HARDMAN&CO.

# 2025 PHARMA STATISTICS

## UNDERLYING 5.4% GROWTH, BOOSTED BY FOREX

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# Contents of full report

The following pages in this report represent a summary of a considerably larger report on the pharmaceutical industry, which will be available for purchase via the Hardman & Co website in a few weeks' time. 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, management consultants focused on the pharmaceutical industry, and to personnel involved in the manufacture and commercialisation of drugs, as well as people in R&D.

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

# 2025 Pharma statistics

## Underlying 5.4% growth, boosted by forex

Global pharmaceuticals


*Source: LSEG, 2026*

Our pharmaceutical dataset has been compiled over 40 years from 109 companies, which, through M&A activity and consolidation, now comprise 46 companies. An efficient reporting system has seen all the listed multinational pharma companies announce results for 2025, giving 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 2025. The year was characterised by 5.4% underlying (ex-COVID-19) growth, boosted at the reported level by $ weakness. Much of the growth was driven by recently launched anti-obesity drugs, which have propelled Eli Lilly to be the top-ranked company globally. R&D spend breached $200bn for the first time, but, for the second year running, there has been a reduction in spend relative to pharma sales.

- **Global market:** Hardman & Co estimates that the underlying global prescription drug (Rx) market grew 5.4% in 2025, to $1,188bn, from $1,127bn in 2024. Reported growth, including the ever-declining COVID-19 product and therapies and a significant forex boost, was 7.3% to $1,225bn ($1,142bn).
- US market: Once again, the main driver of global growth was the US market, with underlying growth of 8.9% in 2025, to $553bn, from $508bn in 2024, with an increased contribution to the global market of 46.5% (underlying basis; 45.6% reported basis). In 2025, the US FDA approved only 50 new chemical entities (NCEs) and biologics, down from 63 in 2024.
- GLP-1 analogues: A key driver to global pharma growth has been the exceptional performance of GLP-1 analogues for obesity and diabetes. Sales of these drugs grew 46% to $75.8bn in 2025, from $51.8bn in 2024. Mounjaro/Zepbound (Eli Lilly), with 48% market share, overtook Ozempic/ Wegovy (Novo Nordisk). While prices are under severe pressure, volume growth and demand are expected to continue, especially with the first approval of an oral version, but this makes forecasting in 2026 more difficult.
- **Oncology:** Drugs to treat cancer are perceived as an important growth driver. However, our preliminary analysis shows the rate of sales growth slowed to 5.4% to $240bn, in 2025. This figure was also boosted by the weakness in the $. The patient population – new patients minus deaths, drug efficacy, approval rates and loss of patent protection were all contributory factors.
- **Gene therapies:** This summary also includes a first assessment of the commercialisation of gene therapies. They came to the market with high expectations for rare diseases. Sales in 2025 were just over $7.0bn, but our analysis suggests that 75% of the approvals have been commercial failures.
- **Best-selling drugs:** The rapid rise of obesity drugs has seen Mounjaro/Zepbound become the world's top-selling drug in 2025, with sales of $36.5bn. It has overtaken Keytruda (Merck & Co; melanoma), which grew 7.5% to $31.7bn. Close behind, in third place, was Ozempic/Wegovy, with sales of $31.2bn. The top 10 drugs had global sales of $198.4bn in 2025, representing 16.3% of the entire market, up from $143.3bn in 2024 (12.7% of market).
- **R&D investment:** The top 20 drug companies, by sales, reinvested 21.3% (22.5%) of Rx drug sales back into new drug development, spending $172bn ($167bn) out of the total spend of $201bn by the 46 largest companies. The average spend was $8.6bn, ranging from $15.8bn (Merck & Co) to $3.2bn (Daiichi-Sankyo).

# Dataset constituents

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

## Current constituents of dataset

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

*Source: Hardman & Co Life Sciences Research*

## Companies included historically

| Companies included historically in database | | |
|---|---|---|
| Abbott Labs | Cyanamid | Roussel Uclaf |
| Actavis/Watson | Fisons | Schering |
| Actelion | Forest Labs | Schering-Plough |
| Akzo Nobel | Fujisawa | Schwarz |
| Alexion Pharma | Genentech | Serono |
| Allergan | Genzyme | Shire |
| Ares-Serono | Green Cross | SmithKline Beckman |
| Astra | Hafslund Nycomed | Solvay |
| Altana | Hoechst | Sumitomo |
| Aventis | Horizon Therapeutics | Syntex |
| Banyu | Ivax | Synthélabo |
| 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 | Yoshitomi |
| Ciba | Rhone-Poulenc | Zeneca |

*Source: Hardman & Co Life Sciences Research*

# 2025 global pharma market

## Background

Updating our industry database and generating first cut of global 2025 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 preliminary results for 2025 over the past few weeks; therefore, we have taken the opportunity to update our industry database and generate the first cut of global rankings for 2025. 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 – despite new technologies including AI, 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.

## Our pharmaceutical database

…basing our analysis on annual accounts of 46 multinational companies

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 ex-factory net 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 $ 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 very long periods of time.

We have based our analysis on the annual accounts of, currently, 46 multinational companies (historically, this equates to 109 companies, including all those that have been acquired or merged), which covers 80% 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, which appears to be reasonably consistent over many years with the commercially available data from IQVIA (NYSE:IQVIA).

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 some trading difficulties in that market, is still viewed as a significant growth opportunity.

