

The year 2001 will stand out in any historical accounting.



Unprecedented events affected the entire world both economically and socially. Yet in the midst of financial crisis, social anxieties about bioterrorism, and escalating war, the industry remained steady. And despite patent expirations, pricing pressure, and recession, it experienced overall growth and rewarded its stockholders. Here, *PE* presents its third annual ranking of the top 50 pharmaceutical companies according to global therapeutic sales.

Another round of acquisitions shortened the list again this year, tempting us to call it the “Top 40.” Abbott purchased BASF’s pharma division and shot up to 14th place. Johnson & Johnson acquired Alza soon after we featured the drug delivery company on our cover, and Bristol-Myers Squibb bought DuPont’s pharma business. Each year, the span from the top earner to the bottom rung grows greater—from \$25 billion to \$673 million for 2001. Next year, watch for Amgen to take another jump as its acquisition of Immunex comes into play. Abbott, the second-fastest growing company, could make the top ten in 2002. And now that FDA has approved Botox for cosmetic use, Allergan—the fastest growing company—will likely shoot up a rank or two.

The calculations were as challenging as ever. Companies report their fiscal years in various time frames and tabulate their sales in a variety of currencies. We converted all sales to US dollars for comparison. To establish a true pharma ranking, we again excluded sales from diagnostics, over-the-counter products, and animal health divisions.

We also ranked the companies by a wide variety of other metrics, including sales growth, advertising spend, and market capitalization. We threw in a few product rankings as well, including the top seller and the biggest online promotional budget. And we asked Fred Franks, vice-chairman for Lehman Brothers, to analyze the top ten companies according to their performance for stockholders. Overall, we tried to be consistent, fair, and accurate in our effort to provide readers with a wealth of 2001 industry information to which they can refer again and again.

Top 50 PHARMA

- 1 Pfizer
- 2 GlaxoSmithKline
- 3 Merck
- 4 AstraZenca
- 5 Bristol-Myers Squibb
- 6 Aventis
- 7 Johnson & Johnson
- 8 Novartis
- 9 Pharmacia
- 10 Lilly
- 11 Wyeth
- 12 Roche
- 13 Schering-Plough
- 14 Abbott Laboratories
- 15 Takeda
- 16 Sanofi-Synthelabo
- 17 Boehringer Ingelheim
- 18 Bayer
- 19 Schering AG
- 20 Akzo Nobel
- 21 Amgen
- 22 Sankyo
- 23 Merck KGaA
- 24 Novo Nordisk
- 25 Shionogi
- 26 Baxter
- 27 Daiichi Pharmaceutical
- 28 Yamanouchi
- 29 Eisai
- 30 Fujisawa
- 31 Teva
- 32 Purdue Pharma
- 33 Genentech
- 34 Chugai Pharmaceutical
- 35 Solvay
- 36 Otsuka
- 37 Elan
- 38 Tanabe Seiyaku
- 39 Serono
- 40 Forest Laboratories
- 41 Allergan
- 42 Altana
- 43 Kyowa Hakko Kogyo
- 44 Ono Pharmaceutical
- 45 Biogen
- 46 Immunex
- 47 Genzyme
- 48 3M Worldwide
- 49 ICN Pharmaceuticals
- 50 Schwarz Pharma

—L.J. Sellers, Senior Editor



Top 10

The top 10 companies each had sales of more than \$11 billion. Together they generated \$172 billion in sales, more than 59 percent of the total for all 50 companies. They also marketed a combined total of 23 products that brought in more than \$1 billion each.



Leaps and Bounds

10 Fastest Growing Companies of 2001

Based on the increase in pharma sales from 2000-2001

Allergan	67%
Abbott	40%
Biogen	36%
Forest	34%
Teva	34%
Elan	33%
Genzyme	30%
Altana	30%
Eisai	23%
Purdue	20%

