BioSpectrum the business of Bio & Health Sciences

It's $100 billion, and counting

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The first-ever BioSpectrum survey to map the size of the Asia Pacific life sciences industry, excluding Japan, puts the industry size at $103.59 billion in 2007.

The US-based life sciences companies generate over $500 billion in revenues, garnering a lion's share in the life sciences industry pie globally, followed by Japan and this has been the global ranking scenario for over two decades now. The huge differential between the markets of these two countries indicates a skewed global life sciences industry. Japan and the US had always dwarfed the rest of the world in the last two decades. Now, things are looking up in other markets as well.

The first indication is the first-ever BioSpectrum survey to determine the size of the Asia Pacific life sciences market, excluding Japan. The survey conduced in April and May 2008, using the data from the revenues of all the publicly listed life sciences companies and then combining them with the privately-held companies has provided some new insights into the emerging Asia Pacific life sciences industry.

Highlights

- Asia Pacific (excluding Japan) life sciences industry reaches $103.59 billion in 2007
- Industry growth pegged at 13%
- China is the largest market with $30 billion revenues and 30% market share
- India is the second largest market with the industry size of $20.7 billion
- India is the fastest growing market with 26% growth
- China and India account for 50% of Asia Pacific life sciences industry
- Australia's CSL is the No.1 listed company with $2.3 billion revenues, No. 2 is Sigma Pharma
- Two Indian pharma majors, Dr. Reddy's and Ranbaxy in Top 5 list
- China Pharma lone Chinese company in Top 10 list
- India's Cipla, Lupin, Jubilant, Wockhardt, Sun Pharma dominate Top 10 list

The most important revelation is that excluding Japan, the Asia Pacific life sciences market has generated revenues in excess of $100 billion for the first time. In fact, BioSpectrum estimates that the regional industry clocked in revenues of $103.59 between January and December 2007. This figure includes total revenues from sales, licensing, and service income of the companies in the Asia Pacific region, excluding Japan.

The research team at BioSpectrum estimated the final life sciences industry figures by extrapolating the data available from the survey of the public listed companies in the region and corroborating it with the data available from various research reports, country statistics released by different government agencies, and industry experts. It may be pointed out here that all the figures referred to by BioSpectrum as Asia Pacific revenues include only Australia, China, India, Malaysia, New Zealand, Singapore, South Korea, and Taiwan and for the calendar years only.

Almost 80 percent of the total revenues come from the pharmaceutical and the pharma outsourcing services, biotech accounted for eight percent share, and the rest came from the medical devices sector.

China and India together accounted for about 49 percent of the total life sciences market in Asia Pacific in 2007. The total revenues from the life sciences companies in China and India alone were $51 billion and the two together registered about 16 percent growth compared to the revenues in 2006. China contributed to the largest share of the total life sciences industry in 2007 generating $30.28 billion and accounting for 29.23 percent share of the total market. India accounted for 20.03 percent share with total revenues of $24.85 billion.

China, India, and Korea together accounted for 69 percent of the total life sciences industry revenues, generating $71.26 billion revenues. China, India, and South Korea have been followed by Singapore, Australia, and Taiwan. These three accounted for close to $34.4 billion in revenues and 33 percent share in 2007. According to various sources, the domestic pharmaceutical market in China (excluding Hong Kong) alone is estimated at $22.6 billion in 2007, an increase of around 8.5 percent over the previous year. And China has about 3,500 drug companies. As of 2007, China is the world's ninth largest drug market, and in 2008 it will become the eighth largest market. China's thousands of domestic companies account for 70 percent of the market, and the top 10 companies about 20 percent share, according to Business China.

The overall revenues of life sciences companies present in India were $20.75 billion. India has one of the fastest growing domestic markets in the world for pharmaceuticals. In 2007, the domestic market alone was valued at over $9 billion and according to the RNCOS report, it is anticipated to cross $20 billion by 2015. Moreover, the growth of the Indian pharmaceutical market is anticipated to be higher than other markets, placing the country at 10th place by 2015 against 14th place in 2005.

