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COVID-19 Windfalls Carry Pharma Into Stormy Times: Key Takeaways From Scrip 100 And Outlook 2023

Highlights From In Vivo's Annual Industry Ranking And Report

by Eleanor Malone

The past couple of years have generated important growth for the pharma industry thanks to its drugs and vaccines for COVID-19. But with the IRA, high inflation, rising interest rates and chilly public markets, biopharma faces challenges this year. Here, we summarize key messages from *In Vivo's Outlook 2023*.

Big pharma enters 2023 facing a significant patent cliff that will play out over the next few years. Added to its woes is the US Inflation Reduction Act (IRA), which will allow the US government to negotiate certain drug prices for Medicare from September. With inflation and rising interest rates further increasing the pressures, the year is shaping up to be something of a rollercoaster, according to the annual industry ranking and report Outlook 2023, published by *Scrip's* sister publication *In Vivo*.

What Will 2023 Bring?

In Vivo spoke to three industry experts for their analysis of the year ahead. Key predictions from Fred Hassan, chairman of Caret Group and ex-CEO of Schering Plough and Pharmacia, Antoine Papiernik, chairman and managing partner of European venture capital firm Sofinnova Partners, and Robert Tansley, partner at Cambridge Innovation Capital, included:

- The advent of US government drug pricing negotiation could lead to companies consolidating to reduce costs.
- Although the public market downturn that has left biotech companies trading at negative

equity offers bargains for big pharma, agreeing a buyout value remains a challenge.

- R&D strategies are changing to reflect the economic impacts of the IRA.
- The nine-year window after which small-molecule drugs become subject to US government price control is not enough for a true innovation cycle in important areas like Alzheimer's disease and depression.
- The IPO window is likely to remain shut for all but a few biotechs with very high-quality assets and data in 2023.
- Fundraising will be the biggest challenge for biotech companies in 2023, and those that don't have two to three years of cash to tide them through the funding downturn are going to be in trouble, with many likely not to survive.
- Despite the challenges, biopharma is relatively well positioned as a defensive sector with strong innovation.

Read more:

[Outlook 2023: The Pharma Rollercoaster Shows No Signs Of Slowing Down](#)

Industry Rankings: Revenues Swell

The [Scrip 100 annual industry ranking](#) provides a snapshot of the biopharma sector as measured by pharma sales, total revenues, R&D spending and more.

Scrip 100 data show that pharmaceutical revenues of the top 100 companies in the global pharma industry grew by more than 20% in 2021 to over \$1tn for the first time, with [Pfizer Inc.](#) catapulting from seventh position in 2020 to the top of the league table despite its strategy in recent years to scale back in size and scope.

The figures show the impact of COVID-19 vaccines and to a lesser extent therapeutics on industry revenues, with a huge portion of Pfizer's turnover coming from the [BioNTech SE](#)-partnered vaccine Comirnaty. The vaccines of [Sinovac Biotech Ltd.](#) and

Infographic: Top 100 Pharma Companies

By [Lucie Ellis-Taitt](#)

13 Dec 2022

The Scrip 100 universe gathers FY2021 financial performance data and compares the activities of the top 100 biopharma businesses, ranked by pharma sales.

[Moderna, Inc.](#) also made a huge impact in 2021, and BioNTech, Sinovac and Moderna leapt into the top 100 rankings for the first time at positions 15, 18 and 21, respectively.

Read more:

[Read the full article here](#)

[Pfizer Leads An Unusual Year For The Scrip 100](#)

Deal-Making Stats

On the deal-making front, 2022 saw relatively few big-ticket acquisitions, but overall transaction volumes were high. Despite the macro-economic challenges, big pharma's need to fill its pipeline drove activity with larger companies favoring partnerships and bolt-on acquisitions.

Perhaps unsurprisingly given its COVID-19 windfall revenues, Pfizer was one of the biggest spenders, and one of only three companies to announce an acquisition for more than \$10bn during the year (for [Biohaven Pharmaceutical Holding Company Ltd.](#); the year's biggest deal, [Amgen, Inc.](#)'s \$27.8bn acquisition of [Horizon Therapeutics plc](#), came after Outlook 2023 had been published; while [Johnson & Johnson](#) agreed to buy medtech firm [Abiomed, Inc.](#) in November).

Read more:

Deal-making insights, data and focused analysis for each big pharma company in [The Busiest Dealmakers Of 2022](#)

Access the Outlook 2023 website [here](#) to read analysis across a range of industry segments, activities and themes. Download a copy of the full report [here](#).