## Diminishing impact of COVID-19 products

COVID-19 made investors more appreciative of science and technology

Since 2020, the global pharma market has been influenced, dramatically in some years, 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. Our analysis shows that the contribution from COVID-19 vaccines and treatments peaked at $99.4bn in 2022, but has fallen back in each subsequent year to just $10.0bn in 2025. Our underlying market numbers exclude the figures for COVID-19 products.

# Sales growth reverted to long-term average

Underlying global Rx drug market growth estimated at 5.4% in 2025…

Based on the reported sales outcomes from 46 major pharmaceutical companies, Hardman & Co estimates that the global Rx drug market had underlying growth of 5.4% in 2025, to $1,188bn. In reported terms, and including the relatively small $10.0bn contribution from COVID-19 products, and a substantial forex benefit ($27bn) from the weakening $, this translated into 7.3% growth on a reported basis to $1,225bn, from $1,142bn in 2024.

…somewhat lower than the "currency-adjusted" rate quoted by IQVIA

Although our estimate for reported growth appears to be similar to that generated by established provider, IQVIA market research, which was quoted in the 2025 annual report of Bayer as "currency-adjusted global market growth of 9.0% MAT to end September 2025", our underlying growth rate appears to be somewhat lower, at 5.4%, once COVID-19 and the weakness of the $ are taken into account. As seen consistently over a number of years, the main driver of growth was the US market, largely because it is the largest and also because it is more receptive to new, expensive, drugs. Based on reported results from our 46 companies, we estimate that the US market grew 7.9% to $558bn in 2025, up from $517bn in 2024. The growth rate rises to 8.9%, once COVID-19-related products are excluded. The outcome for the US was much better than might have been expected earlier in the year when the Trump administration threatened to impose severe price restrictions on a number of drugs in an attempt to align them more closely with prices in some overseas markets.

US remains key driver with growth of 8.9% in 2025

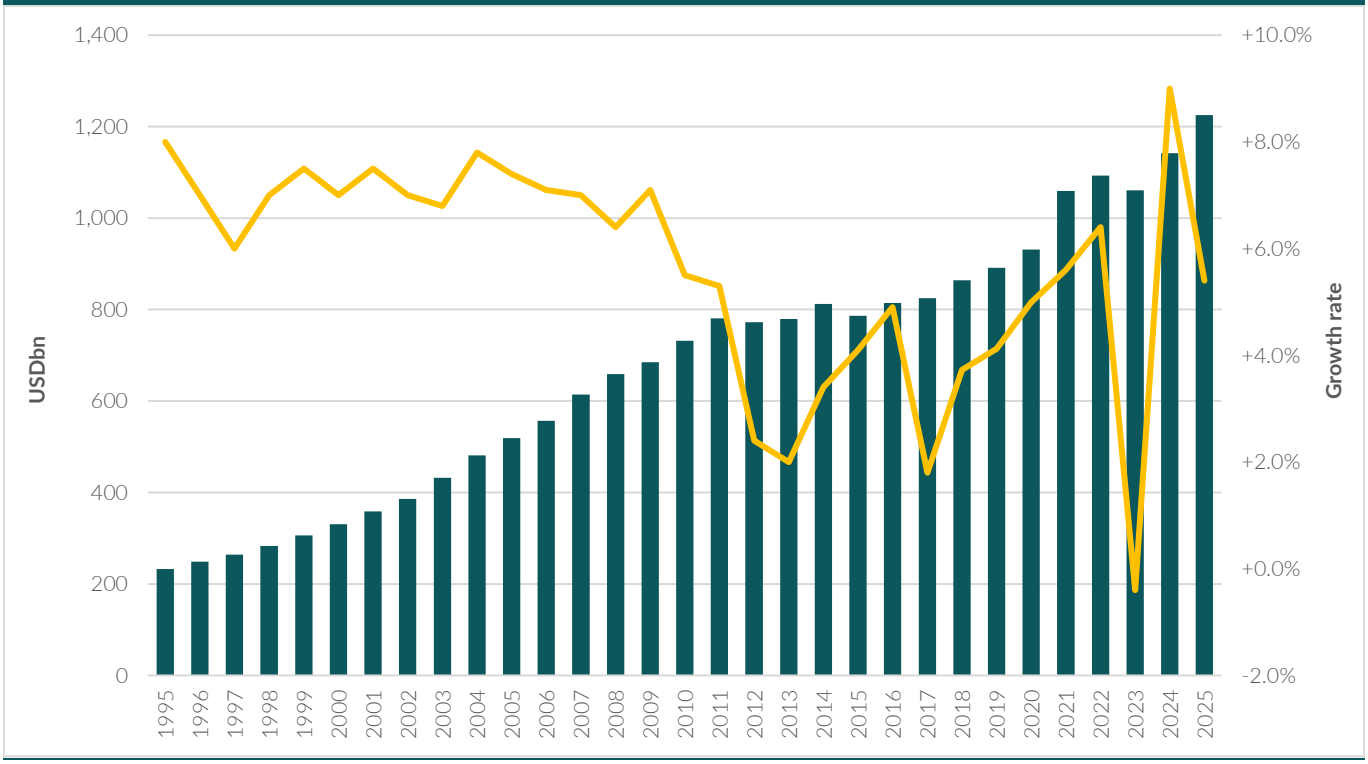
The breakdown of our market growth rates is shown in the following table. It highlights the importance of the US market, which represents 46.5% of the global market, on an underlying basis. The reason for the strong US performance over the past five years is the willingness of physicians to embrace new drugs particularly those to treat rare diseases. In 2025, the FDA approved 50 novel drugs, a solid result, but notably down on the 63 drugs approved in 2024. A driver of both US and global markets has been the rapid uptake of GLP-1 analogues to treat obesity.

