

Drugmakers lift the lid on emerging market sales

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Big drugmakers are revealing more details about where exactly they make their money in a bid to convince investors that emerging markets really can deliver tomorrow's growth.

As sales growth in Europe, the US and Japan stalls and many blockbuster drugs lose patent protection, new markets — particularly in Asia and Latin America — offer a lifeline for makers of prescription and over-the-counter drugs.

Until recently, however, analysts have had few clues as to how to model drug sales across a disparate range of countries. That is starting to change.

Pfizer, the world's largest drugmaker, began giving sales for five top drugs in emerging markets in the fourth quarter of 2009 and AstraZeneca lifted the lid a lot further on Thursday. The Anglo-Swedish drugmaker presented product-by-product performance in these markets, drilling down to more than 20 different line items in its first-quarter results.

"This is a pivotal point in terms of getting people to see where the revenues are coming from, so they can actually model them," said Gbola Amusa, a pharma analyst at UBS.

Coming clear

Pfizer began giving sales for five top drugs in emerging markets in the fourth quarter of 2009

AstraZeneca produced product-by-product performance of over 20 line items in EMs in Q1

Others are steering a middle course: GSK broke down drugs sales for emerging markets; Sanofi-Aventis gives an overall emerging markets sales figure

Many companies have been cautious about divulging information that might help competitors, but there is a new recognition that without more data, institutions will remain wary about attributing value to emerging market revenue.

Other companies are steering a middle course.

GlaxoSmithKline's quarterly results, released on Wednesday for the first time broke down drugs sales for emerging markets — and showed a whopping 43% year-on-year increase, helped by sales of swine flu products.

Sanofi-Aventis gives an overall emerging markets sales figure.

IMS Health forecasts leading emerging markets will show annual growth of 14-17% through 2014, against 3-6% for developed markets.

Those kind of numbers are forcing major investors to pay more attention. "Over the next 10 years it is estimated that emerging markets will add \$400-500 billion to global pharmaceutical sales," said Daniel Mahony and Gareth Powell, healthcare investors at Polar Capital. Reuters

Industry

Pharmaceuticals