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PHARMACEUTICAL COMPANIES SET TO MAKE A SIGNIFICANT PROFIT

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PHARMACEUTICAL COMPANIES SET TO MAKE A SIGNIFICANT PROFIT FROM ANTI-OBESITY DRUGS

London - A new report* by independent market analyst Datamonitor (DTM.L) expects a five-fold growth in the global** anti-obesity drugs market. According to the report, by 2012, drugs to treat obesity will earn pharmaceutical companies worldwide an estimated total of \$2.5bn compared to \$526m today. In Datamonitor's opinion, the most promising drugs in the pharmaceutical pipeline are Sanofi-Aventis' Acomplia, and ATL-962, being developed by UK-based company Alizyme. According to Datamonitor forecasts, both drugs will have a combined market share of almost 70% in 2012 whilst sales of the current two leading anti-obesity drugs - Roche's Xenical and Abbott's Meridia- are expected to drop by 63% and 54% respectively. "Although this is good news for both pharmaceutical companies and obese people, none of the new drugs will be the answer to the growing obesity problem. Lifestyle changes are still needed to lose weight and maintain this weight loss. Focus on diet and exercise, increasing education and awareness will remain crucial to combating obesity," comments Jasjeet Mohain, Healthcare Analyst at Datamonitor and author of the report.

Obesity is fast becoming the number one health epidemic of the 21st century

Datamonitor estimates that there are 127m obese people in the US, Japan, France, Germany, Italy, Spain and the UK and over half of them reside in the US. Despite increasing health awareness campaigns and attempts to slow down the startling increase in obesity rates, Datamonitor predicts that the prevalence of obesity will increase to 168m in the US alone by 2012. Health complications and comorbidities associated with obesity are a huge drain on national health services around the world. In 2003, obesity cost the US \$75m, half of which came out of public taxes¹.

Race for fat-busting drugs is building up speed

Current pharmacological therapies have shown little efficacy. They typically produce a 5-10% reduction in body weight and many patients complain of side effects including such as incontinence and rectal oily leakage. Due to the high unmet need, obesity represents a lucrative market for R&D. Jasjeet, however, warns that future therapies that will perform well must "produce more weight loss, have a better side-effect

profile and cost less than currently approved therapies." Datamonitor has identified 22 key compounds currently under development. Of these compounds, only two are in late-stage development, Acomplia and Axokine, and the most common type of therapy in the pipeline are beta-3 adrenergic agonists. Beta-3 adrenergic agonists are under investigation as a strategy for treating obesity by stimulating metabolism and peripheral burning of fat.

Winners & Losers

One of the most promising drugs in the pharmaceutical pipeline is Sanofi-Aventis' Acomplia (rimonabant), which is expected to be launched in 2006. The drug has been successful in clinical trials for weight loss and appears to have a good side effects profile. It may also be indicated for smoking cessation and so in effect treat two problems with one pill. Acomplia (rimonabant) is a selective CB1 endocannabinoid receptor antagonist. CB1 receptors have been found to be necessary to induce food intake after a short period of food deprivation. Hence by blocking these receptors there is a powerful reduction of food intake and increased energy expenditure. Datamonitor forecasts that sales of Acomplia will reach \$829m by 2012.

The second most promising drug in the pipeline is ATL-962 is being developed by UK-based company Alizyme which is currently undergoing Phase II trials. ATL-962 has a similar action to Xenical, in that it is a 'lipase inhibitor', i.e. reduces the absorption of fat. However, in comparison to Xenical it appears to have been suggested that it has less of the intolerable side effects such as oily spotting, fecal incontinence and flatus with discharge. Alongside this its lower production costs should mean that it will also be cheaper than current global leader Xenical. It is expected that ATL 962 will be launched by 2008 and will reach \$945m by 2012.

Roche's Xenical and Abbott's Meridia are expected to take a significant hit. Datamonitor forecasts that sales will drop by US\$139m and US\$71m respectively. Both are associated with unpleasant side effects, poor efficacy and high costs. "The failure to achieve significant increase in sales reflects the side effects associated with the drug, which deter many patients from taking this product, as well as the gap between patients' expectations of the drug and what the drug can deliver. As such, even though Xenical has shown effective weight control in a clinical trial setting, the drug is unlikely to be as effective outside of trials if the patient does not receive the same level of support," concludes Mohain.

Related Datamonitor Research:

- **Commercial and pipeline perspectives: Obesity - super-sized epidemic** is a detailed analysis of the current anti-obesity drug market including pipeline drugs in R&D

** Global is defined as US, Japan, France, Germany, Italy, Spain and the UK

¹ Center of Disease Control in the US

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