

TOP 10 BIOPHARMA

04 Merck Serono
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HEADCOUNT	30,968	
YEAR ESTABLISHED	1668	
BIOPHARMA REVENUES**	\$6,111	+39%/+27%*
ROYALTY REVENUES	\$0	
TOTAL REVENUES	\$9,673	+23%/+12%*
NET INCOME	\$4,825	+284%/+252%*
R&D BUDGET***	\$1,205	+104%/+87%*

* Change based on local currency (Euro)

** Included ethical and generic sales in 2006, ethical only in 2007

*** Pharma unit only

DRUGS APPROVED/LAUNCHED

Drug	Indication
cyanokit	cyanide poisoning (EU, Japan)
rebif	multiple sclerosis - new formulation (EU)
pergoveris	infertility (EU)

DRUGS PENDING APPROVAL

Drug	Indication
rebif	relapsing forms of multiple sclerosis (new formulation)
erbitux	first-line colorectal cancer, first-line treatment of patients with recurrent and/or metastatic squamous cell carcinoma of the head and neck (EU), metastatic colorectal cancer (Japan)
sapropterin	mid-to-moderate phenylketonuria (EU)

DRUGS IN PHASE IIB AND BEYOND

Drug	Indication
rebif	new formulation
oral cladribine	relapsing forms of multiple sclerosis
safinamide	early and mid-to-late stage Parkinson's
erbitux	adjuvant colon cancer, squamous cell head and neck cancer, NSCLC, gastric cancer
cilengitide	glioblastoma
stimuvax	NSCLC

atacept systemic lupus erythematosus
recombinant HIV-associated adipose redistribution
growth hormone syndrome

EARLY RESEARCH PROJECTS

Drug	Indication
adectumumab	solid tumors
aurora kinase inhibitor	solid tumors, hemotological malignancies
atacept	hemotological malignancies
nhs-il2-LT	solid tumors
anti-cd 3 (ni-0401)	Chrohn's disease, renal transplantation
fibroblasy growth factor 18	osteoarthritis
arx 201	growth hormone deficiencies
fc epo	anemia associated with chronic renal failure

TOP SELLING DRUGS

Drug	Indication	\$	(+/- %)
Rebif	MS	\$1,670	15%
Erbitux	oncology	\$644	52%
Concor group	heart failure	\$520	19%
Gonal-f	female fertility	\$595	10%
Glucophage	diabetes	\$365	17%
Serostim	growth deficiency	\$223	7%
Euthyrox	thyroid	\$171	32%

Account for 69% of total pharma sales, down from 80% in 2006.

AT A TIME WHEN SEVERAL of the industry's big guns are bulking up on generics, Merck KgA went in the opposite direction last year. In October 2007, the company closed on the \$7.0 billion divestiture of its generics unit to Mylan. That unit had sales of \$2.6 billion and more than 4,000 employees in 2006.

Why the exit? To help pay down its September 2006 purchase of Serono, a \$13.3 billion move that established Merck Serono and created a new player on our Top Biopharmas list. The new MS makes more than half its revenues from bio-drugs, and focuses its pipeline on oncology, neurologic diseases, fertility, endocrinology, cardiometabolic care.

The acquisition made the new MS a biopharma player, but it also opened the U.S. market to Merck, which saw sales in that region grow 237% in 2007.

MS doesn't have U.S. rights to its #2 seller, cancer treatment Erbitux, but that hasn't slowed growth of the MAb

that once led to Martha Stewart's imprisonment. MS's sales of the drug were up 52% in 2007 and 33% in 1Q08, outpacing the performance of lead drug Rebif, which posted increases of 15% and 11% in those timeframes. In June 2008, MS applied to expand Erbitux's label in the EU after strong trial results.

In October 2007, MS signed an agreement with co-developers ImClone and Bristol-Myers Squibb to jointly market Erbitux in Japan, pending approval there. Merck will receive 50% of profits (and/or pay for half the losses), while the partners will each get 25%. In June 2008, MS signed a pact with BMS to market, sell and distribute 30 of Bristol's products in Latin America.

Serono was considered a consolation prize for Merck KgA after it struck out in its attempt at buying Schering AG. Bayer was declared the winner in that battle, but it looks like Merck Serono made out pretty well for losing. ■