

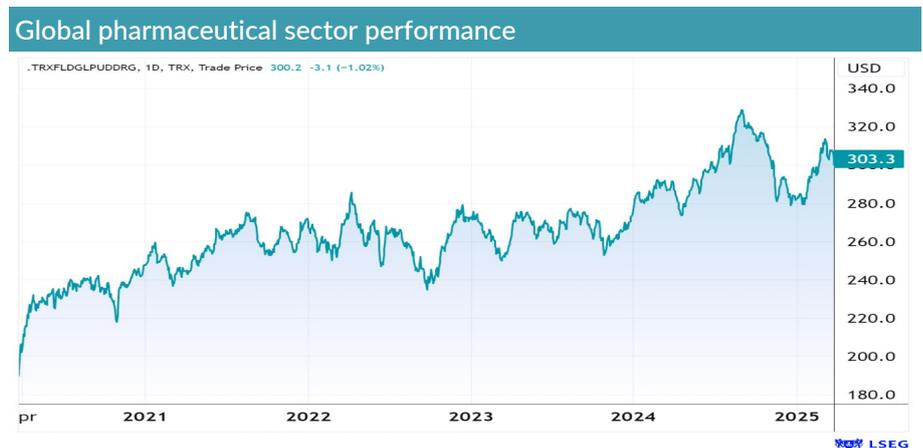


# 2024 PHARMA STATISTICS

## Strong 9.2% market growth – driven by obesity

An efficient reporting system has seen all the listed multinational pharmaceutical companies announce results for 2024, which has given us the opportunity to update our industry statistics and drug database. This report provides the first snapshot of global pharmaceutical market growth plus the global and US company rankings for 2024. The year was characterised by 9.2% underlying (ex-COVID-19) growth. Much of the growth was driven by recently launched anti-obesity drugs and oncology drugs. Both Eli Lilly and Novo Nordisk have entered the global top 10 ranking for the first time in their history.

- ▶ **Global market:** Hardman & Co estimates that the underlying global prescription drug (Rx) market grew 9.2% in 2024, to \$1,127bn, from \$1,032bn in 2023. Reported growth, including the ever-declining COVID-19 contribution from vaccines and therapies, and a small forex negative, was 7.6%.
- ▶ **US market:** The main driver of global growth was the US market, which saw underlying growth of 13.0% in 2024, to \$509bn, from \$450bn in 2023, with an increased contribution to the global market of 45.3%, representing 43.0%. In 2024, the US FDA approved 63 new chemical entities (NCEs) and biologics, up from 53 in 2023. Additionally, eight gene therapies received approval.
- ▶ **Oncology:** Drugs to treat cancer are perceived as an important growth driver. Our preliminary analysis shows the rate of sales growth at 9.3%, to \$229bn, in 2024. The patient population – new patients minus deaths, drug efficacy, approval rates and loss of patent protection were all contributory factors.
- ▶ **Best-selling drugs:** Keytruda (Merck & Co; melanoma) is now the world's top-selling drug, with 2024 sales of \$29.5bn. The rapid rise of obesity drugs places Ozempic (Novo Nordisk) at #2 with sales of \$17.4bn and Mounjaro (Eli Lilly) at #8 with \$11.5bn. Introduction of biosimilars has seen sales of Humira (AbbVie) fall 58% from their peak in 2022, to \$9.0bn, placing it at #12. The top 10 drugs had global sales of \$143.3bn in 2024, representing 12.7% of the entire market.
- ▶ **R&D investment:** The top 20 drug companies by sales reinvested an increased 22.5% of Rx drug sales back into new drug development, spending \$167bn out of the total spend of \$194bn by the 45 largest companies. The average R&D spend was \$8.3bn, ranging from \$17.9bn (Merck & Co) to \$3.5bn (Bayer).



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Source: LSEG, 2025

## Table of contents

<b>Dataset constituents</b> .....	4
Current constituents of dataset.....	4
Companies included historically.....	4
<b>2024 global pharma market</b> .....	5
Background.....	5
2024: strong underlying performance .....	6
<b>Focus on oncology</b> .....	11
<b>Focus on obesity</b> .....	12
<b>Cost and margin analysis</b> .....	13
<b>About the author</b> .....	15
<b>Glossary</b> .....	16
<b>Disclaimer</b> .....	17
Status of Hardman & Co's research under MiFID II.....	17

## Contents of full report

The following pages represent a summary of a complete report on the pharmaceutical industry, which will be available for purchase via the Hardman & Co website. Its key differentiators, compared with other commercially available products, are that the data are focused on the pharmaceutical segments alone, and assessed in an identical way for every company, wherever possible, so that like-for-like comparisons can be made.

The full report will appeal to all types of industry followers, but we believe that it is of particular interest to the independent directors that sit on the boards of pharmaceutical and biotech companies, since it compares performance in a like-for-like manner, eliminating the many different inclusions and exclusions by company executives in their definitions of "core" or "adjusted" earnings. It should also appeal to business development teams and to personnel involved in the manufacture and commercialisation of drugs, as well as those in R&D.

The report is also relevant to industry followers in the investing institutions.

### 2024 global pharma market

- A year of strong growth
- Key drivers
- Investment in R&D remains strong

### Global market – company highlights

- Risers in 2024
- Fallers in 2024
- Innovative biotech companies driving new drugs

### US market – company highlights

- Risers in 2024
- Fallers in 2024
- FDA activity remained consistent

### Top-selling drugs in 2024

### Pharma industry margin analysis

- COGS
- SG&A
- R&D
- Underlying EBIT
- Amortisation of goodwill

### Dataset constituents

- Current
- Historical database

### About the author

## Dataset constituents

This short report represents an executive summary of our extensive pharmaceutical database. Themes highlighted in this summary are expanded, with detailed information about individual company operating performance versus industry weighted averages, in a much larger report, which will be available from Hardman & Co.

