

## China's Biopharma Rise: From Emerging Innovator to Global Partner and Competitor

(Source: An article by Andrew McConaghie for Scrip, an article by Nick Taylor for FiercePharma and an article by Dexter Jie Yan for Scrip)

China's pharmaceutical industry is entering a new phase—one in which the country is seeking not only to expand its domestic biopharma capabilities, but to become a major global source of innovative medicines. Its latest five-year plan sets an ambitious target: Chinese companies should account for at least 25% of first-in-class drugs by 2030, while 50 domestic drugmakers are expected to reach annual sales of at least US\$1.5 billion and five products achieve global blockbuster status.

The government's objectives extend beyond simply increasing the number of drugs entering development. The five-year plan calls for greater competitiveness and international influence, with support for drugmakers pursuing new targets, mechanisms and modalities. Major infectious and chronic diseases, as well as rare and pediatric conditions, are among the areas receiving particular attention. China also wants to rank among the world's leading countries in the number of investigational new drugs entering clinical development for the first time.

Importantly, these ambitions are increasingly supported by evidence from the market. At least two Chinese-developed medicines—BeOne Medicines' *Brukinsa* and Legend Biotech/Johnson & Johnson's *Carvykti*—have already surpassed the US\$1 billion annual sales threshold. Four additional products, including BeOne's *Tevimbra*, Kelun-Biotech/Merck's *sac-TMT*, Hansoh's *Ameile* and Allist's *Ivesa*, are projected to reach blockbuster status by 2030.

Several of these products also demonstrate that Chinese innovation is beginning to translate into international commercial opportunities. *Tevimbra*, an anti-PD-1 antibody for solid tumors, generated US\$434.8 million in revenue during the first half of 2026, up 19% year over year, and is forecast to surpass US\$1 billion in annual sales as early as 2027. Meanwhile, *sac-TMT*, an antibody-drug conjugate developed by Kelun-Biotech and licensed to Merck, has already demonstrated positive Phase III results outside China and is projected to reach US\$2 billion in annual sales by 2030.

Perhaps even more significant for the global pharmaceutical industry is the accelerating flow of Chinese innovation into international licensing and development partnerships. China's share of major pharmaceutical licensing deals valued at US\$50 million or more increased dramatically—from just 5% in 2021 to 39% in 2025. The momentum continued into 2026, with China-origin assets accounting for 42% of such deals in the first half of the year and 68% of upfront payments.

Global pharmaceutical companies are responding accordingly. GSK, for example, has pursued multiple partnerships with Chinese innovators, including an alliance with Hengrui covering

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## In Brief...

♦ **McKesson Corporation, CD&R, and Option Care Health Inc.** announced a definitive agreement, under which CD&R and McKesson will acquire Option Care Health, an independent provider of home and alternate site infusion services for US\$32.05 per share totalling US\$5.8 billion. At the closing of the transaction, CD&R will hold majority ownership while McKesson will hold a minority ownership stake. Option Care Health will remain a separate company led by its own management team.

♦ **Boots** has been sold in an US\$8.9 billion deal to Canada's billionaire Weston family. Wittington Investments, the holding company, confirmed it had agreed to buy 177-year-old company on Wednesday from US private equity firm **Sycamore Partners** and the Pessina family. The chain has performed well in recent years despite challenges from rivals and changing shopping habits. Retail expert *Catherine Shuttleworth*, chief executive of savvy marketing, said shoppers were unlikely to see much change to stores in the coming months, but added what they can "expect over time is an improved shopping experience as the new owners invest in the business".

♦ The **National Association of Chain Drug Stores** announced that its Board of Directors has elected **Michael R. Wysong** – currently CEO of CARE Pharmacies – as the association's next President and CEO effective December 1, 2026. Wysong will succeed *Steve Anderson*, who is retiring after 20 years of service. The Board elected Wysong after a competitive national search, led by a Board-level committee

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## Global Drug Sales Surge as Mounjaro Extends Its Lead

(Source: An article by Edwin Elmhirst for Scrip)

♦ The global pharmaceutical market's biggest products delivered a remarkably strong second quarter in 2026, with the world's top 10 best-selling drugs generating a combined US\$54.9 billion in sales—up 12.7% from the first quarter and 25.3% year over year. Nine of the 10 products posted sequential gains, signaling a significant rebound from the seasonal softness seen in Q1.

The standout performer was Eli Lilly's *Mounjaro* (*tirzepatide*), which generated nearly \$9.9 billion in Q2 sales, an increase of 91.2% year over year. Its lead over Merck's *Keytruda* widened to approximately US\$2 billion, compared with just US\$756 million in Q1. First-half sales of US\$18.6 billion already represent 56% of the current full-year consensus forecast of US\$33.5 billion, suggesting the estimate could prove conservative.

The broader GLP-1 market continues to reshape the pharmaceutical sales rankings. Lilly's *tirzepatide* franchise—

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## China's Biopharma (cont'd.)...

