THE NOVASECTA EUROPEAN MIDPHARMA REPORT 2024

Novasecta

Europe is home to 98 'MidPharmas': companies that research, develop, and commercialise pharmaceutical products with €100m-€10bn annual revenue. In our ninth annual European MidPharma report, we examine the 2023 performance of European-headquartered MidPharmas and contrast it to Big Pharma. We then explore the success drivers that enable MidPharmas to thrive.

EXECUTIVE SUMMARY

Europe's MidPharmas are increasingly selecting focused business models. In this paper we have categorised the MidPharmas into one of three business models depending on whether the capability of the company relates to New Therapeutic Entities (NTE) R&D, value-added medicines, or pure commercialisation.

The most successful MidPharmas establish a clear therapeutic area focus, prioritise R&D productivity, and maintain profitable commercialisation:

- **Establish a Therapeutic Area (TA) Focus**
  - Focus on one or two TAs that will secure the long-term future of the company
  - Create a clear and robust strategy for each TA
  - Capitalise on synergies between R&D and Commercial teams working in the same TA
  - Divest or spin out business activities in non-core TAs
- **Prioritise R&D Productivity**
  - Allow R&D investment to vary as a % of revenue year-on-year, based on the value it creates
  - Create a project-centric R&D operating model that enables fast decision-making
  - Balance external and internal innovation to fill R&D pipeline and Commercial portfolio gaps
- **Maintain Profitable Commercialisation**
  - Allocate resources to new versus established on-market products based on their potential value-add
  - Seize opportunities to acquire or in-license profitable marketed products when available
  - Continuously seek opportunities to increase profitability through excellent life cycle management

The MidPharmas that have sustained these habits are thriving. This year's report explores how such companies are delivering growth and impressive returns while continuing to address challenges unique to MidPharmas.

Novasecta analysed public domain data for European-headquartered companies with €100m-€10bn annual revenue that develop and commercialise pharmaceutical products. This definition excludes service companies, distributors, and US companies that domicile in Ireland or the UK. It also excludes biotechs that do not have a commercial footprint but happen to have license revenue exceeding €100m in a single year. Companies are also excluded from relevant sample sets where there are insufficient public domain data available. We also examined European-headquartered Big Pharma (annual revenue >€10bn) and refer to these companies throughout as 'Big Pharma'. We analysed data for the years 2018-2023 (calendar years or nearest published business year) sourced from GlobalData, company websites, and other public domain sources. Data analysed includes annual revenue (including revenue segmentation), R&D spend, profits (using operating income as a proxy for Earnings Before Interest and Tax), number of employees, market capitalisation, and number of Mergers & Acquisitions and Strategic Alliances deals. All data reported in local currencies has been converted to Euros at the average exchange rate for the calendar year analysed. For R&D investment as a percentage of revenue, of the 98 MidPharmas identified, 55 have sufficient recent public domain data on both revenue and R&D spend. Other companies are included in the remainder of the report where some data (such as revenue trends) are available. For R&D investment as a percentage of revenue, data from 2022 or 2021 was used where data from 2023 was not published. For EBIT as a percentage of revenue, data from 2022 or 2021 was used where data from 2023 was not published. For R&D intensity trend, companies where R&D intensity (R&D investment divided by revenue) for all 5 years (2019-2023) was not available were excluded. For EBIT trend, companies where EBIT margin (EBIT divided by revenue) for all 5 years (2019-2023) was not available were excluded. Compound Annual Growth Rates (CAGRs) are based on 2019-2023 data, or 2018-2022 where 2023 data are unavailable (four-year revenue CAGR is used for Aguettant). For sales multiple (market capitalisation divided by revenue), 2024 market capitalisation and 2023 annual revenue was used. Merck Healthcare and Fresenius Kabi are not displayed in our sales multiple graphic as market capitalisations are available at the group level only. Deal analyses examine data on Mergers & Acquisitions and Strategic Alliances involving assets that are either still in development (Pipeline), or on-market (Marketed), collected from the GlobalData deal database for years 2019-2023. Deals analyses include both deals where the MidPharma role in the deal is 'Issuer' and 'Licensor'. For revenue generated by top therapeutic area, we collected data for 29 MidPharmas and classified their therapeutic areas in alignment with GlobalData's therapeutic area classification. For the proportion of revenue generated from the top two products, we collected data from 20 MidPharmas. For the performance ranking, 52 ranked companies were assigned to 5 equal groups with integer scores from 0 to 4 representing the number of quadrants of the Harvey balls. Total rank is based on the sum of all three sub-rankings (Revenue CAGR, Absolute Revenue, and EBIT Margin), and the lowest sum is the highest total rank. Companies that changed ownership structure in 2023 will be classified based on their ownership status at the end of the year to align with their performance for 2023.

AN INTRODUCTION TO EUROPEAN MIDPHARMAS

We have categorised the 98 MidPharmas into the following three business models:

R&D-based

n = 54

Invest a significant proportion of revenue in creating New Therapeutic Entities (NTEs)

