

Bristol-Myers, Sanofi revamp Plavix sales alliance (Update)

October 3 2012, by Linda A. Johnson

(AP)—Bristol-Myers Squibb Co. and France's Sanofi SA said Wednesday that they are restructuring their longtime partnership selling popular heart medications, now that their sales are plunging due to widespread competition from generic versions.

The two drugmakers made tens of billions of dollars over the last decade or so selling Plavix, a blood thinner that was long the world's second-best-selling drug. The companies also shared revenue from blood pressure drug Avapro and a related drug called Avalide that also includes a diuretic, or water pill.

The three medicines, among the top sellers for both companies, all got generic competition in the U.S. this spring. They already had generic rivals in other countries.

Plavix alone brought New York-based Bristol-Myers and Paris-based Sanofi a combined \$9.7 billion in sales last year, according to company financial reports.

Multiple generic versions of Plavix, taken by millions of people to prevent strokes and heart attacks, arrived in U.S. drugstores May 17. Bristol, which had marketed Plavix in the U.S., then offered patients coupons that sharply reduced their insurance copayment for Plavix, but most patients quickly defected to much-cheaper generic pills, called clopidogrel.

Bristol's Plavix sales plummeted 60 percent to \$741 million in the second quarter, and they're expected to fall even more in the just-ended third quarter. Bristol is to announce its results for the quarter on Oct. 24; Sanofi is to report its results the next day.

Avapro and Avalide, known chemically as irbesartan and irbesartan/hydrochlorothiazide, generated a total of \$2.62 billion in worldwide sales last year. The two blood pressure drugs got generic competition in the U.S. in March, and their sales have since declined.

The new agreement would return to Sanofi rights to sell the drugs in nearly all countries. Bristol-Myers would continue to sell Plavix in the U.S. through December 2019. It would receive royalties from Sanofi's sales of Avapro and Avalide worldwide and from sales of Plavix in all countries except the U.S. and Japan, through 2018.

The agreement, which requires approval by government regulators, would take effect on Jan. 1, 2013. At the end of 2018, Bristol is to get a payment of \$200 million from Sanofi.

"Our alliance with Bristol-Myers Squibb has been extremely successful and value generating for both partners," Hanspeter Spek, Sanofi's president of global operations, said in a statement.

The revised agreement simplifies the partnership and allows each company to focus on priorities such as developing new drugs, the drugmakers said. The pact also resolves ongoing disputes between the partners, including Bristol-Myers paying Sanofi \$80 million as compensation for the disruption in the U.S. supply of Avalide last year.

Like most other major drugmakers, Bristol-Myers and Sanofi have seen significant drops in revenue because of recent generic competition to multiple drugs whose patents have expired. This so-called patent cliff,

along with the weak global economy and pressure to reduce prices from insurers and government health programs in Europe, China and the U.S., has pharmaceutical companies scrambling to develop new drugs or acquire rights to others from other companies.

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