



Making Medicines Affordable

# Myths and Realities

of the pharmaceutical industry

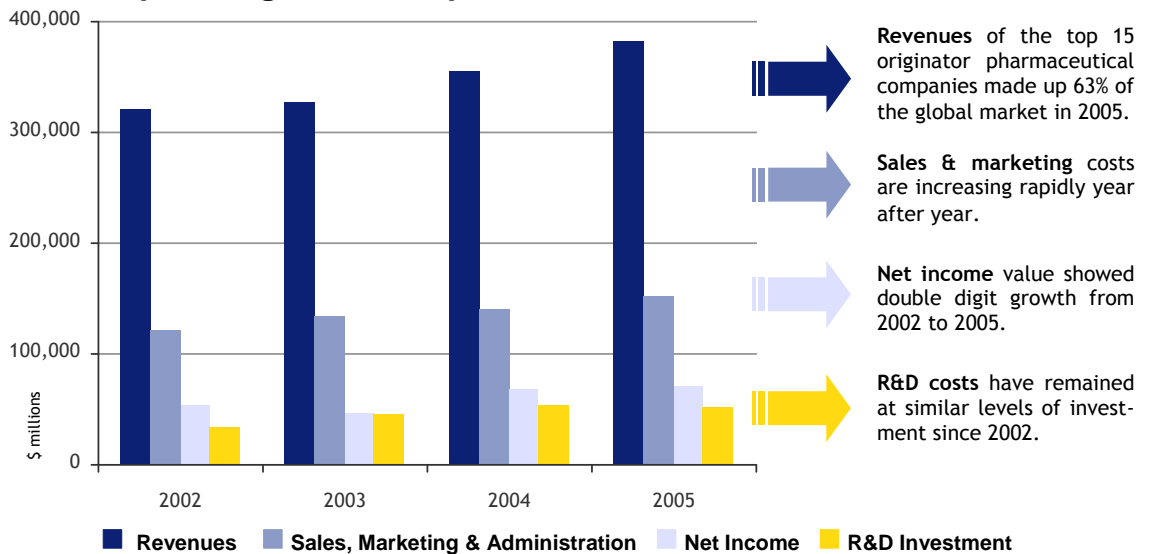
*Myth*

Originator pharmaceutical company sales are not sufficient to cover research & development costs.

*& Reality*

Pharmaceutical sales *easily* cover R&D costs.

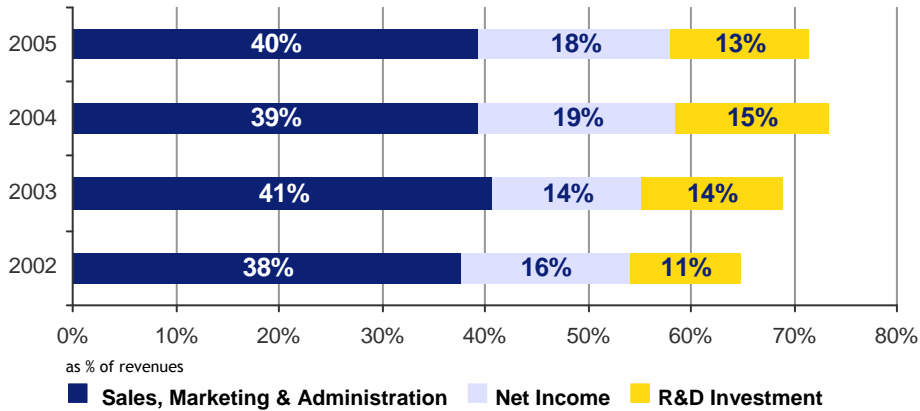
Top 15 Originator Companies — 2002-2005



“According to research from T. Rowe Price, spending on drugs by people between the ages of 55 and 74 is expected to triple between 2005 and 2015. And people between the ages of 35 and 54 are expected to spend twice as much on medication over the next decade.”

Money Magazine, Paul R. La Monica, 18 January 2007

**Sales, Marketing & Administration - Net Income - R&D as % of Revenues of the Top 15 Reference Companies - 2002-2005**



- Annual investment from 2002 to 2005 in sales, marketing & administration was approximately three times higher than investment in R&D.
- With normal profit margins from 11% to 25% between 2002 and 2005 for the top 15 companies, the research-based pharmaceutical sector is amongst the most profitable of all industries in spite of research spending.

“Nowadays, U.S. pharmaceutical firms receive greater rewards from advertising than from R&D expenditures.”

L.H. Pattikawa, *“Innovation in the Pharmaceutical Industry: Evidence from Drug Introductions in the US”*

Formed in 1993, the EGA is the official representative body of the European generic pharmaceutical industry, which is at the forefront of providing high-quality affordable medicines to millions of Europeans and stimulating competitiveness and innovation in the global pharmaceutical sector.