Commercial

n = 26

Acquire, grow, and increase the profitability of on-market products

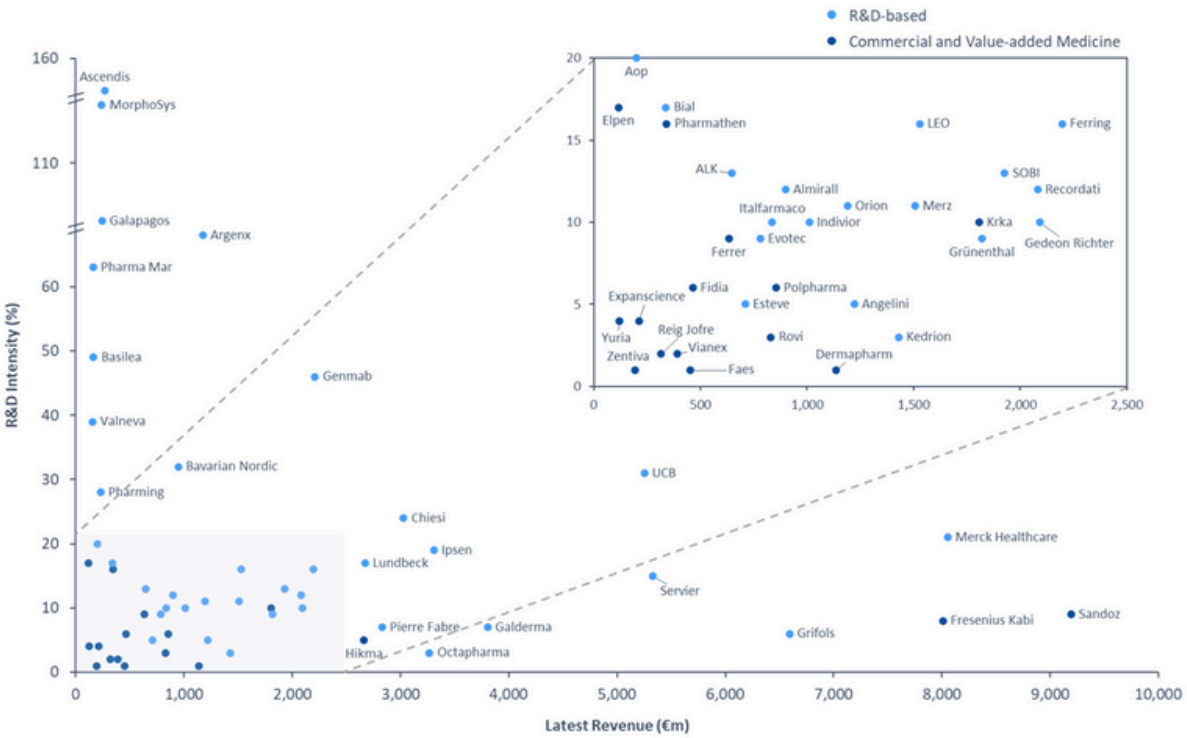
Value-added Medicine

n = 18

Use drug delivery and formulation to improve on-market products

The business models have different appetites for innovation risk as indicated by their R&D intensities

Revenues and R&D Intensities of MidPharmas



R&D-based MidPharmas accept innovation risk and focus on NTE creation

R&D-based MidPharmas accept innovation risk by investing a significant proportion of revenue in R&D every year. There is a wide range in how much R&D-based companies invest in R&D. The larger, more established R&D-based MidPharmas such as Merck, Grifols, Servier, and UCB invested 5-30% of revenue in R&D in 2023. Some of the more recently established, biotech-like companies committed over 100% of revenue to R&D in 2023 (155% for Ascendis, 119% for MorphoSys). High R&D intensity is driven by high failure rates, long development timelines, and significant resource requirements for innovative R&D.

Many MidPharmas accept the additional risk incurred by investing a large proportion of revenue in R&D because of the value that can be created. Ascendis' sustained investment in its proprietary technology platform TransCon has resulted in two successful product launches: Skytrofa (launched 2021), and Yorvipath (2024). The two products have a combined annual global sales forecast of over €600m in 2025 and €3bn in 2030.

The acquisition of MorphoSys by Novartis for €2.7bn at the beginning of 2024 highlights both the value placed on, and risk involved in, innovative R&D. In recent years MorphoSys consistently invested over 100% of revenue in R&D, creating a pipeline valued by Big Pharma. Since the acquisition, new safety data has delayed the development of the lead drug in the deal, Pelabresib. Investing a large proportion of revenue in R&D does not guarantee success or revenue growth; having an R&D-based business model is a decision MidPharma must not take lightly.

Commercial and Value-added Medicine MidPharmas focus on profitability over innovation

Commercial MidPharmas focus on acquiring, growing, and increasing the profitability of on-market products. They commit a much smaller proportion of revenue to R&D, as low as 1% in the case of Faes Farma. This is because the cost of conducting R&D for on-market products, such as indication expansion studies, is considerably lower than the cost of conducting clinical trials for NTEs.

Value-added Medicine (VAM) MidPharmas focus on using drug delivery and formulation to improve marketed products. For example, UK-headquartered Hikma manufactures non-branded generic and in-licensed pharmaceutical products, and Sweden-headquartered Krka develops and markets high-quality innovative generic medicines. Of the VAM MidPharmas that disclose their R&D spend, the proportion of revenue invested in R&D ranges from 1-16%. This is because the cost of developing and improving marketed products is less than that needed to develop truly innovative products.

Commercial and VAM business models represent a lower-risk approach to generating revenue. The 2023 revenues of the Commercial and VAM MidPharmas ranged from €120m (Yuria) to €9bn (Sandoz), which is comparable to the R&D-based MidPharmas which ranged from €150m (Valneva) to €8bn (Merck Healthcare). Of the 44 Commercial and VAM MidPharmas, 7 generated revenues over €1bn in 2023, whereas of the 52 R&D-based MidPharmas 25 generated revenues over €1bn in 2023. All three business models are capable of generating annual revenue of a similar scale, however there is upside revenue potential in the R&D-based model given the greater number of €1bn plus companies.

Commercial and VAM business models centre around established, de-risked portfolios of on-market products, which private investors and shareholders often prefer over riskier R&D-based business models. 72% of the 18 VAM MidPharmas and 81% the 26 Commercial MidPharmas are fully privately owned. By contrast, only 57% of the 54 R&D-based companies are fully privately owned.

SUCCESS DRIVER 1

ESTABLISH A THERAPEUTIC AREA FOCUS

MidPharmas often focus on 1-2 Therapeutic Areas (TAs) and aim to be the best in their chosen specialisms. Focusing on 1-2 TAs enables MidPharmas to have a clear strategy for each TA, gain deeper scientific expertise, increase R&D efficiency through synergies, and develop focused commercial teams. Ultimately it enables MidPharmas to develop, launch, and market high-quality drugs that address patient needs in their chosen TAs.

