

Joint Publication of the Association of International Pharmaceutical Manufacturers in Russia and Remedium Group

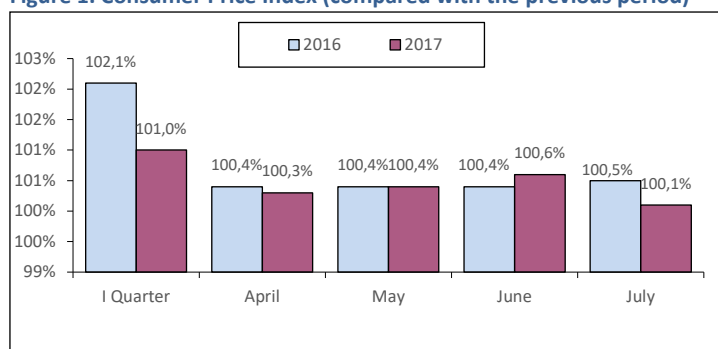
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, the Consumer Price Index was estimated as 100.1% in July 2017, compared to the previous month, - 102.4% as against December 2016.

In July this year, Industrial Producer Price Index (for goods intended for sale on the domestic market) was 99.5%, whereas in the month-earlier period it had amounted to 99.7%. The index accounted for 100.9% against December of the previous year.

Figure 1. Consumer Price Index (compared with the previous period)



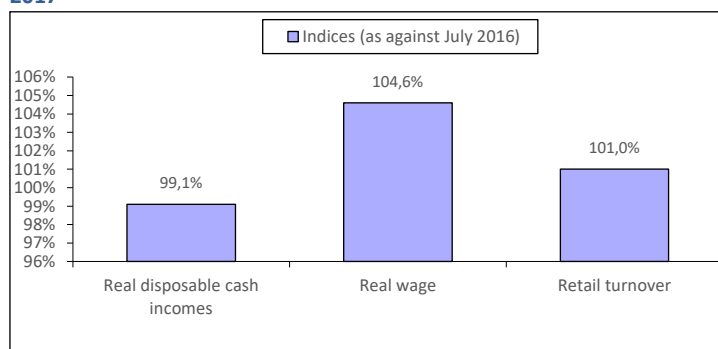
Living standard

According to the preliminary Federal State Statistics Service's data, in July of 2017 the gross monthly average wages per worker reached RUB 39355 (USD 659.54) which accounted for 93.5% compared to the previous month and 108.6% compared to July of 2016. The real wage accounted for 104.6% in July 2017 compared to July 2016. In July 2017, the real value of disposable cash incomes accounted for 99.1% as compared with the same period of 2016 (Fig. 2).

Retail turnover

In July 2017, the retail turnover was equal to RUB 2,505.0 bil., which in comparable prices accounted for 101.0% compared to the same period a year ago, in January-July 2017 - RUB 16381.0 bil. or 99.8% (Fig. 2).

Figure 2. Real values of cash income, wage and retail turnover in July of 2017



Industrial Production

According to Federal State Statistics Service's data, in July 2017 Industrial Production Index accounted for 101.1% compared to the same period in the previous year, and 101.9% in January - July 2017.

According to Federal State Statistics Service's data, Industrial Production Index of drugs and medical products in July 2017 accounted for 110.1% compared to the relevant period of the previous year, and 79.4% to the previous month.

Domestic production

The top 10 domestic pharmaceutical manufacturers by sales in all segments of the market based on the results for July of 2017 are shown in Table 1.

Table 1. The top ten Russian chemical and pharmaceutical manufacturers by sales volume in July 2017

| Rank | Manufacturer | RUB mil. |
|------|---------------|----------|
| 1 | Microgen | 1,402.8 |
| 2 | Otcpharm | 1237.4 |
| 3 | Pharmasyntez | 1000.5 |
| 4 | Stada | 936.9 |
| 5 | Pharmstandart | 897.2 |
| 6 | Biocad | 865.9 |
| 7 | Valenta | 713.8 |
| 8 | Sotex | 695.0 |
| 9 | Veropharm | 667.1 |
| 10 | Servier | 641.7 |

Source - Remedium according to IMS Health's data

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In June 2017, the pharmacy sales slump (in terms of roubles) was observed in most analysed regions compared to May. The lowest performance was observed in Moscow Krasnoyarsk Krai (-11% each), the highest one in Tatarstan (-1%). The sales have increased in St. Petersburg (+7%) and Krasnodar Krai (+8%).

Table 2. Pharmacy sales in the regions, 2017

| Region | Pharmacy sales, \$ mil. (wholesale prices) | | | Growth gain, % (roubles) | | |
|--------------------|--|----------|-----------|--------------------------|--------------|-------------|
| | April 2017 | May 2017 | June 2017 | April/March 17 | May/April 17 | June/May 17 |
| Moscow | 194.2 | 150.3 | 132.6 | 7% | -22% | -11% |
| St. Petersburg | 49.8 | 44.3 | 46.7 | -17% | -10% | 7% |
| Krasnodar Krai | 32.1 | 34.5 | 36.8 | -16% | 9% | 8% |
| Novosibirsk Region | 18.5 | 17.9 | 16.9 | -18% | -2% | -4% |
| Tatarstan | 24.1 | 22.3 | 21.8 | -17% | -6% | -1% |
| Krasnoyarsk Krai | 26.0 | 25.1 | 22.0 | -14% | -2% | -11% |
| Rostov Region | 21.6 | 21.1 | 19.7 | -13% | -1% | -5% |
| Voronezh Region | 14.6 | 14.1 | 13.0 | -14% | -2% | -7% |
| Perm | 7.2 | 7.7 | 7.3 | -13% | 8% | -4% |
| Tyumen | 7.0 | 6.6 | 6.0 | -2% | -5% | -7% |

Advertising

The largest advertisers and pharmaceutical brand names highly publicized in mass media (TV, radio, press, outdoor advertising) are shown in Tables 3 & 4.

Table 3. Top five advertisers in mass media in July 2017

| Rank | Company* | Quantity of broadcasts |
|------|------------------------------|------------------------|
| 1 | Otcpharm | 10,647 |
| 2 | GSK Consumer Healthcare | 10,585 |
| 3 | Berlin-Chemie Menarini Group | 10,049 |
| 4 | Sandoz | 6,839 |
| 5 | Teva | 5,290 |

Source - Remedium according to Mediascope's data

Table 4. The top five brands in mass media in July 2017

| Rank | Brand* | Quantity of broadcasts |
|------|--------------|------------------------|
| 1 | Voltaren | 4,909 |
| 2 | Lioton 1000 | 3,298 |
| 3 | Exoderil | 2,953 |
| 4 | Lamisil | 2,380 |
| 5 | Ofloamil lak | 2,324 |

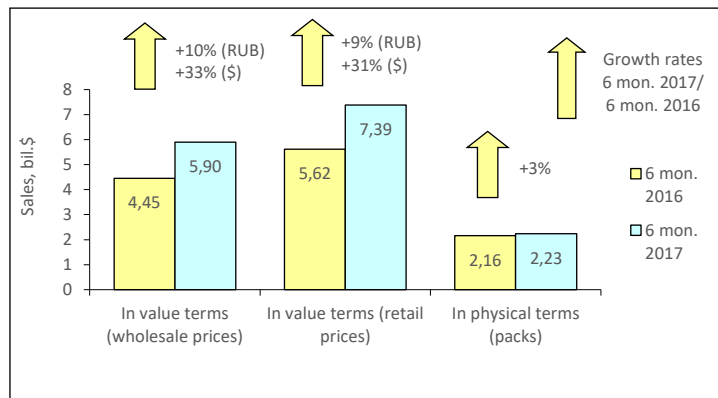
Source - Remedium according to Mediascope's data

* Only products registered with State Register of Medicines were considered

RUSSIAN PHARMACY OTC DRUG MARKET: 2017 FIRST SIX MONTHS RESULTS

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first three months of 2017 the sales of OTC drugs in physical terms in pharmacies of Russia saw a 3% increase to 2.233 bil. packs. In money terms, the market saw a 10% increase in terms of roubles and 33% in terms of dollars. At the same time, the market reached RUB 341.948 bil. (USD 5.896 bil.) at wholesale prices (Fig.1). The average cost of a pack increased as compared to a year earlier (USD 2.60) and reached USD 3.31 at retail prices. Consumer spending for drugs in Russia averaged to USD 50.32 for the first half of 2016, whereas during the same period a year ago it averaged to USD 38.34.

Figure 1. Russian pharmacy market for 6 months of 2016 – 6 months of 2017



Following the results for 2017, BAYER (+16%¹) maintained and reinforced its leading positions on the Russian pharmacy market (Table 1). Despite lagging behind the growth rates and reduction in market share, the manufacturers SANOFI-AVENTIS (+1%), TEVA (+3%) and SERVIER (+6%) held their previous ranks two through four respectively. The most dynamic among the top ten manufacturers NYCOMED/TAKEDA (+20%) moved up to rank five, displacing OTCPHARM (+10%) and SANDOZ (+9%) down one rank. The only newcomer of the top ten STADA (+15%) moved up to rank eight. ABBOTT (+10%) moved up to rank nine from ten, displacing MENARINI (+9%) to the last rank in the ranking. The cumulative share of the top 10 manufacturers didn't change and accounted for 34.9%.