### Current constituents of dataset

Companies currently analysed			
Company	Ticker	Company	Ticker
AbbVie	ABBV	Lundbeck	LUN
Amgen	AMGN	Merck & Co	MRK.N
Astellas	4503.T	Merck KGaA	MRK.DE
AstraZeneca	AZN	Mitsubishi Pharma	8058.T
Bausch Health	BHC	Moderna	MRNA
Bayer	BAYGN	Novartis	NOVN
Biogen	BIIB	Neurocrine Bio	NBIX
Boehringer Ingelheim	-	Novo Nordisk	NOVO
Bristol-Myers Squibb	BMJ	Otsuka Holdings	4578.T
CSL	CSL.AX	Pfizer	PFE
Daiichi Sankyo	4568.T	Regeneron	REGN
Eisai	4523.T	Roche	ROG
Eli Lilly	LLY	Sandoz	SDZ
Exelixis	EXEL	Sanofi	SAN
Gilead Sciences	GILD	Shionogi	4507.T
GSK	GSK	Sumitomo	4506.T
Hikma	HIK	Takeda	4502.T
Horizon Therapeutics	HZNP	Teva	TEVA
Incyte	INCY	UCB	UCB
Ipsen	IPN.PA	United Therapeutics	UTHR
Jazz Pharma	JAZZ	Vertex	VRTX
Johnson & Johnson	JNJ	Viatis	VTRS
LEO	-		

Source: Hardman & Co Life Sciences Research

### Companies included historically

Companies included in historical data		
Abbott Labs	Daiichi	Schering
Actavis/Watson	Fisons	Schering-Plough
Actelion	Forest Labs	Schwarz Pharma
Akzo Nobel	Fujisawa	Serono
Alexion Pharma	Genentech	Shire Pharma
Allergan	Genzyme	SmithKline Beckman
Ares-Serono	Green Cross	Solvay
Astra	Hafslund Nycomed	Sumitomo
Altana	Hoechst	Syntex
Aventis	Horizon Therapeutics	Synthelabo
Banyu	Ivax	Tanabe
Barr Labs.	Kyowa HAKKO	Taisho
BASF-Boots	Marion Merrell Dow	Teijin
Baxalta (Baxter)	Meiji Seika	Upjohn
Beecham	Mitsubishi Tanabe	Valeant
Boehringer Mannheim	Monsanto	Warner-Lambert
Boots	Mylan Labs	Wellcome
Celgene	Nycomed Altana	Wyeth
Celltech	Ono	Yamanouchi
Chugai	Pharmacia Corp	Yoshitomi
Ciba	Rhone-Poulenc	Zeneca
Cyanamid	Roussel Uclaf	

Source: Hardman & Co Life Sciences Research

# 2024 global pharma market

## Background

Updating our industry database and generating first cut of global 2024 rankings...

Although the focus of Hardman & Co is predominantly on companies in the small- to mid-sized market capitalisation range, when writing research reports, it is important to position them relative to the industry in which they operate. All the major global pharmaceutical companies, including three private companies (Boehringer Ingelheim, LEO and Servier), have reported results for 2024 in the past few weeks; therefore, we have taken the opportunity to update our industry database and generate the first cut of global rankings for 2024. Results from the Japanese companies, which mostly report results for a fiscal year ending in March, have been corrected for a December year-end by analysing the quarterly data. For an industry that requires a long investment cycle – it still takes, on average, 10 years from discovery to launch of a new drug – decisions made many years ago have important consequences on current financial results. Therefore, looking back at operational performance over a 20-year period reveals how different company strategies have panned out.

...basing our analysis on annual accounts of 45 multinational companies

## Our pharmaceutical database

Whatever the size of a company, it is imperative to outline the commercial market opportunity that the company's (often disruptive) technology is targeting. While such work requires significant research, it often constitutes only a very small part of the overall report. It does, however, have the advantage of providing us with a global commercial dataset that is reliable and independent of third-party input.

Pharmaceutical sales are defined as anything that requires a prescription (Rx), and specifically excludes over-the-counter (OTC) and consumer products. It is important to note that the definition does include generic drugs, biosimilars and vaccines, all of which require a prescription.

Our database of pharmaceutical companies and drugs goes back to 1985. All the data are based on net ex-factory sales reported by companies in their annual reports and stock exchange filings, and exclude all discounts and allowances, chargebacks, returns and government rebates, such as Medicaid and Medicare. All reported numbers are converted into USD at daily average exchange rates – available from the Bank of England website. These data, therefore, have been compiled consistently and with great care, so that direct comparisons among companies can be made over long periods of time.

We have based our analysis on the annual accounts of, currently, 45 multinational companies (historically, this equates to 110 companies, including all those that have been acquired or merged), which cover 78% of the global pharmaceutical market and 95% of the US drug market. Market-share statistics have been calculated from our provisional estimate for the global prescription drug market.

Data from the large Chinese companies are either inconsistent and/or difficult to find, and represent the only notable omission from our dataset. However, data from western companies operating in China and consolidated within accounts are included. The Chinese market is known to be one of the leading pharmaceutical markets worldwide, and, despite trading difficulties in that market, is still viewed as a significant growth opportunity.