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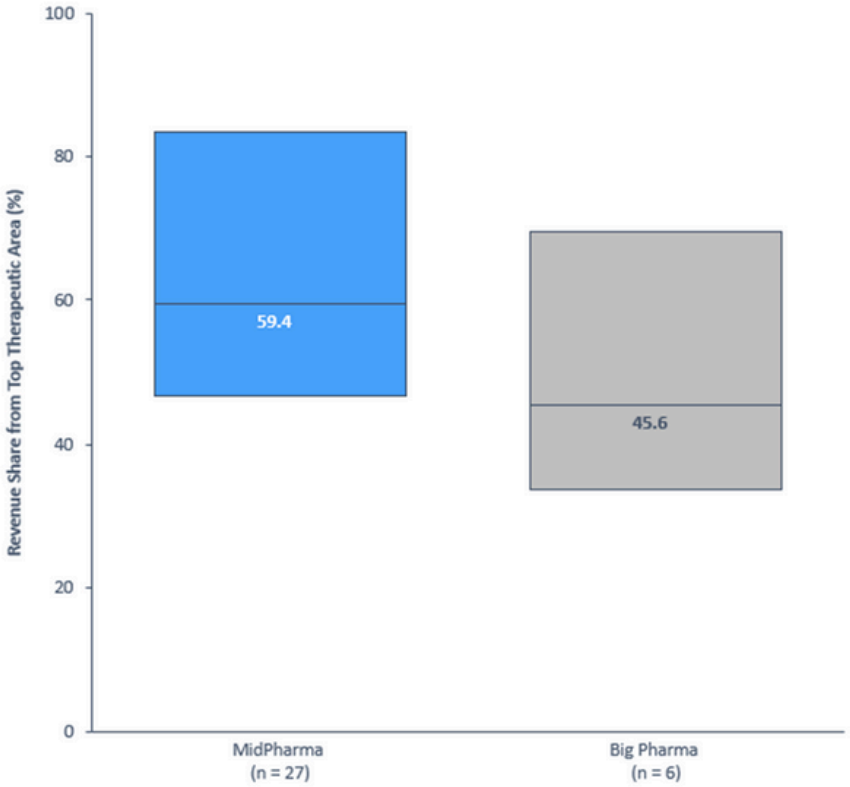
ESTABLISH A THERAPEUTIC AREA FOCUS

MIDPHARMAS HAVE A CLEAR TA FOCUS

Revenue Share from the Top TA of MidPharmas and Big Pharma



MidPharmas generate a larger proportion of total annual revenue from their top TA than Big Pharma. This strategic focus enables MidPharmas to build specialised expertise and develop high-quality treatments that address patient needs. For example, Lundbeck focuses only on neurology and has a clear strategy for maintaining a leading position in this TA. Its 'Focused Innovator' corporate strategy includes an initiative to 'Lead with focused innovation' by 'Sharpening where to play', even within the single TA of neurology.

A strong TA focus creates efficiencies in both R&D and commercial functions. Employees, knowledge, equipment, and infrastructure can be leveraged more effectively across multiple assets within one TA. Teams, including Regulatory, Market Access, Medical, and Sales and Marketing, can reapply knowledge across products in the same TA and be redeployed to new launches. Similarly, in R&D, efforts can be streamlined through the flexible allocation of resources, and activities can be executed with excellence through a highly skilled workforce that is attracted and retained by the clear TA focus.

ESTABLISH A THERAPEUTIC AREA FOCUS

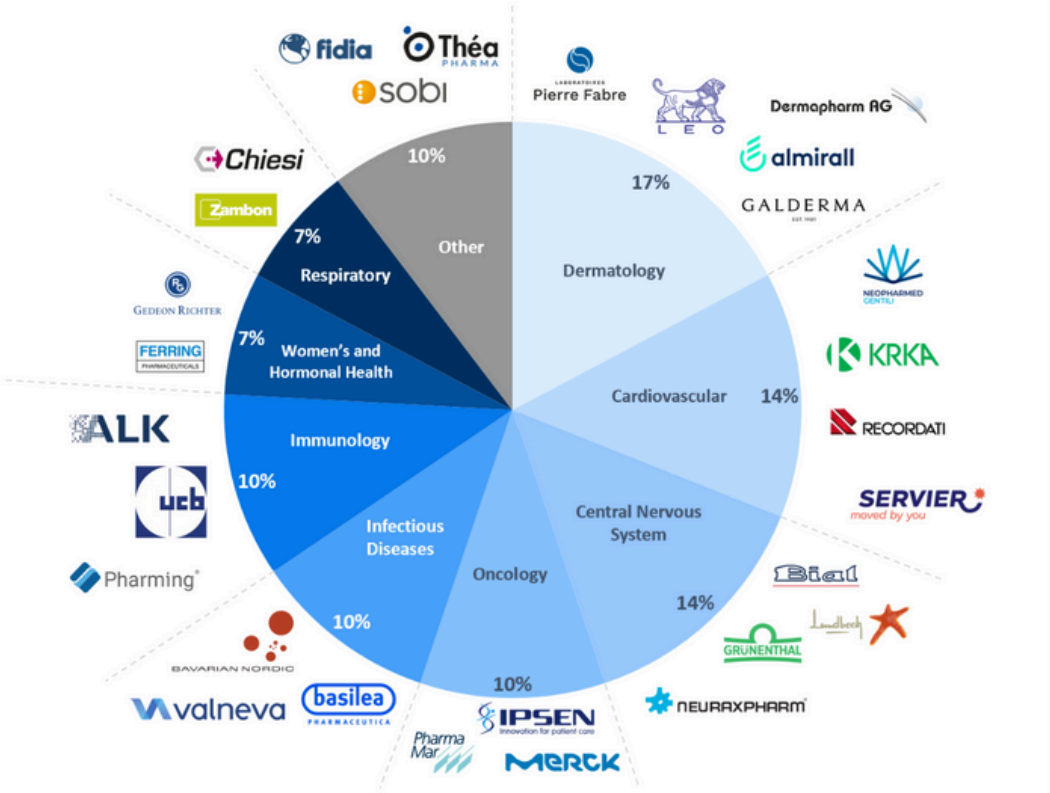
Establishing a TA focus enables a clear strategy to be developed, as more of management's time can be directed to each TA if there are only one or two. The existence of a well-established strategy for each TA can drive engagement and build morale among employees, and gain buy-in from investors. MidPharmas can more easily develop a reputation of being the best in their chosen field, and a world-class reputation in a particular TA can subsequently result in strong, high-value partnerships.

