MARKET WATCH

Sales of biologics to show robust growth through to 2013

AVOS Life Sciences has analysed the revenue contributions of biologics and small-molecule drugs to the major Rx drug portfolios (MRDP) of the 14 large-cap pharmaceutical companies. MRDP is the collection of branded drugs that are each predicted to achieve at least US$500 million in annual sales (see Supplementary information S1 (box)).

For the group overall, the average share of MRDP sales from biologics is forecasted to increase from 26% in 2008 to 40% in 2013E (FIG. 1). In absolute terms, the greatest revenue contribution in this period comes from Roche ($10.3 billion) and from Abbott and GlaxoSmithKline (GSK) ($3.5 billion each). In relative terms, the greatest compound annual growth rate (CAGR) comes from GlaxoSmithKline (21%), Bristol–Myers Squibb (14%) and Abbott (12%). Nearly all companies show a diminishing or constant contribution to portfolio revenue from small-molecule drugs, primarily because of patent expirations on older blockbuster products that are almost all small molecules, and also owing to the re-allocation of industry resources towards biologics R&D in the past decade.

Because Roche and Amgen differ from the other companies in deriving most of their MRDP sales from biologics throughout the forecast period (FIG. 1), their portfolios have more protection from erosion due to generic entry. The focus on biologics, many of which are also specialty products, of both companies earns them peer-group-leading sales CAGRs from 2008–2013E: Roche's MRDP grows at 7% and Amgen's at 4%. Amgen is also the only company to post a positive 5-year CAGR (10%) for small-molecule drugs, although this comes from a base of only 4% of 2008 MRDP revenue (which was derived solely from cinacalcet (Sensipar) for the treatment of hypercalcaemia).

Abbott and Wyeth are the only other companies to derive the majority of MRDP revenue from biologics in 2013E. Abbott's biologics franchise consists of a single drug, adalimumab (Humira), the consensus sales of which account for 54% of its MRDP revenue of $14.9 billion in 2013E. Coupled with minor exposure to patent-related losses, this gives Abbott's MRDP a 5-year sales CAGR of nearly 3%. Wyeth's biologics portfolio consists of the vaccine Prevnar, the tumour necrosis factor inhibitor etanercept (Enbrel) and bapineuzumab, which is currently in Phase III trials for Alzheimer's disease. These products are predicted to achieve a 9% CAGR, and generate 77% of MRDP revenue in 2013E, although the extent of their contribution is also a reflection of the marked decline in Wyeth's revenue from small-molecule drugs.

Overall, it seems that the protection from generic threat that biologics provide, coupled with their ability to generate blockbuster revenues, will result in their share of MRDP revenue continuing to increase. Indeed, by 2013E, all but one of the top five products by revenue will be biologics, led by bevacizumab (Avastin; Roche), which has a 2013E consensus revenue of $8.9 billion (see Supplementary information S2 (table)). Moreover, sales of the only chemical product of the five — GSK's Advair — are predicted to fall from $8.6 billion in 2013E following its 2012 patent expiry.

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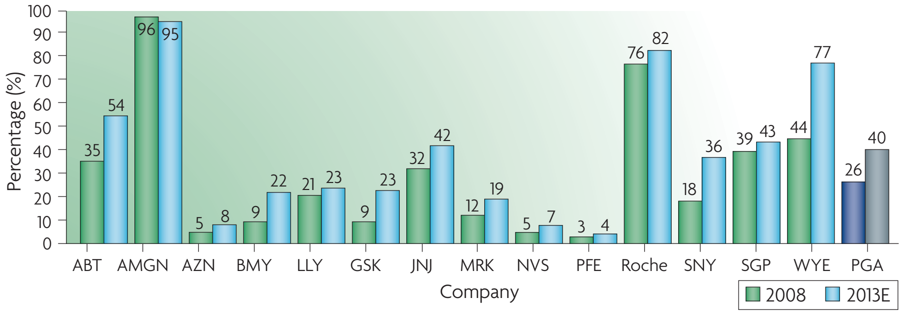

Figure 1 | **Proportion of portfolio sales from biologics: 2008 and 2013E.** For full company names, see Supplementary information S1. PGA, peer group average.