1 Pfizer

2001 Worldwide Pharma Sales
\$25.5 billion

2001 R&D Spend
\$4.8 billion

2000-2001 Pharma Growth
13%

Headquarters
New York, New York, USA

2001 Top-Selling Products

- Lipitor \$6.45 billion
- Norvasc \$3.58 billion
- Zolofit \$2.34 billion

Key Developments

- \$294 million global R&D headquarters opened in Connecticut
- Funded AIDS clinic in Uganda
- Collaborated with state of Florida to benefit Medicaid patients

www.pfizer.com

6 Aventis

2001 Worldwide Pharma Sales
\$15.35 billion

2001 R&D Spend
\$3.03 billion

2000-2001 Pharma Growth
15%

Headquarters
Strasbourg, France

2001 Top-Selling Products

- Allegra \$1.5 billion
- Lovenox \$1.2 billion
- Taxotere \$874 million

Key Developments

- Divested CropScience and animal nutrition units
- Launched Lantus in US and Ketek in Europe
- Vaccine business grew 28%

www.aventis.com

2 GlaxoSmith Kline

2001 Worldwide Pharma Sales
\$24.8 billion

2001 R&D Spend
\$3.8 billion

2000-2001 Pharma Growth
12%

Headquarters
London, England

2001 Top-Selling Products

- Paxil \$2.68 billion
- Augmentin \$2.05 billion
- Flovent \$1.32 billion

Key Developments

- Acquired Block Drug
- Joint venture with Shionogi
- Study showed Malarone highly effective against malaria

www.gsk.com

3 Merck

2001 Worldwide Pharma Sales
\$21.35 billion

2001 R&D Spend
\$2.4 billion

2000-2001 Pharma Growth
5%

Headquarters
Whitehouse Station, New Jersey, USA

2001 Top-Selling Products

- Zocor \$6.6 billion
- Vioxx \$2.5 billion
- Cozaar \$1.9 billion

Key Developments

- Acquired Rosett Inpharmatics
- Broke ground on a Boston research facility
- Study showed Zocor reduces risk of heart attack

www.merck.com

4 AstraZeneca

2001 Worldwide Pharma Sales
\$16.48 billion

2001 R&D Spend
\$2.7 billion

2000-2001 Pharma Growth
8%

Headquarters
London, England

2001 Top-Selling Products

- Prilosec \$5.68 billion
- Zestril \$1.1 billion
- Pulmicort \$775 million

Key Developments

- Clinical trials showed Nexium more effective than Lansoprazole for esophagitis
- Opened \$100 million pharmaceutical plant in China
- Study showed Casodex decreases rate of prostate disease progression

www.astrazeneca.com

5 Bristol-Myers Squibb

2001 Worldwide Pharma Sales
\$15.6 billion

2001 R&D Spend
\$1.9 billion

2000-2001 Pharma Growth
6%

Headquarters
New York, New York, USA

2001 Top-Selling Products

- Glucophage \$2.6 billion
- Pravachol \$2.1 billion
- Plavix \$1.3 billion

Key Developments

- Acquired DuPont Pharmaceuticals
- Study showed Irbesartan protects against kidney disease
- Opened the Bristol-Myers Squibb Children's Hospital in New Jersey

www.bms.com

7 Johnson & Johnson

2001 Worldwide Pharma Sales
\$14.9 billion

2001 R&D Spend
\$1.1 billion

2000-2001 Pharma Growth
19%

Headquarters
New Brunswick, New Jersey, USA

2001 Top-Selling Products

- Procrit \$3.43 billion
- Risperdal \$1.84 billion
- Levaquin \$1.05 billion

Key Developments

- Reminyl, for Alzheimers, approved
- Ortho Evra, the first birth control patch, approved
- \$12.3 billion merger with Alza

www.jnj.com

8 Novartis

2001 Worldwide Pharma Sales
\$14.5 billion

2001 R&D Spend
\$2.2 billion

2000-2001 Pharma Growth
15%

Headquarters
Basel, Switzerland

2001 Top-Selling Products

- Diovan \$1.12 billion
- Sandimmun \$1.09 billion
- Cibacen \$906 million

Key Developments

- Gleevec approved
- Four US drug approvals, 15 approvals worldwide
- Visudyne approved in 35 countries

www.novartis.com

9 Pharmacia

2001 Worldwide Pharma Sales
\$11.97 billion

2001 R&D Spend
\$2.07 billion

2000-2001 Pharma Growth
11%

Headquarters
Peapack, New Jersey, USA

2001 Top-Selling Products

- Celebrex \$3.1 billion
- Ambien \$902 million
- Xalatan \$818 million

Key Developments

- FDA approved Bextra and EMEA approved Dynastatx
- Licensed CDP-870, a new treatment for rheumatoid arthritis, from CellTech, and Deramciclone (Orion) for generalized anxiety