By contrast, a more diversified approach can result in weaker expertise, a lack of synergies, and stretching of limited resources across a greater number of TAs compared to those that only focus on one or two.

MIDPHARMAS COLLECTIVELY COVER A DIVERSE RANGE OF TAs

Highest Revenue-generating TA of MidPharmas

In 2023, MidPharmas focused on a broad range of TAs. Dermatology, cardiovascular disease, and central nervous system (CNS) represented the highest revenue-generating TA for 45% of MidPharmas. Conversely, respiratory, women's and hormonal health were the highest revenue-generating TA for only 14% of MidPharmas.



Some MidPharmas are in the process of changing their TA focus. For example, Servier is refocusing from its legacy in cardiovascular disease to operate in both oncology and neurology, and Pierre Fabre is shifting its focus from dermatology to oncology. This demonstrates that a company's legacy TA focus can be changed to meet the evolving needs and goals of the company, and to follow the greatest opportunities for value creation.

Many MidPharmas have chosen to expand from primary care into speciality care and rare diseases, to capitalise on the potential value of innovative therapeutics in more targeted patient populations. Specialty care and rare diseases products can achieve larger profit margins due to their premium pricing (particularly those that are first or best-in-class) and requirement for lean commercial models, which further favour profit margins.

HOW MIDPHARMAS ESTABLISH A TA FOCUS

Focus on one or two TAs that will secure the long-term future of the company

- Select TAs based on in-house expertise and capabilities, and the potential for long-term value creation
- Develop deep scientific expertise, medical understanding, and stakeholder relationships in the chosen TAs and strive to be the best in those areas

Create a clear and robust strategy for each TA

- Communicate the strategy to existing and potential future partners, investors, and talent
- Foster a mindset and culture that inspires employees
- Achieve buy-in from investors and quality partners

Capitalise on synergies between R&D and commercial teams working in the same TA

- Share knowledge and best practices
- Allocate resources flexibly

Divest or spin out business activities in non-core TAs

- Focus talent, resources, and capital on the core TAs
- Remove distractions and avoid spreading resources too thinly

SUCCESS DRIVER 2

PRIORITISE R&D PRODUCTIVITY

The question of how to increase R&D productivity remains key for pharmaceutical R&D leaders. The US Food and Drug Administration (FDA) approved 55 novel therapeutics in 2023 (38 small molecules, 17 biologics), the second highest count in the past 30 years. This suggests pharma companies are collectively succeeding in their endeavour for productive R&D.

2

PRIORITISE R&D PRODUCTIVITY

R&D productivity can be increased by proactively managing the portfolio. Assets in the portfolio must be strategically added (through in-house discovery or external innovation) and removed (through de-prioritisation or out-licensing) to maximise the value of the portfolio.

MidPharmas must continuously assess their ongoing projects. Any that are underperforming must be stopped early to avoid substantial late-stage development costs. Projects that show potential must be advanced quickly with sufficient resources allocated to them. By continually evaluating ongoing projects, MidPharmas can increase the likelihood that active projects will succeed. Furthermore, the R&D operating model should be asset-centric, with processes that enable both flexible investment in projects and high-quality decision-making. Placing assets at the centre of the R&D operating model should result in full, balanced pipelines of products with large value potential for both patients and MidPharmas.

Regardless of business model, all MidPharmas strive for productive R&D to increase the probability of healthy revenue growth and profitability. For R&D-based MidPharmas, productive R&D results in a healthy, balanced pipeline of innovative products. For Commercial and VAM MidPharmas, productive R&D ensures the life cycles of marketed products are managed effectively and that their long-term value creation is maximised.

R&D-BASED MIDPHARMAS HAVE MAINTAINED CONSISTENT R&D INTENSITY

In the last 5 years R&D-based MidPharmas committed a similar proportion of revenue to R&D year-on-year. Their median R&D intensity is relatively stable, with a median of 16.4% in 2019 and 16.8% in 2023. This suggests that R&D-based MidPharmas are increasing R&D spend in line with revenue growth, which signals many are treating R&D as a cost line that directly affects EBIT, rather than an investment that drives value creation.

