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

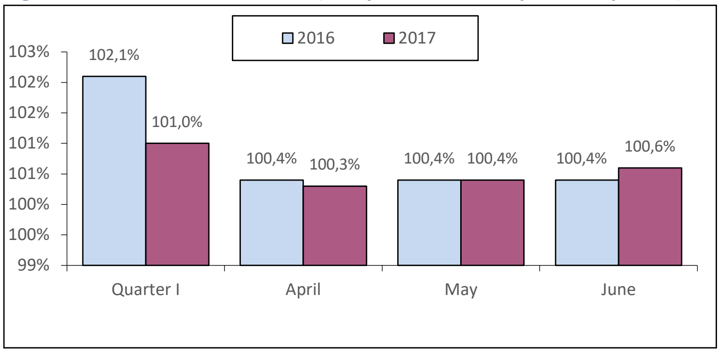
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, the Consumer Price Index was estimated as 100.6% in June 2017 compared to the previous month, and 102.3% as against December 2016.

In June this year, Industrial Producer Price Index (for goods intended for sale on the domestic market) was 99.7%, whereas in the month-earlier period it had amounted to 99.5%. The index accounted for 101.4% against December of the previous year.

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



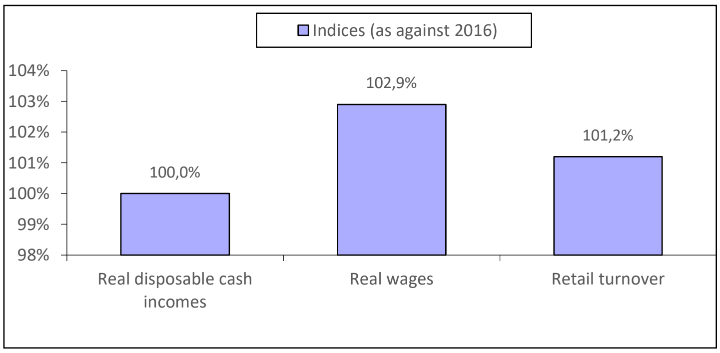
Living standard

According to the preliminary Federal State Statistics Service's data, in June of 2017 the gross monthly average wages per worker reached RUB 41,640 (USD 720.17) which accounted for 103.5% compared to the previous month and 107.4% compared to June 2016. The real wage in June 2017, compared to June 2016 accounted for 102.9%. In June 2017, the real value of disposable cash incomes accounted for 100.0% as compared with the same period of 2016 (Fig. 2).

Retail turnover

In June 2017, the retail turnover was equal to RUB 2,417.0 bil, which in comparable prices accounted for 101.2% compared to the same period a year ago, in the first half of 2017 - RUB 13,876.0 bil. or 99.5% (Fig. 2).

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



Industrial Production

According to Federal State Statistics Service's data, in June 2017 Industrial Production Index accounted for 103.5% compared to the same period a year ago, and in the first half of 2017 – 102.0%.

According to Federal State Statistics Service's data, Industrial Production Index of drugs and medical products in June 2017 accounted for 104.7% compared to the relevant period of the previous year, and 94.0% to the previous month.

Domestic production

The top 10 domestic pharmaceutical manufacturers according to their volumes of sales in all segments of the market based on the results for June of 2017 is shown in Table 1.

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

Rank	Manufacturer	RUB mil.
1	Otcpharm	1490.9
2	Biocad	1025.2
3	Stada	995.5
4	Pharmstandart	955.3
5	Pharmasyntez	807.9
6	Sotex	783.4
7	Valenta	710.5
8	Akrikhin Pharma	681.2
9	Veropharm	674.3
10	Servier	654.6

Source - Remedium according to IMS Health's data

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In May 2017 compared to April, reduction in pharmacy sales (in terms of roubles) was observed in most analysed regions. The highest reduction was observed in Moscow (-22%), the lowest one in Rostov Region (-2%). The sales growth was reported in Krasnodar Krai (+9%) and Perm (+8%).

Table 2. Pharmacy sales in the regions, 2017

Region	Pharmacy sales, $ mil. (wholesale prices)			Growth gain, % (roubles)		
	March 2017	April 2017	May 2017	March / February 17	April/ March 17	May/ April 17
Moscow	175.7	194.2	150.3	22%	7%	-22%
St. Petersburg	58.4	49.8	44.3	22%	-17%	-10%
Krasnodar Krai	37.3	32.1	34.5	17%	-16%	9%
Novosibirsk Region	22.0	18.5	17.9	12%	-18%	-2%
Tatarstan	28.1	24.1	22.3	22%	-17%	-6%
Krasnoyarsk Krai	29.5	26.0	25.1	9%	-14%	-2%
Rostov Region	24.0	21.6	21.1	12%	-13%	-1%
Voronezh Region	16.4	14.6	14.1	13%	-14%	-2%
Perm	8.0	7.2	7.7	3%	-13%	8%
Tyumen	7.0	7.0	6.6	12%	-2%	-5%

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 June 2017

Rank	Company*	Quantity of broadcasts
1	Otcpharm	9,676
2	Berlin-Chemie Menarini Group	8,102
3	GSK Consumer Healthcare	7,946
4	Bayer AG	7,614
5	Teva	7,476

Source - Remedium according to Mediascope's data

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

Rank	Brand*	Quantity of broadcasts
1	Voltaren	3,525
2	Ketorol	2,926
3	Lioton 1000	2,353
4	Exoderil	2,137
5	Aerius	2,103

Source - Remedium according to Mediascope's data

* Only products registered with State Register of Medicines were considered

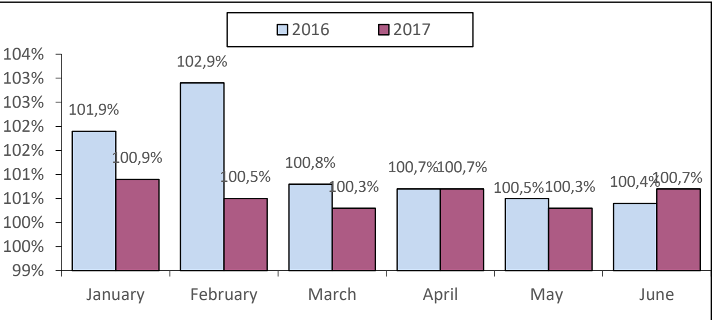
MACROECONOMIC INDICES OF THE REPUBLIC OF BELARUS

Inflation

According to data of National Statistical Committee of the Republic of Belarus, in June 2017 the Consumer Price Index was estimated at 100.7%, compared to the previous month, 103.4% to December 2016. In the first half of 2017, the Consumer Price Index was 107% as compared to the same period of 2016.

In June 2017, the Industrial Producer Price Index was 100.4% compared to May 2017, and 107.3% as compared to December 2016. In January-June 2017, the Industrial Producer Price Index was 109.2% as compared to 2016.

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



Source: Bedstat

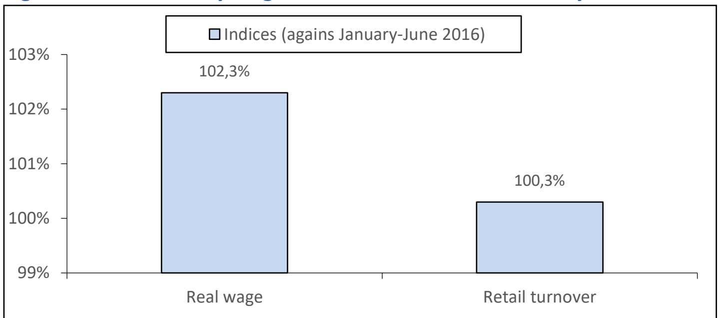
Living standard

According to the preliminary Balstat's data, in March 2016 the average monthly nominal accrued wage of the workers of the Republic of Belarus was BYR 819.3 (USD 432.99[1]), in January-March 2017 - BYR 767.3 (USD 404.52). In June 2017, the real wage accounted for 103.8% as compared to the same period of 2016, in January-June 2017 – 102.3% (Fig. 2). According to Balstat's data, in January-February 2017 the real disposable cash income accounted for 98.8% as against January-May 2016.

Retail turnover

In June 2017, the retail turnover was estimated at RUB 3,333.0 mil., which accounted for 102.6% compared to the previous period and 102.0% compared to the same period of the last year. In January-June 2017, the turnover amounted to RUB 18,180.3 mil. or 100.3% to the first half of 2016 (Fig. 2).

Figure 2. Real monthly wage and retail turnover in January-June 2017



Source: Bedstat

Industrial Production

According to Belstat's data, in the first half of 2017 the industrial output by economic activities "Mining industry", "Processing Industry" and “Supply of electricity, gas, steam, hot water and conditioned air” and “Water supply; sewerage, waste management and remediation activities” amounted to BYR 43.25 bil, at current prices or 106.1% at comparable prices as against the first half of 2016.

According to Belstat's data, in January-June 2017 the pharmaceutical production output of essential pharmaceutical products and pharmaceutical preparations was estimated at BYR 542.0 mil., which accounted for 109.5% to January-June 2016 at comparable prices.