## Diminishing COVID-19 impact

COVID-19 made stock markets more appreciative of science and technology

Since 2020, the global pharma market has been greatly influenced by COVID-19. The development and approval of vaccines led to substantial sales from global vaccination programmes to prevent the spread of the virus. This was followed by

the availability of COVID-19 treatments. The contribution from COVID-19 vaccines and treatments peaked at \$99.4bn in 2022, but has fallen back to \$17.2bn in 2024. Our underlying numbers for the markets exclude these figures.

## 2024: strong underlying performance

Underlying global Rx drug market growth estimated at 9.2% in 2024...

Based on the reported sales outcomes from 45 major pharmaceutical companies around the world, Hardman & Co estimates that the global Rx drug market had underlying growth of 9.2% in 2024, to \$1,127bn. In reported terms, including COVID-19 products and a small (-\$2bn) negative forex, this translated into 7.6% growth to \$1,142bn, from \$1,061bn in 2023.

The underlying growth rate estimated by Hardman & Co is slightly above, but broadly consistent with, the MAT to September 2024, generated by established provider, IQVIA market research, which estimated underlying growth of 8.8%.<sup>1</sup> with similar growth rates appearing in a number of annual reports. However, in the US, our market estimates are higher than those of IQVIA, for the simple reason that the combined net ex-factory sales reported by 45 companies for the US market is higher than the IQVIA estimate for the total market, but the growth rates are similar.<sup>2</sup>

The derivation of our market growth rates is shown in the following table. It highlights how the US market has been the key driver to global performance over the past five years, largely because of its willingness to embrace new, expensive, drugs to treat rare diseases, plus the rapid rise in anti-obesity drugs. Payors outside the US, largely government-funded, are much more reticent about volume usage of such drugs due to the impact on health budgets. Also, after lagging Europe in 2021, there has been a catch-up in the rate of FDA NCE approvals over the past two years.

Global pharmaceutical market – calculation of growth						
\$bn	2020	2021	2022	2023	2024	CAGR
<b>US</b>						
Underlying market	373	395	423	450	509	+8.1%
COVID-19-related products	3	27	32	6	8	nm
<b>US reported sales</b>	<b>376</b>	<b>422</b>	<b>455</b>	<b>456</b>	<b>517</b>	<b>+8.3%</b>
<b>RoW</b>						
Underlying market	554	575	615	579	618	+2.8%
COVID-19-related products	1	52	67	23	9	nm
Underlying sales	555	627	682	602	627	+3.0%
Impact of forex	-	+10	-44	+3	-2	
<b>RoW reported sales</b>	<b>555</b>	<b>637</b>	<b>638</b>	<b>605</b>	<b>625</b>	<b>+2.9%</b>
<b>Global market</b>						
Underlying market	923	975	1,038	1,032	1,127	+5.1%
COVID-19-related products	4	79	99	26	17	nm
Underlying sales	927	1,049	1,137	1,058	1,144	+5.4%
Impact of forex	-	+10	-44	+3	-2	
<b>Global reported sales</b>	<b>927</b>	<b>1,059</b>	<b>1,093</b>	<b>1,061</b>	<b>1,142</b>	<b>+5.4%</b>

Source: Hardman & Co Life Sciences Research

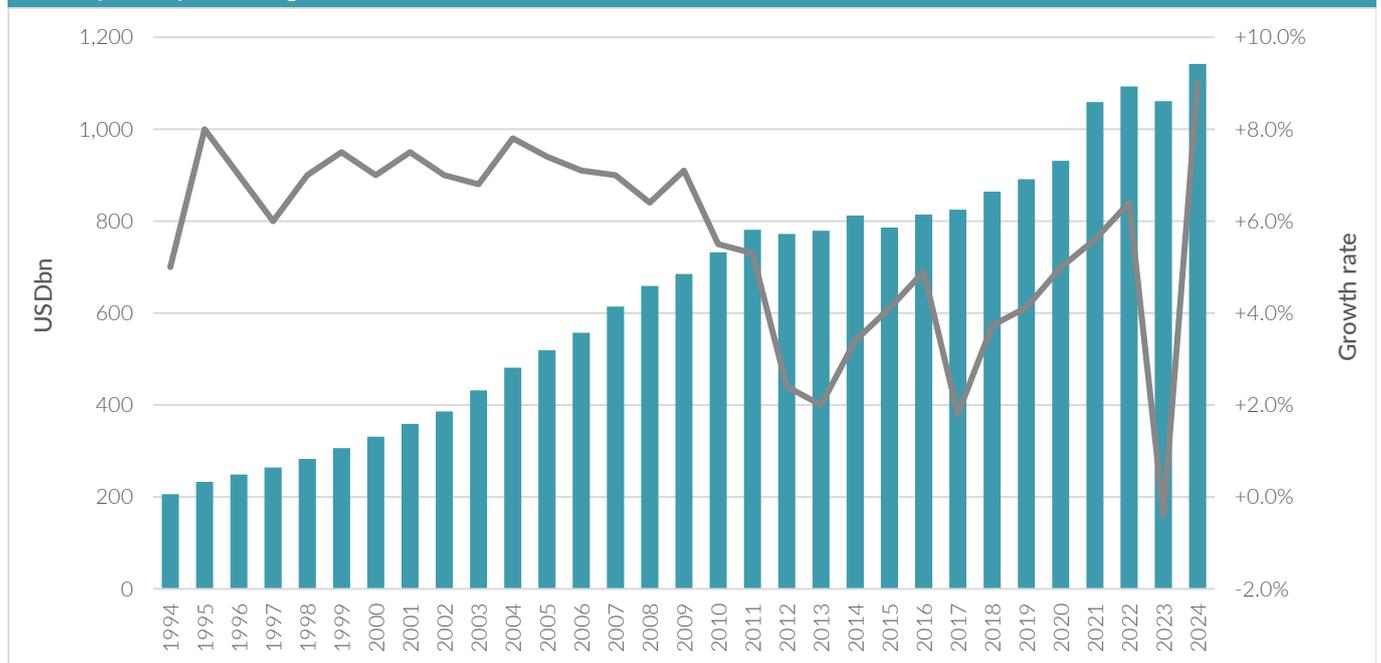
CAGR over period 2019-24 was 4.77%...