Table 1. The top ten drug manufacturers by pharmacy sales

| Rank | | Manufacturer* | Share in total pharmacy sales, % | |
|-------------|-------------|-------------------------|----------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | 6 mon. 2017 | 6 mon. 2016 |
| 1 | 1 | BAYER HEALTHCARE | 5.0 | 4.7 |
| 2 | 2 | SANOFI-AVENTIS | 4.3 | 4.7 |
| 3 | 3 | TEVA | 4.0 | 4.3 |
| 4 | 4 | SERVIER | 3.5 | 3.6 |
| 5 | 7 | NYCOMED/TAKEDA | 3.3 | 3.0 |
| 6 | 5 | OTCPHARM | 3.2 | 3.2 |
| 7 | 6 | SANDOZ | 3.1 | 3.1 |
| 8 | 11 | STADA | 2.9 | 2.7 |
| 9 | 10 | ABBOTT | 2.8 | 2.8 |
| 10 | 9 | MENARINI | 2.8 | 2.8 |
| Total | | | 34.9 | 34.9 |

*AIPM members are in bold

NUROFEN (+2%) became the best-selling brand on the national pharmacy market (table 2). ESSENTIALE (-3%) moved up to rank two from three, and DETRALEX (+22%) moved up to rank three from seven. As before, CONCOR (+7%) held its previous rank four. The brands ACTOVEGIN (+9%), CARDIOMAGNYL (+20%), MEXIDOL (+21%) and XARELTO (+47%) moved up to ranks five through eight. On top of that, the latter became the only newcomer of the top 10 ranking. The last year leaders KAGOCEL and INGAVIRIN (-30% each) showed strong negative growth rates and moved down to the last ranks in the ranking. The total share of the top 10 brand names reduced from 6.9% to 6.6%.

Table 2. The top ten brands by pharmacy sales

| Rank | | Brand | Share in total pharmacy sales, % | |
|-------------|-------------|--------------|----------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | 6 mon. 2017 | 6 mon. 2016 |
| 1 | 5 | NUROFEN | 0.8 | 0.7 |
| 2 | 3 | ESSENTIALE | 0.7 | 0.8 |
| 3 | 7 | DETRALEX | 0.7 | 0.6 |
| 4 | 4 | CONCOR | 0.7 | 0.7 |
| 5 | 6 | ACTOVEGIN | 0.7 | 0.7 |
| 6 | 8 | CARDIOMAGNYL | 0.6 | 0.6 |
| 7 | 9 | MEXIDOL | 0.6 | 0.6 |
| 8 | 17 | XARELTO | 0.6 | 0.4 |
| 9 | 1 | KAGOCEL | 0.6 | 0.9 |

¹ Hereinafter, unless otherwise stated, growth gains are stated in the rouble equivalent or national currency.

| Rank | | Brand | Share in total pharmacy sales, % | |
|-------------|-------------|-----------|----------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | 6 mon. 2017 | 6 mon. 2016 |
| 10 | 2 | INGAVIRIN | 0.6 | 0.9 |
| Total | | | 6.6 | 6.9 |

XYLOMETAZOLINE (+20%) remained the leader of the top 10 INN and group names ranking (Table 3). Due to one quarter growth in rates, IBUPROFEN moved up to rank two from five, displacing PANCREATIN (+13%) down one rank. Another four INNs from the top ten ranking managed to rise in the ranks. The composition DIOSMIN*HESPERIDIN (+18%) moved up to rank five from seven, INN BLOOD (+9%) from rank nine to ten. The newcomers ROSUVASTATIN (+29%) and ETHYLMETHYLHYDROXYPYRIDINE (+23%) broke into the ranks of the top ten, moving up to numbers eight and ten, respectively. At the same time, the less dynamic NIMESULIDE (+1%) and PHOSPHOLIPIDS (+3%) moved down to ranks six and seven. As before, INN BISOPROLOL (+12%) held its previous rank four. The total share of the top 10 increased from 9.2% to 9.7%.

Table 3. The top 10 INNs and group names by pharmacy sales

| Rank | | INNs/Group Names | Share in total pharmacy sales, % | |
|-------------|-------------|----------------------------|----------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | 6 mon. 2017 | 6 mon. 2016 |
| 1 | 1 | XYLOMETAZOLINE | 1.7 | 1.5 |
| 2 | 5 | IBUPROFEN | 1.1 | 0.9 |
| 3 | 2 | PANCREATIN | 1.0 | 1.0 |
| 4 | 4 | BISOPROLOL | 1.0 | 0.9 |
| 5 | 7 | DIOSMIN*HESPERIDIN | 1.0 | 0.9 |
| 6 | 3 | NIMESULIDE | 0.9 | 0.9 |
| 7 | 6 | PHOSPHOLIPIDS | 0.8 | 0.9 |
| 8 | 12 | ROSUVASTATIN | 0.8 | 0.7 |
| 9 | 10 | BLOOD | 0.8 | 0.8 |
| 10 | 13 | ETHYLMETHYLHYDROXYPYRIDINE | 0.7 | 0.7 |
| Total | | | 9.7 | 9.2 |

M01 Anti-inflammatory and antirheumatic products (+11%) continued taking the lead in the top ten ATC groups on the national market (Table 4). C09 Agents acting on the renin-angiotensin system (+15%) and R01 Nasal preparations (+14%) moved up to ranks two and three, whereas J01 Antibacterials for systemic use (+8%) held their previous rank four. The groups G02 Sex hormones (+13%) and N02 Analgesics (+9%), which moved up to ranks five and six, improved their rankings by one point. The group B01 Antithrombotic agents showed 22% growth in sales and moved up from rank 12 to eight, becoming the only newcomer of the top ten. At the same time, J05 Antivirals for systemic use (-21%), which reduced their sales, and A11 Vitamins (+2%) and R05 Cough and cold preparations (+9%), which showed low growth rates, moved down to ranks seven and the last two ranks in the top ten. In total, based on the results for six months of 2017, the top ten ATC groups accumulated 36.2% of the Russian market, which was less than in the year-earlier period (36.9%).

Table 4. The top ten ATC Groups by pharmacy sales

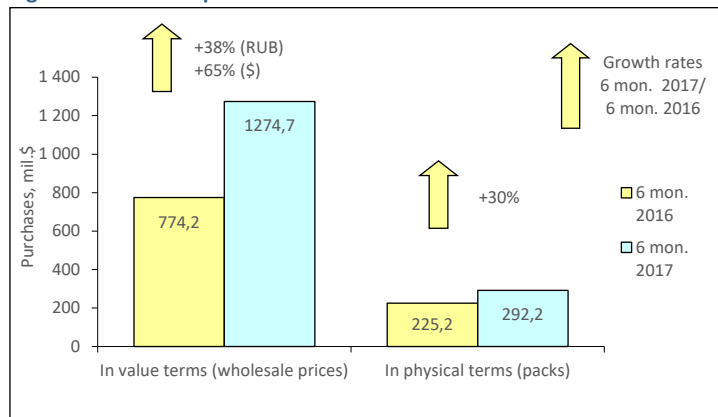
| Rank | | ATC code | ATC group | Share in total pharmacy sales, % | |
|-------------|-------------|----------|---|----------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | | 6 mon. 2017 | 6 mon. 2016 |
| 1 | 1 | M01 | ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS | 4.9 | 4.9 |
| 2 | 3 | C09 | AGENTS ACTING ON THE RENIN-ANGIOTENSIN SYSTEM | 4.5 | 4.3 |
| 3 | 5 | R01 | NASAL PREPARATIONS | 3.8 | 3.7 |
| 4 | 4 | J01 | ANTIBACTERIALS FOR SYSTEMIC USE | 3.7 | 3.7 |
| 5 | 6 | G03 | SEX HORMONES AND MODULATORS OF THE GENITAL SYSTEM | 3.6 | 3.5 |
| 6 | 7 | N02 | ANALGESICS | 3.4 | 3.4 |
| 7 | 2 | J05 | ANTIVIRALS FOR SYSTEMIC USE | 3.2 | 4.4 |
| 8 | 12 | B01 | ANTITHROMBOTIC AGENTS | 3.0 | 2.7 |
| 9 | 8 | A11 | VITAMINS | 3.0 | 3.3 |
| 10 | 9 | R05 | COUGH AND COLD PREPARATIONS | 3.0 | 3.0 |
| Total | | | | 36.2 | 36.9 |

Conclusion. On the basis of the results for the first half of 2017, the retail pharmacy market of the country brought in RUB 428.429 bil. (USD 7.387 bil.). This is 9% higher in terms of roubles and 31% in terms of dollars than during the same period in 2016. In pack terms, the market also showed the positive growth rates (+3%) and brought in 2.233 bil. packs. Based on the results for January-June of 2017, the average cost of an FPP pack in the national pharmacies was USD 3.31, whereas in the same period of 2016 it was USD 2.60. The average expenses of the Russian Federation residents for purchase of OTC drugs in pharmacies also increased as compared to the previous year (USD 50.32 vs. USD 38.34).

RUSSIAN FEDERATION HOSPITAL MARKET: 2017 FIRST SIX MONTHS RESULTS

According to the results of the Budget Audit of FPPs in the Russian Federation (without DLO and regional benefit)TM, based on the results for the first half year of 2017 the national hospital market increased by 30% in physical terms and amounted to 292.168 mil. packs. In money terms, the market also showed positive growth rates both in terms of roubles (38%) and in terms of dollars (+65%) and reached RUB 73.689 bil. (USD 1.275 mil.) in wholesale prices. Based on the results for January-June of 2017, the average price per FPP pack in the hospital sector of the country was USD 4.36, whereas in the year-earlier period its price was USD -3.44.

Figure 1. Russia hospital market for 6 months of 2016 – 6 months of 2017



Following the results for the first six months of 2017, due to 2.8-fold growth in purchases the manufacturer PFIZER moved up to the leading ranks in the top ten manufacturers ranking in the hospital market of Russia (Table 1). At the same time, the former leader of the top ten ABBVIE (+14%) moved down one rank, coming in at number two. In addition to the leader, another three manufacturers from the top ten ranking showed outperformance and rose in the ranks. JOHNSON & JOHNSON (+98%), MERCK SHARP DOHME (+58%) and BIOCAD (+96%) moved up to ranks three through five respectively. The newcomers BAYER (+57%) and NYCOMED/TAKEDA (+45%) broke into the ranks of the top ten, coming in at numbers eight and nine. In contrast, the less dynamic SANOFI-AVENTIS (+31%), PHARMASYNTEZ (+1%) and VEROPHARM (+20%) moved down to the lower ranks six, seven and ten, respectively. The total share accumulated by the top 10 drug manufacturers increased by 3 p.p. and amounted to 32.7%.

