

Pfizer Q4 net jumps on sale of nutrition business

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In this file photo Jan. 31, 2011, the Pfizer logo is displayed at the drug company's world headquarters in New York. Pfizer Inc. said Tuesday Jan. 29, 2013 its fourth-quarter profit more than quadrupled, despite competition from generic drugs hurting sales, because of a \$4.8 billion gain from selling its nutrition business. (AP Photo/Mark Lennihan, File)

Pfizer Inc.'s fourth-quarter profit more than quadrupled, despite competition from generic drugs hurting sales of Lipitor and other medicines, because of a \$4.8 billion gain from selling its nutrition

business. The drugmaker's profit and sales both beat Wall Street expectations.

The world's biggest drugmaker said Tuesday that its net income was \$6.32 billion, or 85 cents per share, up from \$1.44 billion, or 19 cents per share, a year earlier.

Excluding the windfall from selling its nutrition business to Nestle SA for \$11.5 billion on Nov. 30, and a total of \$888 million for restructuring, legal and other one-time items, the Viagra maker would have had a profit of \$3.51 billion, or 47 cents per share. That's 3 cents more than analysts surveyed by FactSet were expecting.

In early trading, the New York-based company's shares rose 26 cents, or 1 percent, to \$27.10.

Revenue fell 7 percent to \$15.1 billion, mainly due to generic competition to cholesterol blockbuster Lipitor. Analysts expected \$14.35 billion.

"Overall, a good quarter driven by the revenue beat," BernsteinResearch analyst Dr. Timothy Anderson wrote to investors, calling Pfizer's 2013 financial forecast "a bit underwhelming."

Pfizer said it expects 2013 earnings per share of \$2.20 to \$2.30, excluding one-time items, and revenue of \$56.2 billion to \$58.2 billion. Analysts are expecting \$2.28 per share and revenue of \$57.55 billion.

Lipitor, which had reigned as the world's top-selling drug ever for nearly a decade, got U.S. generic competition in December 2011 and now has generic rivals in many major markets. The pill had been bringing Pfizer nearly \$11 billion a year before then, down from its peak of \$13 billion a year.

In the fourth quarter, Lipitor sales plunged 91 percent in the U.S. and 71 percent worldwide, to \$584 million. A dozen other medicines also had lower sales due to generic competition.

Altogether, generic competition reduced prescription drug revenue by more than \$2.1 billion. Unfavorable currency exchange rates lopped off another 2 percent, or \$271 million.

However, several key newer drugs had double-digit sales increases, including fibromyalgia and pain treatment Lyrica, at \$1.13 billion, painkiller Celebrex at \$750 million, and the Prevnar 13 vaccine against meningitis and other pneumococcal infections, at \$993 million. Viagra was up 6 percent at \$553 million.

Altogether, Pfizer's prescription drug revenue fell 9 percent in the quarter, to \$12.89 billion. The division was led by sales of primary-care medicines, which totaled \$3.83 billion. Still, that was down 29 percent as Lipitor's sales in the two biggest markets, the U.S. and Japan, where shifted into the established products category. That segment, which markets off-patent drugs still popular in many countries, posted a 3 percent rise in revenue, to \$2.37 billion.

Specialty products, such as Enbrel for psoriasis and rheumatoid arthritis, and hemophilia treatments Refacto AF and Benefix, had revenue dip 4 percent, to a combined \$3.67 billion. Sales in emerging markets such as China and India jumped 17 percent, to \$2.65 billion, while sales of cancer drugs, a newer focus for Pfizer, rose 9 percent to \$370 million.

The animal health business saw revenue increase 6 percent, to \$1.17 billion. Pfizer is set to sell about a 20 percent share in the business, called Zoetis, in an initial public offering on Friday.

The consumer health business saw revenue jump 16 percent, to \$936

million, due to strong growth of Advil pain reliever and Centrum vitamins.

He said Pfizer will soon launch two new medicines, rheumatoid arthritis treatment Xeljanz and—with partner Bristol-Myers Squibb Co.—potential blockbuster Eliquis, for preventing heart attacks and dangerous clots in patients with the irregular heartbeat atrial fibrillation. CEO Ian Read said Pfizer's mid- to late-stage drug pipeline "continues to strengthen with key potential opportunities," including drugs for advanced breast cancer and three other types of cancer, one for high cholesterol and a meningococcal B vaccine for adolescents and young adults.

For the full year, net income was \$14.57 billion, or \$1.94 per share. That was down from \$10.01 billion, or \$1.27 per share, in 2011. Revenue totaled \$58.99 billion, down 10 percent from \$65.26 billion in 2011, before generic competition slashed sales of Lipitor and schizophrenia drug Geodon.

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