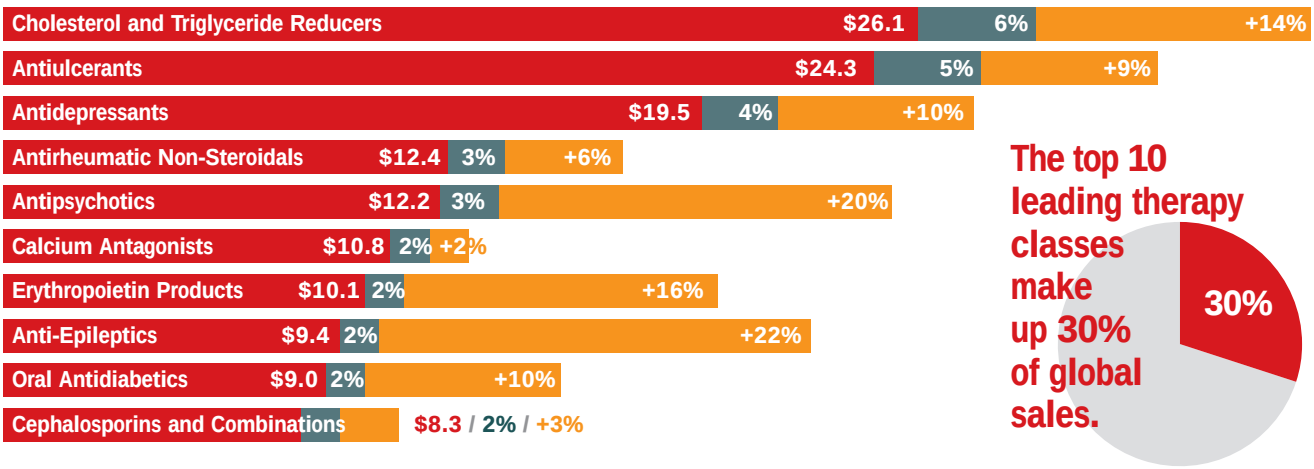
Leading Therapy Classes in 2003 Global Pharmaceutical Sales

SOURCE: IMS World Review 2004

A PharmExec Graphic

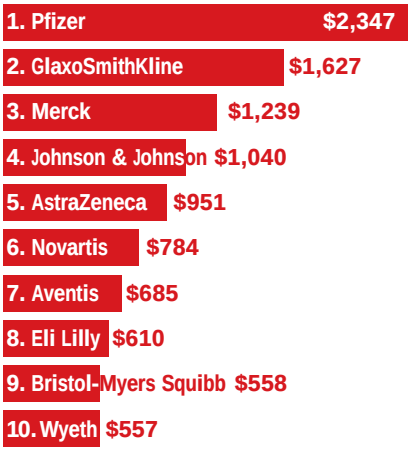


36 [35]	Altana www.altana.de	$1.949 billion [15%]	$465 million	Bad Homburg, Germany	pantoprazole [$1.24 billion]
37 [40]	Allergan www.allergan.com	$1.755 billion [26%]	$763 million	Irvine, California, US	Botox [$564 million]
38 [48]	Schwarz Pharma www.schwarzpharma.com	$1.691 billion [55%]	$162 million	Monheim, Germany	omeprazole [$887 million]
39 [43]	King www.kingpharm.com	$1.521 billion [34.8%]	$238 million	Bristol, Tennessee, US	Altace [$527 million]
40 [36]	Otsuka www.otsuka.co.jp	$1.476 billion [est. 1%]	$276 million	Tokyo, Japan	Pletal [$189 million]

Rank ['02 rank]	Company website	Global Pharma Sales [change from 2002]	R&D Spend	Headquarters	Top-Selling Product
41 [50]	**Genzyme** www.genzyme.com	**$1.474 billion** [32%]	**$289 million**	Cambridge, Massachusetts, US	**Cerezyme** [$739 million]
42 [41]	**Watson** www.watsonpharm.com	**$1.460 billion** [19.6%]	**$320 million**	Corona, California, US	**Ferrlecit**
43 [37]	**Tanabe Seiyaku** www.tanabe.co.jp	**$1.378 billion** [-1.4%]	**$201 million**	Osaka, Japan	**Herbesser** [$178 million]
44 [44]	**Biogen Idec** www.biogen.com	**$1.355 billion** [16.6%]	**$545 million**	Cambridge, Massachusetts, US	**Avonex** [$1.16 billion]
45 [47]	**Alcon Labs** www.alconinc.com	**$1.309 billion** [20%]	**$349 million**	Hueneberg, Switzerland	**Patanol** [est. $250 million]

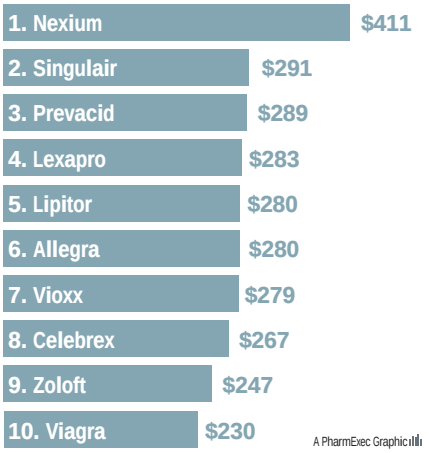
Top 10 Companies by Total Promotional Spend
[US$ millions]

SOURCE: Verispan



Top 10 Products by Promotional Spend
[US$ millions]

SOURCE: Verispan



A PharmExec Graphic

Out of 66 products with sales exceeding $1 billion, 47 came from the top ten companies:

[Rank] Company	# of $1 bil+ Products
[1] Pfizer	9
[2] GSK	8
[4] J&J	6
[6] AstraZeneca	4
[5] Aventis	4
[10] Lilly	4
[7] Novartis	4
[3] Merck	3
[9] Wyeth	3
[8] BMS	2

46 [N/A]	**Mylan Labs** www.mylan.com	**$1.269 billion** [14.9%]	**$86 million**	Canonsburg, Pennsylvania, US	**Not available**
47 [N/A]	**Shire** www.shire.com	**$1.237 billion** [19%]	**$215 million**	Hampshire, England, UK	**Adderall XR** [$474 million]
48 [42]	**Kyowa** www.kyowa.co.jp	**$1.209 billion** [-1.2%]	**$270 million**	Tokyo, Japan	**Coniel** [$247 million]
49 [N/A]	**Chiron** www.chiron.com	**$1.181 billion** [45%]	**$409 million**	Emeryville, California, US	**Fluvirin** [$219 million]
50 [45]	**Ono** www.ono.co.jp	**$1.160 billion** [1%]	**$253 million**	Osaka, Japan	**Kinedak** [$204 million]