[1] The average exchange rate to calculate the above indices was used from the official website of the National Bank of Belarus www.nbrb.by. On July 1, 2016, in the Republic of Belarus the re-denomination was made in a ratio of 1:10,000

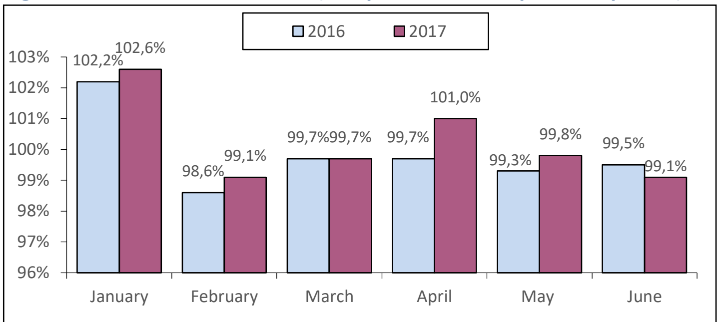
MACROECONOMIC INDICES OF THE REPUBLIC OF ARMENIA

Inflation

According to data of National Statistical Service of the Republic of Armenia, in June of 2017 the Consumer Price Index was estimated at 99.1%, compared to December 2016 - 101.2% The Consumer Price Index accounted for 100.5% since the beginning of the year compared to the previous period.

In June 2017, the Industrial Producer Price Index was 100.5%, as compared to the previous month, while as against December 2016 - 99.7% as against December 2016. In January-June of the current year, the index accounted for 103.8% compared to the same period of 2016.

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



Source: RA Office for National Statistics

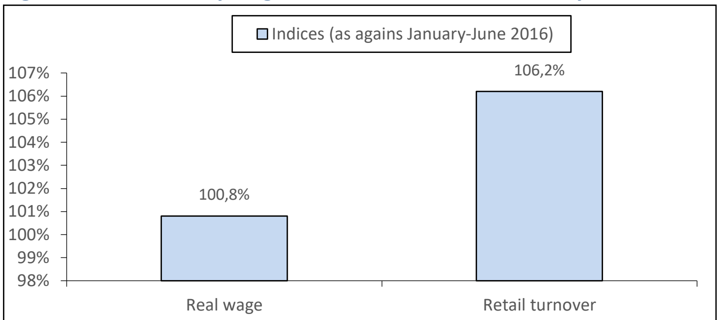
Living standard

According to the preliminary data of RA Office for National Statistics, the gross monthly average salary per worker in the Republic of Armenia reached AMD 190,711 (USD 396) in June 2017, which accounted for 104.1% as compared to the same period of the last year. In January-June of 2017, the gross monthly average salary per worker was AMD 187,322 (USD 387) or 101.3% compared to the same period of 2016, (Fig.2). The real wage accounted for 103% in June 2017 compared to the respective period of 2016, in January-June 2017 as compared to January-June 2016 - 100.8%. The calculation of real disposable cash incomes according to the State Statistical Work Program for 2008 is not carried out.in the Republic of Armenia from January 1, 2008.

Retail turnover

The retail turnover accounted for AMD 110302.0 mil. in June 2017, and AMD 580,967.0 mil. from the beginning of the year, which accounted for 103.5% and 106.2% as compared to the same period of the last year, respectively (Fig. 2).

Figure 2. Real monthly wage and retail turnover in January-June 2017



Source: RA Office for National Statistics

Industrial Production

According to the preliminary data of RA Office for National Statistics, in June of 2017 the industrial output by economic activities "Mining industry", "Processing industry" and “Supply of electricity, gas, steam, hot water and conditioned air” and “Water supply; sewerage, waste management and remediation activities” amounted to AMD 135,306.7 mil, and AMD 760,360.2 mil. from the beginning of the year at current prices or 103.8% and 112.4% as against the same period of 2016, respectively.

According to RA Office for National Statistics data, the pharmaceutical output was estimated at AMD 662.9 mil. in June 2017, and AMD 4,575.2 mil. from the beginning of the year, which accounted for 90.9% and 120.4% as compared to the respective period of the previous year.

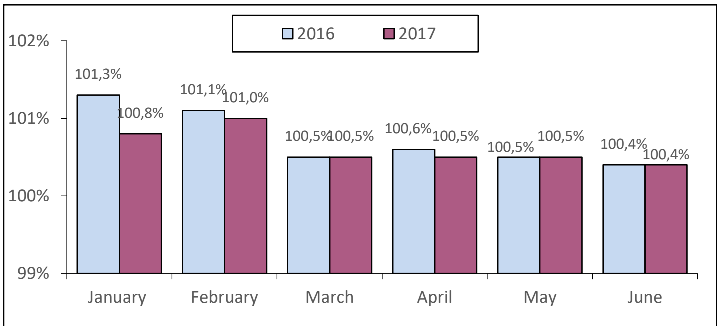
MACROECONOMIC INDICES OF THE REPUBLIC OF KAZAKHSTAN

Inflation

According to the data of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan, the Consumer Price Index accounted for 100.4 % in June 2017, - 103.7% as against December 2016. In January-June of 2017, the index accounted for 107.7% compared to the same period of 2016.

In June 2017, the Industrial Producer Price Index (with due account for production, maintenance and delivery services) was 99.7%, as compare to the previous year and - 104% as against December 2016. The prices of the manufacturers of industrial products increased by 20.7% in January-June 2017 compared to January-June 2016.

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



Source: RK Committee on Statistics

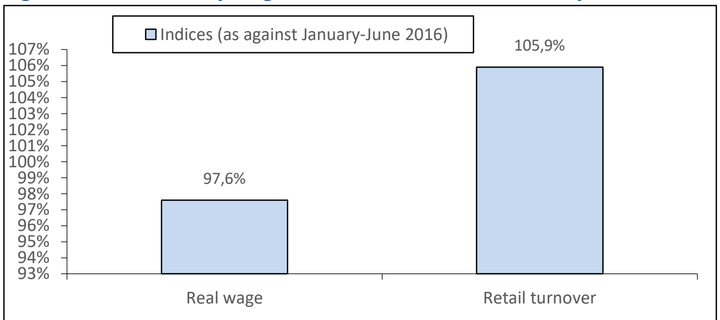
Living standard

According to the preliminary data of the RK Committee on Statistics , the gross monthly average salary per worker reached KZT 143,822 (USD 451,67.[2]), in January-June of 2017 – KZT 140,771 (USD 441.86). The gross wage index accounted for 99.4% in June 2017 compared to the respective period of 2016, in January-June 2017 – 101.9%, the real wage index – 92.5% and 97.6%, respectively. In January-June 2017, the Real Cash Income Index was 96.6% compared to the same period of 2016 (Fig. 2).

Retail turnover

In June 2017, the retail turnover was KZT 751.4 bil., in January-June of 2017 it amounted to KZT 3,887.2 bil. or 104.6% and 105.9%, respectively, compared to the same period in 2016 (in comparable prices) (Fig. 2).

Figure 2. Real monthly wage and retail turnover in January-June 2017



Source: RK Committee on Statistics

Industrial Production

According to data of the Committee for Statistics of RK, in June 2017 the industrial output was KZT 1,698.8 bil., in January-June of the last year KZT 10,624.7 bil. As compared to the same period of 2016, the indices accounted for 107.5% and 107.8%, respectively.

According to data of the Committee for Statistics of RK, in June of 2017 the essential pharmaceuticals output amounted to KZT 5,159 mil., in January-June 2016 it was KZT 37,842 mil. At the end of June of 2017, the Index of Physical Volume of Industrial Production for Pharmaceuticals was 123.3% as compared to December 2015, in January-December 2017 - 134.6% as against January-June 2016.

MACROECONOMIC INDICES OF THE KYRGYZ REPUBLIC

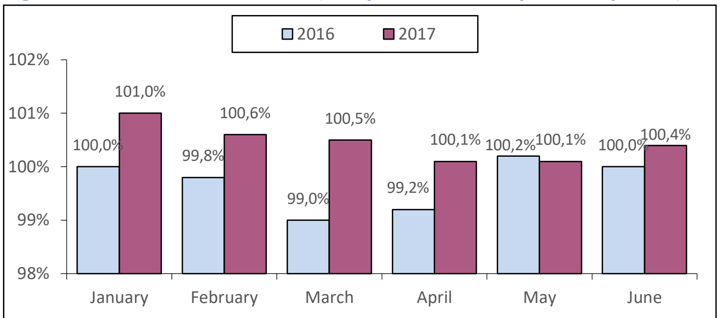
[2] The average exchange rate to calculate the above indices was used from the official website of the National Bank of Kazakhstan www.nationalbank.kz

Inflation

According to data of the Committee for Statistics of the National Statistical Committee of the Kyrgyz Republic, in June of 2017 the Consumer Price Index was estimated at 100.4%, as against December 2016 - 102.8% as against January-June 2016. In January-June of 2017, the Index reached 102.7% as compared to the same period of 2015.