...up from 3.87% in the 10-year period 1996-2016

Following a long period (1995-2017) during which the rate of growth of the drug industry was trending downwards, the period 2017-2021 saw a return to growth. In the 10-year period 1996-2016, the CAGR of the global pharmaceutical market was 3.87%. Over the past five years (2019-2024), the compound rate of growth has risen to 4.77%. The pharma industry growth rate is always a fine balance between the pricing of disruptive and novel new drugs against the loss of patent protection/competition from cheaper generics, government-imposed price reductions, and the ability of payors to pay for the increased demand for medicines.

<sup>1</sup> <https://www.iqvia.com/library/white-papers/iqvia-quarterly-pharmaceutical-market-outlook-report>

<sup>2</sup> <https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/the-use-of-medicines-in-the-us-2024>

**Global prescription drug market, 1994-2024**


NB: exceptional rises in 2021 and 2022 and the dip in 2023 are all the consequence of COVID-19 vaccines and treatments  
 Source: Hardman & Co Life Sciences Research

### Key drivers

**Top 20 companies increased market share to 66.9% in 2024**

The top 20 ranked drug companies in 2024 were the same as the top 20 in 2023, and together, they increased their market share by 0.6 percentage points to 66.9%. However, there were differences in the top 10 players, with Eli Lilly and Novo Nordisk both entering the top 10 for the first time in their history, and with Sanofi and GSK falling out. Part of the increase in market share is also the result of M&A activity, with the notable acquisitions of Horizon Therapeutics and Seagen by Amgen and Pfizer, respectively, in the last quarter of 2023.

#### Global ranking of pharmaceutical companies

Rank 2024	Rank 2023	Company	Sales \$bn	Market share
1	(1)	Johnson & Johnson	57.0	4.99%
2	(2)	AbbVie	56.3	4.93%
3	(3)	Merck & Co	54.3	4.75%
4	(5)	Pfizer	52.6	4.60%
5	(4)	Roche	51.9	4.55%
6	(7)	AstraZeneca	50.9	4.46%
7	(6)	Novartis	50.3	4.41%
8	(8)	Bristol-Myers Squibb	46.8	4.10%
9	(11)	Eli Lilly	45.0	3.94%
10	(12)	Novo Nordisk	42.0	3.68%
11	(9)	Sanofi	40.9	3.58%
12	(10)	GSK	40.1	3.51%

Source: Hardman & Co Life Sciences Research

**US market remains an important contributor to global growth...**

#### US market

Historically, the US market has been an important contributor of growth to the global outcome, and that was the case again in 2024, with exceptional underlying growth of 13.0%, compared to 9.2% growth in the global market.

## 2024 pharma statistics

...and now represents 45.3% of the global market, up 2.3pp

Novo Nordisk has entered US top 10 for the first time...

...with further gains for Eli Lilly...

...driven by sales of Ozempic and Mounjaro, respectively

Adding together the ex-factory sales in the US, reported by the 45 companies in our dataset, generates net sales of \$490bn and represents 94.8% of the Hardman & Co estimate for the whole market of \$517bn (including COVID-19 products). The reported growth rate was 13.4% and the underlying growth rate was 13.0%. On a reported basis, the US contribution to the global market rose to 45.3% in 2024, up from 43.0% in 2023. Additionally, there is increasing dominance of the top 15 companies. Combined sales of the top 15 companies represented 76.8% of the market and the rate of growth was more than double the market, at 28.1%. The gap between #15 (Takeda) and #16 (Boehringer Ingelheim) has expanded to \$6bn.

Looking at the top 10 companies, despite biosimilar competition for Humira, AbbVie remained #1. While Eli Lilly has been in the top 10 US ranking for a number of years, Novo Nordisk jumped to #8 on the back of Ozempic sales. As previously mentioned, Pfizer and Amgen were boosted by M&A activity. Although US sales at both GSK and Gilead Sciences did grow in 2024, the rate of growth was well below the market average and this was reflected in a big fall in their rankings.

US ranking of pharmaceutical companies				
Rank 2024	Rank 2023	Company	Sales \$bn	Market share
1	(1)	AbbVie	43.1	8.32%
2	(2)	Bristol-Myers Squibb	34.1	6.60%
3	(3)	Johnson & Johnson	34.0	6.57%
4	(6)	Eli Lilly	30.4	5.88%
5	(7)	Pfizer	30.3	5.87%
6	(5)	Merck & Co	28.3	5.47%
7	(4)	Roche	27.9	5.39%
8	(12)	Novo Nordisk	24.2	4.69%
9	(10)	Amgen	23.3	4.51%
10	(13)	AstraZeneca	21.7	4.19%
11	(11)	Sanofi	21.6	4.17%
12	(14)	Novartis	21.1	4.09%
13	(8)	GSK	20.9	4.05%
14	(9)	Gilead Sciences	20.5	3.97%
15	(15)	Takeda	15.6	3.02%
<b>Total top 15</b>			<b>396.9</b>	<b>76.77%</b>

Source: Hardman & Co Life Sciences Research

### Fundamentals remain solid...but vigilance is needed

- ▶ **Demographics:** Populations globally are ageing, with rising *per capita* income, changing lifestyles and dietary preferences, and improved access to healthcare. However, we are wary that the average life expectancy in developed countries may have peaked due to lifestyle decisions, with diets, particularly of processed foods, containing far too much salt, sugar and other harmful additives.
- ▶ **Unmet medical needs:** A number of diseases are currently untreatable, or are poorly treated by current therapy options. Treatment of chronic diseases, such as diabetes, respiratory and mental health conditions, will continue to witness increasing demand globally. Our concern, though, is that drug companies are focusing R&D resources into rare diseases, rather than the high-volume markets.
- ▶ **Innovation:** New and innovative products that aim to satisfy unmet medical needs continue to be developed and launched, particularly in pharmaceutical markets in developed countries. There is also the emergence of gene and cell therapies for personalised medicine. However, we remain vigilant to funding changes at the National Institute of Health, proposed by the new Trump administration.

