



Business Insights

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Key Players in Pharma Contract Manufacturing

Market developments, outsourcing
hotspots and growth strategies



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About us...

Pharmaceutical Outsourcing Series

Business Insights has teamed up with experts in contract research and manufacturing to bring you a new series of reports analysing pharmaceutical outsourcing. These new reports provide unique insight into the key issues in contract research and specialist outsourced manufacturing and their impact on the traditional pharmaceutical model.

The Pharmaceutical Outsourcing Series provides unique insight into the key issues in contract research and specialist outsourced manufacturing and their impact on the traditional pharmaceutical model, to enable companies to plan effectively and optimize R&D and manufacturing.

Our outsourcing portfolio of reports is designed to help decision makers:

- Plan resources and budgets effectively.
- Understand the future role of CROs and CMOs in improving pharma productivity.
- Optimize performance of outsourced companies as part of the R&D and manufacturing processes.

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Report Overview

The pharmaceutical contract manufacturing (PCM) industry continues to grow at a steady pace, driven by cost pressures, stringent regulatory requirements and patent expiries. The highly competitive nature of the industry has been driving consolidation and companies are increasingly offshoring to emerging markets to reduce costs. As a result, players in key outsourcing destinations have been improving their manufacturing infrastructure to increasing their global competitiveness.

'Key Players in Pharmaceutical Contract Manufacturing' is a new report published by Business Insights that examines the competitive landscape of the global PCM industry. The latest key issues and developments in the contract manufacturing market are identified and leading companies in this sector are profiled in detail. For each of the top 10 CMO companies, this report provides a detailed examination of financial performance by business segment, manufacturing and R&D capacity, growth strategies and key acquisitions/divestments. This report also examines the size and growth of the global CMO industry, with analysis of major market drivers and trends in CMO destinations.

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"Use this report to gain an understanding of key developments, CMO location trends and the business strategies of leading players in the market for contract manufacturing services..."

Key Findings



The global PCM market was worth \$26bn in 2007 and is expected to grow at a CAGR of 11.4% to reach \$40bn by 2011.



Catalent is the largest CMO in the world, with revenues of \$1.8bn in 2007. The PCM market is highly fragmented, with the top ten players in the market holding less than 30% of total market share.



Contract manufacturing in India and China is forecast to expand at a CAGR of 20% through to 2011. Big Pharma are increasingly outsourcing manufacturing to low cost destinations due to cost and margin pressures, and India and China offer skilled manpower and a robust manufacturing infrastructure.



Piramal is the largest CMO in India, and its contract manufacturing revenues increased by 33.3% in dollar terms between 2007-2008. The primary contributor to this growth was its PMS segment.



Biopharmaceutical manufacturing is forecast to have increased by 15% in 2008, driven by sales growth of biologics. Lonza, a leading player in this field, registered revenue growth of 75.9% in 2007.

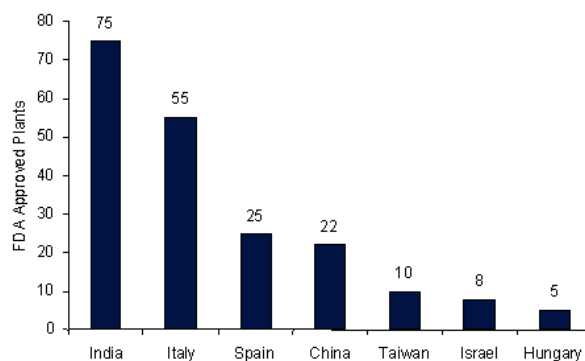


Figure 2.4: FDA approved plants outside the US, 2007

"India has the largest number of FDA approved plants outside the US. GMP compliance became mandatory in India in 2005 and currently it has over 200 GMP certified facilities. India also has the highest number of Drug Master Files (DMFs), with its market share of DMFs increasing from 14% in 2000 to 46% in 2007..."

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Use this report to...

- Compare the performances of the top 10 CMO companies** across key business segments with this report's analysis of **Catalent, Lonza, Boehringer Ingelheim (BI), DSM, Patheon, Evonik, Piramal, Jubilant, Aenova, Fareva.**
- Identify the market dynamics of the global PCM industry over the 2003-07 period**, discover which emerging markets are becoming the CMO destinations of the future and understand the major issues affecting key industry players.
- Assess the future prospects of the top 10 CMO companies** with this report's analysis of each firm's manufacturing and R&D capability, growth strategies and M&A activity.
- Measure the progress of other leading CMO companies** by evaluating the financial performances of Nipro, Siegfried, Haupt, Divi's Laboratories (Divi's), Cambrex, Recipharm, Archimica, Vetter, Famar and NextPharma.

Explore issues including...



Increased offshore outsourcing. Although Europe remains the biggest market for pharmaceutical outsourcing, Asia Pacific will expand rapidly over the coming years due to significant advantages over Eastern Europe and emerging countries such as Brazil, Taiwan and Korea.



Stringent regulatory requirements. CMOs must receive approval from international regulatory bodies such as the FDA in order to establish credibility. Such approvals are difficult to obtain and require compliance with a number of stringent norms.



