Pfizer 3Q profit falls 14 pct on generic Lipitor (Update)

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(AP)—Drug giant Pfizer Inc. said Thursday that its third-quarter profit fell 14 percent as sales plunged, mainly due to U.S. generic competition to cholesterol fighter Lipitor, long the world's top-selling drug.

Sales of Lipitor, which is still under patent in some other countries, dropped 71 percent worldwide to $749 million and nosedived 87 percent in the U.S.

It had plenty of company: Sales for more than two-thirds of Pfizer's medicines declined, most by 10 percent or more and mainly because of generic competition. That cut prescription drug revenue by about $2 billion.

But even Prevnar 13, a shot against ear infections, deadly meningitis and other bacterial diseases that is the top-selling vaccine in history, saw sales fall by 12 percent, to $868 million. It's still protected by patents, so the drop could indicate that sales have hit a wall as most children in developing countries have already been vaccinated.

The New York-based maker of pain reliever Lyrica said net income was $3.21 billion, or 43 cents per share. That was down from $3.74 billion, or 48 cents per share, a year earlier.

Excluding one-time items, earnings were 53 cents per share. Analysts expected 52 cents. The items included a $1.1 billion gain from a tax settlement, a $491 million charge related to an agreement with the U.S.

Justice Department to end an investigation into past promotion of the immunosuppressant drug Rapamune for unapproved uses, and other charges for restructuring, productivity initiatives and the gradual writedown in the value of some assets.

Revenue fell 16 percent to $13.98 billion, well below expectations for $14.66 billion. Unfavorable exchange rates cut worldwide revenue by 4 percent. Excluding the currency impact, total international sales fell 7 percent, to $8.35 billion. U.S. sales dropped 18 percent, to $5.63 billion.

Revenue from prescription drugs dropped 18 percent, to $12.12 billion, as four of its five segments fared poorly. Sales were down sharply for primary care and specialty care medicines and down by a percent or two for cancer drugs and drugs sold in emerging markets such as China and India. Only the established products business, which sells popular but off-patent medicines, saw sales rise, by 7 percent to $2.4 billion—and that was because sales of Lipitor in the U.S. and Japan were shifted to that category from primary care sales.

Lipitor, which once brought in as much as $13 billion a year, got generic competition on Nov. 30, 2011. Pfizer slowed defections while it had limited, slightly cheaper generic competition through May, with big rebates to insurers and $4 copayment offers for most patients staying on Lipitor. But prices plunged when multiple generics hit the market at the end of May. Pfizer then ended the insurer rebates and most patients switched to generics.

The bright spots were increases of 14 percent to $1.04 billion for what's now Pfizer's top seller, Lyrica for fibromyalgia and other pain; 5 percent for painkiller Celebrex, to $676 million, and 5 percent for erectile dysfunction drug Viagra, to $517 million.

Sales of consumer health products such as pain relievers Advil and

Anbesol increased 2 percent to $780 million, helped by two small acquisitions. Veterinary medicine sales, including the Convenia antibiotic for dogs and cats, fell by 2 percent to $1.02 billion.

Despite the lower sales, Pfizer raised its 2012 profit forecast, to $1.30 to $1.38 per share, from $1.21 to $1.36 per share. But the company reduced the top end of its revenue forecast by $1 billion. The new forecast is for $58 billion to $59 billion.

CEO Ian Read noted three new drugs have recently been approved in the U.S. or Europe, and two others that could be big sellers could get approved soon.

"Given our demonstrated ability to advance our strategic initiatives, I believe we are well-positioned to deliver attractive returns for our shareholders over time," Read said in a statement.

The company noted its board of directors has authorized a new $10 billion share repurchase program that's to start when Pfizer completes the pending sale of its nutrition business for $11.85 billion to Swiss food and drink giant Nestle SA. That's expected to happen in the next few months.

The company has bought back about 302 million shares in the past 12 months, reducing the total outstanding to 7.5 billion, and has another $4.1 billion remaining under its current buyback program.

Pfizer's stock fell 28 cents, or 1.1 percent, at $24.56 in premarket trading.