In June 2017, the Producer Price Index for industrial production and services was 101.5% as compared to the previous month. - 104.2% as against January-June 2016. Throughout the Republic, the prices of producers for industrial products and services have increased by 1% since the beginning of 2017.

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



Source: RK Committee on Statistics

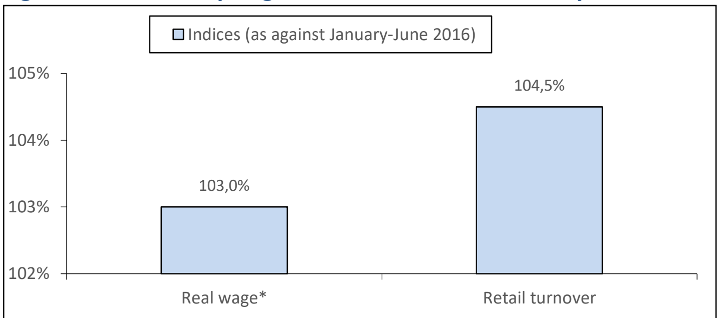
Living standard

According to data of the Committee for Statistics of the Kyrgyz Republic, in May 2017 the average monthly nominal wage per worker was KGS 14911 (USD 219.93 [3]), in January-May amounted to - KGS 14338 (USD 208.7), which is 7.4% and 5.5% more than in the same period of 2016, respectively. In January-May of 2017, the real wage accounted for 103.0% as compared to January-May of 2016, in May of 2017 – 105.2% as against May of 2016 (Fig. 2).

Retail turnover

In June 2017, the retail turnover (without cars and motorcycles sales) amounted to KGS 18,475.1 mil, in January-June 2017 - KGS 94,120.5 mil. The Volume of Retail Turnover Index accounted for 104.7% and 104.5% to the same period of the previous year (Fig.2).

Figure 2. Real monthly wage and retail turnover in January-June 2017



Source: RK Committee on Statistics

* - data for January-May 2017

Industrial Production

According to data of the National Committee for Statistics of the Kyrgyz Republic, in June 2017 the industrial output was KGS 18,710.5 mil., and in January-June 2017 it was KGS 104,617.6 mil. The Volume of Industrial Products index accounted for 117.7% and 131.6% as compared to the same periods of 2016.

According to data of the National Committee for Statistics of the Kyrgyz Republic, in June of 2017 the essential pharmaceuticals output amounted to KGS 28.7 mil., in January - June of the last year - KGS 117.28 mil. At the end of June 2017, the Physical Index of Industrial Production for Pharmaceuticals was 270.8% compared to the same period of the last year and in January-June 2017 it was 143.4% compared to January-June 2016.

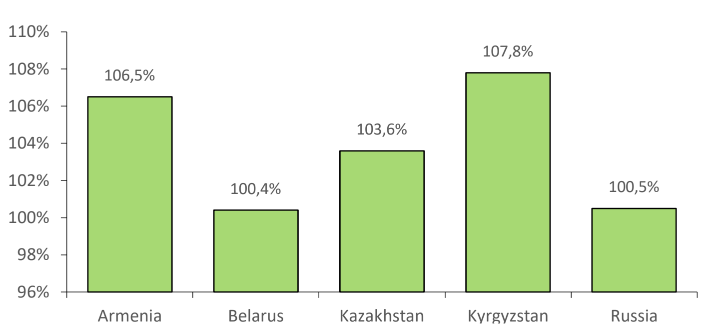
[3] The average exchange rate to calculate the above indices was used from the official website of the National Bank of the Kyrgyz Republic http://www.nbkr.kg/

COMPARATIVE MACROECONOMIC INDICES OF THE EURASIAN ECONOMIC UNION (EAEU)

GDP

According to Eurasian Economic Commission's data (EAEC), at the end of January-March 20176 GDP of EAEU member-states amounted to USD 389 bil. and increased by 0.8% as compared to the same period of 2016 in fixed prices. The growth in GDP was recorded in all EAEU member-states, a significant increase in Armenia (+ 6.5%), Kazakhstan (+ 3.6%) and Kyrgyzstan (+ 7.8%). In Russia (+0.5%) and Belarus (+0.4%) GDP increased by less than 1 p.p. (Fig. 1).

Figure 1. GDP growth in the EAEU member-states (January-March amounted to. January-March 2016)

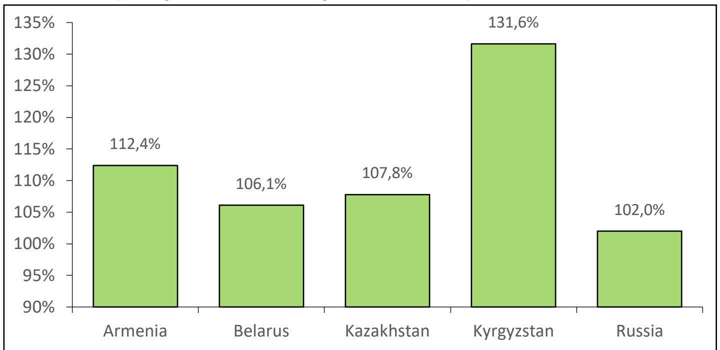


Source: EEU

Industrial Production

According to preliminary EAEC data, in January–June 2017 the volume of industrial output of the EAEU member-states amounted to USD 511.1 bil., increasing in fixed prices by 2.7% as compared with January-June 2016. In individual countries, the Industrial Production Index accounted for: 112.4% in Armenia, 106.1% in Belarus, 107.8% in Kazakhstan, 107.8% in Kyrgyzstan and 102% in Russia (Fig. 2).

Figure 2. Industrial production in the EAEU member-states in January-June 2017 (compared to January-June of 2016)

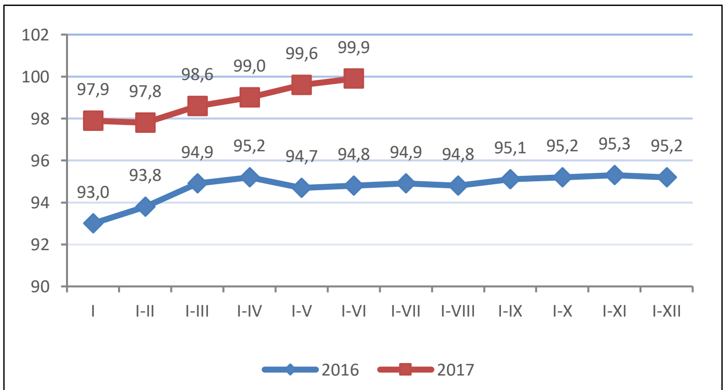


Source: EEU

Retail turnover

According to the EEC, the retail trade turnover (through all sales channels) of EEU member-states in January-June 2017 amounted to USD 264.1 bil. Compared with the same period of 2016, the volume of retail sales (in comparative prices) decreased by 0.1%. However, most of the member-states showed growth in the retail turnover. In this case, the indices accounted for 106.1% in Armenia, 100.3% in Belarus, 105.9% in Kazakhstan, 104.4% in Kyrgyzstan. Only in Russia, the retail turnover reduced (99.5%).

Figure 3. Retail turnover in the EAEU member-states in January-June 2017



Nominal and real wage

According to the EAEC, the average monthly nominal wage accrued in January -June of 2017 increased by 1.3% as compared to the respective period of 2016, 9.5% in Belarus, 5.1% in Kazakhstan, 5.5% in Kyrgyzstan (in January-May 2017), 7.2% in Russia. Given the increase in consumer prices for goods and services, the real wage as compared to the respective period increased by 0.8% in Armenia, 2.3% in Belarus, 3% in Kyrgyzstan (in January-May of 2017), 2.7% in Russia, decreased by 2.4% in Kazakhstan.

Table 1. Nominal and real wage in January-June 2017

Country	Real wage, as % to the same period of 2016	Nominal wage, USD
Armenia	100.8	387
Belarus	102.3	405
Kazakhstan	97.6	455
Russia	102.7	666
Kyrgyzstan[1]	103.0	209

[1] January-May 2017

Budget performance

According to the EAEC, in January-March 2017, the republican budget in most of EAEU member-states was implemented with a deficit. As compared to the corresponding period of the previous year, the budget revenue and expenditure parts showed a more balanced growth. As a result, a budget deficit reduced in Armenia, Kazakhstan and Russia, and a budget surplus increased in Belarus. In contrast, in Kyrgyzstan, the budget surplus was replaced for a deficit on the background of a reduction in revenues with an increase in budget expenditures.

The revenue growth amounted to 108% in Armenia, 106% in Belarus, 127% in Kazakhstan, 125% in Russia. The budget revenues declined 4% in Kyrgyzstan.

The expenditures of the budget increased in all EAEU member-states. The rate of growth of expenditures were estimated at 102% in Armenia , 107% in Belarus, 102% in Kazakhstan, 110% in Kyrgyzstan, 108% in Russia.