Growth of biopharma manufacturing. Biopharmaceutical contract manufacturing is the fastest growing segment of contract manufacturing, and players in this field are expanding capacities to meet the rising demand.



Industry consolidation. The PCM industry is experiencing a significant amount of M&A activity due to the presence of a large number of small players. Indian companies in particular have engaged in aggressive M&A activity, with Jubilant's acquisition of DRAXIS and Hollister-Stier and Piramal's acquisition of Avecia Pharmaceuticals.

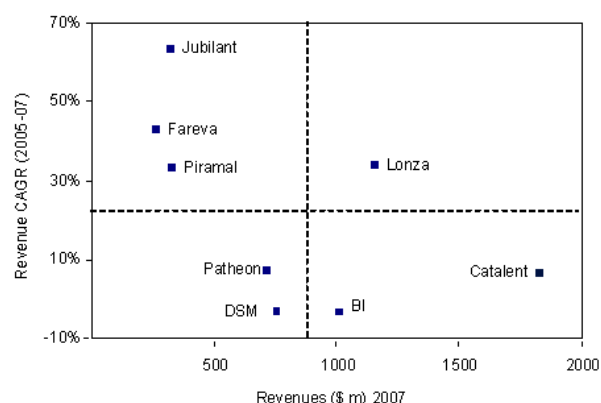


Figure 2.2: Positioning of leading players (2007)

"The market is dominated by six large players – Catalent, Lonza, Boehringer Ingelheim (BI), DSM, Patheon and Evonik. Of these, Lonza, BI, DSM and Evonik are large diversified pharmaceuticals and chemicals companies, while Catalent and Patheon are focused on contract services..."

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Discover...

- What are the key trends in the global PCM industry?
- Which countries are the hotspots for contract manufacturing?
- Who are the top 10 players in the industry?
- How are the top 10 players positioned?
- How will consolidation change the dynamics of the industry?
- What are the key strategies of the leading CMO companies?
- Which regions and segments offer the greatest growth opportunities?
- What is the future outlook for the industry?

Sample Information

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Chapter 3: Catalent

Recent financial performance

Catalent recorded revenues of \$1,828.0m for the financial year ended June 2008, an increase of 7.3% over the previous financial year. The weaker dollar contributed approximately 6 percentage points to this increase. The remaining increase was the result of revenue growth in the Oral Technologies and Sterile Technologies segments, partially offset by a revenue decline in the Packaging Services segment. Catalent's operating loss increased from \$73.7m for the financial year 2007 to \$247.5m for the financial year 2008. This was primarily due to goodwill impairment of \$239.0m within the Packaging Services segment.

Oral Technologies

Revenues from the Oral Technologies segment increased 10.1% to \$1,039.0m for the financial year ended June 2008. Of the total increase, 7 percentage points were contributed by weak dollar value. The remaining growth was the result of an increased demand for oral pharmaceutical products. Oral Technologies' EBITDA increased 8.0% to \$236.3m in the financial year 2008.

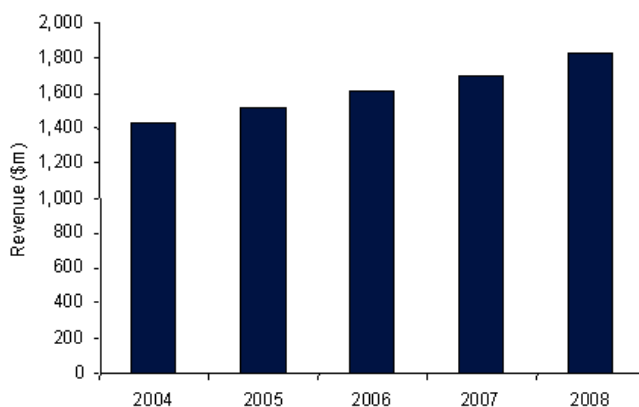
Sterile Technologies

The Sterile Technologies segment registered strong performance with its revenues increasing 20.8% over the last financial year. The weaker dollar contributed only 5 percentage points. The remaining increase was contributed by volume increases in most of the sterile manufacturing facilities, including increased demand for flu vaccine products at the Belgium facility. EBITDA from Sterile Technologies increased from \$3.5m in financial year 2007 to \$25.7m in the financial year 2008.

Packaging Services

Packaging Services revenues decreased 3.7% to \$531.3m. Excluding favorable currency impact, the decline is 7.0%. This was primarily due to a fall in demand for packaging and printing services in North America. Packaging Services EBITDA declined 24.4%.

Figure 8.14: Parexel financial performance (\$m), 2004-08



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Table 3.8: Catalent's business segments performance (\$m), 2006-2008

Segments	Revenues 2008	CAGR (%) 2006-08	EBITDA 2008
Oral Technologies	1,039.00	6.80%	236.3
Sterile Technologies	301	6.60%	25.7
Packaging Services	531.3	4.90%	61.9
Intersegment/ Adjustment	-43.3	-	-557.5
Total	1,828.00		-233.6

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