Table 1. The top 10 drug manufacturers by hospital purchases

| Rank in the top ten | | Manufacturer* | Share in total hospital purchases, % | |
|---------------------|-------------|------------------------------|--------------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | 6 mon. 2017 | 6 mon. 2016 |
| 1 | 7 | PFIZER | 4.8 | 2.4 |
| 2 | 1 | ABBVIE | 4.7 | 5.7 |
| 3 | 6 | JOHNSON & JOHNSON | 4.2 | 2.9 |
| 4 | 5 | MERCK SHARP DOHME | 3.7 | 3.2 |
| 5 | 9 | BIOCAD RF | 3.2 | 2.2 |
| 6 | 4 | SANOFI-AVENTIS | 3.0 | 3.2 |
| 7 | 3 | PHARMASYNTEZ | 2.8 | 3.9 |
| 8 | 13 | BAYER HEALTHCARE | 2.2 | 1.9 |
| 9 | 12 | NYCOMED/TAKEDA | 2.0 | 1.9 |
| 10 | 8 | VEROPHARM | 2.0 | 2.3 |
| Итого | | | 32.7 | 29.7 |

*AIPM members are in bold

The top ten brands leader KALETRA (+9%) also held its own in the ranking (Table 2). Shifts took place in the lower part of the top ten, and as a result, six of its brands rose in the ranks. Due to 2.6-fold growth in purchases, ISENTRESS moved up one rank, coming in at number five, and INTELENCE (3.6-fold growth in purchases) moved up to rank four from nine. Four newcomers of the top ten, PREVENAR 13 (8.3-fold growth in purchases), TIZIDON (65-fold growth), EVIPLERA (256-fold growth) and ACTILYSE (+22%) moved up to ranks two, seven and the last two ranks of the top ten, respectively. At the same time, due to low growth rates NATRIUM CHLORIDUM (+5%) and REYATAZ (-7%) and CUROSURF (-8%), which reduced their sales, moved down to the lower ranks three, six and eight, respectively. The total share of the top 10 trade names increased from 13.1% to 16.8%.

Table 2. The top 10 brands by hospital purchases

| Rank in the top ten | | Brand | Share in total hospital purchases, % | |
|---------------------|-------------|-------------------|--------------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | 6 mon. 2017 | 6 mon. 2016 |
| 1 | 1 | KALETRA | 2.9 | 3.7 |
| 2 | 22 | PREVENAR 13 | 2.9 | 0.5 |
| 3 | 2 | NATRIUM CHLORIDUM | 2.8 | 3.7 |
| 4 | 9 | INTELENCE | 2.3 | 0.9 |
| 5 | 6 | ISENTRESS | 1.9 | 1.0 |
| 6 | 4 | REYATAZ | 1.0 | 1.4 |
| 7 | 48 | TIZIDON | 0.8 | 0.0 |
| 8 | 5 | CUROSURF | 0.8 | 1.1 |
| 9 | 49 | EVIPLERA | 0.7 | 0.0 |

| Rank in the top ten | | Brand | Share in total hospital purchases, % | |
|---------------------|-------------|----------|--------------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | 6 mon. 2017 | 6 mon. 2016 |
| 10 | 11 | ACTILYSE | 0.7 | 0.8 |
| Total | | | 16.8 | 13.1 |

Four newcomers broke into the ranks of the top 10 INN and group names ranking as well (Table 3). On top of that, VACCINE, PNEUMOCOCCAL (6.2-fold growth in purchases) took the lead in the top ten ranking. The other three ET-RAVIRINE (3.6-fold growth), RALTEGRAVIR (2.6-fold growth) and VACCINE, TICK BORNE ENCEPHALITIS (+44%) moved up to ranks four, five and ten respectively. The growth rates of the other INNs lagged behind the market average, which resulted in the reduction of the market share and loss of the ranks by most of them. LOPINAVIR*RITONAVIR (+9%), SODIUM (+5%) and ATAZANAVIR (+24%) moved down one rank, coming in at ranks two, three and six, respectively. TRASTUZUMAB (-20%) and ENOXAPARIN SODIUM (+17%) moved down to ranks eight and nine from three and six. Only the brand name DARUNAVIR (+37%) held its previous rank seven. The total share of the top 10 increased from 16.8% to 19%.

Table 3. The top 10 INNs and Group Names by hospital purchases

| Rank | | INNs/Group Names | Share in total hospital purchases, % | |
|-------------|-------------|----------------------------------|--------------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | 6 mon. 2017 | 6 mon. 2016 |
| 1 | 19 | VACCINE, PNEUMOCOCCAL | 3.4 | 0.7 |
| 2 | 1 | LOPINAVIR*RITONAVIR | 2.9 | 3.7 |
| 3 | 2 | SODIUM | 2.8 | 3.7 |
| 4 | 16 | ETRAVIRINE | 2.3 | 0.9 |
| 5 | 12 | RALTEGRAVIR | 1.9 | 1.0 |
| 6 | 5 | ATAZANAVIR | 1.3 | 1.4 |
| 7 | 7 | DARUNAVIR | 1.2 | 1.2 |
| 8 | 3 | TRASTUZUMAB | 1.1 | 1.9 |
| 9 | 6 | ENOXAPARIN SODIUM | 1.1 | 1.3 |
| 10 | 11 | VACCINE, TICK BORNE ENCEPHALITIS | 1.1 | 1.0 |
| Total | | | 19.0 | 16.8 |

Two ATC groups held their own in the top ten ATC groups ranking (Table 4). J01 Antibacterials for systemic use (+26%) and N05 Psycholeptics (+27%) maintained their previous ranks three and nine. Three manufacturers managed to rise in the ranks. The leader of the top ten J05 Antivirals for systemic use (+46%) topped the ranking and J07 Vaccines (3-fold growth in purchases) and the only newcomer of the top ten J04 Antimycobacterials (+88%) moved up to ranks four and eight. The less dynamic L01 Antineoplastic agents (+6%), B05 Blood substitutes and perfusion solutions (+20%), B01 Antithrombotic agents (+28%), V08 Contrast media (+26%) lost one rank each, whereas the group N01 Anaesthetics (+24%) moved down from rank eight to ten. In total, the top ten ATC groups accumulated 63.0% of the hospital market, whereas in the year-earlier period 64.4%.

Table 4. The top ten ATC groups by hospital purchases

| Rank | | ATC code | ATC group | Share in total hospital purchases, % | |
|-------------|-------------|----------|--|--------------------------------------|-------------|
| 6 mon. 2017 | 6 mon. 2016 | | | 6 mon. 2017 | 6 mon. 2016 |
| 1 | 2 | J05 | ANTIVIRALS FOR SYSTEMIC USE | 15.0 | 14.2 |
| 2 | 1 | L01 | ANTINEOPLASTIC AGENTS | 11.3 | 14.8 |
| 3 | 3 | J01 | ANTIBACTERIALS FOR SYSTEMIC USE | 9.1 | 9.9 |
| 4 | 7 | J07 | VACCINES | 6.4 | 2.9 |
| 5 | 4 | B05 | PLASMA SUBSTITUTES AND PERFUSION SOLUTIONS | 6.2 | 7.1 |
| 6 | 5 | B01 | ANTITHROMBOTIC AGENTS | 5.0 | 5.4 |
| 7 | 6 | V08 | CONTRAST MEDIA | 2.7 | 2.9 |
| 8 | 12 | J04 | ANTIMYCOBACTERIALS | 2.6 | 1.9 |
| 9 | 9 | N05 | PSYCHOLEPTICS | 2.4 | 2.6 |
| 10 | 8 | N01 | ANESTHETICS | 2.4 | 2.6 |
| Total | | | | 63.0 | 64.4 |

Conclusion. At the end of the first six months of 2017, the Russian hospital market increased noteworthy both in rouble terms (+38%) and in dollar terms (+65%) and brought in RUB 73.689 bil. (USD 1.275 bil.). In physical terms, the market expanded by 30% and amounted to 292.168 mil. packs. At the end of the first half year of 2017, the average cost of a finished pharma product (FPP) pack in the national hospital sector amounted to USD 4.36 vs. USD 3.44 in the year earlier period.

Macroeconomic indices

Table 1: Recent statistical data on socio - economic situation in CFD

| Value | June-January 2017 | June-January 2017 (%) as % against June-January 2016 |
|--|-------------------|--|
| Industrial production index | | 101.9 |
| Retail turnover, RUB bil. | 4,786.3 | 100.6 |
| Monthly average accrued wage per one worker (nominal), RUB | 49,172 | 108.5 |
| real | | 103.5 |

Note: CFD TOGS data

Table 2. Inflation rates in the CFD, December 2016

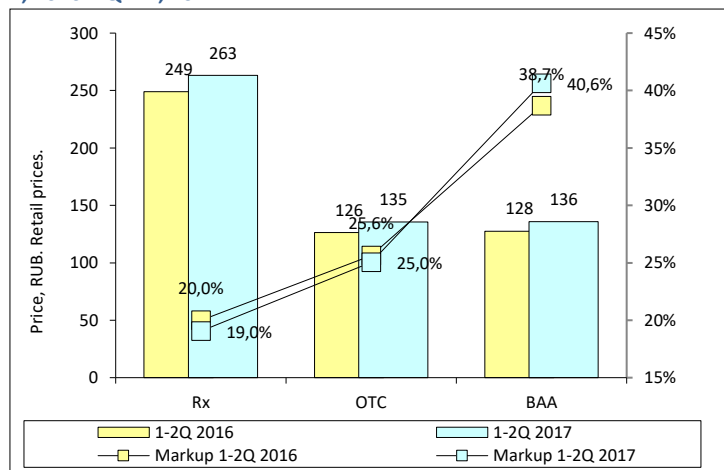
| | June 2017 vs. December 2016 |
|---------------------------|-----------------------------|
| CPI | 102.8 |
| CPI for non-food products | 101.7 |

Indicators of price dynamics and retail margins

Table 3. Results of the VED price monitoring conducted by Roszdravnadzor in CFD

| | Price dynamics in August 2017 vs. December 2016 (%) | | |
|----------------------|---|------------------|-----------------------|
| | Retail prices | Wholesale prices | Manufacturers' prices |
| VED total | -1.1 | -0.5 | 1.3 |
| Not more than RUB 50 | -1.8 | | |
| From RUB 50 to 500 | -0.8 | | |
| Over RUB 500 | -0.4 | | |

