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Patent loss, dip in sales hurt Pfizer earnings

Elizabeth Lopatto

Bloomberg

NEW YORK — Leading global drug maker Pfizer said yesterday second-quarter earnings fell 48% as competition reduced revenue from the top-selling cholesterol pill Lipitor. The company's shares fell the most since December.

Net income declined to \$1,27bn, or 18c a share, the New York-based company said.

Excluding restructuring and acquisition costs of \$1,1bn, profit missed the average analyst's estimate by 8c a share. Revenue from Lipitor, the world's biggest-selling drug, plunged 13%, including a 25% drop in the US.

Total sales fell 5,6% to \$11,1bn, missing the average analyst estimate of \$11,5bn. To offset the drop in sales from the loss of patent protection on some of Pfizer's biggest products, CEO Jeffrey Kindler has cut jobs and closed factories in his first year at the helm.

"They are losing drugs at a much faster rate than they can replace them," said Jeffrey Kraws, an analyst with Crystal Research Associates in New York.

"Lipitor is a big disappointment. If you take a look at Lipitor for the quarter, we expected it to be down 2%."

Pfizer's share price declined 77c, or 3%, to \$25,19 in early trade in New York Stock Exchange composite trading.

Yesterday's decline would be the biggest since an 11% drop on December 4, after Pfizer dropped research on the drug intended to replace Lipitor.

The stock had gained 16% in the past 12 months, lagging behind an 18% gain in the Standard & Poor's 500 pharmaceutical index.

Sales of Lipitor fell to \$2,7bn. Kindler cited changes in wholesaler inventories that bolstered Lipitor in the first quarter and reduced them in the second. In addition, he said, the number of prescriptions fell, and Pfizer had to offer more rebates to wholesalers and companies that manage drug benefits.

Pfizer projected a decline of as much as 5% in Lipitor revenue this year, compared with last year.

The company said it would promote added uses and bolster its marketing campaign.

The product accounted for \$12,9bn in sales last year, more than twice as much as the second-ranked drug, GlaxoSmithKline's asthma product, sold as Seretide and Advair.

For next year, the company again projected that adjusted profit will rise to \$2,31-\$2,45 a share, compared with the average analyst estimate of \$2,34.

Revenue would drop to \$46,5bn-\$48,5bn, the company said.

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