**Global pharmaceutical market – calculation of growth**

| $bn | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | CAGR |
|---|---|---|---|---|---|---|---|
| US | | | | | | | |
| Underlying market | 373 | 395 | 424 | 449 | 508 | 553 | 8.2% |
| COVID-19-related products | 3 | 27 | 31 | 7 | 9 | 5 | - |
| US reported sales | 376 | 422 | 455 | 456 | 517 | 558 | 8.2% |
| RoW | | | | | | | |
| Underlying market | 554 | 575 | 615 | 579 | 618 | 632 | 2.7% |
| COVID-19-related products | 1 | 52 | 67 | 23 | 9 | 8 | - |
| Underlying sales | 555 | 627 | 682 | 602 | 627 | 640 | 2.9% |
| Impact of forex | - | +10 | -44 | +3 | -2 | +27 | - |
| RoW reported sales | 555 | 637 | 638 | 605 | 625 | 667 | 3.7% |
| Global | | | | | | | |
| Underlying market | 923 | 975 | 1,038 | 1,032 | 1,127 | 1,188 | 5.2% |
| COVID-19-related products | 4 | 79 | 99 | 26 | 17 | 10 | - |
| Underlying sales | 927 | 1,049 | 1,137 | 1,058 | 1,144 | 1,198 | 5.3% |
| Impact of forex | - | +10 | -44 | +3 | -2 | +27 | - |
| Global reported sales | 927 | 1,059 | 1,093 | 1,061 | 1,142 | 1,225 | 5.7% |

*Source: Hardman & Co Life Sciences Research*

Global prescription drug market, 1995-2025




*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*

**CAGR over 2020-25 period was 5.64%...**

**...up from 4.24% in the 10-year period 1995-2015**

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 positive momentum in the growth rate. In the 10-year period 1995-2015, the CAGR of the global pharmaceutical market was 4.24%. Over the past five years (2020-2025) and 10 years (2015-2025), the compound rate of growth has risen to 5.64% and 4.77%, respectively. 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.

## 2025 global pharma ranking

**Top 20 companies increased market share to 67.0% in 2025...**

**...with Eli Lilly now world #1**

The advent of GLP-1 analogues has been the catalyst for a significant change in the global ranking over the past three years. Eli Lilly (LLY), with 5.32% market share, is now the #1 drug company in the world, rising from ninth position last year. With LLY winning the GLP-1 commercial battle, Novo Nordisk simply marked time in 2025. Within the top 10, both AstraZeneca and Novartis gained ground, each moving up two places. Moving in the wrong direction were Johnson & Johnson, Merck & Co and Bristol-Myers Squibb. In 2025, there were no changes in the middle-tier companies ranked between #12 and #19. M&A activity continues to play an important role in the industry; however, in 2025, the trend was for the majors to acquire new or complementary technologies, which are still in development and, consequently, have no commercial impact at this stage. Notable M&A activity included Merck & Co's takeover of Verona Pharma to access Ohtuvayre for maintenance of chronic obstructive pulmonary disease (COPD).

| Global ranking of pharmaceutical companies | | | | |
|---|---|---|---|---|
| **Rank 2025** | **Rank 2024** | **Company** | **Sales $bn** | **Market share** |
| 1 | (9) | Eli Lilly | 65.2 | 5.32% |
| 2 | (2) | AbbVie | 61.2 | 4.99% |
| 3 | (1) | Johnson & Johnson | 60.4 | 4.93% |
| 4 | (6) | AstraZeneca | 55.6 | 4.54% |
| 5 | (7) | Novartis | 54.5 | 4.45% |
| 6 | (3) | Merck & Co | 54.2 | 4.43% |
| 7 | (5) | Roche | 53.8 | 4.39% |
| 8 | (4) | Pfizer | 50.3 | 4.10% |
| 9 | (10) | Sanofi | 49.3 | 4.02% |
| 10 | (8) | Bristol-Myers Squibb | 46.8 | 3.82% |
| 11 | (11) | Novo Nordisk | 46.7 | 3.81% |
| 12 | (12) | GSK | 43.1 | 3.52% |
| 13 | (13) | Amgen | 35.1 | 2.87% |
| 14 | (14) | Takeda | 29.1 | 2.38% |
| 15 | (15) | Gilead Sciences | 28.9 | 2.36% |
| 16 | (16) | Boehringer Ingelheim | 23.1 | 1.89% |
| 17 | (17) | Bayer | 20.1 | 1.64% |
| 18 | (18) | CSL | 15.0 | 1.23% |
| 19 | (19) | Viatris | 14.3 | 1.16% |
| 20 | (21) | Astellas | 13.7 | 1.12% |

*Source: Hardman & Co Life Sciences Research*

## Long-term change in global ranking

The best way for a company to improve its ranking is to develop through R&D a commercially successful drug. Easily said but, in reality, very hard to achieve. In our analysis of R&D spend and regulatory approvals of new drugs, one common theme is that the number of new drugs being approved each year – on average less than one per company per year – is not sufficient to support growth of large companies. Consequently, corporate strategy becomes important. Historically, the strategy for the likes of Pfizer and GSK was to merge with another drug company, creating excess operating costs, which can then be eliminated to improve margins. While this might address the short-term issues – lack of sales growth or upcoming patent expiries – it does not address the long-term growth issues. Other companies recognised the need to forget about "not-invented here" syndrome and to acquire up-and-coming new therapy targets – e.g. rare diseases – and buy commercial growth through acquisition. Looking at the change in ranking and market share over a long period of time provides some indication about which strategies have worked out best.