Figure 1. Dynamics of weighted average prices and retail margins in Q 1-2, 2016 – Q 1-2, 2017



Indicators of the dynamics and structure of the market²

Figure 2. CFD pharmaceutical market in Q 1-2, 2016 – Q 1-2, 2017

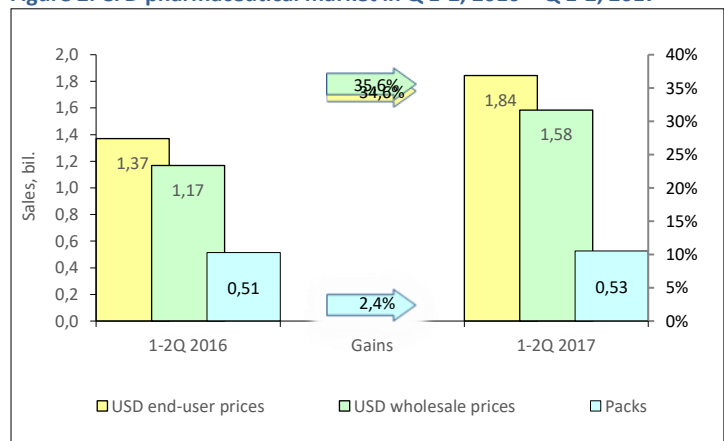


Figure 3. Structure of CFD pharmaceutical market by major segments in Q 1-2, 2016 – Q 1-2, 2017

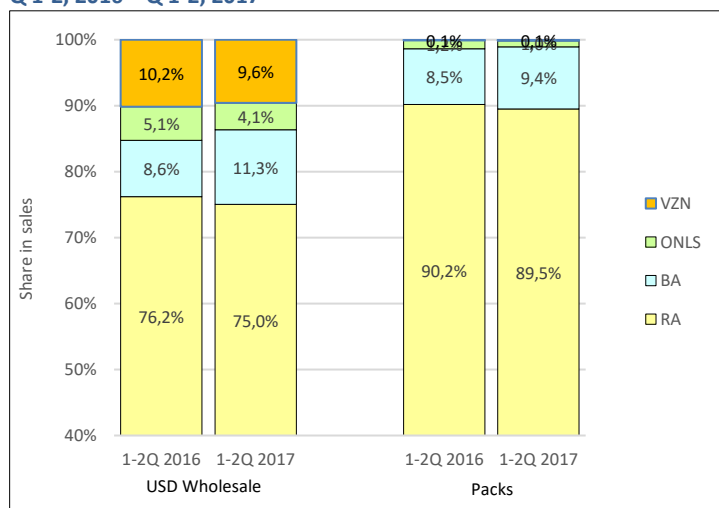


Figure 4. Structure of the retail segment of CFD market in Q 1-2, 2016 – Q 1-2, 2017

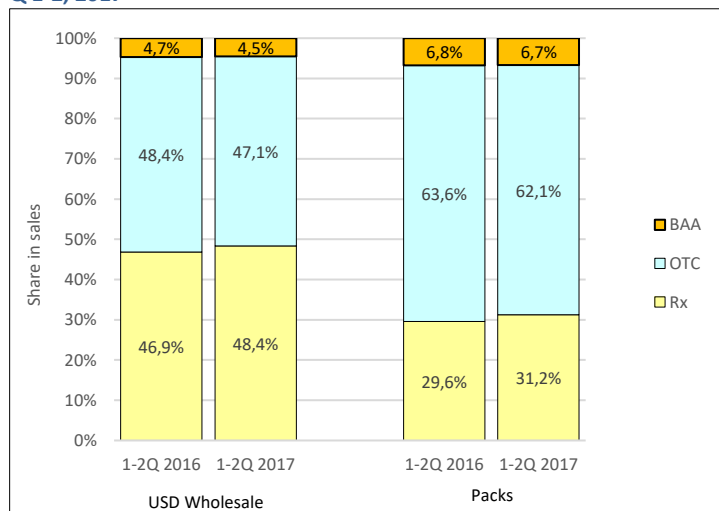
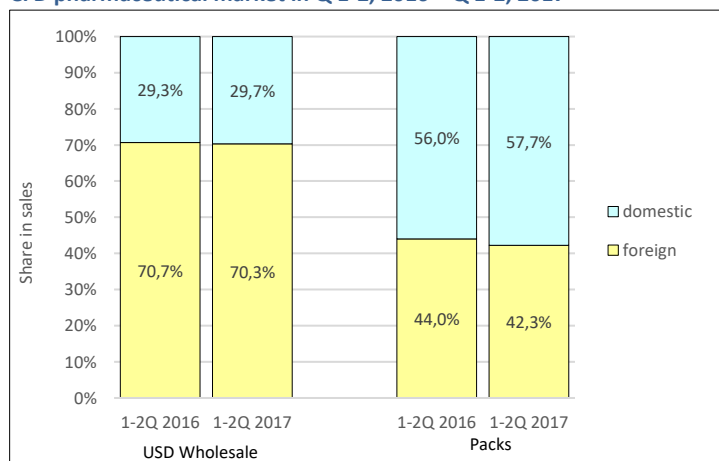


Figure 5. Dynamics of the Russian/ foreign drugs share in the structure of CFD pharmaceutical market in Q 1-2, 2016 – Q 1-2, 2017



² Exclusive of Moscow

PHARMACEUTICAL MARKET OF THE NORTH-WESTERN FEDERAL DISTRICT (NWFD) IN 1-2 Q, 2017 KEY PERFORMANCE INDICATORS

Macroeconomic indices

Table 1: Recent statistical data on socio - economic situation in NWFD

| Value | June-January 2017 | June-January 2017 (%) as % against June-January 2016 |
|--|-------------------|--|
| Industrial production index | | 101.4 |
| Retail turnover, RUB bil. | 1382.7 | 100.6 |
| Monthly average accrued wage per one worker (nominal), RUB | 43,404 | 107.4 |
| real | | 102.8 |

Note: NWFD TOGS data

Table 2. Inflation rates in the NWFD, December 2016

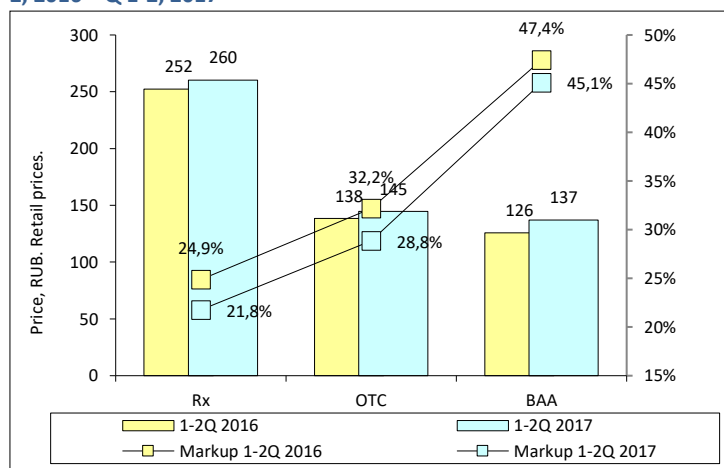
| | June 2017 vs. December 2016 |
|---------------------------|-----------------------------|
| CPI | 102.7 |
| CPI for non-food products | 101.5 |

Indicators of price dynamics and retail margins

Table 3. Results of the VED price monitoring conducted by Roszdravnadzor in NWFD

| | Price dynamics in August 2017 vs. December 2016 (%) | | |
|----------------------|---|------------------|-----------------------|
| | Retail prices | Wholesale prices | Manufacturers' prices |
| VED total | -0.6 | -0.5 | 0.5 |
| Not more than RUB 50 | -1.1 | | |
| From RUB 50 to 500 | -0.5 | | |
| Over RUB 500 | -0.3 | | |

Figure 1. Dynamics of weighted average prices and retail margins in Q 1-2, 2016 – Q 1-2, 2017



Indicators of the dynamics and structure of the market³

Figure 2. NWFD pharmaceutical market in Q 1-2, 2016 – Q 1-2, 2017

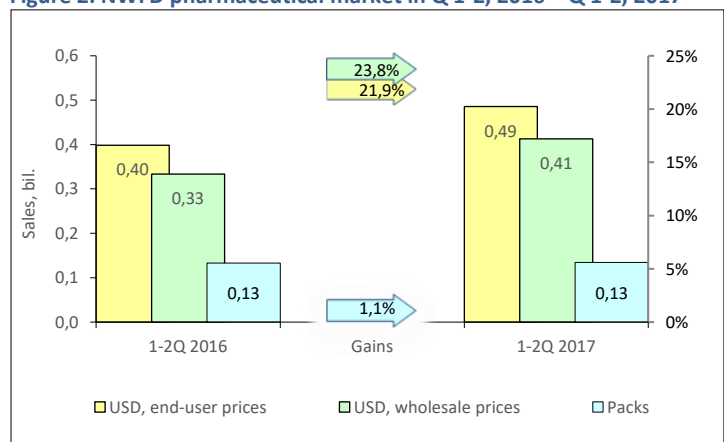


Figure 3. Structure of NWFD pharmaceutical market by major segments in Q 1-2, 2016 – Q 1-2, 2017

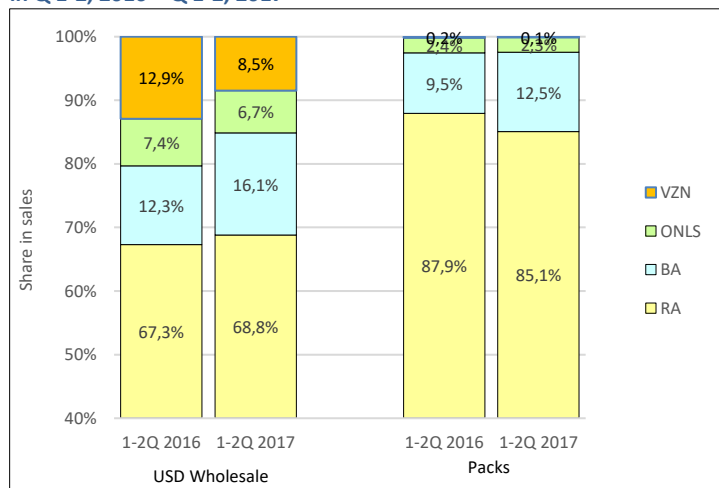


Figure 4. Structure of the retail segment of NWFD market in Q 1-2, 2016 – Q 1-2, 2017