Table 2. Republican budget in January-March 2017

Country	USD bil.		
	Income	Expenditure	Deficit (surplus)
Armenia	0.6	0.6	-0.0
Belarus	2.1	1.9	0.2
Kazakhstan	5.7	6.4	-0.7
Russia	61.8	65.0	-3.3
Kyrgyzstan	0.4	0.4	-0.0
EAEU	**70.6**	**74.4**	**-3.8**

Mutual trade of EAEU member-states in January-May of 2017

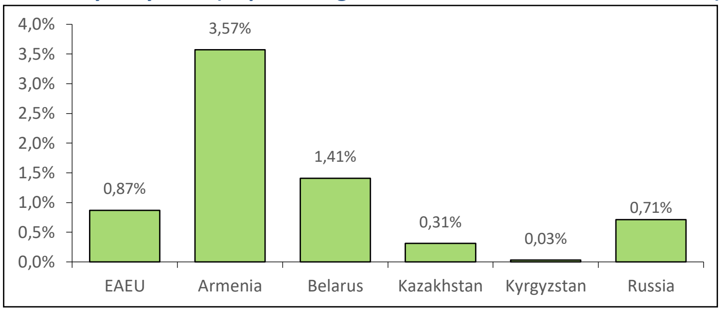
The volume of mutual trade in commodities of EAEU member-states in January-May 2017 amounted to USD 20.5 bil. or 128.2% as against the same period of 2016.

Table 3. Export volumes of the EAEU member-states in the mutual trade in January-May 2017

Countries	USD bil.	% vs January-February 2016.	Share in total, %
EAEU	**20504.0**	**128.2**	**100.0**
Armenia	178.5	124.2	0.9
Russia	174.3	125.8	97.6
Belarus	5197.3	131.5	25.3
Russia	4960.9	130.2	95.4
Kazakhstan	2014.1	134.4	9.8
Russia	1792.0	131.8	89.0
Kyrgyzstan	224.8	125.5	1.1
Russia	116.4	By 2.2 times	51.8

Pharmaceutical products account for a small share in the structure of mutual trade (Figure 4).

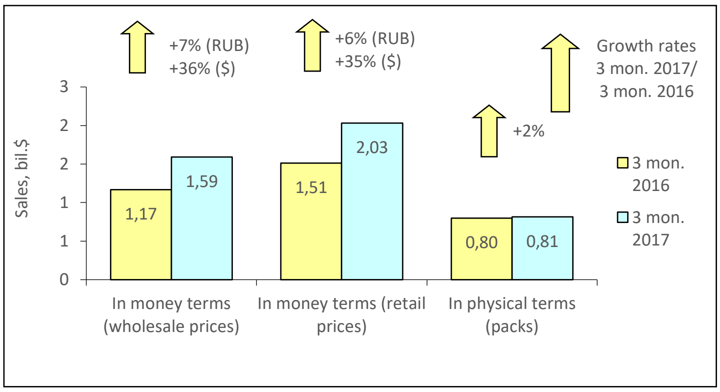
Table 4. The structure of mutual trade between EAEU member-states within the Customs Commodity Code group "Pharmaceutical products" in January-May 2017 (as percentage of the total volume of mutual trade)



PHARMACY OTC MARKET IN RUSSIA: 2017 FIRST THREE MONTHS RESULTS

According to the results of the Retail Audit of Finished Pharmaceutical Products (FPP) in Russian Federation™, at the end of the first quarter of 2017 the sales of OTC drugs in physical terms in the country saw a 2% increase to 814.225 mil. packs. In money terms, the OTC drugs market increased by 7% in rouble terms and by 36% in dollar terms and reached RUB 93.779 bil. (USD 1.593 bil.) in wholesale prices (Fig. 1). The share of Over-the-Counter (OTC) drugs accounted for 69.8% of sales in physical terms and 53.7% in retail prices in terms of roubles. The average cost of a pack increased as compared to the same period of 2016 and reached USD 2.01 (vs. USD 1.89) in retail prices. At the end of the first three months of 2017, the average amount spent by the residents of Russia for OTC drugs in pharmacies amounted to USD 13.85.

Figure 1. Russian pharmacy OTC market for 3 months of 2016 – 3 months 2017



At the end of the first three months of 2017, the manufacturers OTCPHARM (+7%[4]) и BAYER (+15%) held their leading positions on the Russian OTC market (table 1). In addition, another three manufacturers held their own in the ranking: JOHNSON& JOHNSON (+4%), SANDOZ (+9%) and TEVA (+2%) maintained their previous ranks five, seven and eight. Two INNs from the top 10 with outstripping growth rates rose in the ranks: STADA (+17%) moved up to rank three from six, and MENARINI (+12%) moved up to rank nine from rank ten. At the same time, the manufacturers SANOFI-AVENTIS (-1%), GLAXOSMITHKLINE (-0.2%) и VALENTA (+28%) reduced their sales and moved down to ranks four, six and ten. The cumulative share of the top 10 manufacturers reduced from 41% to 39.8%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2017	3 mon. 2016		3 mon. 2017	3 mon. 2016
1	1	OTCPHARM	6.6	6.6
2	2	**BAYER HEALTHCARE**	5.3	5.0
3	6	STADA	4.1	3.8
4	3	**SANOFI-AVENTIS**	3.8	4.2
5	5	**JOHNSON & JOHNSON**	3.8	4.0
6	4	**GLAXOSMITHKLINE**	3.7	4.0
7	7	**SANDOZ**	3.7	3.6
8	8	**TEVA**	3.4	3.5
9	10	**MENARINI**	2.9	2.8
10	9	VALENTA	2.4	3.5
Total			39.8	41.0

*AIPM members are in bold

Despite 31% reduction in sales, the brand KAGOCEL managed to take the lead in the top ten brands ranking (Table 2). Due to higher negative growth rates in the analysed period, the former leader of the top ten INGAVIRIN (-41%) moved down to rank two. Another antiviral drug ARBIDOL (-31%) reduced its sales and a rating share, which resulted in moving down to rank nine from three. Two brands of the top-10: ESSENTIALE and THERAFLU (+2% each) managed to hold their own in the ranking, while the other brands from the top ten rose in the ranks. NUROFEN (+22%) moved up to rank three from five, and CARDIOMAGNYL (+16%) and DETRALEX (+32%) moved up to ranks five and six from 8 and 10. The newcomers LINEX (+38%) and MIRAMISTIN (+29%) broke into the ranks of the top ten, moving up to numbers eight and ten, respectively. The total share of the top 10 brands reduced from 13.9% to 12.1%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
3 mon. 2017	3 mon. 2016		3 mon. 2017	3 mon. 2016
1	2	KAGOCEL	1.5	2.3
2	1	INGAVIRIN	1.4	2.6
3	5	NUROFEN	1.4	1.3
4	4	ESSENTIALE	1.4	1.5
5	8	CARDIOMAGNYL	1.2	1.1
6	10	DETRALEX	1.2	1.0
7	7	THERAFLU	1.1	1.1
8	16	LINEX	1.0	0.8
9	3	ARBIDOL	1.0	1.5
10	14	MIRAMISTIN	1.0	0.8
Total			12.1	13.9

Three newcomers broke into the ranks of the top ten INN and group names ranking (Table 3). The composition ACETYLSALICYLIC ACID*MAGNESIUM (+16%), CHONDROITINSULFURIC ACID* GLUCOSAMINE (+18%) and PARACETAMOL*ASCORBIC ACID*PHENIRAMINE*PHENYLEPHRINE (+14%) moved down to the last three ranks. In addition, INNs IBUPROFEN (+35%), PANCREATIN (+20%), PHOSPHOLIPIDS (+35%) and the composition DIOSMIN*HESPERIDIN (+23%) moved up to ranks two through five, respectively. In contrast, INNs KAGOCEL (-31%) and IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (-41%), which reduced their sales following the respective brand names, moved down to ranks five and seven. XYLOMETAZOLINE (+21%) held and reinforced its previous rank one. The cumulative share of the top ten reduced by 0.5 p.p. and accounted for 16.8%.

