

Servier: 2016/2017 results

Internationally driven growth A substantial dynamic growth of the product pipeline

Paris, France - 22 February 2018 - Servier, France's second largest pharmaceutical company, has announced its financial results and business highlights for 2016-2017.

Both contribute to the development of therapeutic research and innovation for patients

The company's turnover for 2016/2017 was 4.152 billion euros, a year-on-year growth of 3.7%. Exchange rate variations had little impact this year, with 3.6% growth at constant exchange rates.

During the previous financial year, turnover included 26 million euros in revenue from development partnerships and a one-off fee of 106 million euros received by our subsidiary Egis. If these special items are excluded, the increase in turnover was 7.1%. Servier's brand drugs accounted for 70% of the consolidated turnover and generics for 30%.

This dynamic growth, achieved by keeping costs to a minimum and making substantial investments in research, has resulted in a net operating profit of 435 million euros, up 14.2%, while maintaining R&D expenditure at 25% of brand drug revenue, excluding upfront and milestone payments.

"The 2016/2017 results drive both Servier's independence and its capacity to invest and innovate in ambitious research projects in order to meet patient needs with the utmost speed", said Olivier Laureau, President of Servier. "These results help us to implement our strategic aims and turn our 10-year vision into a reality."

Key figures

(in €million)			Variation	% of turnover
	2015/16	2016/17		
<i>Data published</i>				
Group turnover	4 004	4 152	3.7%*	-
Turnover from brand drugs	2 789	2 945	5.6 %	70%
Turnover from generics	1 215	1 207	(0.7%)	30%
Net profit**	381	435	14.2%	10.5%
EBITDA	577	623	7.9%	15%

* Including fees

(7% excluding fees)

** Excluding research tax credit

Confirmed leadership in cardiology

Servier has maintained its leadership in cardiology - 2nd in Europe and 8th worldwide - with the largest product range on the market covering the needs of all patient profiles. The turnover in this sector is 2.484 billion euros, ie, 60% of the Group's turnover.

Internationally driven growth

Today, more than 9 out of 10 boxes of Servier's brand drugs are used to treat patients abroad. The Group's international turnover, for brand drugs and generics combined, amounts to 3.243 billion euros, which is up 4.5% and represents 78% of turnover. A hefty 93% of revenue for brand drugs alone comes from international sales. Servier's drugs are used to treat nearly 94 million patients a day worldwide.

The growth of international sales, in more than 140 countries, topped 10% in local currency in Russia, Romania, Germany, Brazil, Turkey, Czech Republic, Vietnam, the Philippines, and Ukraine, which are among our 20 largest markets in terms of value.

Servier generates total revenues of more than 100 million euros in 10 countries. The main contributing countries outside the EU are Russia, China, and Canada. Turnover in the European Union, which is up 7%, represents 51% of the consolidated turnover. The main contributing countries are France (70% with its generics business), Poland, and Italy.

The internationalization of the group is continuing. Servier acquired a new subsidiary in Peru last year and has also purchased a generics company in Nigeria (Swipha). These developments demonstrate Servier's resolve to find the best solution to meet patient needs, even in difficult regions.

A pipeline and product portfolio enriched by a dynamic partnership policy

With 30 drug candidates and 4 research programs in diabetes, Servier actively bolsters its pipeline and product portfolio by stepping up the development of new partnerships, particularly in auto-immune diseases with ILTOO Pharma and autism in children with Neurochlore.

The company's commitment to becoming a key stakeholder in oncology led to the signing of 4 agreements, with [Pieris](#), [WEHI](#), [Transgene](#), and [Vernalis](#), and in-house investment in research and development. As a result, the share of oncology in R&D has jumped in two years from 14% to 37% today and should reach 50% within the next two years. In terms of results, this has led to 11 innovative anti-cancer projects in the clinical development stage and two drugs on the market: Pixuvri¹ and Lonsurf². Launched in 19 countries, not only in Europe but also in Argentina, Kuwait, Lebanon, and Saudi Arabia, Lonsurf attracted 62 million euros in revenue during the previous fiscal year.