- ▶ **Access/demand:** Global demand through increased access to healthcare, coupled with an expansion in national healthcare budgets, *per capita* income and insurance coverage, particularly in developing countries and emerging drug markets, will continue to drive overall growth in pharmaceutical consumption.
- ▶ **Regulation:** Over the next five years, 50-60 new drug approvals are expected each year. However, we are wary of the low number of drugs being approved that have been derived and developed by the major companies, increasing their reliance on the small, innovative companies. This is only a short-term solution.

### Macroeconomics

- ▶ **Economic growth:** Although short-term economic growth looks restricted, sustained economic growth in the long term will remain a key catalyst for global pharmaceutical growth.
- ▶ **Payors/drug pricing:** There is a fine balance between generating a sensible return on R&D investment and affordability. Payors will want to see strong pharmaco-economic evidence that drug pricing is supported by improved patient outcomes. Also, we are alert to potential US drug pricing provisions.
- ▶ **Inflation:** Having seen global inflation return in 2022, most countries appear to be getting this under control. Nevertheless, we believe that it will stay in the 2.0%-2.5% range and is unlikely return to the very low rates that were enjoyed for more than a decade.
- ▶ **Capital:** Development of drugs is capital-intensive. The interlink between inflation and interest rates could lead to a financing crunch. As we progressed through 2024, it was clear that the ability of drug and biotech companies to raise more capital was becoming increasingly difficult, as markets became more risk-averse.
- ▶ **Global politics:** While there is undoubtedly recognition of the rising demand for pharmaceuticals, questions remain about how, ultimately, governments will be able to afford this increased burden. In addition, at the time of writing, there is considerable uncertainty over both the outcome of, and the potential time taken to reach an end to, the current conflict in Eastern Europe.

## Investment in R&D remains solid

- ▶ The total R&D spend on pharmaceuticals declared in the audited accounts of 45 drug companies was \$194.3bn in 2024, an increase of 7.2%, compared with \$181.4bn in 2023. There is probably an unquantifiable additional 15%-20% (guesstimate only) being invested by small companies, biotech industry and research laboratories.
- ▶ Cumulative R&D spend by the top 20 companies was \$166.8bn in 2024 (\$153.1bn in 2023), or 85.8% of the total spend, highlighting the enormous difference between the major companies and the smaller players.
- ▶ The average R&D spend of the top 20 companies in 2024 was \$8.34bn (\$7.65bn in 2023) – ranging from \$17.9bn (Merck & Co) to \$3.5bn (Bayer).
- ▶ In 2024, the top 20 companies reinvested a weighted average of 22.5% of Rx drug sales into new drug development, compared with 22.3% in 2023. For our entire universe, the R&D spend was 21.7% of sales.

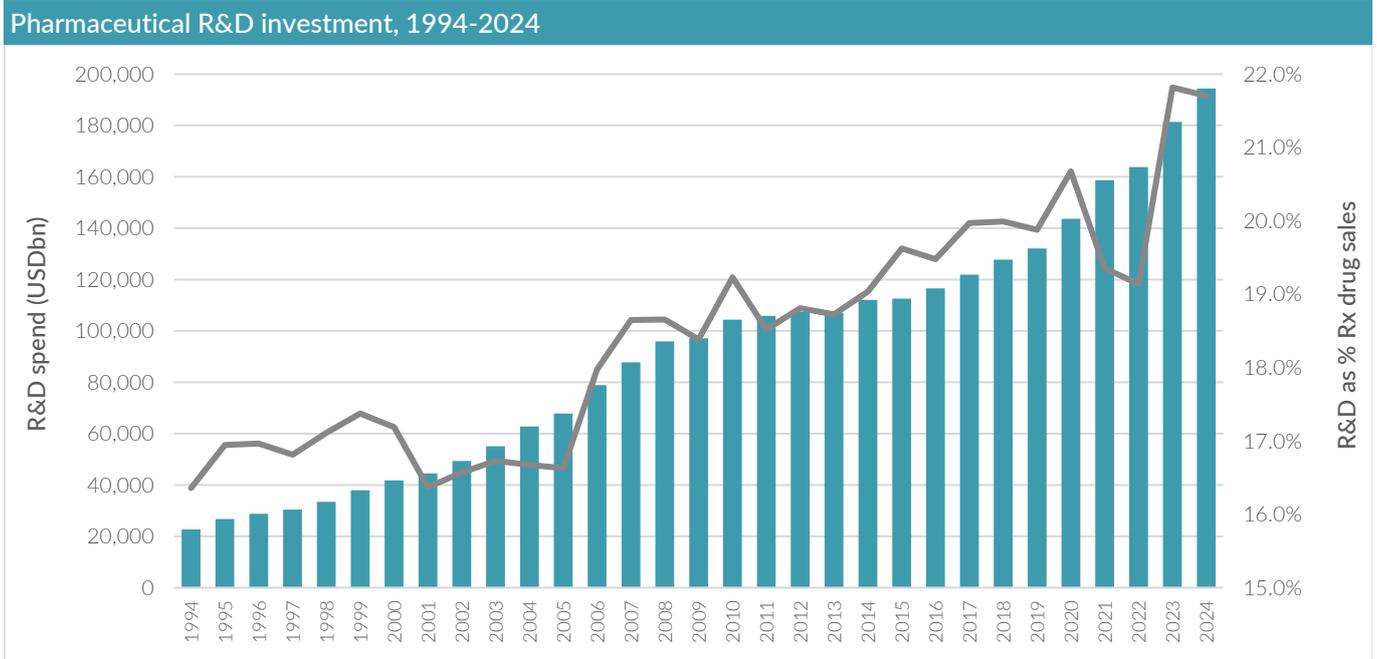
Our universe of companies spent  
\$194.3bn on R&D in 2024, a rise of  
7.2%