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

Rank		INNs/Group Names	Share in total pharmacy sales, %	
3 mon. 2017	3 mon. 2016		3 mon. 2017	3 mon. 2016
1	1	XYLOMETAZOLINE	3.3	3.0
2	5	IBUPROFEN	2.1	1.6
3	4	PANCREATIN	2.0	1.8
4	7	PHOSPHOLIPIDS	1.6	1.6
5	10	DIOSMIN*HESPERIDIN	1.5	1.3
6	3	KAGOCEL	1.5	2.3
7	2	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	1.4	2.6
8	12	ACETYLSALICYLIC ACID* MAGNESIUM	1.2	1.1
9	13	CHONDROITINSULFURIC ACID* GLUCOSAMINE	1.1	1.0
10	14	PARACETAMOL*ASCORBIC ACID* PHENIRAMINE*PHENYLEPHRINE	1.1	1.0
Total			16.8	17.3

J05 Antivirals for systemic use, which took the lead in the top ten ATC groups ranking, reduced their sales by one third and moved down to rank four (Table 4). At the same time, R05 Cough and cold preparations (+11%), R01 Nasal preparations (+9%) and N02 Analgethics (+12%) moved up one rank, coming in at the top three positions. The groups A07 Antidiarrheals (+20%) and C05 Vasoprotectives (+17%) also moved up one rank, coming in at numbers six and seven, displacing L03] Immunostimulants (-9%) down to rank 8. M01 Anti-inflammatory and antirheumatic products (+22%) moved up to rank nine from 11, displacing R02 Throat preparations (-7%) from that rank to the last one. Groups A11 Vitamins (+2%) held its previous rank five. The consolidated share of the top 10 reduced from 54.0% to 50.7%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2017	3 mon. 2016			3 mon. 2017	3 mon. 2016
1	2	R05	COUGH AND COLD PREPARATIONS	6.3	6.1
2	3	R01	NASAL PREPARATIONS	6.1	6.1
3	4	N02	ANALGESICS	6.1	5.9
4	1	J05	ANTIVIRALS FOR SYSTEMIC USE	6.0	9.7
5	5	A11	VITAMINS	5.5	5.7
6	7	A07	ANTIDIARR.,INTEST. ANTIINFL./ ANTIINFECT. AGENTS	5.1	4.6
7	8	C05	VASOPROTECTIVES	4.5	4.1
8	6	L03	IMMUNOSTIMULANTS	4.0	4.8
9	11	M01	ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS	3.7	3.2
10	9	R02	THROAT PREPARATIONS	3.3	3.8
Total				50.7	54.0

Conclusion. On the basis of the results for the first quarter of 2017, the OTC retail market of Russia achieved RUB 119.685 bil. (USD 2.033 bil.), which was 6% in terms of roubles and 35% in terms of dollars - higher than the same indicator in the same period of 2016. In pack terms, the market also showed positive growth rates (+2%) and amounted to 814.225 mil. packs. The average cost of OTC-pack in the Russian pharmacies based on the results for three months 2017 was USD 2.50 which was more than in the year-earlier period (USD 1.89). The average expenses of Russian residents for the purchase of OTC drugs in pharmacies also increased (USD 13.85 vs. USD 10.31).

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

ANALYSIS OF PRICES IN THE OUT-PATIENT SECTOR KEY PERFORMANCE INDICATORS

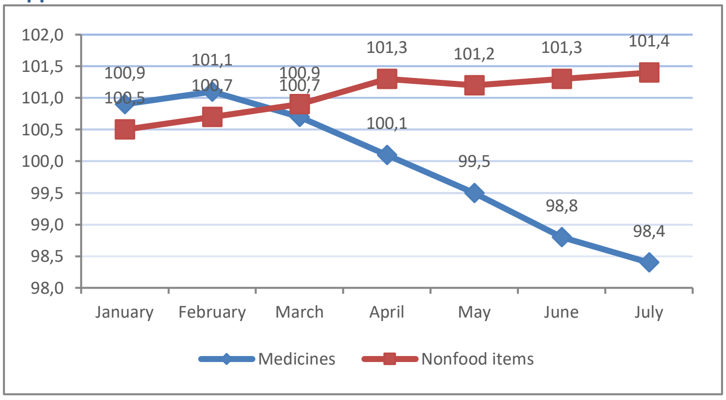
Price Indices

Table 1. Inflation rates in the Russian Federation, July 2017

	July 2017 to December 2016	January-July 2017 vs. January-July 2016
CPI	102.4	104.3
CPI for non-food products	101.4	104.8
CPI for medications	98.4	103.5

Rosstat data

Figure 1. Dynamics of the price index for non-food items and medicines supplies to December 2016



Rosstat data

Indicators of dynamics of prices and retail margins (according to retail audit data)

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

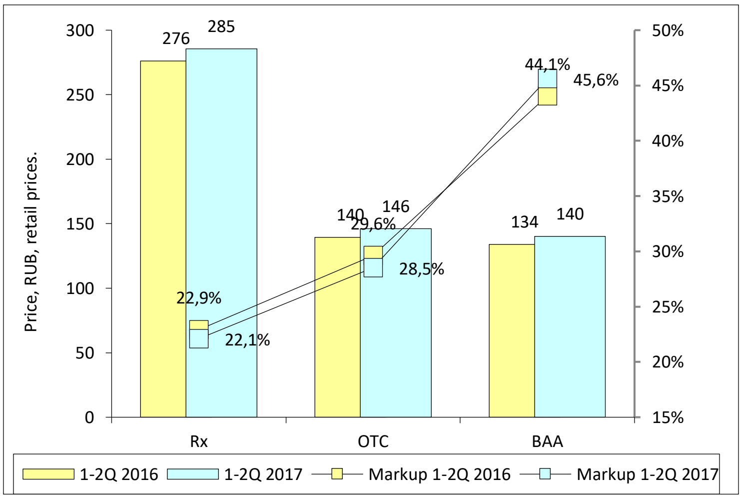


Figure 3. Dynamics of weighted average prices and retail margins in Q 1-2, 2016 – Q 1-2, 2017

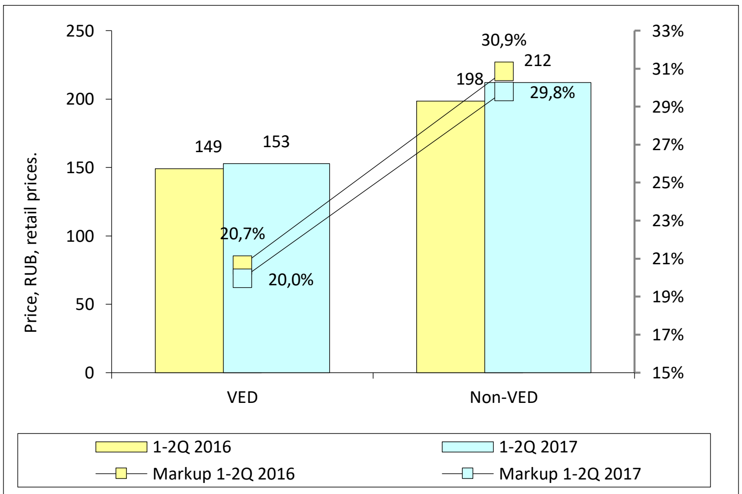
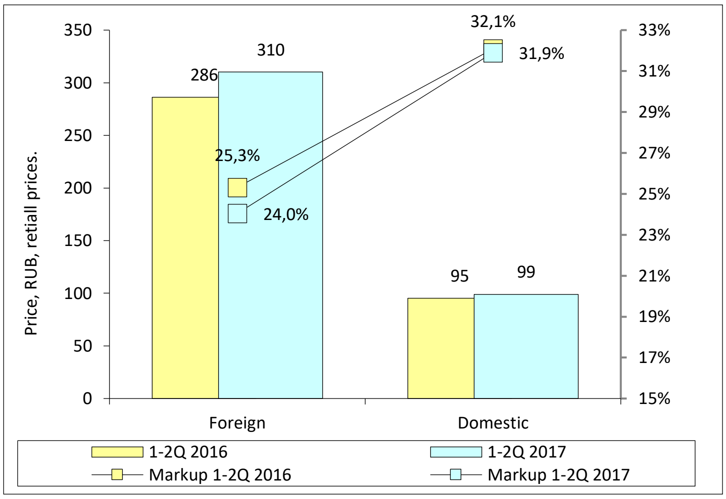


Figure 4. Dynamics of weighted average prices and retail margins in Q 1-2, 2016 – Q 1-2, 2017

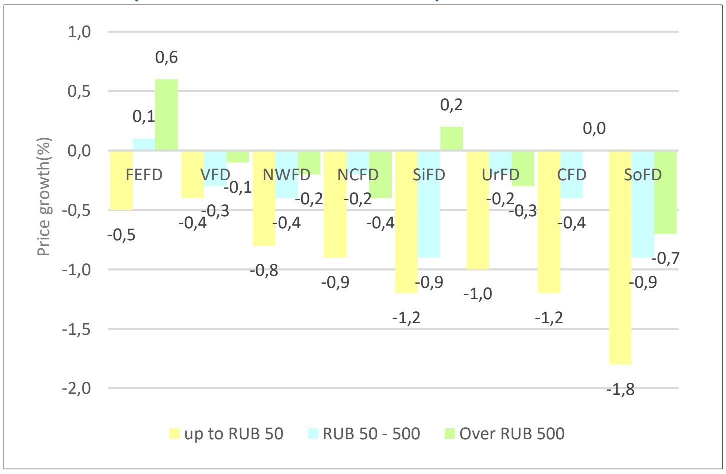


Indicators of dynamics of prices for vital and essential drugs (VED)

Table 2. Results of the VED price monitoring conducted by Roszdravnadzor in the Russian Federation