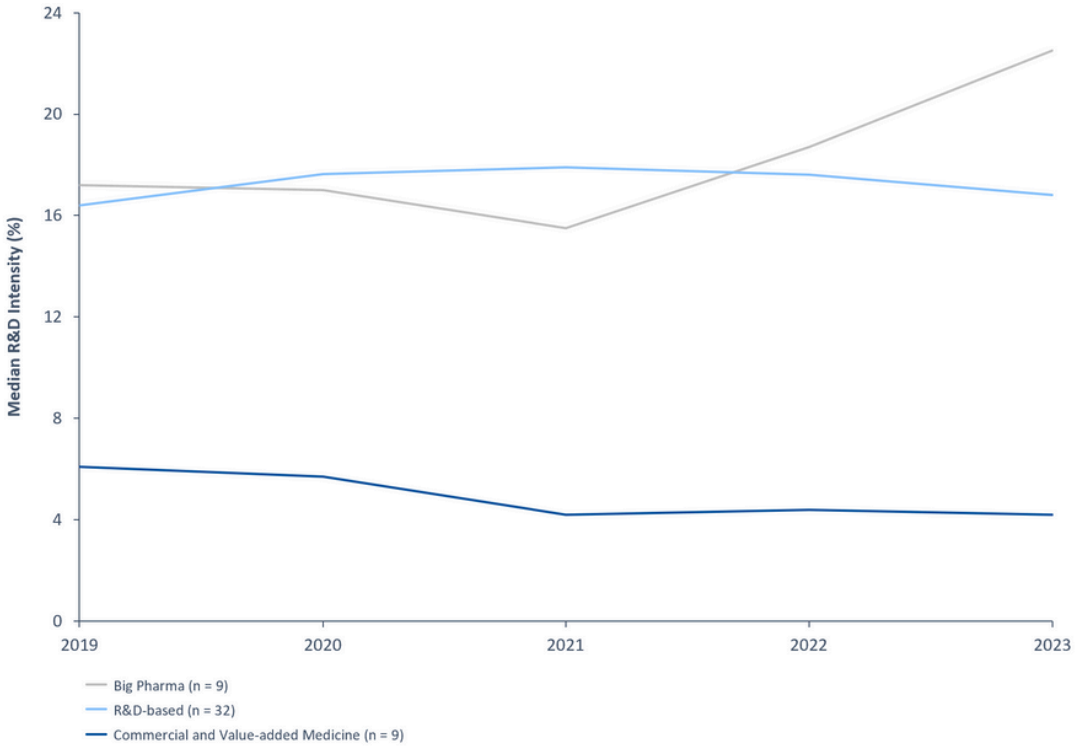
In contrast, over the last 5 years Big Pharma has allowed R&D investment to vary as a proportion of annual revenue. Their R&D intensity ranged from 17.2% in 2019 to 22.5% in 2023. GSK and Novartis in particular have significantly increased their R&D spend, with GSK investing 13% in 2019 and 21% in 2023, and Novartis investing 17% in 2019 and 25% in 2023.

Big Pharma allow R&D investment to fluctuate as a proportion of annual revenue based on expected value generation, rather than constraining it to meet profit goals. R&D investment must be considered on a project-by-project basis and focused on core TAs. This approach will result in an R&D intensity that increases as the pipeline evolves, for example as projects advance to the more expensive, later stages of development. Correspondingly it can reduce as late-stage trials are completed. R&D intensity should be allowed to fluctuate year-on-year as the requirements for R&D evolve on an annual basis. In this scenario it is important to maintain financial discipline to avoid spending approved R&D budget unnecessarily, and to keep in mind the profit goals of investors.

PRIORITISE R&D PRODUCTIVITY

Commercial and VAM MidPharmas maintain a stable, comparatively low R&D intensity with a median of 6.1% in 2019 and 4.2% in 2023. Some Commercial and VAM MidPharmas maintain very low R&D intensities, for example, Faes Farma and Zentiva have R&D intensities of just 1%. Commercial and VAM MidPharmas have established portfolios of on-market products that do not require much R&D investment to generate sustainable revenue. Managing the life cycles of on-market products also means that R&D investment is more predictable, resulting in R&D intensity that does not fluctuate significantly year-on-year.

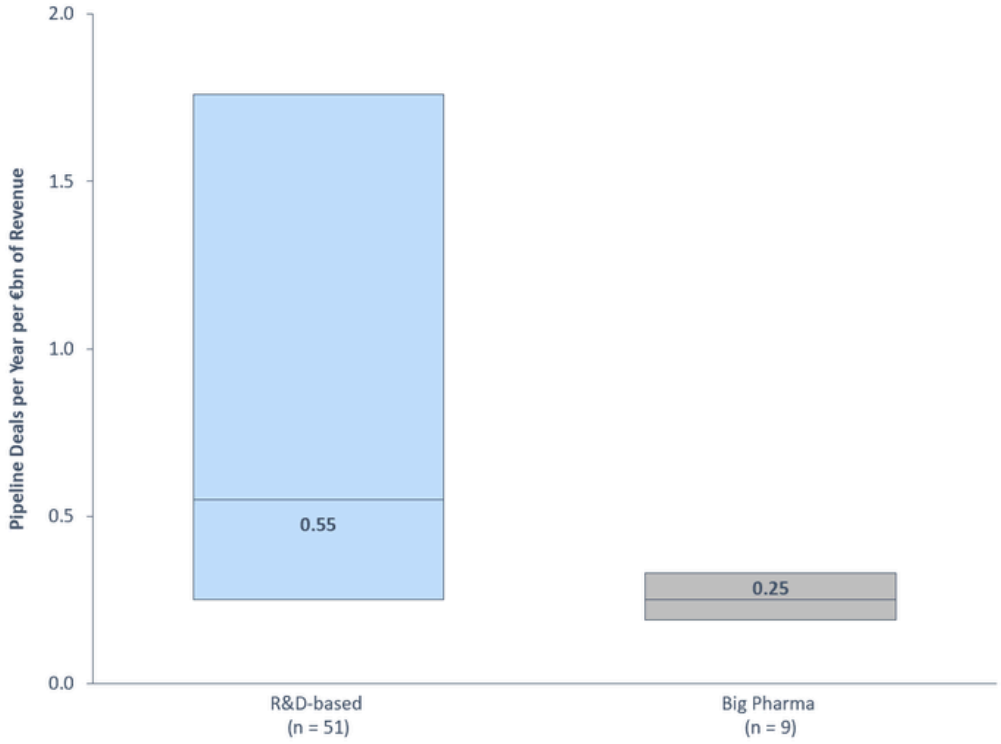
Median R&D intensity for MidPharmas vs. Big Pharma trend over 5 years



R&D-BASED MIDPHARMAS EXECUTE DEALS TO ENRICH AND DE-RISK THEIR PIPELINES

Between 2019 and 2023, R&D-based MidPharmas executed more partnering deals (M&A or strategic alliances) for pipeline assets than Big Pharma. The median number of pipeline deals executed per year per €1bn annual revenue by R&D-based MidPharmas was over double that of Big Pharma (0.55 vs 0.25). This willingness to conduct deals illustrates R&D-based MidPharmas' ongoing effort to fill gaps in their pipelines by in-licensing assets in development. It also demonstrates their openness to out-license assets to be commercialised by a partner. Out-licensing can be used to focus efforts on assets that are a better strategic fit and to ensure that R&D resources are not spread too thinly. Some MidPharmas use out-licensing to manage R&D spending while retaining some of the value of the assets.