CAGR in R&D spend by top 20  
companies has been 5.7% over past  
decade

Over the past 10 years, the top 20 companies by R&D spend have increased investment at a CAGR of 5.7%, from \$112.1bn (19.0% of pharma sales) in 2014, to \$138.4bn (21.7%). In 2024, the highest relative spenders were Moderna (146.1%), Regeneron (67.3% of sales), Vertex (28.4%) and Merck & Co (32.9%), while the lowest spenders were AbbVie (14.8%) and Novo Nordisk (16.6%). It should be noted

## 2024 pharma statistics

that the 20 constituent companies that comprise the top 20 may be different each year. Other companies further down the ranking reinvest a considerably higher percentage of sales back into R&D – e.g. Incyte (72.0%) and Shionogi (68.7%).



Source: Hardman & Co Life Sciences Research

## Focus on oncology

Incidence of, and mortality from, cancer remains a global problem

The burden of cancer was emphasised in a detailed report<sup>3</sup> published by the World Health Organisation (WHO) in 2020, which also emphasised the need for immediate action. The report highlighted both the global incidence and high mortality rates. Radiation remains the first-line treatment for cancer patients, and this is frequently followed with chemotherapy. Consequently, this is viewed by many commentators as a high-growth opportunity for the drug industry, and there are many companies, both large and small, that are focused on this area.

Good growth in sales...

Despite all the statistics, positive signals, drug launches and increases in five-year life expectancy, when ex-factory sales data are released each year, it always surprises me that the overall growth rate seems somewhat muted, compared with expectations. Yes, there are some drugs with extremely large sales, but these are being offset by other factors that are limiting overall growth.

...but not as high as expected

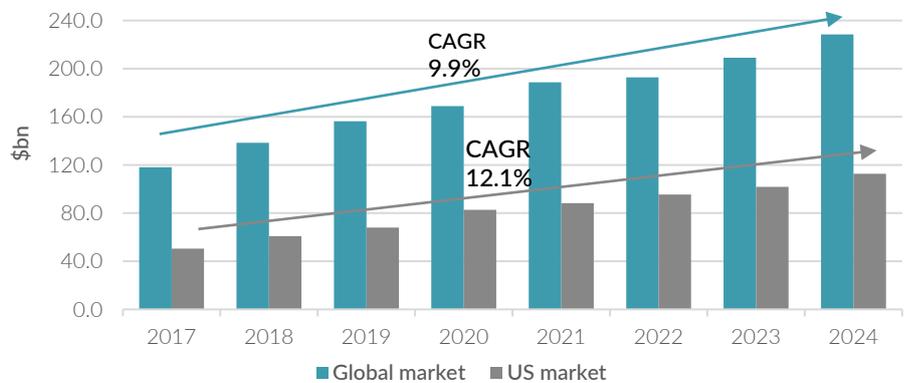
Global market grew 9.3%, to \$229bn, in 2024...

In 2024, net sales from the 225 oncology drugs that we monitor increased by 9.3%, to \$229bn, representing ca.18% of the global Rx market. Growth in the US market was the main driver, increasing by 10.6% to \$113bn, and now representing 49% of the global oncology market. Also, Keytruda became the top-selling drug in the world in 2024, rising 17.9% to \$29.5bn. Taking a longer-term view, the global oncology market has generated a CAGR of 9.9% over the past seven years, driven by the US CAGR of 12.1% over the same period. This is despite a number of patent expiries on major products and introduction of biosimilars.

...driven by 10.6% growth in US market, to \$113bn...

...with Keytruda the world's #1 drug

### Oncology market trends - global and US



Source: Hardman & Co Life Sciences Research

Effectiveness should focus on mortality rates, rather than five-year life expectancy, to eliminate other influences, such as early diagnosis

Positive influences on the market include the demographics and incidence of the disease, and the introduction of new, often targeted, drugs. One could argue that the rate of market growth is limited by the fact that chemotherapy is administered via a number of short courses, rather than continuous therapy, thereby limiting sales. Companies will always highlight that the five-year survival rates have improved. However, there are clearly some negative influences, the most obvious being that the effectiveness of chemotherapy is still far too low, and that the mortality rates from cancer remain high. The key question for me is whether these drugs have altered the mortality rates - i.e. has the number of deaths from prostate cancer per 100,000 of males dropped over the past 10 years? The same could be asked for breast cancer in females. There is a risk that the five-year survival rates are improving because of earlier diagnosis, which is hiding the true position. This situation is likely to be exacerbated further through the introduction of highly sensitive liquid biopsies.