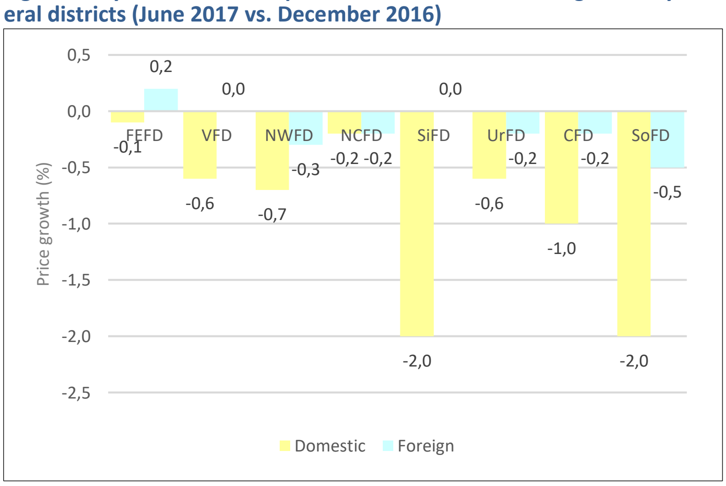
	Price dynamics in June 2017 vs. December 2016 (%)		
	Retail prices	Wholesale prices	Manufacturers' prices
VED total	-0.5	-0.7	0.4
Up to RUB 50	-0.9		
From RUB 50 to 500	-0.4		
Over RUB 500	-0.1		
Domestic	-0.9		
Foreign	-0.1		

Figure 5. Dynamics of retail VED prices within various price ranges by federal districts (June 2017 vs. December 2016)



Roszdravnadzor data

Figure 6. Dynamics of retail prices for domestic and foreign VED by federal districts (June 2017 vs. December 2016)



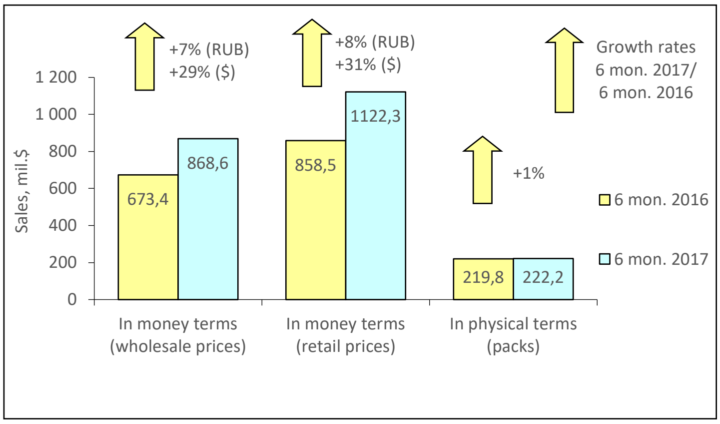
Roszdravnadzor data

MOSCOW CITY PHARMACY MARKET: 2017 FIRST SIX MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2017 Moscow's estimated population was 12.381 mil., which accounted for 8.4% of the total Russian Federation population and 31.6% of Central FO (CFO). According to Federal State Statistics Service's data, based on the results for January-May of 2017 the average salary in Moscow was RUB 78,581 (USD 1,354.61), which was 107% higher than the average wage in Russia (RUB 37.953).

According to the results of the Retail Audit of Finished Pharma Products (FPP) in Russian Federation™, at the end of January-June of 2017 the sales of drugs in physical terms in the pharmacies of Moscow saw a 1% increase to 222.218 mil. packs. In money terms, the market saw a 7% increase in terms of roubles and 29% in terms of dollars. At the same time, the volume of the market achieved RUB 50.284 bil. (USD 868.552 mil.) at wholesale prices (Fig. 1). The region market share accounted for 14.3% of the Russian pharmacy retail sales. The average cost of an OTC pack reduced as compared to a year earlier period (USD 3.91) and reached USD 5.05 at retail prices. At the end of six months of 2017, the average amount spent by the Muscovites for OTC drugs in pharmacies amounted to USD 90.65.

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



At the end of the first half of 2017, the manufacturers BAYER (+15%), SANOFI-AVENTIS (-8%), TEVA (+3%) and SERVIER (+10%) continued showing the largest retail sales on the Moscow market (Table 1). Four drug manufacturers with fast growing rates: ABBOTT (+12%), SANDOZ (+13%), MENARINI (+18%) and STADA (+30%) moved down to ranks five, seven, nine and ten, respectively. At the same time, the latter two became the newcomers of the top ten. The less dynamic GLAXOSMITHKLINE (+6%) and JOHNSON & JOHNSON (+0.2%) lost one rank each and moved down to ranks six and eight, respectively. The total share of the top 10 drug manufacturers increased by 0.7 p.p. and accounted for 37%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank in the top ten		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2017	6 mon. 2016		6 mon. 2017	6 mon. 2016
1	1	**BAYER HEALTHCARE**	6.2	5.7
2	2	**SANOFI-AVENTIS**	4.6	5.4
3	3	**TEVA**	3.9	4.0
4	4	**SERVIER**	3.6	3.5
5	6	**ABBOTT**	3.5	3.3
6	5	**GLAXOSMITHKLINE**	3.4	3.4
7	8	**SANDOZ**	3.3	3.1
8	7	**JOHNSON & JOHNSON**	2.9	3.1
9	11	**MENARINI**	2.9	2.6
10	14	STADA	2.7	2.2
Total			37.0	36.3

*AIPM members are in bold

Note that all brands from the top ten brands ranking showed outperformance rates and rose in the ranks (Table 2). The most dynamic brand name of the top ten ranking CRESTOR (+59%) moved up to rank one from five. XARELTO (+69%), DETRALEX (+24%), NUROFEN (+27%), MIRAMISTIN (+20%) and CIALIS (+11%) moved up to ranks two through six, respectively. The newcomers CONCOR (+14%), HEPTRAL (+30%), LINEX (+32%) and MEXIDOL (+16%) broke into the ranks of the top ten, coming in at the last four ranks of the top ten. The cumulative share of the top-ten increased by 1.3 p.p. and achieved 8%.

Table 2. The top ten brands by pharmacy sales

Rank in the top ten		Brand	Share in total pharmacy sales, %	
6 mon. 2017	6 mon. 2016		6 mon. 2017	6 mon. 2016
1	5	CRESTOR	1.2	0.8
2	6	XARELTO	1.0	0.8
3	4	DETRALEX	1.0	0.8
4	10	NUROFEN	0.8	0.7
5	9	MIRAMISTIN	0.8	0.7
6	7	CIALIS	0.8	0.7
7	11	CONCOR	0.7	0.6
8	14	HEPTRAL	0.7	0.5
9	20	LINEX	0.6	0.5
10	15	MEXIDOL	0.6	0.5
Total			8.0	6.7

Four newcomers broke into the ranks of the top 10 INN and group names ranking (table 3). MIRAMISTIN (+21%), RIVAROXABAN (+17%), TADALAFIL (+11%) and SILDENAFIL (+14%) rounded out the top ten. Apart from them, another five INNs of the top ten managed to rise in the ranks. ROSUVASTATIN (+47%) moved up to rank two from three, displacing DIOSMIN*HESPERIDIN (+18%) down one rank, and IBUPROFEN (+32%), PANCREATIN (+20%) и RIVAROXABAN (+39%) moved up to ranks four through six from the lower ranks. Due to fast growing rates, INN XYLOMETAZOLINE (+23%) held and reinforced its leadership position. The cumulative share of the top 10 under review increased from 9.2% to 10.8%.

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	1.8	1.6
2	3	ROSUVASTATIN	1.5	1.1
3	2	DIOSMIN*HESPERIDIN	1.2	1.1
4	8	IBUPROFEN	1.1	0.9
5	7	PANCREATIN	1.0	0.9
6	10	RIVAROXABAN	1.0	0.8
7	15	MIRAMISTIN	0.8	0.7
8	12	BISOPROLOL	0.8	0.7
9	13	TADALAFIL	0.8	0.7
10	16	SILDENAFIL	0.8	0.7
Total			10.8	9.2

Following the results for three months of 2017, J05 Antivirals for systemic use, which took the lead in the top ten ATC groups ranking on the metropolitan market a year ago, reduced its sales by 35% and dropped out of the top ten (Table 4). This allowed the groups R01 Nasal preparations (+21%), M01 Anti-inflammatory and antirheumatic products (+14%) and C09 Agents acting on the rennin-angiotensin system (+18%) to move up one rank, coming in at the first three positions. Another four ATC groups of the top ten rose in the ranks. A07 Antidiarrheals, intestinal anti-inflammatory/anti-infective agents (+17%) moved up to rank four from eight, B01 Antithrombotic agents (+14%) moved up to rank six from nine, and G04 Drugs to treat urologic diseases (+10%) moved up to rank nine from ten. Its only newcomer C05 Vasoprotectives (+17%) moved up to the bottom rank in the top 10 ranking. As before, the groups J01 Antibacterials for systemic use (+5%) and G03 Sex hormones (+8%) held their previous ranks five and seven. Only group A11 Vitamins (-0.2%) lost two ranks and moved down to rank eight. In total, the top ten ATC groups accumulated 35.9% of the regional market, whereas in the year-earlier period they accounted for 34%.