| Change in global ranking of pharmaceutical companies over time | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ---------- 2015 ---------- | | | ---------- 2020 ---------- | | | ---------- 2025 ---------- | | |
| **Rank** | **Company** | **Share** | **Rank** | **Company** | **Share** | Rank | **Company** | **Share** |
| 1 | Novartis | 5.52% | 1 | Novartis | 5.25% | 1 | Eli Lilly | 5.32% |
| 2 | Pfizer | 5.47% | 2 | Roche | 5.12% | 2 | AbbVie | 4.99% |
| 3 | Roche | 4.65% | 3 | AbbVie | 4.94% | 3 | Johnson & Johnson | 4.93% |
| 4 | Merck & Co | 4.43% | 4 | Johnson & Johnson | 4.92% | 4 | AstraZeneca | 4.54% |
| 5 | Sanofi | 4.38% | 5 | Merck & Co | 4.47% | 5 | Novartis | 4.45% |
| 6 | Gilead Sciences | 4.09% | 6 | Bristol-Myers Squibb | 4.46% | 6 | Merck & Co | 4.43% |
| 7 | Johnson & Johnson | 4.00% | 7 | Sanofi | 3.89% | 7 | Roche | 4.39% |
| 8 | GSK | 3.46% | 8 | Pfizer | 3.71% | 8 | Pfizer | 4.10% |
| 9 | AstraZeneca | 3.01% | 9 | GSK | 3.33% | 9 | Sanofi | 4.02% |
| 10 | AbbVie | 2.90% | 10 | Takeda | 3.14% | 10 | Bristol-Myers Squibb | 3.82% |
| 11 | Amgen | 2.66% | 11 | AstraZeneca | 2.79% | 11 | Novo Nordisk | 3.81% |
| 12 | Teva | 2.28% | 12 | Eli Lilly | 2.65% | 12 | GSK | 3.52% |
| 13 | Eli Lilly | 2.13% | 13 | Gilead Sciences | 2.63% | 13 | Amgen | 2.87% |
| 14 | Bayer | 2.10% | 14 | Amgen | 2.61% | 14 | Takeda | 2.38% |
| 15 | Novo Nordisk | 2.04% | 15 | Bayer | 2.12% | 15 | Gilead Sciences | 2.36% |
| | **Top 15 market share** | **53.13%** | | | **56.02%** | | | **59.93%** |

*Source: Hardman & Co Life Sciences Research*

# 2025 US pharma ranking

US market remains important contributor to global growth…

Historically, the US market has been an important contributor of growth to the global outcome, and that was the case again in 2025, with solid underlying growth of 8.9%, compared to 5.4% growth for the global market.

…and now represents 45.6% of the global market, up 0.3pp

Adding together the ex-factory sales in the US, reported by the 46 companies in our dataset, generates net sales of $530bn and represents 95.1% of the Hardman & Co estimate for the whole market of $558bn (including COVID-19 products). The reported growth rate was 7.9% and the underlying growth rate was 8.9%. On a reported basis, the US contribution to the global market rose to 45.6% in 2025, up from 45.3% in 2024. Unusually, the dominance of the top 15 companies was only maintained last year. Combined sales of the top 15 companies represented 77.0% of the market again and the rate of growth, at 9.4%, was only slightly above that of the whole market. The large sales gap between #15 (Takeda) and #16 (Boehringer Ingelheim; the only provisional figure in this report) has reduced slightly from to $6bn to $5.5bn.

Eli Lilly was the major winner with 43% sales growth…

…but troubles at Novo Nordisk stalled its growth at #8…

…driven by sales of Mounjaro and Ozempic, respectively

Looking at the top 10 companies, AbbVie remained #1 in the US market, the reduction in Humira sales to biosimilars being more than offset by the growth in Skyrizi. Unsurprisingly, with sales growth of 43%, Eli Lilly jumped to #2 in the ranking. Well-documented issues with Ozempic caused Novo Nordisk to stall at #8. Bristol-Myers Squibb and Pfizer were the biggest losers, with underlying product sales declining in 2025. Although US sales at both GSK and Gilead Sciences did grow in 2025, the rate of growth was well below the market average, and this was reflected in a big fall in their market shares.

US ranking of pharmaceutical companies

| Rank 2025 | Rank 2024 | Company | Sales $bn | Market share |
|---|---|---|---|---|
| 1 | (1) | AbbVie | 46.6 | 8.35% |
| 2 | (4) | Eli Lilly | 43.5 | 7.79% |
| 3 | (3) | Johnson & Johnson | 36.3 | 6.51% |
| 4 | (2) | Bristol-Myers Squibb | 33.3 | 5.96% |
| 5 | (6) | Merck & Co | 32.1 | 5.76% |
| 6 | (7) | Roche | 28.6 | 5.13% |
| 7 | (5) | Pfizer | 27.9 | 4.99% |
| 8 | (8) | Novo Nordisk | 26.2 | 4.69% |
| 9 | (9) | Amgen | 25.7 | 4.60% |
| 10 | (11) | Sanofi | 25.0 | 4.49% |
| 11 | (10) | AstraZeneca | 23.4 | 4.20% |
| 12 | (12) | Novartis | 23.3 | 4.18% |
| 13 | (13) | GSK | 22.2 | 3.99% |
| 14 | (14) | Gilead Sciences | 20.8 | 3.73% |
| 15 | (15) | Takeda | 14.7 | 2.64% |
| 16 | (16) | Boehringer Ingelheim | 9.3 | 1.88% |
| 17 | (18) | Vertex | 7.4 | 1.33% |
| 18 | (19) | Teva | 6.8 | 1.21% |
| 19 | (20) | Astellas | 6.0 | 1.08% |
| 20 | (21) | Otsuka Holdings | 6.0 | 1.07% |

*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. Quite honestly, the food manufacturers should hold their heads in shame, as they are a significant contributor to poor health.
- **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 the impact of funding changes at the National Institute of Health.
- **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 – exactly 50 approved by FDA in 2025. 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 can only be considered a short-term solution.