South Korea has one of the most attractive pharmaceutical markets in the Asia Pacific region, as evidenced by market analyst firm Business Monitor International's (BMI) all new Business Environment Rankings. The country achieved this high placement due to its large pharmaceutical market ($16.7 billion), impressive growth (10 percent y-o-y) and high per capita consumption ($347), according to the BMI report.

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While the overall life sciences revenues of companies in Australia were $10.44 billion, the revenues from life sciences companies in Singapore were estimated at $16.15 billion. According to Frost & Sullivan estimates, the Malaysian pharmaceutical industry, valued at $1 billion in 2007, will grow to reach $1.8 billion by 2013, at a CAGR of 10.5 percent. There are over 72 manufacturers in Malaysia licensed by the Drug Control Authority. Of these, 32 are licensed to produce prescription medicines while the rest are producers of OTC medicines. BioSpectrum survey estimates Malaysia's revenues at $1.2 billion in 2007.

The production value of Taiwan's pharmaceutical industry is expected to grow slightly to $1.85 billion in 2008 from $1.83 billion in 2007, according to the Industry & Technology Intelligence Services (ITIS), a government-sponsored research program, in Taiwan.

Taiwan is of intermediary interest to MNC pharmaceutical firms operating in the Asia Pacific region.

BMI is expecting reasonable growth, with the market set to reach a valuation of $5.29 billion by 2012. It also adds that Taiwan's $1.86 billion medical device sector is poised to expand steadily over the next five years.

Publicly listed companies

The life sciences revenues of the 265 publicly listed Asia Pacific companies, excluding Japan, accounted for about 19 percent share of the total life sciences industry of $103.59 billion in 2007. Australia and India account for the largest share of publicly listed companies.

While there were 103 companies from Australia, India had 97 companies. The total life sciences business of the publicly listed companies stood at $26.2 billion in 2007 compared to $19.4 billion in 2006. Though Australia has the largest number of listed companies, India alone accounted for close to 57 percent share of the total revenues of $26.2 billion registered by publicly listed companies generating $14.85 billion in revenues.

Australia was the second largest contributor with $6.4 billion and Chinese companies generated $3.3 billion.

The Top 3 publicly listed companies accounted for 24.7 percent share of the market generating $6.4 billion revenues. The top two companies in Asia Pacific are from Australia-CSL and Sigma Pharmaceuticals.

The two alone accounted for close to 20 percent share of the market with total revenues of $5.3 billion during the calendar year. CSL's revenues for the calendar year stood at $2.9 billion compared to Sigma's $2.3 billion. These two companies registered growth in excess of 25 percent compared to that in 2006.

The Top 5 companies in this year's survey generated $8.5 billion in revenues and accounted for 32.5 percent share of the total business of the publicly listed companies. The top 20 companies contributed about 61 percent of total revenues of the publicly listed companies.

Interestingly, out of the list of the Top 20 publicly listed companies, while three each are from Australia and China, India accounts for the remaining 14 in the list. While the three Australian companies in the list generated $5.76 billion in revenues, the three Chinese companies' revenues stood at $1.5 billion. The 14 Indian companies generated $8.8 billion in revenues and account for 55 percent share of the total Top 20 revenues of $16.05 billion. The Top 3 from Australia accounted for close to 36 percent share of the Top 20 companies. Amongst the list of Top 20 companies, two companies-CSL and Sigma-have in excess of $2 billion in revenues. Two companies -Dr Reddy's Laboratories and Ranbaxy Laboratories-are the only two besides CSL and Sigma two have crossed the $1 billion mark.

Eight companies apart from the top four have in excess of $500 million in revenues. Only 52 companies from the list of 265 publicly listed companies have $100 million in revenues.