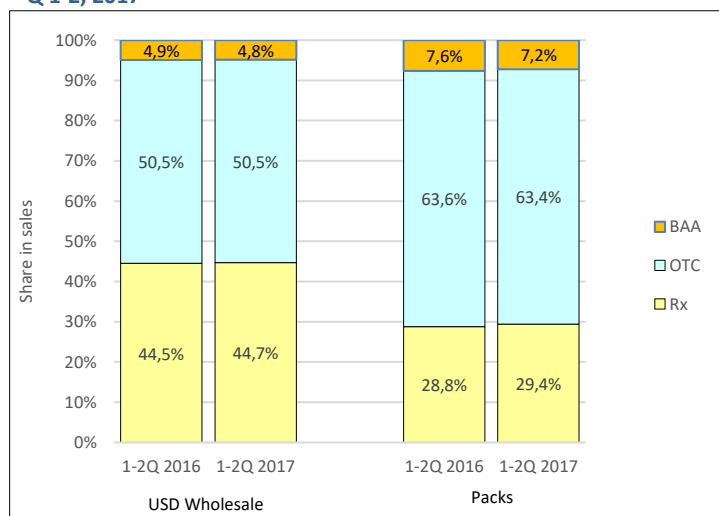
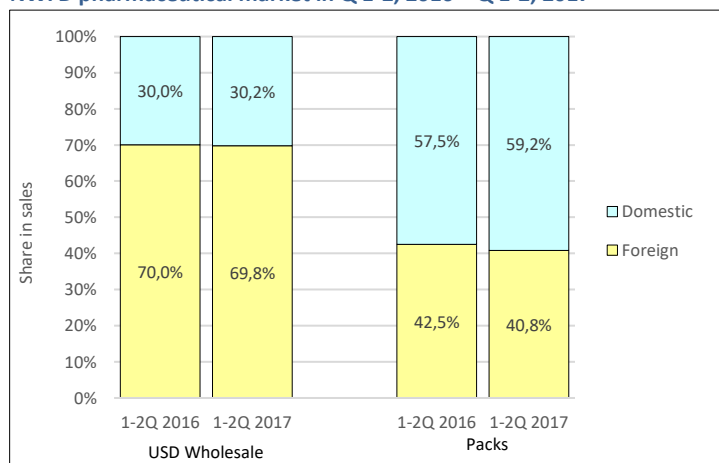


Figure 5. Dynamics of the Russian/ foreign drugs share in the structure of NWFD pharmaceutical market in Q 1-2, 2016 – Q 1-2, 2017



³ Exclusive of St. Petersburg

PHARMACEUTICAL MARKET OF THE VOLGA FEDERAL DISTRICT (VFD) IN Q 1-2 OF 2017 KEY PERFORMANCE INDICATORS

Macroeconomic indices

Table 1: Recent statistical data on socio - economic situation in VFD

| Value | June-January 2017 | June-January 2017 (%) as % against June-January 2016 |
|--|-------------------|--|
| Industrial production index | | 102.0 |
| Retail turnover, RUB bil. | 2,426.0 | 100.2 |
| Monthly average accrued wage per one worker (nominal), RUB | 28,303 | 106.4 |
| real | | 102.4 |

Note: VFD TOGS data

Table 2. Inflation rates in the VFD, December 2016

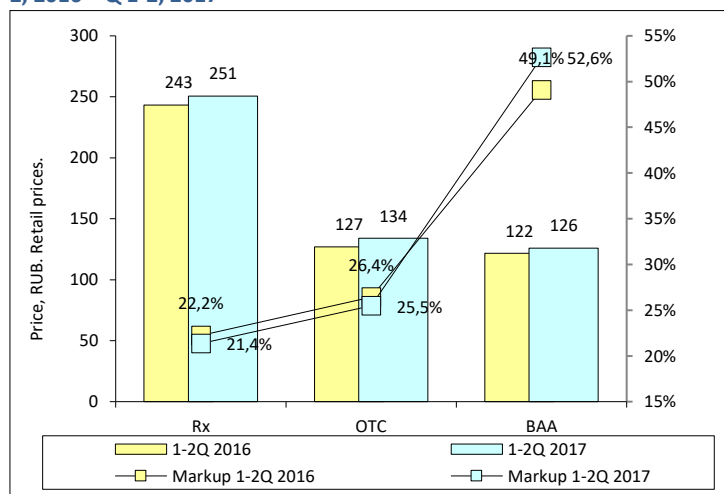
| | June 2017 vs. December 2016 |
|---------------------------|-----------------------------|
| CPI | 102.0 |
| CPI for non-food products | 100.8 |

Indicators of price dynamics and retail margins

Table 3. Results of the VED price monitoring conducted by Roszdravnadzor in VFD

| | Price dynamics in August 2017 vs. December 2016 (%) | | |
|----------------------|---|------------------|-----------------------|
| | Retail prices | Wholesale prices | Manufacturers' prices |
| VED total | -0.6 | -0.9 | 0.3 |
| Not more than RUB 50 | -1.0 | | |
| From RUB 50 to 500 | -0.5 | | |
| Over RUB 500 | -0.3 | | |

Figure 1. Dynamics of weighted average prices and retail margins in Q 1-2, 2016 – Q 1-2, 2017



Indicators of the dynamics and structure of the market

Figure 2. VFD pharmaceutical market in Q 1-2, 2016 – Q 1-2, 2017

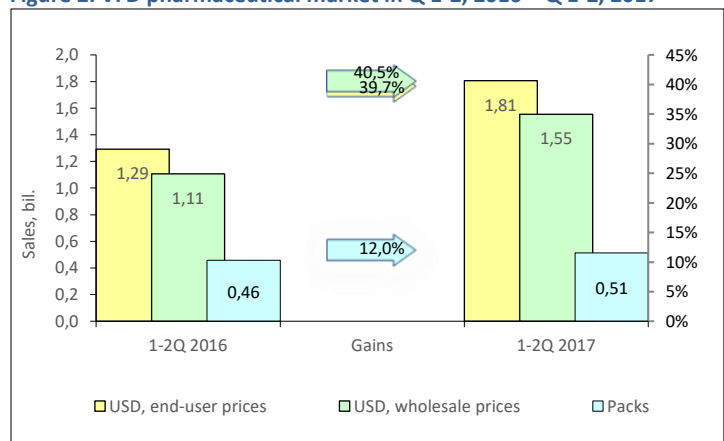


Figure 3. Structure of PFD pharmaceutical market by major segments in Q 1-2, 2016 – Q 1-2, 2017

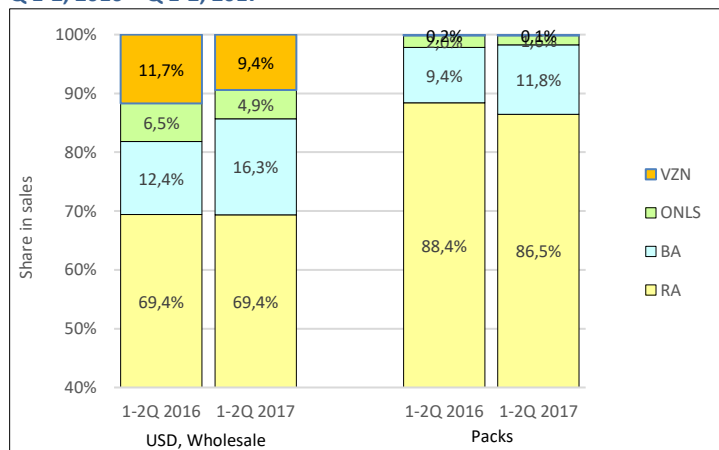


Figure 4. Structure of the retail segment of VFD market in Q 1-2, 2016 – Q 1-2, 2017

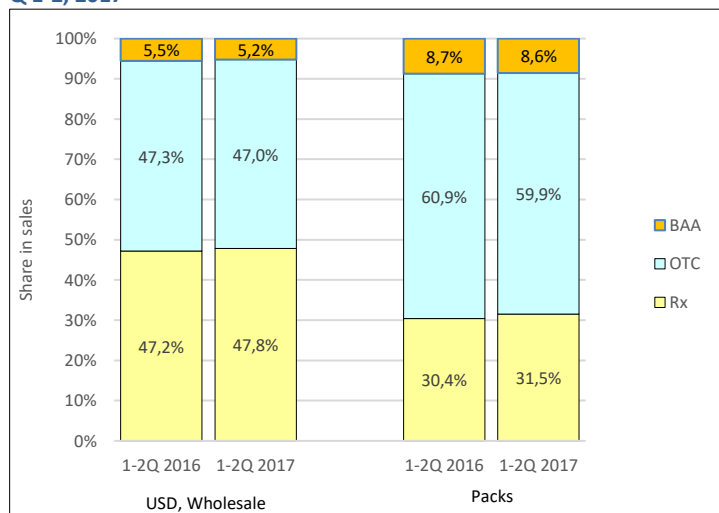
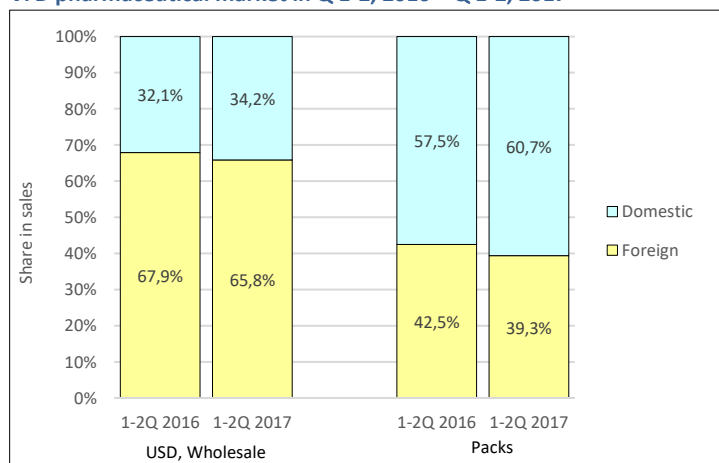