www.pharmacia.com

10 Lilly

2001 Worldwide Pharma Sales
\$11.54 billion

2001 R&D Spend
\$2.2 billion

2000-2001 Pharma Growth
6%

Headquarters
Indianapolis, Indiana, USA

2001 Top-Selling Products

- Zyprexa \$3.09 billion
- Fluoxetine \$1.9 billion
- Gemzar \$722 million

Key Developments

- Prozac lost patent exclusivity
- Xigris approved and launched, with sales of \$35 million in first six months
- Zyprexa sales grew 31 percent

www.lilly.com



2001 Most NDA Approvals: Novartis (9)

Market Cap

Top 15 Companies Ranked by Market Capitalization

1. Pfizer	\$249,365.0
2. J&J	193,162.0
3. GSK	146,281.7
4. Merck	125,407.0
5. Novartis	101,686.3
6. AstraZeneca	89,404.6
7. Wyeth	87,195.0
8. Lilly	85,473.9
9. Abbott	84,655.5
10. Roche	69,153.2
11. BMS	61,977.1
12. Pharmacia	58,982.6
13. Aventis	53,678.7
14. Sanofi	44,555.6
15. Schering-Plough	42,818.6

Figures calculated on 4/15/02

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Wyeth

Global Pharma Sales
\$11.71 billion

Growth (from 2000)
10%

R&D Spend
\$1.8 billion

Headquarters
Madison, New Jersey, USA

Top-Selling Product
Premarin \$2 billion

www.wyeth.com

12

Roche

Global Pharma Sales
\$8.53 billion

Growth (from 2000)
1%

R&D Spend
\$1.3 billion

Headquarters
Basel, Switzerland

Top-Selling Product
Rocephin \$1 billion

www.roche.com

13

Schering-Plough

Global Pharma Sales
\$8.36 billion

Growth (from 2000)
0%

R&D Spend
\$1.3 billion

Headquarters
Madison, New Jersey, USA

Top-Selling Product
Claritin \$3.15 billion

www.sch-plough.com

14

Abbott Labs

Global Pharma Sales
\$8.17 billion

Growth (from 2000)
40%

R&D Spend
\$1.6 billion

Headquarters
Abbott Park, Illinois, USA

Top-Selling Product
Clarithromycin \$1.2 billion
Prevacid (TAP) \$1.47 billion

www.abbott.com

15

Takeda

Global Pharma Sales
\$7.77 billion

Growth (from 2000)
4%

R&D Spend
\$72 million

Headquarters
Osaka, Japan

Top-Selling Product
Prevacid (TAP) \$1.47 billion

www.takeda.co.jp

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Sanofi-Synthelabo

Global Pharma Sales
\$5.7 billion

Growth (from 2000)
9%

R&D Spend
\$908 million

Headquarters
Paris, France

Top-Selling Product
Ambien \$694 million

www.sanofi-synthelabo.com

TOP 10 DTC PRODUCTS ADVERTISED 2001 (PROJECTED)*

Product	2001 Dollars (\$000)	% Change 2000
Celebrex (Pharmacia/Pfizer)	\$146,788	87
Vioxx (Merck)	125,364	-21
Nexium (AstraZeneca)	111,445	N/A
Imitrex (GlaxoSmithKline)	96,387	159
Zocor (Merck)	94,779	4
Allegra (Aventis)	94,451	41
Actonel (Aventis/Proctor & Gamble)	88,723	>999
Glucophage XR (Bristol-Myers Squibb)	87,873	N/A
Claritin (Schering-Plough)	82,900	-14
Viagra (Pfizer)	78,295	-12

* DTC expenditures are projected based on January 2001–October 2001 figures.