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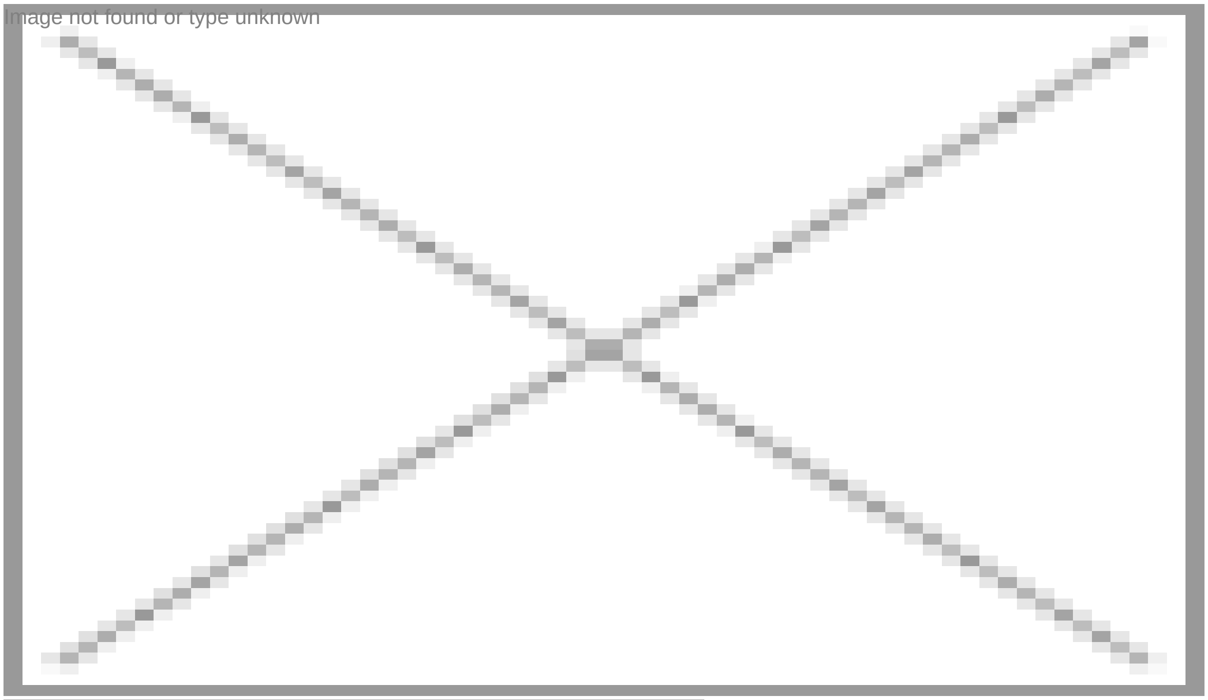
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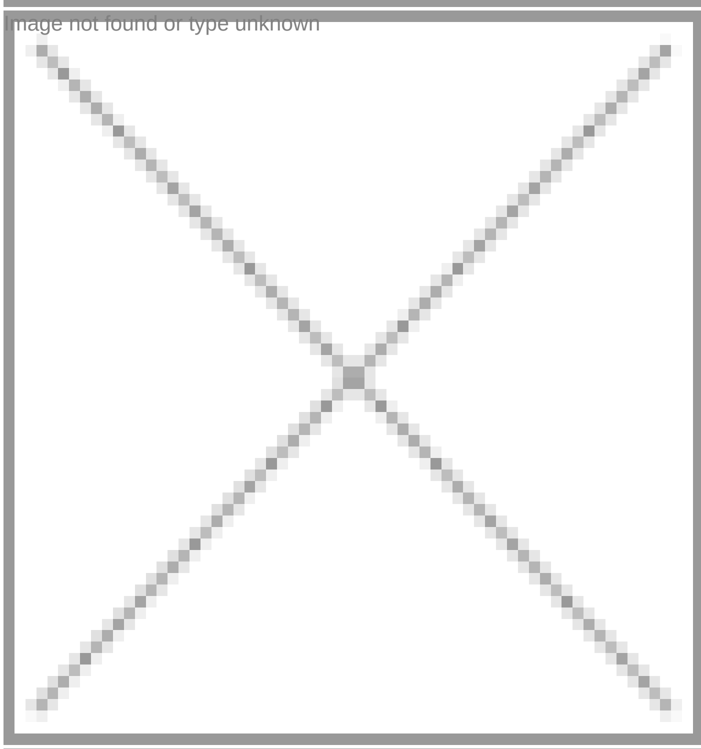
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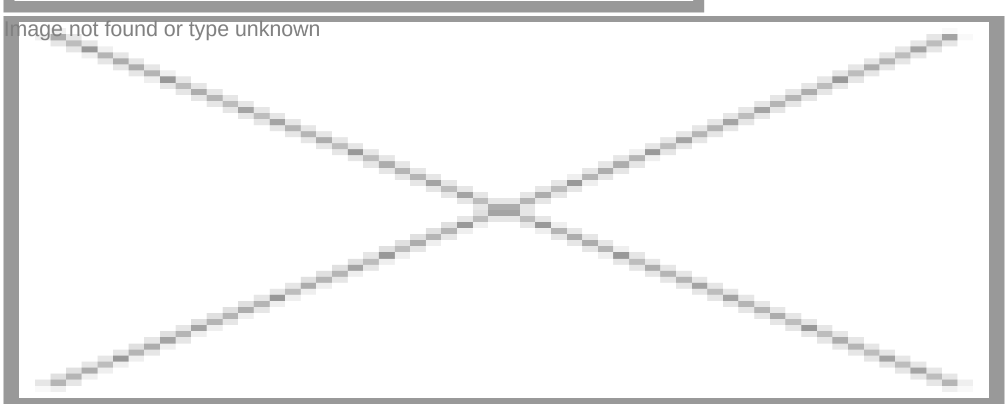
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INDIA