Figure 5. Dynamics of the Russian/foreign drugs share in the structure of VFD pharmaceutical market in Q 1-2, 2016 – Q 1-2, 2017



Macroeconomic indices

Table 1: Recent statistical data on socio - economic situation in UrFD

| Value | June-January 2017 | June-January 2017 (%) as % against June-January 2016 |
|--|-------------------|--|
| Industrial production index | | 103.3 |
| Retail turnover, RUB bil. | 1,201.3 | 96.6 |
| Monthly average accrued wage per one worker (nominal), RUB | 43,942 | 106.6 |
| real | | 102.2 |

Note: VFD TOGS data

Table 2. Inflation rates in the UrFD, December 2016

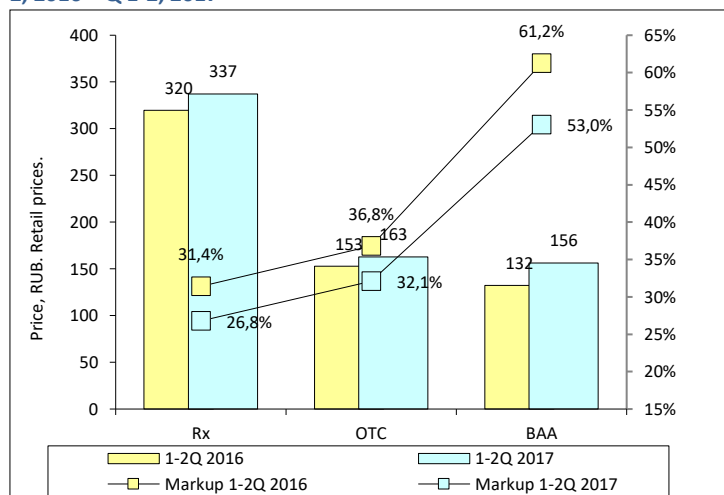
| | June 2017 vs. December 2016 |
|---------------------------|-----------------------------|
| CPI | 101.7 |
| CPI for non-food products | 101.8 |

Indicators of price dynamics and retail margins

Table 3. Results of the VED price monitoring conducted by Roszdravnadzor in UrFD

| | Price dynamics in August 2017 vs. December 2016 (%) | | |
|----------------------|---|------------------|-----------------------|
| | Retail prices | Wholesale prices | Manufacturers' prices |
| VED total | -1.1 | -0.6 | 0.0 |
| Not more than RUB 50 | -1.5 | | |
| From RUB 50 to 500 | -1.1 | | |
| Over RUB 500 | -1.1 | | |

Figure 1. Dynamics of weighted average prices and retail margins in Q 1-2, 2016 – Q 1-2, 2017



Indicators of the dynamics and structure of the market

Figure 2. UrFD pharmaceutical market in Q 1-2, 2016 – Q 1-2, 2017

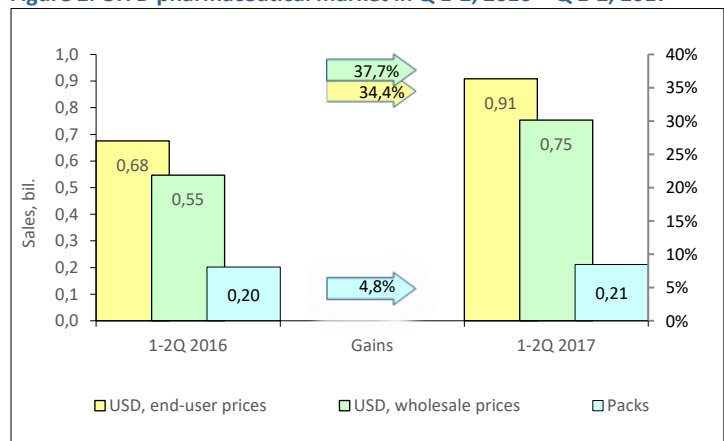


Figure 3. Structure of UrFD pharmaceutical market by major segments in Q 1-2, 2016 – Q 1-2, 2017

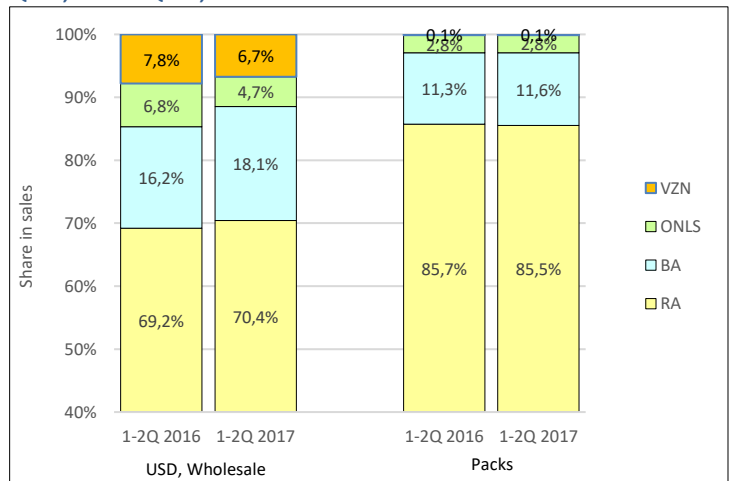


Figure 4. Structure of the retail segment of UrFD market in Q 1-2, 2016 – Q 1-2, 2017

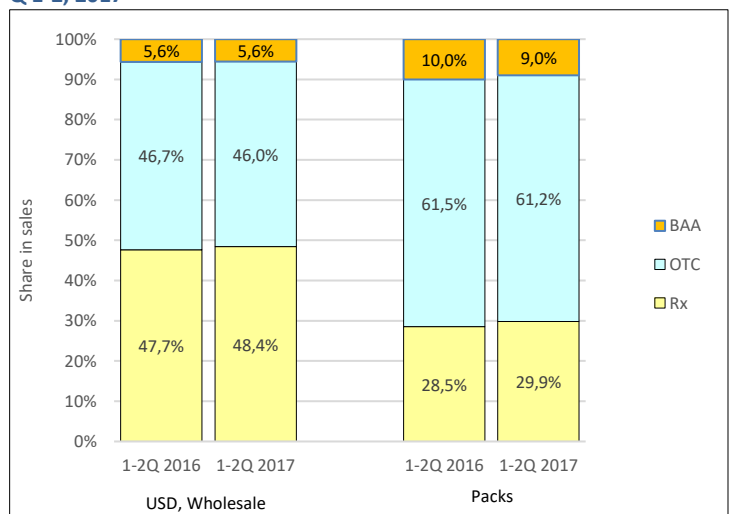
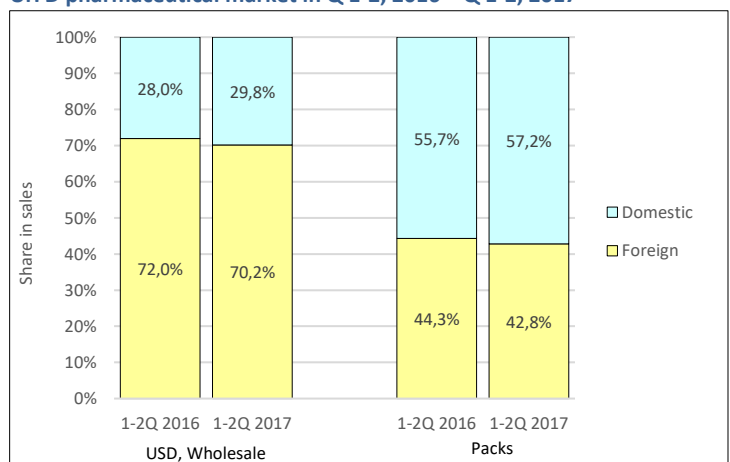


Figure 5. Dynamics of the Russian/ foreign drugs share in the structure of UrFD pharmaceutical market in Q 1-2, 2016 – Q 1-2, 2017



PHARMACEUTICAL MARKET OF THE SIBERIA FEDERAL DISTRICT (SFD) IN 1-2 Q OF 2017 KEY PERFORMANCE INDICATORS

Macroeconomic indices

Table 1: Recent statistical data on socio - economic situation in SiFD

| Value | June-January 2017 | June-January 2017 (%) as % against June-January 2016 |
|--|-------------------|--|
| Industrial production index | | 103.2 |
| Retail turnover, RUB bil. | 1,368.4 | 100.8 |
| Monthly average accrued wage per one worker (nominal), RUB | 33,076 | 106.4 |
| real | | 102.5 |

Note: SiFD TOGS data

Table 2. Inflation rates in the SiFD, December 2016

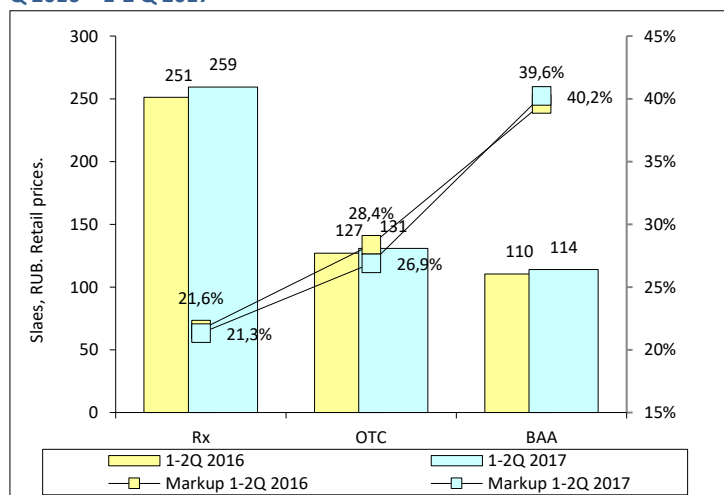
| | June 2017 vs. December 2016 |
|---------------------------|-----------------------------|
| CPI | 101.6 |
| CPI for non-food products | 101.0 |