Source: Scott-Levin

PE Graphic



2001
Best-Selling
Product:
Zocor
\$6.6
billion
Merck

17

**Boehringer
Ingelheim**

Global Pharma Sales
\$5.6 billion

Growth (from 2000)
8%

R&D Spend
\$866 million

Headquarters
Ingelheim am Rhine, Germany

Top-Selling Product
Flomax \$539 million

www.boehringer-ingleheim.com

18

Bayer

Global Pharma Sales
\$5.04 billion

Growth (from 2000)
-6.7%

R&D Spend
\$1.09 billion

Headquarters
Leverkusen, Germany

Top-Selling Product
Cipro \$1.73 billion

www.bayer.com

19

Schering AG

Global Pharma Sales
\$3.9 billion

Growth (from 2000)
7%

R&D Spend
\$760 million

Headquarters
Berlin, Germany

Top-Selling Product
Betaferon \$599 million

www.schering.de

20

Akzo Nobel

Global Pharma Sales
\$3.55 billion

Growth (from 2000)
12%

R&D Spend
\$471.6 million

Headquarters
Arnhem, The Netherlands

Top-Selling Product
Remaron \$551.8 million

www.akzonobel.com

21

Amgen

Global Pharma Sales
\$3.5 billion

Growth (from 2000)
9%

R&D Spend
\$865 million

Headquarters
Thousand Oaks, California, USA

Top-Selling Product
Epogen/Aranesp \$2.1 billion

www.amgen.com

TOP 10 Products 2001

Zocor (simvastatin) cholesterol reducer, Merck	\$6.6 billion
Lipitor (atorvastatin) cholesterol reducer, Pfizer	\$6.45 billion
Prilosec (omeprazole) proton pump inhibitor, AstraZeneca	\$5.68 billion
Norvasc (amlodipine) antihypertensive, Pfizer	\$3.58 billion
Procrit (epoetin alpha) anemia therapy, Johnson & Johnson	\$3.43 billion
Claritin (loratadine) antihistamine, Schering-Plough	\$3.15 billion
Celebrex (celecoxib) COX-2 anti-inflammatory, Pharmacia	\$3.1 billion
Zyprexa (olanzapine) antipsychotic, Lilly	\$3.09 billion
Prevacid (lansoprazole) anti-ulcerant, TAP (Takeda Abbott)	\$2.95 billion
Paxil (paroxetine) antidepressant (SSRI), Pfizer	\$2.68 billion

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Sankyo

Global Pharma Sales
\$3.3 billion

Growth (from 2000)
-9.6%

R&D Spend
\$594 million

Headquarters
Tokyo, Japan

Top-Selling Product
Mevalotin

www.sankyo.co.jp

23

Merck KGaA

Global Pharma Sales
\$2.89 billion

Growth (from 2000)
14%

R&D Spend
\$502.75 million

Headquarters
Darmstadt, Germany

Top-Selling Product
Glucophage \$535.5 million

www.merck.de



Big Spenders:
Genentech
& Biogen
had the highest
R&D outlays
compared
with sales—
30% for 2001.

24

Novo Nordisk

Global Pharma Sales
\$2.8 billion

Growth (from 2000)
14%

R&D Spend
\$470.48 million

Headquarters
Bagsvaerd, Denmark

Top-Selling Product
Insulin \$1.8 billion

www.novonordisk.com

25

Shionogi

Global Pharma Sales
\$2.8 billion

Growth (from 2000)
3.6%

R&D Spend
\$236 million

Headquarters
Osaka, Japan

Top-Selling Product
Flomox \$222 million

www.shionogi.co.jp

26

Baxter

Global Pharma Sales
\$2.79 billion

Growth (from 2000)
11%

R&D Spend
\$427 million

Headquarters
Deerfield, Illinois, USA

Top-Selling Product
Recombinant NA

www.baxter.com

27

Daiichi

Global Pharma Sales
\$2.56 billion

Growth (from 2000)
3%

R&D Spend
\$322.7 million

Headquarters
Tokyo, Japan

Top-Selling Product
New quinolone \$391 million

www.daiichipharm.co.jp

28

Yamanouchi

Global Pharma Sales
\$2.53 billion

Growth (from 2000)
11%

R&D Spend
\$419 million

Headquarters
Tokyo, Japan

Top-Selling Product
Gaster \$809 million

www.yamanouchi.com

TOP 10—US FOCUS

2001 Top 10 by US Sales	2001 Sales Dollars (millions)	% Growth	% Market Share
1 Pfizer	17,631	14	10.0
2 GlaxoSmithKline	15,474	22	8.8
3 Merck	12,519	15	7.1
4 Johnson & Johnson	10,922	29	6.2
5 Bristol-Myers Squibb	10,505	10	6.0
6 AstraZeneca	10,067	17	5.7
7 Lilly	7,627	8	4.3
8 Wyeth	6,983	18	4.0
9 Novartis	6,787	19	3.9
10 Pharmacia	6,512	17	3.7