<sup>3</sup> WHO report on cancer: *Setting priorities, investing wisely and providing care for all*. Geneva: World Health Organization; 2020. Licence: CC BY-NC-SA 3.0 IGO.

## Focus on obesity

### Impact of GLP-1 agonists

Glucagon-like peptide-1 (GLP-1) receptor agonists were developed initially for the treatment of type-2 diabetes. Their mode of action is to mimic the endogenous hormone GLP-1, which is released by the gut in response to eating. The American Diabetes Association recommends their use as a first-line treatment for type-2 diabetes, specifically in patients with cardiovascular disease and obesity. Originally launched (Victoza) in 2009, with increased experience of GLP-1 agonists came the observation that they were associated with a reduction in food intake and significant loss of body weight. This led to the development of GLP-1 agonists (Ozempic and Mounjaro), specifically for the treatment of obesity in the absence of diabetes. Given the very high incidence of over-weight people in the developed world, the markets have become incredibly excited about the sales prospects for these GLP-1 agonists. Additionally, their profile is prominent due to a number of high-profile stars admitting on social media that they have used Ozempic or Mounjara ahead of major events; e.g. “red carpet” events. But are the sales meeting expectations?

The following table shows the global sales of GLP-1 analogues, reaching a total of \$38.5bn in 2024. While Ozempic and Mounjaro are the key drivers, some of the earlier-launched drugs for treatment of type-2 diabetes are in decline. Sales of these two weight-loss drugs were responsible for the rise of Novo Nordisk and Eli Lilly into the top-10 ranking of drug companies for the first time in 2024.

Development of GLP-1 analogue sales – Global market								
Drug	Manufacturer	2020	2021	2022	2023	2024	2025E	CAGR
Ozempic	Novo Nordisk	3,244	5,357	8,438	13,886	17,418	22,208	47%
Mounjaro	Eli Lilly	0	0	483	5,163	11,540	16,502	*225%
Trulicity	Eli Lilly	5,068	6,472	7,440	7,133	5,354	4,015	-5%
Rybelsus	Novo Nordisk	286	769	1,596	2,720	3,373	3,507	65%
Victoza	Novo Nordisk	2,867	2,393	1,740	1,257	793	595	-27%
<b>Global total</b>		<b>11,465</b>	<b>14,991</b>	<b>19,696</b>	<b>30,159</b>	<b>38,478</b>	<b>46,828</b>	<b>33%</b>
Growth rate		24%	31%	31%	53%	28%	22%	

\*CAGR 2022-2025E, all others are 2020-2025E  
Source: Hardman & Co Life Sciences Research

Unsurprisingly, it is the performance of Ozempic and Mounjaro in the US that is the major contributor to global performance. First, the prevalence of overweight people (BMI >30) is far higher than in other countries; secondly, the prices achieved for a monthly injection are ca.\$1,000 versus \$150-\$200 in other developed countries.

Development of GLP-1 analogue sales – US market								
Drug	Manufacturer	2020	2021	2022	2023	2024	2025E	CAGR
Ozempic	Novo Nordisk	2,546	3,683	5,472	9,141	12,187	16,453	45%
Mounjaro	Eli Lilly	0	0	367	4,834	8,950	13,425	*232%
Trulicity	Eli Lilly	3,155	4,914	5,689	5,433	3,694	2,955	-1%
Rybelsus	Novo Nordisk	279	674	1,131	1,605	1,562	1,516	40%
Victoza	Novo Nordisk	1,727	1,277	905	524	246	172	-37%
<b>US total</b>		<b>7,708</b>	<b>10,548</b>	<b>13,564</b>	<b>21,537</b>	<b>26,639</b>	<b>34,520</b>	<b>35%</b>
Growth rate		25%	37%	29%	59%	24%	30%	

\*CAGR 2022-2025E, all others are 2020-2025E  
Source: Hardman & Co Life Sciences Research

#### Can payors afford potential expansion of these drugs?

Even so, sales expected to approach \$50bn in 2025

While the underlying prospects for Ozempic and Mounjaro remain strong, especially through their unexpected, potential benefits, such as reduced risk of cardiovascular disease and kidney failure, reduced addiction (alcohol, cigarettes), sales might not reach the levels that some market commentators are suggesting because the payors simply cannot afford what would be dramatic increases in their healthcare expenditures. Even so, we expect GLP-1 analogue sales to approach \$50bn in 2025.

## Cost and margin analysis

The full report (expected to be available towards the end of April 2025) will contain an analysis of the core elements of the income statement to generate a weighted industry average for each element. This allows peer comparisons and an assessment of company performance against the industry average. A key differentiating feature of our analysis is that it investigates the pharmaceutical component of each company only, which is important when considering companies that have multiple divisions; e.g. Bayer (Crop Sciences, Consumer Health) and Johnson & Johnson (MedTech).

Although accounting standards have changed over the years, and IFRS captures all costs in an attempt to be as transparent as possible, this can lead to some variance and discrepancy – the most obvious being the amortisation of goodwill following acquisitions. All companies try to show themselves in the best possible light, often because executive bonuses are determined by such factors, and generate “adjusted” or “core” figures. However, this also leads to discrepancies. For example, US companies generally have very large share-based costs, and eliminate them from non-GAAP earnings. In contrast, Roche considers them to be an essential operating cost, and an integral part of attracting and retaining key staff – so does not eliminate them. Therefore, in order to make direct comparisons among companies, wherever possible, we endeavour to adopt the following approach to each pharmaceutical income statement.