In the field of e-health, Servier launched *WeHealth by Servier* in November 2016. The aim of this "in-house start-up" is to bring the company up to speed in the field of digital health by creating and jointly developing, in conjunction with start-ups across the globe, solutions that are complementary to Servier's therapeutic strategies and drugs. Since its creation, *WeHealth by Servier* has developed two connected solutions: [Cardioskin](#) and [Cardiorenal](#).

In 2017, Servier also signed a partnership with Gaia, to propose [Deprexis](#), an Internet-based cognitive behavioral psychotherapy already launched in Germany, to patients across the world.

¹ Pixuvri is used as monotherapy for the treatment of adult patients with multiply relapsed or refractory aggressive non-Hodgkin's B-cell lymphoma.

² Lonsurf: (trifluridine/tipiracil), drug used for the treatment of metastatic colorectal cancer.



Today, Servier has a total of 50 active alliances with biotechnology companies, start-ups, and laboratories in France and abroad. The Group also has partnerships with the institutional and academic world (such as Harvard in the United States, Institut Curie and the C.E.A.³ in France, and the Shanghai Institute of Materia Medica in China), in order to accelerate research and widen access to new scientific data and innovative technologies.

A booming generics business

The share of generics in Servier's turnover is 1.2 billion euros, ie, 30%, which corresponds to a year-on-year growth of 8.9%, excluding special fees received in 2015/2016. Generics are a component of the Group's development and correspond to its aim to maximize access to health care. Today, the Group has 1500 generics covering most diseases. Generics are produced by Servier's four subsidiaries: Biogaran in France, Egis, which is mainly established in Eastern Europe, Pharlab in Brazil, and Swipha in Nigeria.

A strong French base

Thirty-five percent of Servier's brand drugs are produced in and shipped from France, using active ingredients that come almost exclusively from France, thus encouraging local employment and investment. Revenue earned in metropolitan France comes from the sale of the brand drugs distributed by Les Laboratoires Servier and the sales of its generics subsidiary, Biogaran. Servier's turnover in France, already affected by government measures for the last few years, was affected once again this year by price reductions, in both our brand drugs and generics. Biogaran's turnover, up 3%, represents 78% of revenue in metropolitan France.

The Group has maintained its economic value creation in France by continuing to invest massively in production and R&D, particularly at the Gidy facility where Servier has invested in a bioproduction program that will be operational by 2019. In 2017, Servier contributed 47% of the French trade balance surplus in the pharmacy and fine chemistry sector, to the tune of 1.5 billion euros.

The Group's investment in the future research center in the Paris Saclay Innovation Cluster, scheduled to open in 2021, is in line with its wish to contribute to the development of French research worldwide.

Targets confirmed for 2021

This year's performance needs to follow the same pace as that of 2016/2017 so that the Group can achieve its aims for 2021: launch a new molecular entity every three years and become a reference stakeholder in oncology, while maintaining our position in cardiology and diabetes. In terms of results, the Group's aim is to achieve a turnover of 5 billion euros in 2021 and a net operating profit of 8%.

This year, we must gain a firm foothold in the American market and continue to enrich our product portfolio, while having drugs that are growth drivers and guaranteeing the competitiveness of generic drugs.

³ C.E.A.: French Atomic Energy Commission



About Servier

Servier is an international pharmaceutical company governed by a non-profit foundation, with its headquarters in France (Suresnes). With a strong international presence in 148 countries and a turnover of 4.152 billion euros in 2017, Servier employs 21 600 people worldwide. Entirely independent, the Group reinvests 25% of its turnover (excluding generic drugs) in research and development and uses all its profits for development. Corporate growth is driven by Servier's constant search for innovation in five areas of excellence—cardiovascular, immune-inflammatory, and neuropsychiatric diseases, cancer, and diabetes—as well as by its production of high-quality generic drugs.

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