## *Macroeconomics*

- **Economic growth:** Sustained economic growth over the long term is a key catalyst for global pharmaceutical growth. Current geopolitical events have undermined short-term prospects and may linger for longer than markets are expecting.
- **Payors/drug pricing:** There is a fine balance between generating a sensible return on R&D investment and affordability. Increasingly, payors want to see strong pharmaco-economic evidence that drug pricing is supported by improved patient outcomes. Additionally, the Trump administration wishes to see drug process globally aligned, demanding price cuts on some drugs in the US, posing some short-term threats.
- **Inflation:** Having seen global inflation return in 2022, most countries appeared to be getting this under control through 2025 and into 2026. But the escalation of warring activities in the Middle East has caused a significant rise in oil prices and energy costs increasing the inflationary pressures.
- **Capital:** Development of drugs remains capital-intensive. The interlink between inflation and interest rates could lead to a financing crunch. As we progressed through both 2024 and 2025, it was clear that the ability of drug and biotech companies to raise more capital was becoming increasingly difficult, as markets have become more risk-averse. Global indebtedness of the industry rose significantly by 17.7% in 2025 to more than $535bn.

- **Global politics:** The risk from global politics has dramatically altered over the past two months and is now top of the agenda. At the time of writing, there is considerable uncertainty regarding both the outcome of, and the potential time taken to reach an end to, the current conflicts in the Middle East and Eastern Europe. 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.

## Investment in R&D remains solid

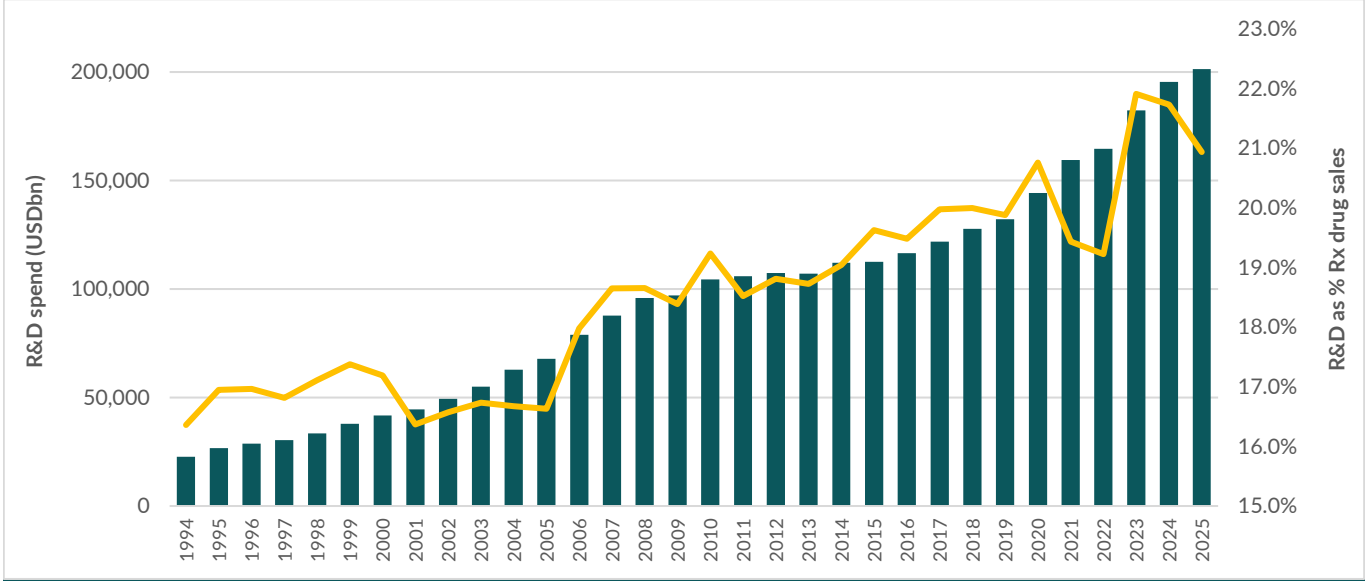
Our universe of companies spent $201.3bn on R&D in 2025, a rise of 3.0%

- The total R&D spend on pharmaceuticals declared in the audited accounts of 46 drug companies was $201.3bn in 2025, an increase of just 3.0%, compared with $195.5bn in 2024. 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 $172.3bn in 2025 ($166.8bn in 2024), or 85.6% (85.4%) 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 2025 was $8.62bn ($8.34bn in 2024) – ranging from $15.8bn (Merck & Co) to $3.2bn (Daiichi-Sankyo).
- In 2025, the top 20 companies reinvested a weighted average of 21.3% of Rx drug sales into new drug development, compared with 22.5% in 2024. For our entire universe, the R&D spend was 20.9% of sales. These movements suggest that there is an element of belt-tightening being undertaken.

