

27 Jun 2016 |

Brexit To Leave Most Of European Pharma Outside EU

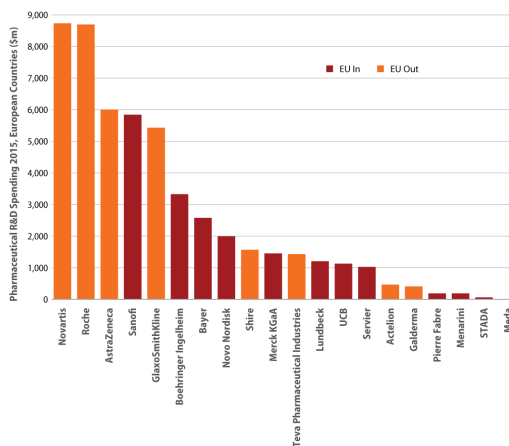
by John Hodgson

The British decision on June 23 to leave the EU stands to put the bulk of the European pharmaceutical industry outside the European Union.

Five of the top six European pharmaceutical companies will be domiciled outside the European Union following "Brexit". Unless they redomicile following Britain's vote to leave the EU, the fourth and fifth biggest European companies by drug sales, AstraZeneca PLC and GlaxoSmithKline PLC, will join Swiss firms [Novartis AG](#) and Roche, and Israeli generics company, [Teva Pharmaceutical Industries Ltd.](#), outside the world's largest trading bloc (Figure 1) once the UK has withdrawn.

Four of the top five R&D spenders in Europe are also outside the EU (Figure 2).

Figure 2

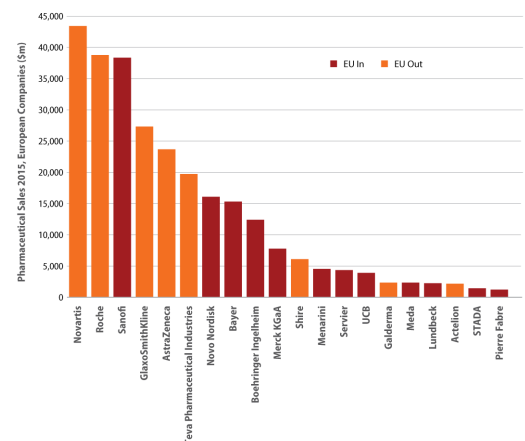


Overall, around 60% of drug sales, 63% of R&D

Scrip data

spending and nearly 70% of the net profits in 2015 across the top 20 companies in Europe are associated

Figure 1

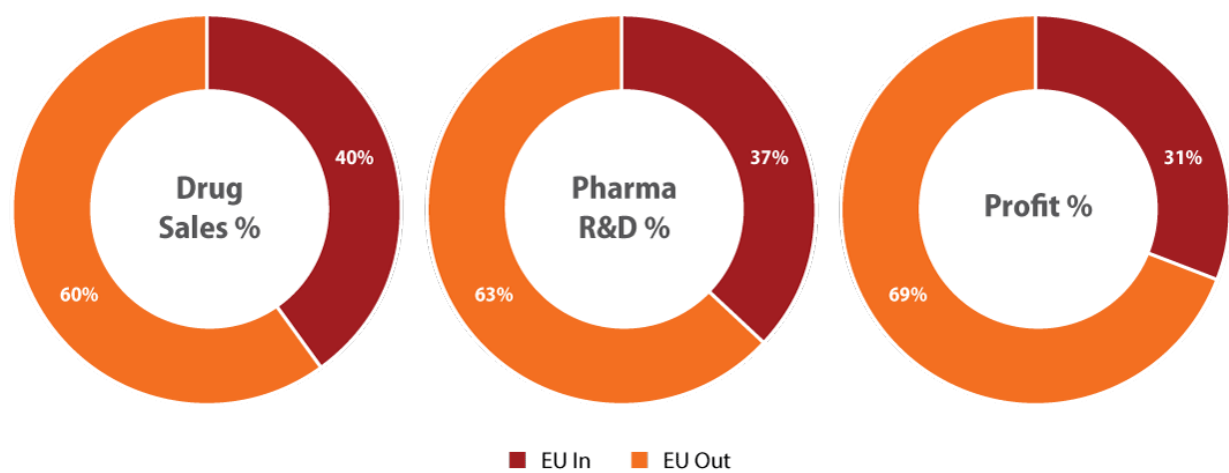


Five of the top six pharma countries in Europe will be domiciled outside the EU following Brexit

with companies that will be domiciled outside the EU Source: Scrip data
following the UK's withdrawal (Figure 3).

Ex-EU profits are boosted by the returns from Novartis and GlaxoSmithKline, both of which recorded gains from divestments including sales of the divisions the two companies "swapped" in April 2015. Novartis logged \$10.7bn in additional profit largely associated with the sales of its vaccine division to GSK, incorporation of its consumer health division into the joint venture with GSK, and the sales of its animal health division to [Eli Lilly & Co.](#) GSK's profits were around \$8bn up on 2014, an increase largely due to \$15bn worth of divestments, including the sale of its oncology division to Novartis.

Figure 3



Percentage Splits Among European Companies

Scrip data