Source: IMS Health, Retail and Provider Perspective, 2002

2001 Top 10 US Spenders	2001 Journal and Detail Spend (millions)	% Growth
1 Pfizer	651	-5
2 GlaxoSmithKline	567	-1
3 Merck	435	13
4 Johnson & Johnson	363	4
5 AstraZeneca	300	20
6 Novartis	263	32
7 Pharmacia	254	1
8 Aventis	247	7
9 Bristol-Myers Squibb	246	-23
10 Schering-Plough	246	5

Source: IMS Health, Integrated Promotional Services, Office and Hospital Promotion Reports, and National Journal Audit, 2002





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Eisai

Global Pharma Sales
\$2.4 billion

Growth (from 2000)
23%

R&D Spend
\$371 million

Headquarters
Tokyo, Japan

Top-Selling Product
Aricept \$398 million

www.eisai.com

30

Fujisawa

Global Pharma Sales
\$2.3 billion

Growth (from 2000)
2.9%

R&D Spend
\$419 million

Headquarters
Osaka, Japan

Top-Selling Product
Prograf \$517 million
(projected)

www.fujisawa.com

31

Teva

Global Pharma Sales
\$1.84 billion

Growth (from 2000)
34%

R&D Spend
\$168.6 million

Headquarters
Petach Tikva, Israel

Top-Selling Product
Copaxone \$363 million

www.tevapharm.com

32

Purdue Pharma

Global Pharma Sales
\$1.8 billion

Growth (from 2000)
20%

R&D Spend
\$323 million

Headquarters
Norwalk, Connecticut, USA

Top-Selling Product
OxyContin \$1.3 billion

www.pharma.com

33

Genentech

Global Pharma Sales
\$1.74 billion

Growth (from 2000)
7%

R&D Spend
\$526.2 million

Headquarters
South San Francisco, California, USA

Top-Selling Product
Rituxan \$818.7 million

www.genentech.com

34

Chugai

Global Pharma Sales
\$1.64 billion

Growth (from 2000)
1%

R&D Spend
\$332.2 million

Headquarters
Tokyo, Japan

Top-Selling Product
Epogin \$448.1 million

www.chugai-pharm.co.jp



TOP 10 COMPANIES IN DTC DOLLARS SPENT (PROJECTED)*

	Dollars Spent (millions)
GlaxoSmithKline	466.7
Pfizer	335.7
Merck	320.1
Bristol-Myers Squibb	253.9
Pharmacia	250.0
Johnson & Johnson	180.4
Aventis	140.8
Eli Lilly	136.4
Schering-Plough	134.5
AstraZeneca	129.8

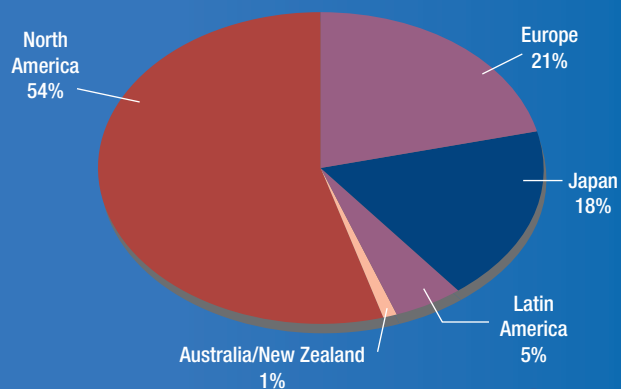
* DTC expenditures are projected based on January 2001–October 2001 figures.

Source: Scott-Levin



THE RETAIL MARKET

2001 Global Market by Retail Pharmacy Purchases



Source: IMS Health





2001 Prescription Market Share:

Pfizer	7.2%
GSK	7.0%
Merck	5.1%
AZ	4.5%
J&J	4.4%
BMS	4.2%
Novartis	3.9%
Aventis	3.5%
Pharmacia	3.3%
Abbott	3.1%