Pipeline Deals per Year per €bn of Revenue

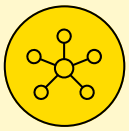


In comparison, Big Pharma rely less on external innovation to fill pipeline gaps as they have the financial and human resources to conduct discovery and development for large, comparatively diverse pipelines. Big Pharma can also afford the premiums required to acquire highly innovative late-stage assets. MidPharmas by contrast may seek less expensive, earlier-stage pipeline assets, and opt to share development with a partner to reduce risk and required investment.

HOW MIDPHARMAS PRIORITISE R&D PRODUCTIVITY

Allow R&D investment to vary as a % of revenue year-on-year, based on the value it creates

- Flexibly allocate resources as R&D requirements evolve
- Maintain financial discipline to avoid unnecessary spending and meet profit goals



Create a project-centric R&D operating model

- Proactively manage the portfolio by continuously assessing project value and strategically adding and removing projects
- Create processes that enable flexible resource allocation and fast decision-making across projects

Balance external and internal innovation

- In-license to fill gaps in the R&D pipeline and on-market portfolio
- Out-license to focus the pipeline and portfolio, and manage R&D resources and risk

SUCCESS DRIVER 3

MAINTAIN PROFITABLE COMMERCIALISATION

To be successful, MidPharmas must maintain profitable commercialisation for their new and existing products. Profit is needed to reinvest internally and to continue to develop a strong, balanced pipeline. Sustained profitability also indicates that a business is healthy and well-managed, which is key to attracting and retaining talent and partners.

3

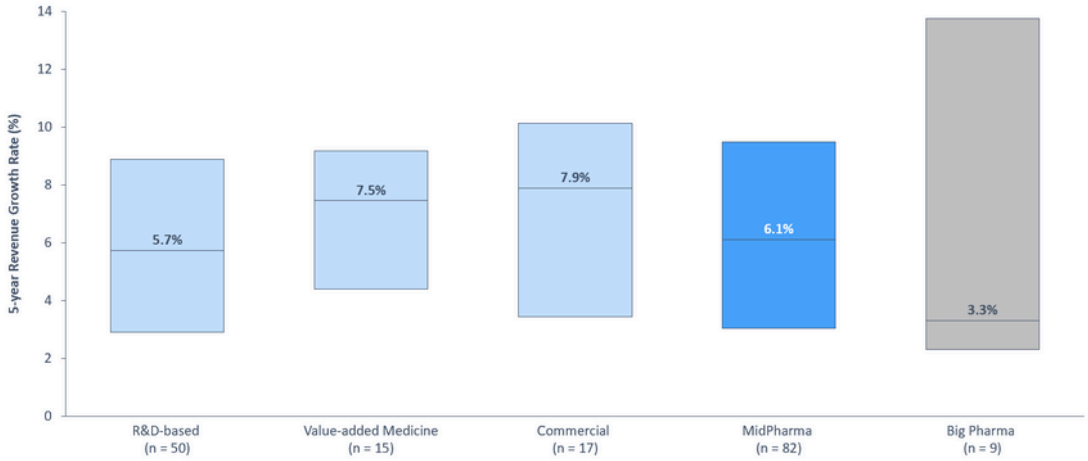
MAINTAIN PROFITABLE COMMERCIALISATION

MidPharmas can increase commercial profitability by investing in both soon-to-launch and established on-market products, to secure both the near and long-term profitability of the company. MidPharmas can also increase commercial profitability by embracing external opportunities and managing the life cycles of on-market products.

MIDPHARMAS ARE GROWING TOP LINE REVENUE AT A FASTER RATE THAN BIG PHARMA

Over the last 5 years, MidPharmas have grown revenue at a median of 6.1% whereas Big Pharma have grown at a slower rate of 3.3%. Seven MidPharmas have 5-year revenue CAGRs over 20%. Five of the seven are R&D-based and listed on public markets: Ascendis (82%), Argenx (70%), Bavarian Nordic (68%), MorphoSys (27%), and Genmab (25%). The remaining two are Commercial and privately owned: Swixx (44%) and Cheplapharma (24%). Impressive revenue growth can therefore be achieved regardless of business model or ownership.