CAGR in R&D spend by companies has been 6.0% over past decade

Over the past 10 years, our universe of companies has increased R&D investment at a CAGR of 6.0%, from $112.6bn (19.6% of pharma sales) in 2015, to $201.3bn (20.9%). In 2025, the highest relative spenders were again Regeneron (92.7% of sales), Vertex (32.7%), Merck & Co (29.1%) and Boehringer Ingelheim (28.3%), while the lowest spenders were AbbVie (14.9%), Novo Nordisk (16.8%) and Takeda (15.9%); although it should be noted that R&D for companies involved in the generic industry all spend less than 10% of sales. Also, readers should be made aware that the 20 constituent companies that comprise the top 20 may be different each year.

**Pharmaceutical R&D investment, 1994-2025**




*Source: Hardman & Co Life Sciences Research*

# Focus on obesity

## Impact of GLP-1 agonists

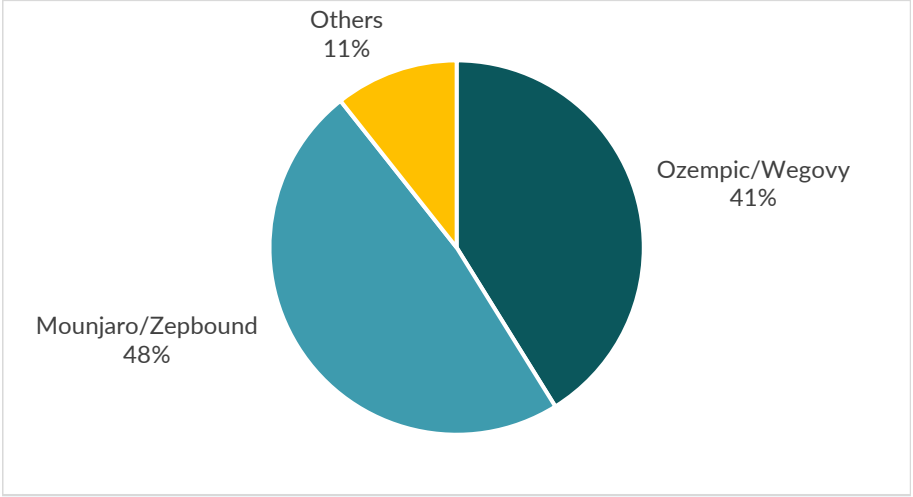
**Demand for anti-obesity GLP-1 analogues remains strong**

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 Mounjaro ahead of major events; e.g. "red carpet" events. But, are the sales meeting expectations?

**46% growth in 2025 to $75.8bn, representing 6.2% of entire pharma market**

In 2025, the global market for GLP-1 analogues grew 46% to $75.8bn, representing 66.3% of the diabetes/obesity care market and 6.2% of the global pharmaceutical market. As shown in the following table, sales of GLP-1 analogues over the past five years represents a staggering achievement. The growth rate might have been even greater had Novo Nordisk not encountered well-documented issues last year, which allowed Lilly to overtake it, as can be seen in the following chart.

Global GLP-1 analogues – 2025




**Total market: $75.8bn**

*Source: Hardman & Co Life Sciences Research*

**Mounjaro/Zepbound has overtaken Ozempic/Wegovy to propel Lilly to #1**

The following table provides a complete breakdown of the GLP-1 analogue market, showing the exceptional year-on-year growth. While Ozempic/Wegovy and Mounjaro/Zepbound are the key drivers, some of the earlier-launched drugs used primarily for treatment of type-2 diabetes, are in decline. In 2025, the growth in sales of Mounjaro/Zepbound, primarily for weight loss, was responsible for the rise of Lilly to its global #1 ranking; whereas Novo Nordisk simply marked time at #11. In 2026, the battle will expand into the oral versions. While oral semaglutide has first-mover advantage – FDA-approved on 22 December 2025 – trial results with oral tirzepatide appear to have better and more sustainable clinical outcomes.

| Development of GLP-1 analogue sales – Global market ($m) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Drug** | **Manufacturer** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026E** | ***CAGR** |
| Mounjaro | Eli Lilly | 0 | 0 | 483 | 5,163 | 11,540 | 22,965 | 29,855 | 262% |
| Zepbound | Eli Lilly | 0 | 0 | 0 | 176 | 4,926 | 13,542 | 20,313 | 778% |
| Ozempic | Novo Nordisk | 3,244 | 5,357 | 8,438 | 13,886 | 17,418 | 19,215 | 20,176 | -5% |
| Wegovy | Novo Nordisk | 0 | 220 | 874 | 4,547 | 8,425 | 11,960 | 14,950 | 171% |
| Trulicity | Eli Lilly | 5,068 | 6,472 | 7,440 | 7,133 | 5,354 | 4,276 | 2,993 | -3% |
| Rybelsus | Novo Nordisk | 286 | 769 | 1,596 | 2,720 | 3,373 | 3,340 | 3,006 | 63% |
| Victoza | Novo Nordisk | 2,867 | 2,393 | 1,740 | 1,257 | 793 | 457 | 397 | -31% |
| **Global total** | | **11,465** | **15,211** | **20,570** | **34,882** | **51,828** | **75,755** | **91,691** | **46%** |
| Growth rate | | 24% | 33% | 35% | 70% | 49% | 46% | 21% | |