US-based companies

European-based companies

Source: IMS Health, MIDAS, 12/2001

35

Solvay

Global Pharma Sales
\$1.54 billion

Growth (from 2000)
14%

R&D Spend
\$193 million

Headquarters
Brussels, Belgium

Top-Selling Product
Estratest \$173.4 million

www.solvay.com

36

Otsuka

Global Pharma Sales
\$1.47 billion

Growth (from 2000)
10.9%

R&D Spend
\$224 million

Headquarters
Osaka, Japan

Top-Selling Product
Mucosta \$200 million

www.otsuka.com

37

Elan

Global Pharma Sales
\$1.4 billion

Growth (from 2000)
33%

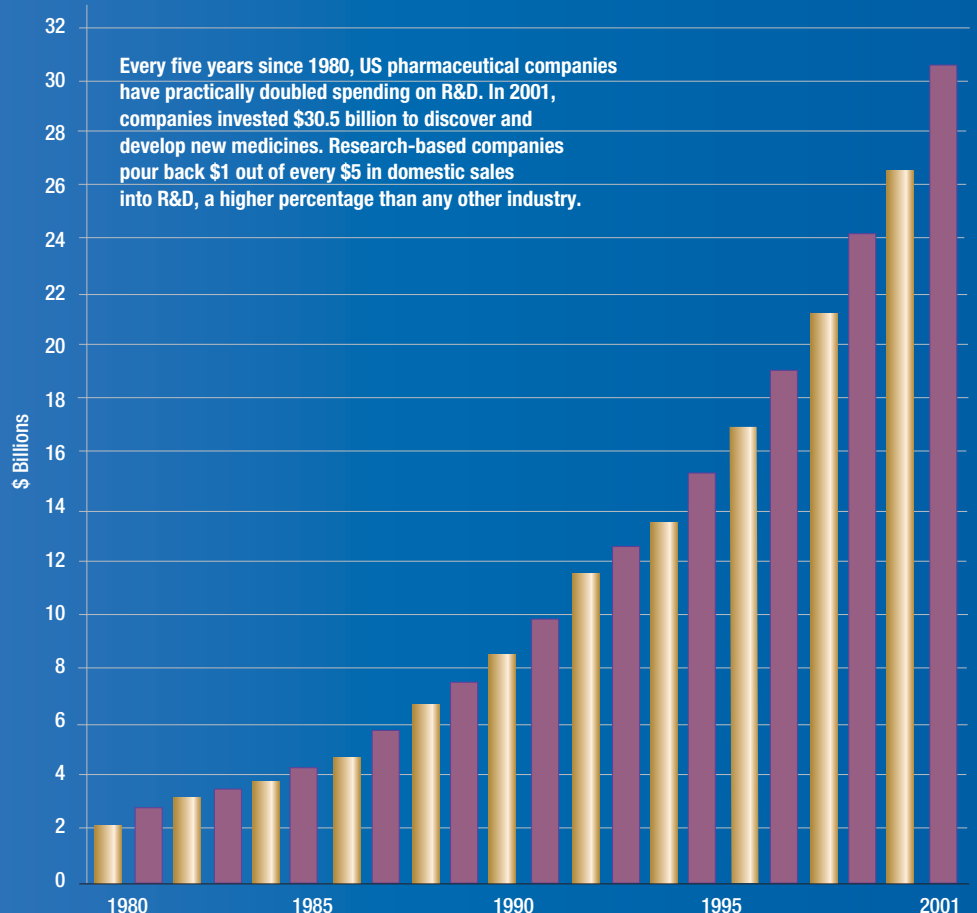
R&D Spend
\$321 million

Headquarters
Dublin, Ireland

Top-Selling Product
Zanaflex \$162 million

www.elan.com

R&D SPEND



Source: PhRMA Annual Survey

PE Graphic



2001
Fastest
Growing
Product:
Celexa
53%
Forest Laboratories

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Tanabe Seiyaku

Global Pharma Sales
\$1.27 billion

Growth (from 2000)
7.7%

R&D Spend
\$148.59 million

Headquarters
Osaka, Japan

Top-Selling Product
Herbesser \$130.5 million

www.tanabe.co.jp

39

Serono

Global Pharma Sales
\$1.25 billion

Growth (from 2000)
8.7%

R&D Spend
\$308.6 million

Headquarters
Geneva, Switzerland

Top-Selling Product
Gonal-F \$410.5 million

www.serono.com

40

Forest Laboratories

Global Pharma Sales
\$1.174 billion

Growth (from 2000)
34%

R&D Spend
\$105.7 million

Headquarters
New York, New York, USA

Top-Selling Product
Celexa \$981 million

www.frx.com

The Year in Review by Fred Frank, Lehman Brothers

By any standard, or in comparison with most prior years, 2001 represented a macro environment of extraordinary challenges. Adjusting for all the major special forces that impinged on the operating climate for the major pharmaceutical companies, the distilled picture emerges as a year in which statistics tell the tale. And it was not an auspicious beginning for this early year of the new millennium.