Income statement	
Core element	Comment
<b>Net sales</b>	Included: Rx drugs, vaccines, generics Excluded: OTC, consumer medicines
Cost of goods sold (COGS)	
Selling, general & administration (SG&A)	
Research & development (R&D)	
Share-based costs	Under IFRS, included in COGS, SG&A, R&D
Other operating income:	
Alliance/co-marketing income	
Royalties	
Licensing income	
Milestone receipts	
Legal settlements	
Grants	
Other operating expenses:	
Alliance/co-marketing costs	
Restructuring charges	Usually cash, and often recurring
Legal costs	Protection of IP is part of normal operations
Acquisition costs	Part of growing the business
<b>Underlying EBIT</b>	
<b>Not included in underlying performance</b>	
Amortisation of goodwill	Following acquisition
Impairment charges	Asset writedowns
In-process acquired R&D	Following acquisition

Source: Hardman & Co Life Sciences Research

- ▶ **Sales:** Our analysis is based on consolidated net sales of drugs, generics and vaccines, after all discounts and rebates. It specifically excludes OTC, consumer medicines and drugs for animal health. We are careful not to use the word “revenues”, and specifically treat items like royalties, alliance/co-marketing income, etc., as “other operating income”. This is important when looking at the cost ratios as a percentage of sales.
- ▶ **Share-based costs:** Although these are non-cash, they are included in our costs, as they are under IFRS, because they form an essential part of operations to recruit and retain staff.

- ▶ **Legal settlements and costs:** Legal costs are an everyday part of operations in the pharmaceutical industry, and a genuine cost of doing business and protecting the IP. Therefore, once again, such items should not be added back in an attempt to boost apparent operating performance, as they are recurring every year, albeit the quantum can be quite volatile.
- ▶ **Restructuring charges:** The costs of restructuring, mostly a cash item, are frequently added back to profits, as most management teams consider them to be “one-off”. However, we believe that restructuring charges simply reflect that the company is inefficient, and that operating costs have got out of control and need to be reined in. So, to align with cash earnings, our policy is to not add them back. Furthermore, an investigation of the annual reports and regulatory filings of most companies indicates that they are often substantial, and appear every year over many years – so they can hardly be considered “one-off”!
- ▶ **Amortisation/in-process R&D:** While there is a cost associated with acquisitions, which must be recognised, in order to compare the operating performance between companies that have made acquisitions and those that have not, we also exclude amortisation charges from the calculation of underlying EBIT. However, it is important to understand how much money the industry writes off each year, and so we maintain a list of such charges – amortisation of goodwill, in-process acquired R&D writedowns and asset impairment charges.

The vast majority of companies produce numbers that are transparent and consistent. However, there are some exceptions where the transition from IFRS to their definition of core earnings is “purposely” obscure.

Our analysis is based on the pharmaceutical segment from 45 of the top-selling drug companies by sales. It should be pointed out that there are three notable omissions from the analysis, largely because of the lack of relevant information. These include:

- ▶ **Servier:** This is a private multinational company based in France that specialises in oncology and cardiovascular medicines. In the year to end-September 2024, Servier reported branded and generic drug sales of €5,744m, or \$6,203m, which would position it at #30 in our ranking. However, insufficient consistent information is provided on an annual basis for us to be able to include the company in our margin analysis. The company has moved up the ranking in each of the past three years following its acquisition of oncology company, Agios Pharmaceuticals, which drove a 33% increase in sales of cancer drugs.
- ▶ **Sun Pharmaceuticals:** Sun is the largest Indian pharmaceutical company, specialising in the manufacture and commercialisation of generic drugs. It is ranked #1 in India, and is thought to be the 10<sup>th</sup> largest supplier of generics in the US market. Sun is a listed entity (SUNPHARMA.NS), and, consequently, it does have an informative annual report and presentation. However, while the sales would allow us to place it at #32 in our ranking, the presentation of costs – manufacturing, marketing and R&D – excludes the personnel costs, which are stated separately, and, therefore, on a different basis from the standard IFRS presentation – so the data are not included currently in our margin analysis.
- ▶ **Chinese drug companies:** Although there is a considerable amount of information on Chinese-based drug companies, it can be difficult to interpret, and it is unclear whether the data are presented on a like-for-like IFRS basis. Again, for reasons of inconsistency, data on the Chinese companies are not included in our analysis. However, we note that the Chinese market is well within the top 10 markets in the world, and that there are some large, local drug companies that operate in that market and ought to be included in our global drug ranking.

## About the author

### *Dr Martin Hall*



Martin started in the City as a pharmaceuticals and healthcare analyst in 1987, working at Morgan Grenfell. Initially analysing UK companies, he quickly raised this to European coverage at UBS from 1990, and then on to global coverage at HSBC from 1992, where he became Head of Global Pharmaceutical/Healthcare Equity Research. In 2005, he set up as an independent Life Sciences Analyst and Corporate Broker under the umbrella of Eden Financial Limited. Martin is acknowledged for his thought-provoking and opinionated research. He has one of the most extensive global industry databases and is a passionate follower of pharmaceutical, healthcare and life science facts and figures, which are adapted for use in his research reports. He joined Hardman & Co in June 2013.

Martin qualified as a pharmacist (B.Pharm.Hons) at the School of Pharmacy, University of London, and has a PhD in Neuropharmacology, also from the University of London. After two years of post-doctoral research under a Royal Society Fellowship at the Collège de France, Paris, he became leader in Biochemical Pharmacology at the Parke-Davis Research Centre in Cambridge (then part of Warner-Lambert Corporation, now Pfizer). Martin is a member of the Royal Pharmaceutical Society of Great Britain.

## Glossary

FDA	US Food & Drug Administration
GLP-1	Glucagon-like peptide-1
NCE	New chemical entity
OTC	Over-the-counter
WHO	World Health Organisation

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