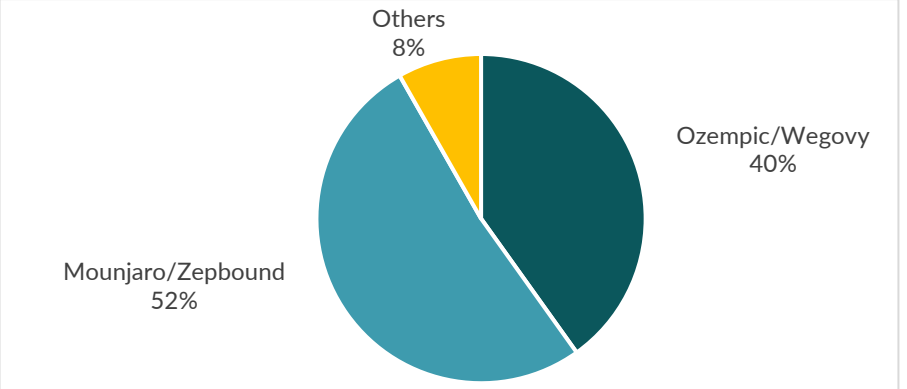
**Years vary, but 2020-25 wherever possible*
*Source: Hardman & Co Life Sciences Research*

## US market

**37% US market growth to $52.6bn**

Given the willingness of physicians in the US to try out new medications, it is unsurprising that the US market, at $52.6bn in 2025, dominates the global market, now representing 69% of the total. However, for the past two years, growth of global sales has outstripped growth in the US, highlighting that obesity is a muti-national issue, largely caused by poor eating habits and lack of exercise. Mounjaro/ Zepbound gained even more ground over Ozempic/Wegovy in the US in 2025.

US GLP-1 analogues – 2025




**Total US market: $52.6bn**

*Source: Hardman & Co Life Sciences Research*

**Significant volume versus price issues in 2026**

Along with other geopolitical issues, the market for 2026 is very difficult to predict for the following reasons:

- global pricing pressures with the Trump administration's desire to have more even global pricing acting as the catalyst; and
- how the introduction of oral GLP-1 analogues changes the marketplace.

| Development of GLP-1 analogue sales – US market ($m) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Drug** | **Manufacturer** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026E** | ***CAGR** |
| Mounjaro | Eli Lilly | 0 | 0 | 367 | 4,834 | 8,950 | 13,651 | 17,064 | 234% |
| Zepbound | Eli Lilly | 0 | 0 | 0 | 176 | 4,926 | 13,484 | 18,878 | - |
| Ozempic | Novo Nordisk | 2,546 | 3,683 | 5,472 | 9,141 | 12,187 | 13,376 | 13,777 | 39% |
| Wegovy | Novo Nordisk | 0 | 220 | 866 | 4,270 | 6,771 | 7,713 | 9,256 | 143% |
| Trulicity | Eli Lilly | 3,155 | 4,914 | 5,689 | 5,433 | 3,694 | 2,914 | 2,186 | -2% |
| Rybelsus | Novo Nordisk | 279 | 674 | 1,131 | 1,605 | 1,562 | 1,345 | 1,291 | 37% |
| Victoza | Novo Nordisk | 1,727 | 1,277 | 905 | 524 | 246 | 71 | 50 | -47% |
| **Global total** | | **7,708** | **10,768** | **14,430** | **25,983** | **38,336** | **52,554** | **62,500** | **47%** |
| Growth rate | | 25% | 40% | 34% | 80% | 48% | 37% | 19% | |

**Years vary, but 2020-25 wherever possible*
*Source: Hardman & Co Life Sciences Research*

# Focus on oncology

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

It is now five years since the World Health Organisation (WHO) published its detailed report[1] on the burden of cancer and 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.

**Despite positive dynamics…**

**…sales are lower than expected**

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.

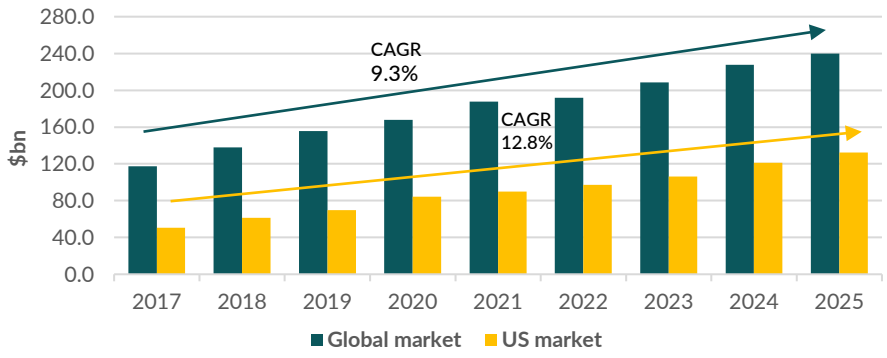
**Global market slowed in 2025 to $240bn….**

**…led by 9.0% growth in US market, to $132bn…**

**…with Keytruda remining the world's #1 drug**

In 2025, net reported sales from the 230 oncology drugs that we monitor increased by only 5.4%, to $240bn, but these were boosted by ca.2.5% due to $ weakness, suggesting an underlying growth rate nearer 3.0%. Growth in the US market remained the main driver, increasing by 9.0% to $132bn, representing 55% of the global oncology market. Keytruda remained the top-selling drug in the world in 2025, rising 7.5% to $31.7bn. Taking a longer-term view, the global oncology market has generated a CAGR of 9.3% over the past eight years, driven by the US CAGR of 12.8% over the same period. This is despite a number of patent expiries on major products and introduction of biosimilars.

**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.

[1] 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 gene therapies

There has been a period of about 20 years where certain companies – usually small, entrepreneurial, and highly specialised – have been preparing for an era where there is an increasing focus on personalised medicine to improve clinical outcomes. Hence the establishment of cell and gene therapy, whereby genetic engineering could be adopted to replace defective genes with altered or replaced genes in order to recover normal cell function.