There were several common themes among the top ten global pharma competitors. Following are company quotes that characterize the underlying dynamics:

- "... transformation of our business ..."
- "The inevitable expiry of product patents requires all pharmaceutical companies to reinvent themselves ..."
- "Changing our portfolio ..."
- "Companies that want to lead must adapt and evolve as never before."

The message is clear. Change, both externally forced and internally generated, is the order of the day. The industry is regarded universally as a growth sector, and investors have relished that characteristic for many years, secure in their understanding that demand will sustain the overall global expansion of the pharmaceutical market.

Drilling down to the company level, however, it is clear that an innovation cycle affects each individual enterprise. And the anomaly is that "success" has long been the biggest challenge for any one company. That factor was illustrated again in 2001 when AstraZeneca, Lilly, Merck, and Bristol-Myers Squibb reacted to, and prepared for, the impact from the expiration of patents on their blockbuster products.

Examining the reported figures shown on the left, investors can observe that operationally it was an "OK" year, both relatively and absolutely. It is equally clear that it was a very lackluster year for Big Pharma investors. In short, nine of the ten leading companies had double digit stock-price declines. The mean decrease was 20 percent, a performance worse than the industrial averages as measured by Standard & Poor's index. Investors appear to have lost some faith in the industry.

The one exception, Johnson & Johnson, is different from the rest of the pack. It is a highly diversified healthcare company, a structure most of the others have assiduously avoided through major divestitures and spin-outs—all in the name of focusing or refocusing their businesses.

The year 2001 was a tough climate, and the industry's achievements were respectable but failed to exceed investor expectations. The conspicuous growth in Merck's overall revenue reflects mainly the impressive increase achieved by Medco, whose business will be separated in

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Pre-Tax Margins

	2001	2000
Pfizer	34.9%	30.4%
GlaxoSmithKline	30.1	29.5
Merck	21.8	24.3
Bristol-Myers Squibb	33.8	32.1
AstraZeneca	25.9	26.0
Aventis	19.9	17.4
Johnson & Johnson	24.7	23.1
Novartis	26.5	27.6
Pharmacia	16.3	15.9
Lilly	33.5	34.0
Mean	26.7	26.0

Source: Lehman Brothers





41

Allergan

Global Pharma Sales
\$1.13 billion

Growth (from 2000)
67%

R&D Spend
\$256.5 million

Headquarters
Irvine, California, USA

Top-Selling Product
Botox \$309.5 million

www.allergan.com

42

Altana

Global Pharma Sales
\$1.13 billion

Growth (from 2000)
30%

R&D Spend
NA

Headquarters
Bad Homburg, Germany

Top-Selling Product
Pantoprazole \$604 million

www.altana.de

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Kyowa

Global Pharma Sales
\$1.09 billion (projected)

Growth (from 2000)
-6%

R&D Spend
\$200 million (projected)

Headquarters
Tokyo, Japan

Top-Selling Product
Coniel \$234.6 million

www.kyowa.co.jp

The Year in Review continued from page 76

2002—returning Merck to a pure pharma enterprise. And, if one were to adjust for price increases for most of the major blockbuster products, sales growth would be far more moderate.

Clearly, what is most impressive is the profitability of the leading companies. And, in spite of a challenging operating background, six of the companies reported increases in their pre-tax margins. Cost controls were in effect and will continue to be an important contributor to short- and intermediate-term earnings growth. No one pharma competitor had serious margin deterioration, whereas many standard industrial companies did.

Up revenues, up earnings, up margins, down stock prices! The contrast is striking when comparing pharma with other industry sectors, which were down in revenues, margins, earnings, and stock prices. Clearly, the old refrain, “Three out of four ain’t bad,” did not apply to pharma in 2001. Furthermore, with J&J being the lone exception, the annual stock-price high in 2001 was lower than the stock-price high recorded in 2000—for all the top pharma companies.

Can one filter out any useful conclusion from the 2001 financial performance of the leading competitors? Perhaps. The industry is, in fact, heterogeneous. The destiny of any one company is a function of specific conditions indigenous to itself. Each company has experienced intervals of

rapid growth and periods of lackluster growth, with the sequence of new product successes and the interplay of patent expirations or competitive launches being the drivers of relative performance.

The industry has heretofore enjoyed outstanding pricing power. The most challenging force lurking in the wings is the risk of external—government and/or payer—price interference or, further out on the risk continuum, price controls similar to those that exist in other countries. Finally, demand for new and better prescription products will not ebb. Research and development costs will continue to rise, and regulatory challenges will not abate. Medicines that improve the quality and length of life will lead individual pharma and biotech companies through major growth spurts.