Indicators of price dynamics and retail margins

Table 3. Results of the VED price monitoring conducted by Roszdravnadzor in SiFD

| | Price dynamics in August 2017 vs. December 2016 (%) | | |
|----------------------|---|------------------|-----------------------|
| | Retail prices | Wholesale prices | Manufacturers' prices |
| VED total | -1.4 | -1.5 | -0.2 |
| Not more than RUB 50 | -1.9 | | |
| From RUB 50 to 500 | -1.6 | | |
| Over RUB 500 | -0.3 | | |

Figure 1. Dynamics of weighted average prices and retail margins in 1-2 Q 2016 – 1-2 Q 2017



Indicators of the dynamics and structure of the market

Figure 2. SFD pharmaceutical market in 1-2 Q 2016 – 1-2 Q 2017

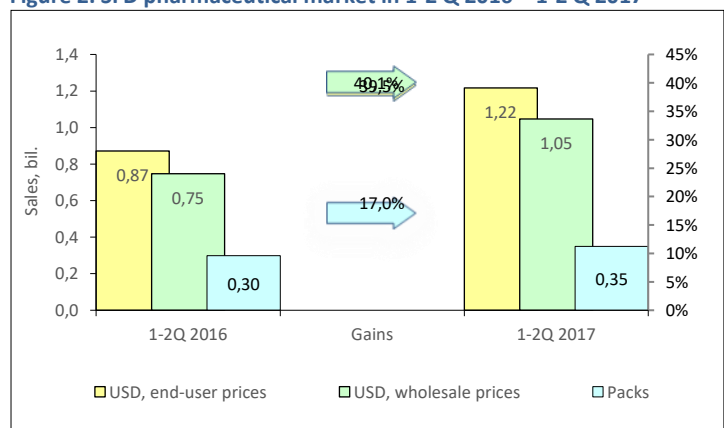


Figure 3. Structure of SiFD pharmaceutical market by major segments in Q 1-2, 2016 – 1-2 Q 2017

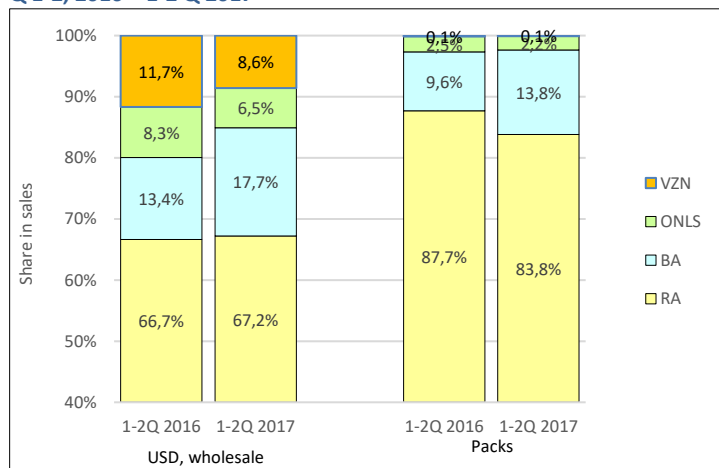


Figure 4. Structure of the retail segment of SiFD market in 1-2 Q 2016 – 1-2 Q 2017

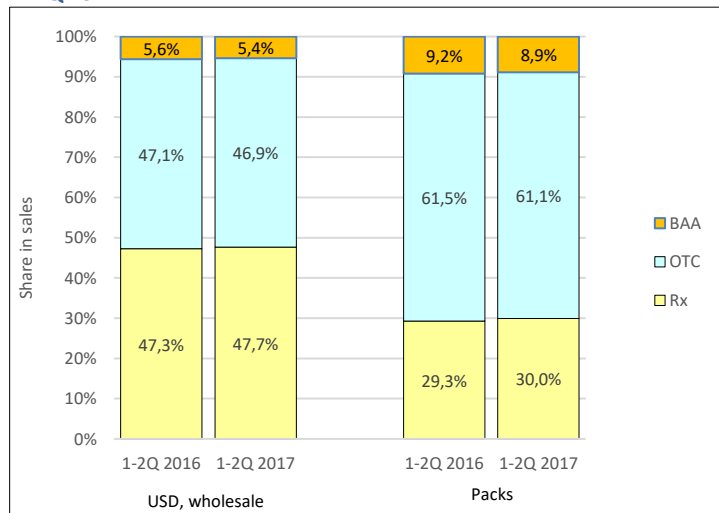
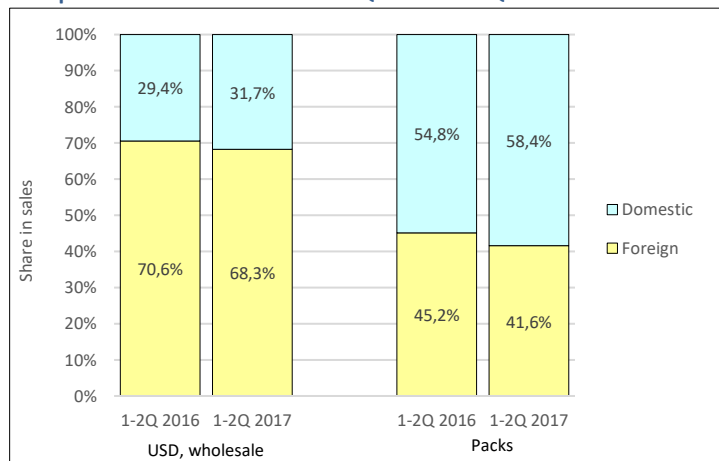


Figure 5. Dynamics of the Russian/ foreign drugs share in the structure of SiFD pharmaceutical market in 1-2 Q 2016 – 1-2 Q 2017



Macroeconomic indices

Table 1: Recent statistical data on socio - economic situation in SoFD

| Value | June-January 2017 | June-January 2017 (%) as % against June-January 2016 |
|--|-------------------|--|
| Industrial production index | | 104.0 |
| Retail turnover, RUB bil. | 1,427.0 | 99.7 |
| Monthly average accrued wage per one worker (nominal), RUB | 27,839 | 106.3 |
| real | | 101.5 |

Note: SoFD TOGS data

Table 2. Inflation rates in the SoFD, December 2016

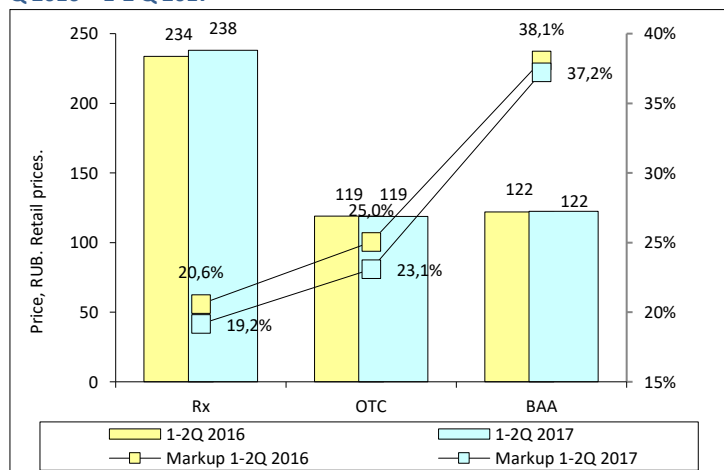
| | June 2017 vs. December 2016 |
|---------------------------|-----------------------------|
| CPI | 102.8 |
| CPI for non-food products | 101.0 |

Indicators of price dynamics and retail margins

Table 3. Results of the VED price monitoring conducted by Roszdravnadzor in SoFD

| | Price dynamics in August 2017 vs. December 2016 (%) | | |
|----------------------|---|------------------|-----------------------|
| | Retail prices | Wholesale prices | Manufacturers' prices |
| VED total | -1.1 | 0.3 | 0.8 |
| Not more than RUB 50 | -1.7 | | |
| From RUB 50 to 500 | -1.1 | | |
| Over RUB 500 | -1.3 | | |

Figure 1. Dynamics of weighted average prices and retail margins in 1-2 Q 2016 – 1-2 Q 2017



Indicators of the dynamics and structure of the market

Figure 2. SoFD pharmaceutical market in 1-2 Q 2016 – 1-2 Q 2017

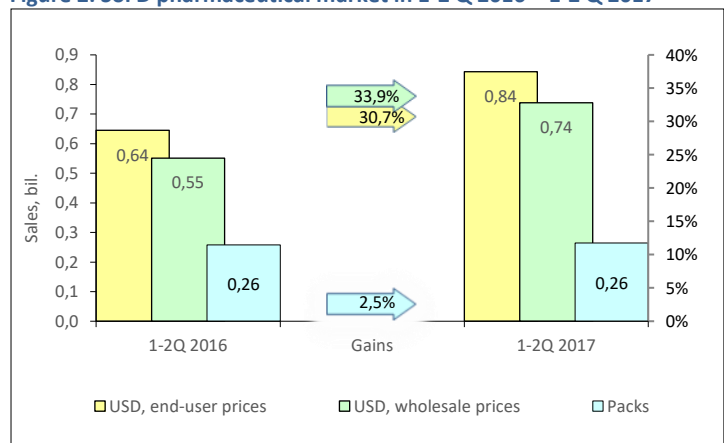


Figure 3. Structure of SoFD pharmaceutical market by major segments in 1-2 Q 2016 – 1-2 Q 2017