12 potential assets with a potential value of US\$12 billion. Other major 2026 transactions include agreements involving AstraZeneca, Bristol Myers Squibb, Pfizer, Eli Lilly and AbbVie. The breadth and financial scale of these transactions illustrate how Chinese-origin assets are increasingly being incorporated into global pharmaceutical pipelines rather than remaining confined to the domestic market.

The relationship, however, is becoming increasingly complex. China is both a partner and competitor. Global companies are attracted by the sheer volume of Chinese assets and by capabilities in areas such as antibody-drug conjugates, cell therapy and gene therapy. At the same time, Chinese biotech companies face limitations in accessing capital and in independently funding and conducting expensive global clinical programs, creating strong incentives for international licensing partnerships.

China's clinical-development capabilities are also becoming an asset in their own right. UK biotech AviadoBio, for example, has adopted a more "China-first" approach to clinical trials, citing China's cost-effective, high-quality clinical environment and accelerated regulatory pathways. The company's experience also highlights an important consideration for Western companies: success in China requires understanding local regulations, culture, clinical networks and business practices.

For the global pharmaceutical industry, China's emergence is no longer simply a story about manufacturing scale or cost advantages. It is increasingly a story about innovation, intellectual property, clinical development, deal-making and globally competitive medicines.

The country's five-year plan provides a clear roadmap for accelerating that transformation, while the growing number and value of international partnerships demonstrate that global pharma is already responding.

China can no longer be viewed solely as a market to enter or a manufacturing base to leverage. It is becoming an increasingly important source of innovation, a partner in global drug development—and a competitor for leadership in the next generation of biopharmaceuticals.

## Global Drug Sales (cont'd.)...

including *Mounjaro* and obesity treatment *Zepbound*—generated nearly US\$14.9 billion in Q2, compared with US\$7.9 billion for Novo Nordisk's *Ozempic* and *Wegovy* combined. The four GLP-1 brands now account for 41.5% of sales among the top 10 medicines, highlighting the extraordinary commercial concentration around diabetes and obesity therapies.

Meanwhile, Merck's *Keytruda* remains the world's second-best-selling medicine, but posted its first year-over-year revenue decline, falling 0.7% in Q2. Its subcutaneous formulation, *Keytruda Qlex*, generated US\$463 million, more than triple its Q1 sales, as Merck prepares for *Keytruda*'s 2028 patent expiration.

Other products continue to demonstrate significant momentum. Bristol Myers Squibb and Pfizer's *Eligis* reached a record US\$4.5 billion in Q2, although the impact of European generic competition following loss of exclusivity in May is expected to become more visible in the second half of the year.

The Q2 rankings illustrate a pharmaceutical market increasingly shaped by blockbuster metabolic therapies, while established products confront patent expirations and intensifying competition. The numbers reinforce the importance of closely tracking the therapies driving growth—and the rapidly changing dynamics behind tomorrow's blockbuster portfolio.

## In Brief (cont.)

and by executive search firm **Spencer Stuart**. Wysong brings with him more than three decades in health care and retail pharmacy.

- ♦ Japanese pharmaceutical wholesalers saw their operating profit margin fall to 1.04% in FY2025 from 1.11% the previous year, according to a survey released on September 24 by the **Federation of Japan Pharmaceutical Wholesalers Association (JPWA)**. The decline interrupted a recent recovery toward the 1.25% margin recorded in FY2019 before the COVID-19 pandemic. Rising personnel costs and lower rebates and allowances weighed on profitability even as overall sales grew on strength in high-priced medicines. The survey covered 68 JPWA members as of May, with 52 responding. Combined annual revenue rose 3.52%, accelerating from growth of 2.35% the previous year.

- ♦ **Novo Nordisk** unveiled a renewed business strategy through 2030, aiming to persuade skeptical investors that it can sustain growth despite pipeline setbacks and a looming patent expiry on its mega-blockbuster GLP-1 agonist, *semaglutide* (*Wegovy/Ozempic*). The firm kicked off its Capital Markets Day in London on Sept. 21 with pledges from CEO *Mike Doustdar* to become a clear leader in direct-to-consumer sales in obesity by building on its record-breaking launch of the *Wegovy* pill in the US, and to launch more than five multi-blockbuster products by 2030. Novo forecasts that these could add combined revenues of more than DKK150 billion (US\$23 billion) in 2035. These will be necessary as *semaglutide* is set to lose market exclusivity in the US and European markets in 2031.

- ♦ **Bayer** will invest US\$2.2 billion to build a pharmaceutical manufacturing facility in New Albany, Ohio, with a plan to make drugs for oncology, cardiovascular and renal care, the Germany-based company said Friday. Bayer plans to develop a "flexible, modular campus" that combines drug substance and drug product manufacturing and leverages advanced digital and automation technologies, according to a news release. The site is expected to create 600 jobs. and is scheduled to be ready in 2031.

(Sources: BBC, Drug Store News, FiercePharma, Japan Pharma, Scrip & The Wall Street Journal)

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