The take-away message from Big Pharma companies’ performance and how they expect to achieve their corporate mission is that they perceive the need to transform their businesses and business practices to meet the challenges now confronting them. The past can no longer be considered precedent, and forecasting via extrapolation is fraught with substantial risk.

Stock Price Performance 2001

	Price % Increase/Decrease
Pfizer	-13.6%
GlaxoSmithKline	-10.8
Merck	-36.8
Bristol-Myers Squibb	-28.7
AstraZeneca	-8.4
Aventis	-15.8
Johnson & Johnson	+15.9
Novartis	-46.8
Pharmacia	-28.9
Pharmacia	-28.9
Lilly	-14.2
Mean	-18.8

Source: Lehman Brothers



Stock Price Performance 2001

	2001 High	2001 Low	12/31/2001 as a % of 2001 High
Pfizer	\$46.88	\$34.00	85.0%
GlaxoSmithKline	58.00	47.15	85.9
Merck	95.94	56.80	61.3
Bristol-Myers Squibb	71.36	48.42	71.5
AstraZeneca	51.75	40.90	90.0
Aventis	87.50	64.05	81.1
Johnson & Johnson	60.97	40.25	96.9
Novartis	41.50	13.12	42.8
Pharmacia	61.00	36.50	69.9
Lilly	95.00	70.01	82.7
Mean			76.7

Source: Lehman Brothers





2001
Sales Total:
\$296.28
billion

44
Ono
Global Pharma Sales
\$1.05 billion
Growth (from 2000)
NA
R&D Spend
\$175.9 million
Headquarters
Osaka, Japan
Top-Selling Product
Kinedak \$197 million
www.ono.co.jp



45
Biogen
Global Pharma Sales
1.04 billion
Growth (from 2000)
36%
R&D Spend
\$314.5 million
Headquarters
Cambridge, Massachusetts, USA
Top-Selling Product
Avonex \$972 million
www.biogen.com

46
Immunex
Global Pharma Sales
\$986 million
Growth (from 2000)
14%
R&D Spend
\$204.6 million
Headquarters:
Seattle, Washington, USA
Top-Selling Product
Enbrel \$761.9 million
www.immunex.com

47
Genzyme
Global Pharma Sales
\$982 million
Growth (from 2000)
30%
R&D Spend
\$187.5 million
Headquarters:
Cambridge, Massachusetts, USA
Top-Selling Product
Cerezyme \$569.9 million
www.genzyme.com

48
3M
Global Pharma Sales
\$883 million (projected)
Growth (from 2000)
10% (projected)
R&D Spend
NA
Headquarters
St. Paul, Minnesota, USA
Top-Selling Product
Aldara \$100 million
www.3m.com/pharma

49
ICN
Global Pharma Sales
\$721 million
Growth (from 2000)
21%
R&D Spend
\$30.5 million
Headquarters
Costa Mesa, California, USA
Top-Selling Product
Efudex \$45.1 million
www.icnpharm.com

50
Schwarz Pharma
Global Pharma Sales
\$673.2 million
Growth (from 2000)
-2%
R&D Spend
\$93 million
Headquarters
Monheim, Germany
Top-Selling Product
Moexipril/Univasic \$49.7 million
www.schwarzpharma.com

Web Promo

Top Ten Products in Online Spending

1	Nexium (esomeprazole), acid reflux disease treatment	AstraZeneca	\$638,558
2	Allegra (fexofenadine), seasonal allergy treatment	Aventis	\$565,177
3	Zocor (simvastatin), cholesterol reducer	Merck	\$283,000
4	Soriatane (acitretin), psoriasis treatment	Roche	\$272,382
5	Procrit (epoetin alfa), anemia treatment	J&J	\$217,507
6	Activella (estradiol/norethindrone), hormone replacement therapy	Pharmacia	\$208,897
7	Alesse (levonorgestrel/ethinyl estradiol), oral contraceptive	Wyeth	\$207,649
8	Zomig (zolmitriptan), migraine treatment	AstraZeneca	\$200,401
9	Effexor XR (venlafaxine), antidepressant	Wyeth	\$192,651
10	Vioxx (rofecoxib), arthritis pain treatment	Merck	\$176,482

Source: March 2001–February 2002, Evaliant Media Resources