**First approval was for Gendicine in 2003 in China**

The first gene therapy to achieve regulatory approval was Gendicine, in 2003, for the treatment of certain cancers. This was followed by Neovasculgen, which was registered in Russia, in 2011, for the treatment of peripheral arterial disease. However, this type of therapy was not considered appropriate for high-volume diseases. So, since then, the focus has been on treating rare diseases that can be very debilitating, that only occur in relatively small numbers of patients. The first example of this was alipogene tiparvovec (Glybera), developed by uniQure, for the treatment of a very rare condition called lipoprotein lipase deficiency. Approved in Europe in 2012, it set the record for the most expensive drug, at €1.0m/$1.2m per patient and was a commercial failure.

**Total sales reached $7.83bn in 2025…**

**…up 28.2% from 2024…**

**…but 75% to date have been commercial failures**

According to our database, there have been a total of 34 cell and gene therapies approved by at least one regulator. In many cases, all the original R&D and clinical trials to get approval were performed by small companies, which then needed to out-license or partner with a large player to commercialise the product. So, the question is: "has gene therapy been a commercial success?" While sales data can be very difficult to trace, on the one hand, based on data that is in the public domain, sales of cell and gene therapies reached $7.83bn in 2025, representing 28.2% growth from $6.11bn in 2024, both of which are quite substantial numbers. Of course, where the therapy is considered commercially successful, it is likely to have been of enormous benefit to their small, targeted, patient cohort. On the other hand, ca.75% of gene therapies appear to have been commercial failures.

**Specific patient cohorts have received enormous benefit from specific gene therapies**

The following table shows the top 10 gene theories by sales in 2025. Four products have achieved sales >$1bn and must be considered successful, and have achieved their aim of helping their target cohort of severely sick patients. However, it can also be seen that a number of these products have achieved reasonable numbers since their launch, but sales have peaked relatively quickly. For example, Kymriah reached nearly $500m annual sales in year four (2020), but has been fairly flat ever since. In conclusion, these products play a very important role in specific patient cohorts, but the majority, to date, have failed to hit commercial expectations.

Gene therapy market – Global top 10, 2024-25

| Gene therapy | Originator | Marketer | Indication | 2024 $m | 2025 $m |
|---|---|---|---|---|---|
| Carvykti | JNJ | JNJ | multiple myeloma | 963 | 1,887 |
| Yescarta | Kite | Gilead | DLBCL, incl. arising from follicular lymphoma (FL) | 1,570 | 1,495 |
| Breyanzi | Celgene | BMS | DLBCL, incl. from indolent and FL | 747 | 1,358 |
| Zolgensma | Novartis | Novartis | spinal muscular atrophy | 1,214 | 1,232 |
| Abecma | Bluebird | BMS | multiple myeloma | 406 | 427 |
| Elevidys | Roche | Roche | Duchenne muscular dystrophy (DMD) | 213 | 385 |
| Kymriah | Novartis | Novartis | ALL, DLBCL incl. FL | 443 | 381 |
| Tecartus | Kite | Gilead | mantle cell lymphoma or refractory B-cell ALL | 403 | 344 |
| Casgevy | Vertex | Vertex | sickle cell disease | 10 | 116 |
| Hemgenix | uniQure | CSL | haemophilia B | 54 | 100 |
| **Total** | | | | **6,108** | **7,831** |

*Source: Hardman & Co Life Sciences Research*

# Cost and margin analysis

The full report (expected to be available around the end of April 2026) will contain an analysis of each 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** |
| Net sales | Included: Rx drugs, vaccines, generics<br>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 |
| Underlying EBIT | |
| | |
| Amortisation of goodwill | Following acquisition |
| Impairment charges | Asset write-downs |
| 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 write-downs 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 46 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 2025, Servier reported branded and generic drug sales of €6,860m, or $7,597m, which positions it at #28 in our ranking. However, insufficient consistent information is provided on an annual basis for us to be able to include the company in our margin analysis. The company has moved up the ranking in each of the past three years following its acquisition of oncology company, Agios Pharmaceuticals.
- **Sun Pharmaceuticals:** The largest Indian pharmaceutical company, specialising in the manufacture and commercialisation of generic drugs. It is ranked #1 in India, and is thought to be the 10$^{th}$ 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.

**Net industry indebtedness, at 31 December, was $535.8bn, or 1.8x sales**

When the full report is published, the accounting section will include a new feature this year, namely the indebtedness (net cash or net debt) of each company. The aim of this is to try and ascertain whether companies are significantly cash-generative or not. As stated earlier, we have ascertained that the global industry is carrying total indebtedness at 31 December 2025 of $535.8bn, or 1.8x sales.

# 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

| | |
|---|---|
| ALL | Acute lymphocytic/lymphoblastic leukaemia |
| CAGR | Compound annual growth rate |
| COGS | Cost of goods sold |
| DLBCL | Diffuse large B-cell lymphoma |
| DMD | Duchenne muscular dystrophy |
| FDA | US Food & Drug Administration |
| FL | Follicular lymphoma |
| GLP-1 | Glucagon-like peptide-1 |
| IFRS | International financial reporting standards |
| R&D | Research & development |
| SG&A | Selling, general & administration |
| WHO | World Health Organisation |

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Our expert team of sector analysts and market professionals collectively have over 400 years of experience. This depth of knowledge and a reputation for integrity have built trust with investors. With effective communication and precision distribution, we help companies disseminate their investment message to interested investors, as well as advise them on strategy.

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