Table 4. The top ten ATC Groups by pharmacy sales

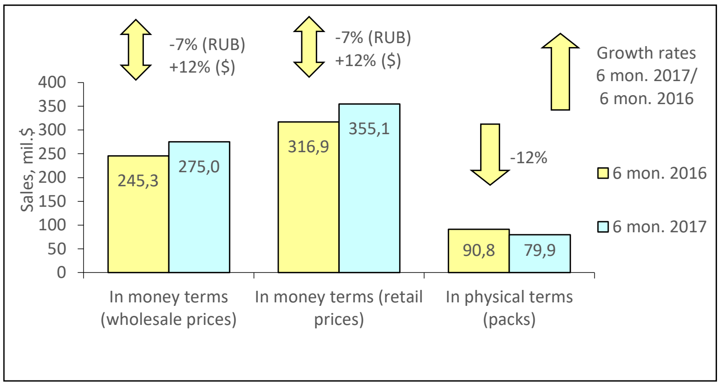
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2017	6 mon. 2016			6 mon. 2017	6 mon. 2016
1	2	R01	NASAL PREPARATIONS	4.5	3.9
2	3	M01	ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS	4.1	3.8
3	4	C09	AGENTS ACTING ON THE RENIN-ANGIOTENSIN SYSTEM	4.0	3.6
4	8	A07	ANTIDIARR.,INTEST. ANTI-INFL./ANTIINFECT. AGENTS	3.6	3.2
5	5	J01	ANTIBACTERIALS FOR SYST USE	3.5	3.6
6	9	B01	ANTITHROMBOTIC AGENTS	3.4	3.2
7	7	G03	SEX HORMONES AND MODULATORS OF THE GENITAL SYSTEM	3.4	3.3
8	6	A11	VITAMINS	3.2	3.4
9	10	G04	UROLOGICALS	3.1	3.0
10	12	C05	VASOPROTECTIVES	3.1	2.8
Total				35.9	34.0

Conclusion. At the end of January-June of 2017, the pharmacy market of Moscow brought in RUB 64.976 bil. (USD 1.122 bil.), which is 8% in terms of roubles and 31% in terms of dollars more than in the same period of 2016. In pack terms, the market increased by 1% and amounted to 222.218 mil. packs. According to the results for six months of 2017, the average cost of an FPP pack in the city pharmacies was USD 5.05 which is more than in the year-earlier period (USD 3.91) and the national average (USD 3.24). The average expenses of the regional residents for purchase of OTC drugs in pharmacies were also higher than the national average (USD 90.65 vs. USD 53.52).

SAINT PETERSBURG PHARMACY MARKET: 2017 FIRST SIX MONTHS RESULTS

According to Federal State Statistics Service, St. Petersburg's population as of January 1, 2017 was estimated at 5.285 mil., which accounted for 3.6% of the total Russian Federation population and 38% of North West FO (NWFO). According to Federal State Statistics Service's data, based on the results for January-May of 2017 the average salary in the city was RUB 51,519 (USD 888.11), which was 36% higher than the average wage in Russia (RUB 37,953). According to the results of the Retail Audit of FPP (Finished Pharmaceutical Products) in Russian Federation™, at the end of the first half of 2017 the sales of drugs in natural terms in the pharmacies of St. Petersburg saw a 12% decrease to 79.897 mil. packs. In value terms, the market saw a 7% decrease in terms of roubles, whereas it showed a positive decline (+12%) in terms of dollars. At the same time, the volume of the market achieved RUB 15.947 bil. (USD 275.005 mil.) at wholesale prices (Fig. 1). The regional market share accounted for 4.5% of the Russian pharmacy sales. The average cost of an OTC pack reduced as compared to a year earlier period (USD 3.49) and reached USD 4.44 at retail prices. For 6 months of 2017, the average amount spent by the residents of the city for drugs in the pharmacies amounted to USD 90.65.

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



At the first six months of 2017, BAYER (+5%) held and reinforced rank number one in the top ten manufacturers ranking on the St.Petersburg pharmacy market (Table 1). Despite the reduction in sales by 16% and the resulted reduction in a market share, SANOFI-AVENTIS continued to hold its previous rank two. Another four of the top ten manufacturers showed the negative growth rates. At the same time, the drug manufacturers TEVA (-2%) and ABBOTT (-3%) moved up one rank, coming in at numbers three and six, respectively. In contrast, two manufacturers with strong reduction in sales rates fell in the ranks. SANDOZ (-16%) and GLAXOSMITHKLINE (-24%) moved down to ranks 5 and 8. The other top 10 companies increased their sales and rose in the ranks. SERVIER (+1%) moved up from rank five to four, and OTCPHARM (+9%) moved up from rank nine to seven. The newcomers STADA (+9%) and NYCOMED/ TAKEDA (+23%) moved up to the last two ranks. The total share of the top 10 increased from 38.4% to 40.0%.

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**	7.1	6.3
2	2	**SANOFI-AVENTIS**	4.8	5.3
3	4	**TEVA**	4.6	4.3
4	5	**SERVIER**	4.1	3.8
5	3	**SANDOZ**	3.9	4.4
6	7	**ABBOTT**	3.7	3.5
7	9	OTCPHARM	3.1	2.7
8	6	**GLAXOSMITHKLINE**	3.0	3.7
9	12	STADA	2.9	2.4
10	15	**NYCOMED/TAKEDA**	2.7	2.0
Total			40.0	38.4

*AIPM members are in bold

Based on the results for the first half of the year, the brand XARELTO (+22%) showed the largest sales, moving to rank one of the top ten from three (Table 2). In addition to it, the other six brands of the top 10 brand ranking rose in the ranks. The brands DETRALEX (+37%) and ESSENTIALE (-17%) moved up to the ranks two and three, and EXODERIL (-7%) moved up to rank six from nine. The newcomers of the rating BEPANTHEN (+1%), CONCOR (+2%) and HEPTRAL (-4%) moved up to ranks five, eight and nine of the top-10. At the same time, NUROFEN (-34%), KAGOCEL (-44%) and LINEX (-22%) showed high reduction in sales and moved down to ranks four, seven and ten. The total share of the top 10 brands didn't virtually change and accounted for 7.2%.

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	3	XARELTO	1.2	0.9
2	6	DETRALEX	1.0	0.7
3	5	ESSENTIALE	0.7	0.8
4	2	NUROFEN	0.7	1.0
5	13	BEPANTHEN	0.6	0.6
6	9	EXODERIL	0.6	0.6
7	1	KAGOCEL	0.6	1.0
8	18	CONCOR	0.6	0.5
9	14	HEPTRAL	0.6	0.6
10	7	LINEX	0.6	0.7
Total			7.2	7.3

Despite the reduction in sales by 15%, XYLOMETAZOLINE (-13%) remained the leader of the top 10 INN and group names ranking (Table 3). Shifts took place in the lower part of the top 10 ranking, and upon that most of its INNs rose in the ranks. RIVAROXABAN (+22%), DIOSMIN* HESPERIDIN (+23%), ATORVASTATIN (+4%), PANCREATIN (-3%) and PHOSPHOLIPIDS (-16%) moved up to ranks two through five, and rank nine. The newcomers of the top ten moved up to ranks eight and ten: INN HYALURONIC ACID (+16%) and the composition AMOXICILLIN*CLAVULANIC ACID (-7%). And only IBUPROFEN (-24%) and ROSUVASTATIN (-14%) fell in the ranks, moving down to ranks six and seven. The cumulative share of the top10 increased from 9.5% to 9.9%.

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	1.5	1.7
2	4	RIVAROXABAN	1.2	0.9
3	5	DIOSMIN*HESPERIDIN	1.2	0.9
4	8	ATORVASTATIN	1.0	0.9
5	7	PANCREATIN	0.9	0.9
6	2	IBUPROFEN	0.9	1.1
7	6	ROSUVASTATIN	0.8	0.9
8	22	HYALURONIC ACID	0.8	0.6
9	10	PHOSPHOLIPIDS	0.8	0.9
10	11	AMOXICILLIN*CLAVULANIC ACID	0.8	0.8
Total			9.9	9.5

As in the previous rankings, most ATC groups from the top ten rating showed negative growth rates (Table 4). Among them were the former leaders J05 Antivirals for systemic use (-34%) which reduced their sales by 31% and moved down to rank eight. R01 Nasal preparations (-16%) and A07 Antidiarrheals, intestinal anti-inflammatory/anti-infective agents (-11%) also moved down to the lower ranks five and ten respectively. The groups M01 Anti-inflammatory and antirheumatic products (-11%) and J01 Antibacterials for Systemic Use (-8%) held their previous ranks two and seven, whereas A11 Vitamins (-12%) moved up one rank, despite the negative growth rates. Due to growth in sales, another four groups rose in the ranks. At the same time, C09 Agents acting on the renin-angiotensin system (+6%) moved down to rank one from three, B01 Antithrombotic agents (+5%) moved up to rank three from 6, and G03 Sex hormones (+4%) moved up to rank six from 9. The only newcomer of the top ten ranking C05 Vasoprotectives (+6%) moved up to rank nine. In total, the top ten ATC groups accumulated 37.6% of the market, which was slightly less than in the year-earlier period (37.8%).

