

# Mylan, like other generic drugmakers, feels the pricing pain

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This Oct. 10, 2013, file photo, shows an EpiPen epinephrine auto-injector, a Mylan product, in Hendersonville, Texas. Mylan reports earnings Wednesday, Aug. 9, 2017. (AP Photo/Mark Zaleski, File)

Mylan's second-quarter profit and revenue surged, but not as much as Wall Street had expected and the company is taking a more conservative view going forward because of "ongoing challenges and the uncertain U.S. regulatory environment."

Shares tumbled 5 percent and were trading close to four-year lows at the opening bell Wednesday.

The generic drugmaker, which is incorporated in the United Kingdom but has its U.S. headquarters outside of Pittsburgh, said profit surged 76 percent to \$297 million, or 55 cents per share.

Earnings, adjusted for non-recurring costs, came to \$1.10 per share, well below the per-share estimates of \$1.18 that Wall Street was seeking, according to a survey by Zacks Investment Research.

Revenue surged 15.6 percent to \$2.96 billion on higher sales in Europe, largely due to products now owned by Mylan after its buyout of the Swedish drugmaker, Meda. However, that too was short of analyst expectations.

Mylan and its rivals that make generic drugs have been under pressure because of falling prices.

Mylan is also dealing with a decline in sales for its EpiPen Auto-Injector, following a decision to start selling a lower-priced generic version. That decision was made after the cost of the devices drew scorn from parents nationwide and spawned Congressional inquiries.

"Given the region's ongoing challenges and the uncertain U.S. regulatory environment, we have elected to defer all major U.S. launches from our full year 2017 financial guidance to 2018, including generic Advair and generic Copaxone," said CEO Heather Bresch. "As a result, we now expect to deliver total revenues this year of between \$11.5 billion and \$12.5 billion."

The previous projection from Mylan was for revenue of between \$12.25 billion and \$13.75 billion.

Per-share projections released Wednesday of between \$4.30 and \$4.70 are also down from earlier expectations of between \$5.15 and \$5.55.

The expectations for all of fiscal 2018 were also trimmed, from \$6 a share, to \$5.40 a share.

Citi analyst Liav Abraham said that Mylan's struggles mimic earlier quarterly reports from others in the generic industry.

"This morning's earnings, while consistent with the larger generic players thus far (TEVA and Sandoz in particular), are nonetheless not particularly reassuring, and point to structural issues in the US generics landscape," Abraham wrote.

Mylan shares have declined 17 percent since the beginning of the year.

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