5-year Revenue Growth Rates for MidPharmas and Big Pharma



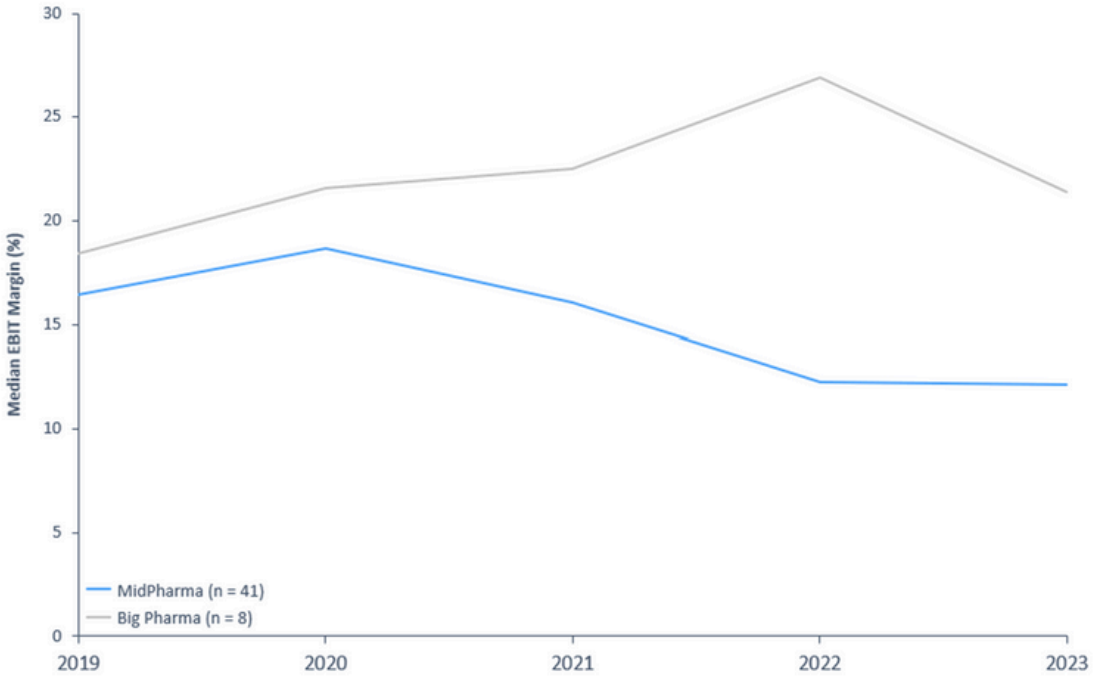
All three MidPharma business models achieved higher revenue growth than Big Pharma from 2019-2023. Big Pharma by definition have annual revenues exceeding €10bn, so the slower revenue growth rate is expected. MidPharmas can achieve faster revenue growth as they are operating on a smaller scale. Big Pharma also have a larger range of 5-year revenue CAGRs from -1% (Novartis) to 14% (AstraZeneca and Novo Nordisk). BioNTech is an outlier with a revenue growth rate of 104% achieved through sales relating to the COVID-19 global pandemic.

The VAM and Commercial business model groups achieved the highest revenue growth (medians of 7.5% and 7.9% respectively), driven by the focus on increasing the value and profitability of on-market products.

THE PROFIT GAP BETWEEN MIDPHARMAS AND BIG PHARMA IS SHRINKING

The median EBIT margin of Big Pharma decreased from 27% to 21% from 2022 to 2023. In the same period, the median EBIT margin of MidPharmas remained constant at around 12%. Big Pharma EBIT margins are higher than MidPharma EBIT margins because Big Pharma have greater scale and access to capital. Capital can be invested in developing or acquiring high-value products that are more likely to be blockbusters that form the basis for high profit margins. It is important to note that private equity-funded players do not disclose their EBIT, so are not included in this analysis.

Annual Profitability Trend of MidPharmas and Big Pharma



MIDPHARMAS EXECUTE SIGNIFICANTLY MORE DEALS FOR MARKETED PRODUCTS THAN BIG PHARMA

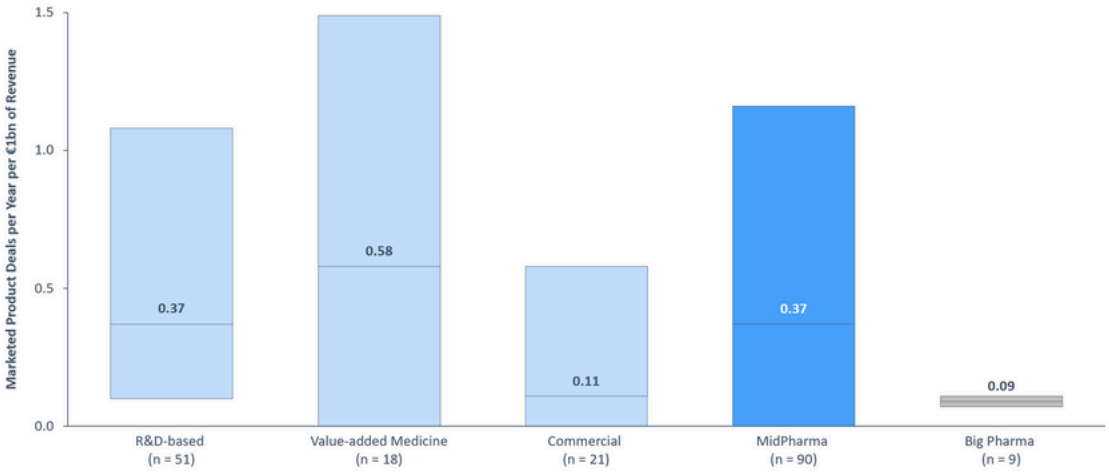
VAM MidPharmas executed the most deals for marketed products over the past five years with a median of 0.58 deals per year per €1bn revenue. The VAM group is highly diverse, which reflects the different approaches the companies take. Some focus on adding value to their own products, while others focus on acquiring or in-licensing and adding value to products from other companies. For example, in 2023 Neuraxpharm acquired two on-market product portfolios from Sanofi to further build their position in CNS.

MidPharmas also conduct deals for marketed products to achieve geographical expansion. Many MidPharmas are pushing to expand their commercial footprints, entering new markets to reach more patients and increase revenue generation. In 2023, Neuraxpharm also acquired Libber Pharma, a company with infrastructure to distribute and commercialise products across Brazil. This acquisition, combined with the acquisition of the Sanofi portfolio of products, has enabled Neuraxpharm to expand outside of Europe into Brazil and Mexico.

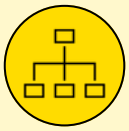
MAINTAIN PROFITABLE COMMERCIALISATION

R&D-based MidPharmas also executed considerably more deals for marketed products than Big Pharma (median 0.37 versus 0.09). Many Big Pharma have divested their established medicines businesses to focus on innovation and are therefore less likely to seek deals for marketed products. Acquiring marketed products is beneficial for R&D-based MidPharmas as it enables them to build out their on-market portfolios with lower-risk products that have sales histories and can provide guaranteed revenue. For example, in 2023 Ipsen acquired Albireo to expand its rare disease portfolio, including adding the lead marketed asset Bylvay.