The publicly listed companies in India had revenues of $14.85 billion in 2007 recording a 40 percent growth compared to 2006. The Top 3 companies in India-Dr Reddy's Laboratories, Ranbaxy Laboratories, and Cipla-accounted for 23 percent of the total revenues of publicly listed companies in India and generated $3.25 billion. The Top 5 companies in India-Dr Reddy's Laboratories, Ranbaxy Laboratories, Cipla, Sun Pharmaceutical Industries, and Lupin-contributed total revenues of $4.59 billion and accounted for 32 percent share of the market. The Top 20 companies in India generate 68 percent share of the total revenues of the listed companies.

The Top 2 companies, Dr Reddy's Laboratories, Ranbaxy Laboratories, are over $1 billion in size. Another five Sun Pharmaceutical Industries, Lupin, Wockhardt, Jubilant Organosys, and Aurobindo Pharma, are over half-a-billion in size. In fact 36 companies from the list are over $100 million in size.

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AUSTRALIA

The publicly listed companies in Australia generated revenues of $6.44 billion in 2007 registering 28 percent growth over 2006. The Top 3 companies in Australia contributed $5.76 billion and accounted for 90 percent of the total revenues of publicly listed companies in Australia. The Top 5 companies in Australia-CSL, Sigma Pharmaceuticals, Cochlear, Lipa Pharmaceuticals, and Probiotec-with total revenues of $5.85 billion accounted for 92 percent share of the market. The Top 20 companies in Australia today account for 97 percent share of the total revenues of the listed companies.

This is clearly because the Top 2 companies, CSL and Sigma generate $5.27 billion in revenues. In fact, only three companies-CSL, Sigma, and Cochlear-are above the $100 million range.

The rest of the companies are less than $75 million in size. In comparison to listed companies from India, while Australia's leading two companies together contribute as much as revenues of India's Top 4 companies, the Top 10 companies in India collectively generate the same amount of revenues generated by Australia's 108 companies.

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CHINA

Though Chinese companies account for the largest share of the life sciences industry in Asia Pacific, the publicly listed companies are just 18 and they generated revenues worth $3.28 billion. China Pharma Group, North China Pharmaceutical Company, and Mindray Medical International are its Top 3 public listed companies and account for close to 45 percent share of the total revenues generated by the publicly listed companies. None of the publicly listed companies crossed the $1 billion mark. The largest company, China Pharma is $638 million. An interesting fact about China is that most of these companies are listed outside China, in the US and European markets. According to the data provided by the customs in China, there was a stable growth in the export of key raw drug materials and intermediates in 2007. Based on the analysis on the 67 key export products, the export volume totaled to 1.02 million tons in 2007, with an increase of 14.1 percent, 0.5 percent higher than the growth rate in the previous year. Exports amounted to $3.74 billion with an increase of 32.1 percent, 16.3 percent higher than the growth rate in the previous year and 7.6 percent higher than that of the first half of year.

Exports to India continued to grow rapidly, surpassing the US for the first time in 2007 with export exceeding that of the US by $100 million. Year-on-year growth was 47.1 percent.

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Asia's fastest 25

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