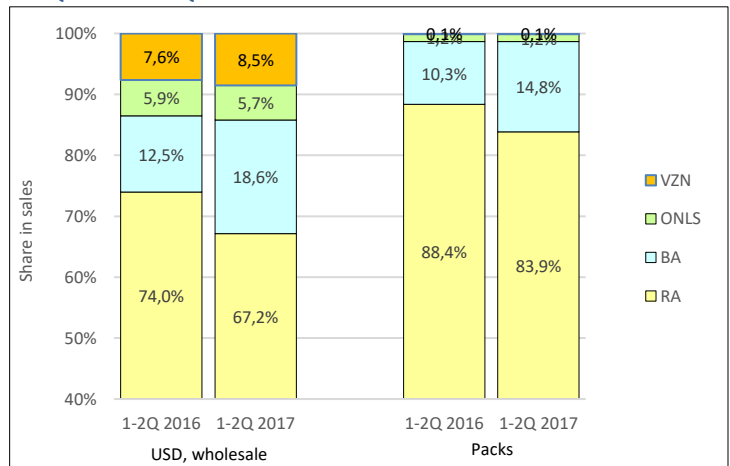


Figure 4. Structure of the retail segment of SoFD pharmaceutical market in 1-2 Q 2016 – 1-2 Q 2017

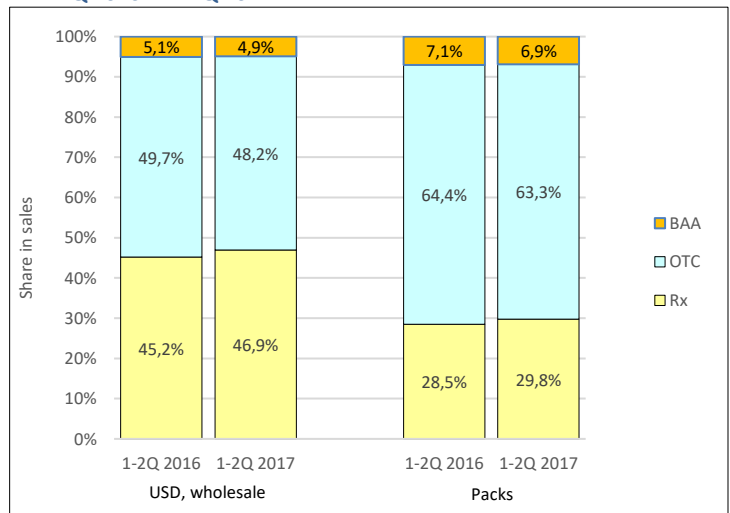
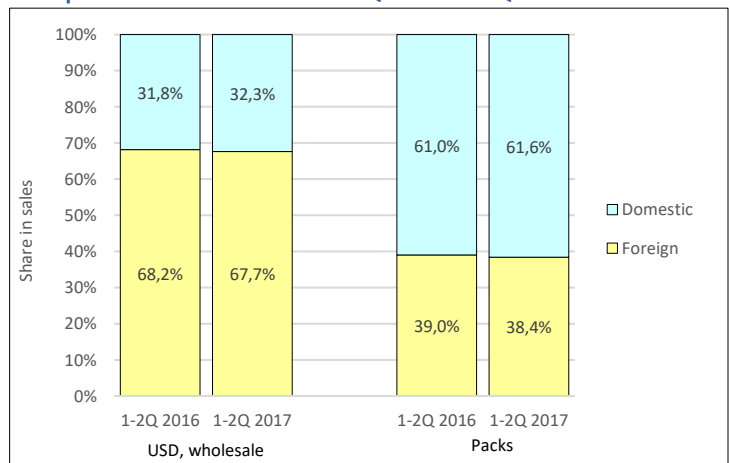


Figure 5. Dynamics of the Russian/ foreign drugs share in the structure of SoFD pharmaceutical market in 1-2 Q 2016 – 1-2 Q 2017



PHARMACEUTICAL MARKET OF THE FAR EASTERN FEDERAL DISTRICT (FEFD) IN 1-2 Q OF 2017 KEY PERFORMANCE INDICATORS

Macroeconomic indices

Table 1: Recent statistical data on socio - economic situation in FEFD

| Value | January-June 2017 | January-June 2017 as (%) against January-March 2016 |
|--|-------------------|---|
| Industrial production index | | 103.2 |
| Retail turnover, RUB bil. | 611.3 | 101.4 |
| Monthly average accrued wage per one worker (nominal), RUB | 48,156 | 105.3 |
| real | | 101.3 |

Note: FEFD TOGS data

Table 2. Inflation rates in the FEFD, December 2016

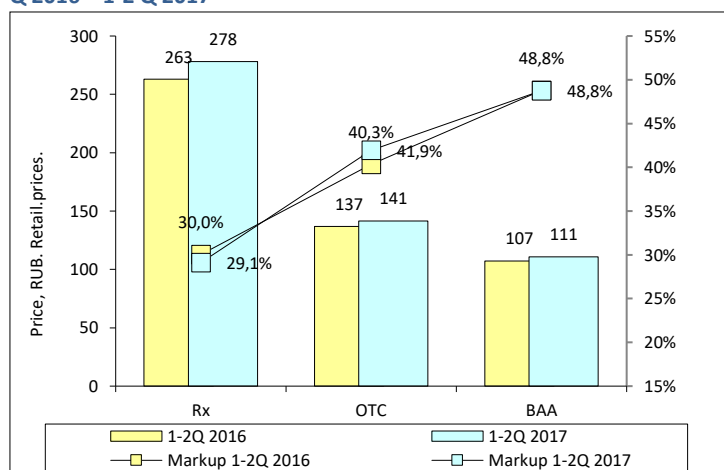
| | June 2017 vs. December 2016 |
|---------------------------|-----------------------------|
| CPI | 101.0 |
| CPI for non-food products | 101.1 |

Indicators of price dynamics and retail margins

Table 3. Results of the VED price monitoring conducted by Roszdravnadzor in FEFD

| | Price dynamics in August 2017 vs. December 2016 (%) | | |
|----------------------|---|------------------|-----------------------|
| | Retail prices | Wholesale prices | Manufacturers' prices |
| VED total | -0.8 | -2.1 | 0,0 |
| Not more than RUB 50 | -1.5 | | |
| From RUB 50 to 500 | -0.5 | | |
| Over RUB 500 | 0.3 | | |

Figure 1. Dynamics of weighted average prices and retail margins in 1-2 Q 2016 – 1-2 Q 2017



Indicators of the dynamics and structure of the market

Figure 2. FEFD pharmaceutical market in 1-2 Q 2016 – 1-2 Q 2017

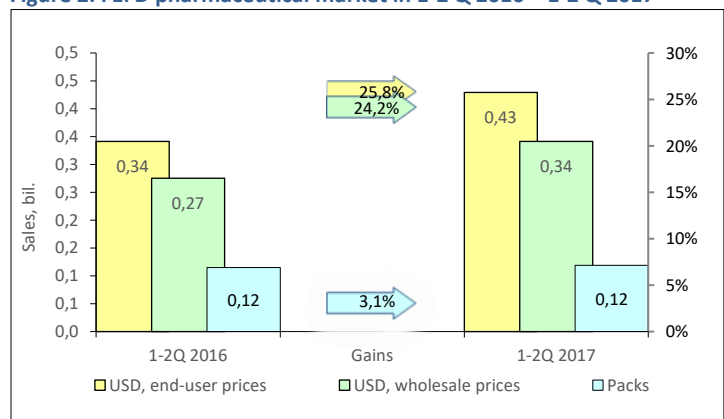


Figure 3. Structure of FEFD pharmaceutical market by major segments in 1-2 Q 2016 – 1-2 Q 2017

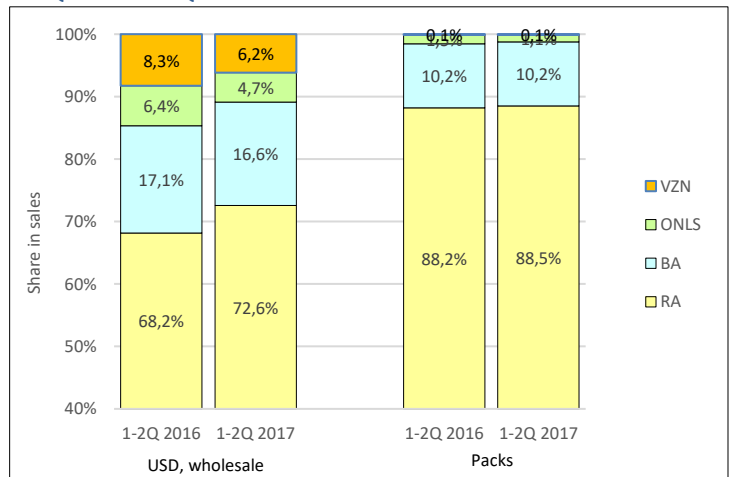


Figure 4. Structure of the retail segment of FEFD pharmaceutical market in 1-2 Q 2016 – 1-2 Q 2017

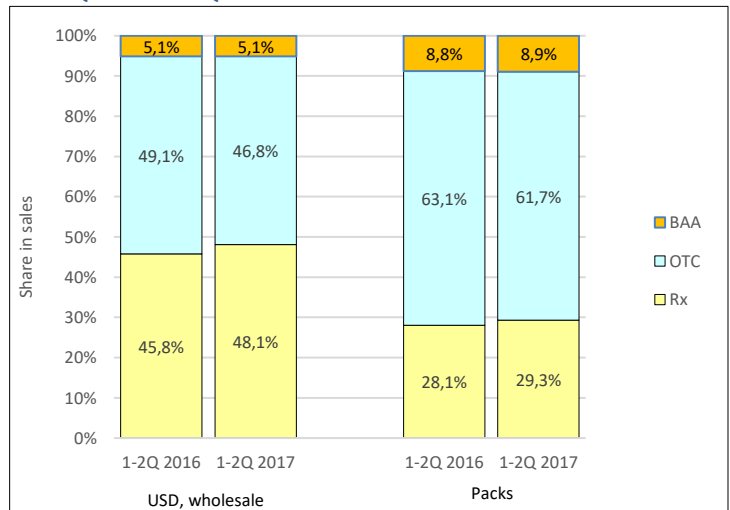


Figure 5. Dynamics of the Russian/ foreign drugs share in the structure of FEFD pharmaceutical market in 1-2 Q 2016 – 1-2 Q 2017

