

AstraZeneca in patent warning as net profit falls

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(AP)—Anglo-Swedish pharmaceutical company AstraZeneca PLC warned over expiring patents on its medicines as the company announced a 37 percent fall in full-year net profit on Thursday.

AstraZeneca said that its net profit fell to \$6.3 billion in the year ended Dec. 31, compared with nearly \$10 billion in 2011. The company blamed the loss of exclusivity on several big-name drugs for a drop in revenue to \$28 billion from \$33.6 billion a year earlier, and warned it expects the trend to continue hitting sales in 2013.

Chief executive Pascal Soriot said Thursday the company's 2012 performance "reflects a period of significant patent expiry and tough market conditions."

He said AstraZeneca's new leadership team would focus on the company's brands and developmental pipeline.

Patents are crucial assets for pharmaceutical companies, which use them to insulate their expensive, brand-name drugs from competition from cheap, generic versions. Expiring patents on several of AstraZeneca's top drugs translates to weaker revenue as the company cuts prices or surrenders market share.

AstraZeneca reported that U.S. revenue fell 21 percent, largely due to competition from [generic versions](#) of its anti-depression medication, Seroquel IR, whose patent expired last year.

The company said that nearly two thirds of its 19 percent loss in revenue in Western Europe was the result of generic competition for Seroquel IR, as well as [stomach acid](#) drug Nexium, [hypertension drug](#) Atacand, and skin medication Merrem.

In Canada, [generic competition](#) to cholesterol-control drug Crestor dragged revenue down 31 percent.

The company said it expects challenging market conditions to persist in 2013, with the first quarter of the year expected to be "particularly challenging" since [Seroquel](#) and [Crestor](#)—in Canada—haven't yet reached a full year since generics entered the market.

At Hargreaves Lansdowne, equity analyst Keith Bowman warned that, unlike other companies in the medical field, AstraZeneca "does not enjoy the cushion of alternative revenue streams such as consumer health care" and noted a "general lack of optimism" surrounding its developmental pipeline.

But Panmure analyst Savvas Neophytou said the results were "not as bad as they could have been," noting that fourth-quarter results were more resilient than expected.

AstraZeneca's fourth-quarter net profit edged higher to 1.52 billion pounds from 1.49 billion pounds in the same period a year earlier, while revenue slipped to 7.3 billion pounds from 8.7 billion pounds.

Stocks in [AstraZeneca](#) fell 4.8 percent to 30 pounds a share in early morning trading on the London Stock Exchange.

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