

2007 – Another bumper year for the top vaccine companies

LONDON, UK----11 December 2007----2007 was another successful year for the top five vaccine companies according to the strategic research consultancy, **VacZine Analytics**. All are forecast to record strong sales growth over 2006 reiterating the attractiveness of the sector. The year also witnessed further entry of other large pharmaceutical players into the business, notably AstraZeneca's acquisition of US based Medimmune.

Currently the top 5 vaccine companies are considered GSK Biologicals, Sanofi-Pasteur, Merck & Co, Wyeth and now Novartis (which includes diagnostics) who acquired Chiron in April 2006. Collectively the group sold approximately \$11 billion worth of vaccines in 2006, a figure that is forecast to increase to in excess of \$17 billion by the end of 2007. Although the depreciation of the dollar has increased the year-end sales value for companies, which report in European currencies, the average sales increase across the top 5 is estimated at a healthy 25-30%. Furthermore, if Merck & Co experiences the same sales growth between Q3 and Q4 this year as seen in 2006, the company is forecast to more than double year-on-year sales (>140%).

The unprecedented growth of the vaccine industry in 2007 is due to the continued roll-out of big products such as Merck & Co's Gardasil (quadrivalent HPV¹ vaccine), which up to Q3 of this year had record \$1.14 bn in sales. Although Gardasil is approved in 86 countries, most of the volume (~75%) is directed to the US market where the product has been part of an official vaccination program for women 9-26 years of age. Despite pending competition from GSK's Cervarix (bivalent HPV vaccine), Gardasil is expected to experience further growth in 2008 as more countries mandate vaccination programs and other cohorts such as older women and men are targeted. Other vaccines, which have driven total growth in 2007, are Merck & Co's Rotateq, against rotavirus induced gastroenteritis contributing \$375m up to Q3 2007 and Sanofi's meningitis vaccine, Menactra contributing \$471m.

The global market for influenza vaccines² also continues to be a growth driver within the vaccines sector. In the US, which accounts for about 40% of value, the US Centers For Disease Control and Prevention (CDC) stated that a record amount of vaccine (132 million doses) would be available for the 2007-08 flu season. In 2006, 120 million doses were produced and 102 million were distributed. With the approval of a further flu vaccine, Afluria (CSL Biotherapies) the number of approved suppliers has also increased from 5 to 6.

New ACIP³ recommendations for the 2007-2008 season are also expected to increase the volume of flu vaccine used. For example, children aged 6 months-8 years that received only 1 dose in their first year of vaccination are now recommended to receive 2 doses in the following year. Medimmune's (AstraZeneca) nasal influenza vaccine LAIV (Flumist) has gained widened use with approval in healthy children (2-4 years old). This brings increased competition to Sanofi's Fluzone, which previously had a monopoly in the segment. Because Flumist is around 25% more expensive than Fluzone this recommendation will bring more value per vaccination than in previous years.

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Looking to 2008, **VacZine Analytics** predicts another successful year for the vaccine industry as recently launched products enjoy continued uptake around the globe. Notable new approvals could include GSK's Synflorix (10-valent vaccine), which brings increased coverage over the current conjugated pneumococcal vaccine, Prevnar (Wyeth). In 2008, all vaccine companies are expected to remain focused on acquisitions most likely enhancing their reach into fast growing markets of SE Asia and Latin America. In the longer term it is certain that new entrants to the business such as Pfizer, Novartis and AstraZeneca will bolster R&D efforts so increasing the likelihood of more new vaccines being launched in the future. Importantly, there still remains a multitude of infectious diseases that still remain uncontrolled by vaccination.

Footnotes:

¹ Human Papilloma Virus (HPV)

² The influenza vaccine market in 2006 was valued at approximately \$3 bn (~400 million doses)

³ Advisory Committee on Immunization Practices (ACIP)

For more information about this research please visit www.vacZine-analytics.com
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About VacZine Analytics:

VacZine Analytics is a new strategic research agency based in the United Kingdom. Its aim is to provide disease and commercial analysis for the vaccine industry and help build the case for developing new vaccines.

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