Marketed deals per year per €bn of revenue



HOW MIDPHARMAS MAINTAIN PROFITABLE COMMERCIALISATION



Allocate resources to new versus established on-market products based on their potential value-add

- Balance investment to secure both the short- and long-term profitability of the company

Seize opportunities to acquire or in-license profitable marketed products when available

- Selectively acquire or in-licence assets that increase profitability, not just provide revenue and keep the salesforce busy

Continuously seek opportunities to increase profitability through excellent life cycle management

- Reach more patients through strategic label expansions (geographies, patients, indications)
- Proactively manage the cost base to ensure return on investment from on-market brands

NOVASECTA'S EUROPEAN MIDPHARMA PERFORMANCE RANKING 2024

NOVASECTA'S EUROPEAN MIDPHARMA PERFORMANCE RANKING 2024

As 66% of European MidPharmas are fully privately controlled with no market capitalisation, we have compared their performance using an alternative measure. MidPharmas have been reviewed and ranked on three metrics: 5-year revenue CAGR, most recent revenue, and EBIT margin. This provides a holistic perspective on each of the 52 MidPharmas that disclose the data:

2024 Rank	Change from 2023	Company	Revenue CAGR	Absolute Revenue	EBIT Margin
1	0	Genmab	●	◕	●
2	▲ 25	Bavarian Nordic	●	◑	●
3	▲ 5	Merck Healthcare	◔	●	●
4	▲ 7	Recordati	◑	◕	●
=4	▼ -1	Rovi	●	◑	●
6	▲ 1	Ipsen	◔	●	●
=6	▼ -3	Octapharma	◕	●	◑
8	- -	Galderma	◕	●	◑
9	▼ -1	Gedeon Richter	◑	◕	●
10	▼ -8	SOBI	◕	◕	◕
11	▼ -5	Dermapharm	●	◑	◕
12	▲ 3	Hikma	◕	●	◑
13	▼ -1	Grifols	◑	●	◑
14	▼ -1	Krka	◑	◕	◕
15	- -	Fresenius Kabi	◔	●	◕
16	▲ 3	Lundbeck	◔	●	◕
17	▼ -1	Orifarm	●	◕	◔
=17	▲ 21	Zentiva	●	○	◕
19	▲ 29	Merz	◑	◕	◑
=19	▲ 9	Fidia	◕	◔	◕
21	▼ -11	Orion	◔	◑	●
=21	▲ 1	Kedrion	●	◑	○
23	- -	Argenx	●	◑	○
=23	▲ 1	Evotec	●	◑	◔
25	0	Servier	◔	●	◑
=25	▼ -8	Grunenthal	◑	◕	◔
27	▼ -5	ALK	◑	◔	◕
28	▼ -11	Faes	◑	◔	●
29	▼ -10	Clinigen	◕	◔	◑
30	▼ -11	UCB	○	●	◑
=30	- -	Pierre Fabre	◔	●	◑
32	▼ -2	Sopharma	◕	◑	◔
=32	▼ -2	Dr. Falk	◔	◔	◕
34	▼ -9	Alliance	◑	○	●
35	▼ -7	Vianex	◕	◔	◔
36	▼ -2	Ferring	○	◕	◔
37	- -	Pharmathen	◕	◔	◔
38	▲ 4	Reig Jofre	◕	◔	○
38	- -	Ascendis	●	○	○
40	▼ -3	MorphoSys	●	○	○
41	0	Abiogen	○	○	●
42	- -	Basilea	◔	○	◑
42	▼ -9	Yuria	○	○	◕
44	▲ 2	LEO	○	◕	○
45	▼ -1	Almirall	○	◑	◔
=45	▲ 5	Indivior	○	◑	○
47	▼ -1	Esteve	○	◔	◔
48	▼ -6	Pharming	◑	○	○
49	0	Bial	○	◔	◔
50	▼ -15	Valneva	◔	○	○
51	▼ -16	Galapagos	○	○	○
52	▼ -14	PharmaMar	○	○	○

R&D-based
Value-added Medicine
Commercial

The top 10 MidPharmas in our 2024 ranking have all achieved impressive revenue growth and/or profitability. All excluding one (Rovi, Commercial business model) are R&D-based MidPharmas, reflecting the potential upside that this business model can deliver. All the bottom 10 MidPharmas excluding one (Yuria, Value-added Medicine business model) are also R&D-based, reflecting the potential risks associated with innovative therapeutics.

In comparison to last year's ranking, notably Bavarian Nordic has climbed from 27th in last year's ranking to 2nd this year. Their growth has been driven by strategic acquisitions including Emergent BioSolutions' Travel Health business, and a transformative expansion of the organisation to include a global commercial infrastructure. By establishing a clear focus, Bavarian Nordic have grown to be one of the largest pure play vaccine companies and now have a leading position in travel vaccines.

CONCLUSION

CONCLUSION

European-headquartered MidPharmas are key players in the global pharmaceutical industry. Many MidPharmas are resilient and have continuously and sustainably grown in profitability. MidPharmas are uniquely positioned, and many have a competitive combination of the focus and fast decision-making of pre-revenue biotechs, with the commercial and medical capabilities of Big Pharma. This balance can be hard to strike as unlike biotechs, some MidPharmas have more bureaucratic decision-making and unlike Big Pharma lack the scale to grow strong pipelines.

The most successful MidPharmas establish a strong TA focus, prioritise R&D productivity and maintain profitable commercialisation.

Novasecta has supported pharmaceutical leaders to achieve strategic and operational excellence over many years and has a particularly strong track record in doing so with MidPharmas. We enable companies to create and provide access to treatments that make a meaningful difference to patients' lives. We draw on extensive experience to apply practical lessons learned from MidPharmas, pre-revenue biotechs and Big Pharma, and create solutions that are considerate of each company's legacy, ownership structure, resource constraints, and goals.

Novasecta

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