Table 4. The top ten ATC Groups by pharmacy sales

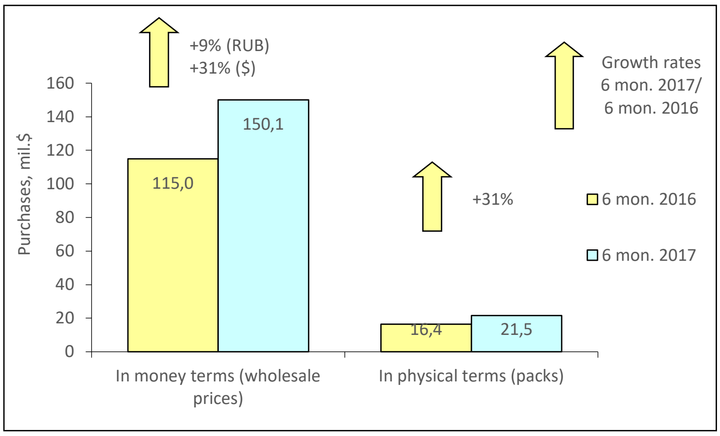
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2017	6 mon. 2016			6 mon. 2017	6 mon. 2016
1	3	C09	AGENTS ACTING ON THE RENIN-ANGIOTENSIN SYSTEM	4.9	4.3
2	2	M01	ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS	4.2	4.4
3	6	B01	ANTITHROMBOTIC AGENTS	3.9	3.4
4	5	A11	VITAMINS	3.8	4.0
5	4	R01	NASAL PREPARATIONS	3.8	4.2
6	9	G03	SEX HORMONES AND MODULATORS OF THE GENITAL SYSTEM	3.8	3.4
7	7	J01	ANTIBACTERIALS FOR SYST USE	3.4	3.4
8	1	J05	ANTIVIRALS FOR SYSTEMIC USE	3.4	4.5
9	12	C05	VASOPROTECTIVES	3.3	2.9
10	8	A07	ANTIDIARR.,INTEST. ANTIINFL./ ANTIINFECT. AGENTS	3.2	3.4
Total				37.6	37.8

Conclusion. On the basis of the results for the first half of 2017, the pharmacy market of St.Petersburg brought in RUB 20.594 bil. (USD 355.130 mil.), It was 7% less in terms of roubles and 12% more in terms of dollars than in January-June 2016. In physical terms, the market saw a 12% decrease and was equal to 79.897 mil. packs. In the first 6 months of 2017, the average cost of FPP pack in the city pharmacies was USD 4.44, which was more than in the year-earlier period (USD 3.49) and the national average (USD 3.24). The average medicine expenses of St. Petersburg residents in the pharmacies were higher than the national average expenses in Russia (USD 67.24 vs. USD 53.52).

MOSCOW CITY HOSPITAL MARKET: 2017 FIRST SIX MONTHS RESULTS

According to the results of the Budget Audit of Finished Pharma Products (FFP) in the Russian Federation, at the end of 3 months of 2017 the Moscow hospital market in physical terms reduced by 31% compared to the previous year and amounted to 21.504 mil. packs. In money terms, the market showed positive growth rates both in terms of roubles (+9%) and in terms of dollars (+31%) and reached RUB 8.671 bil. (USD 150.079 mil.) in wholesale prices. At the end of January-June of 2017, the average cost of an FPP pack in the hospital sector of Moscow was USD 6.98, whereas in the year-earlier period its cost was USD 7.01.

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



Due to 95% growth in purchases, PFIZER became a leader of the top 10 manufacturers on the hospital market of Moscow based on the results for the first half of 2017, moving up to rank number one from seven (Table 1). In addition, another five brands of the top ten showed outperformance. MERCK SHARP DOHME (+21%) and BIOCAD (+12%) moved up to ranks two and four, and the newcomers of the top ten BAXTER (+85%), NYCOMED/TAKEDA (+74%) and BAYER (+60%) broke into the top ten, coming in at ranks six and the last two ranks, respectively. The manufacturer SANOFI-AVENTIS (+0.2%), which showed low, but positive growth rates moved up one rank, coming in at number five. At the same time, ABBVIE (-49%) and PHARMASYNTEZ (-43%), which reduced purchases considerably, moved down from the first two ranks of the top ten to ranks seven and eight, respectively. The manufacturer JOHNSON & JOHNSON (-7%) held its previous rank three. The total share of the top 10 drug manufacturers reduced from 36.5% to 35.7%.

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**	6.1	3.4
2	4	**MERCK SHARP DOHME**	4.5	4.1
3	3	**JOHNSON & JOHNSON**	4.1	4.8
4	8	BIOCAD RF	3.4	3.3
5	6	**SANOFI-AVENTIS**	3.3	3.6
6	14	**BAXTER INT**	3.2	1.9
7	1	**ABBVIE**	3.1	6.6
8	2	PHARMASYNTEZ	2.8	5.4
9	18	**NYCOMED/TAKEDA**	2.6	1.7
10	17	**BAYER HEALTHCARE**	2.4	1.7
Total			35.7	36.5

*AIPM members are in bold

The top ten brand names ranking on the hospital metropolitan market has been half updated - five newcomers broke into the ranks of the top ten ranking (Table 2). PREVENAR 13 (138 growth in purchases) took the lead in the top ten, and VFEND (+2%), RIBOMUSTIN (+14%), NOVOTAX (+63%) and PENTAGLOBIN (+60%) moved up to ranks five, seven, eight and ten. Another two brands with positive dynamics also rose in the ranks: INTELENCE (+11%) and NATRIUM CHLORIDUM (+51%) moved up to ranks two and three. Three brand names of the top ten with negative growth rates: In contrast, INNs PANCREATIN (-58%), SEVORAN (-26%) and REYATAZ (-40%) moved down to the lower ranks four, six and nine, respectively. The total share of the top 10 brands increased from 12.3% to 12.7%.

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	47	PREVENAR 13	2.6	0.0
2	3	INTELENCE	1.9	1.8
3	8	NATRIUM CHLORIDUM	1.7	1.2
4	1	KALETRA	1.2	3.2
5	11	VFEND	1.0	1.1
6	5	SEVORAN	1.0	1.5
7	14	RIBOMUSTIN	0.9	0.8
8	22	NOVOTAX	0.9	0.6
9	4	REYATAZ	0.8	1.5
10	23	PENTAGLOBIN	0.8	0.6
Total			12.7	12.3

Five newcomers entered the Top-10 INN and Generic Names Rating (table 3). Due to 5.7-fold growth in purchases, one of them, the brand VACCINE, PNEUMOCOCCAL moved up to rank number One of the top ten. Another four: MEROPENEM (2.4-fold growth in purchases), SODIUM (+50%), LINEZOLID (+94%) and ALBUMIN (+35%) moved up to ranks three, five, six and eight, respectively. The markets of INNs IMMUNOGLOBULIN BASE (+77%) and ETRAVIRINE (+11%) also developed at a swift pace. At the same time, the former moved up from rank four to two, while the latter moved down one rank, displaced by the more dynamic newcomer of the top ten. Two INNs with negative growth rates fell in the ranks. INN DARUNAVIR (-40%) and the composition LOPINAVIR*RITONAVIR (-58%) moved down to ranks seven and ten. INN DOCETAXEL (+9%) held its previous rank nine. The cumulative share of the top ten under review increased by almost 4 p.p. and achieved 20%.

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	24	VACCINE, PNEUMOCOCCAL	3.9	0.8
2	4	IMMUNOGLOBULIN BASE	2.9	1.8
3	14	MEROPENEM	2.6	1.2
4	3	ETRAVIRINE	1.9	1.8
5	12	SODIUM	1.7	1.2
6	19	LINEZOLID	1.6	0.9
7	2	DARUNAVIR	1.5	2.7
8	16	ALBUMIN	1.5	1.2
9	9	DOCETAXEL	1.3	1.3
10	1	LOPINAVIR*RITONAVIR	1.2	3.2
Total			20.0	16.1

Just as in the previous rankings, only one of the top ten ATC groups held its own in the ranking (Table 4). L01 Antineoplastic agents (-18%) held its previous rank two. Most of the top 10 managed to rise in the ranks. J01 Antibacterials for systemic use (+64%) moved up to rank one from three, and J06 Immune sera and immunoglobulins (+54%) moved up to rank eight from ten. The groups B05 Blood substitutes and perfusion solutions (+71%), B01 Antithrombotic agents (+29%) and V08 Contrast media (+41%) moved up one rank, coming in at numbers four, six and seven respectively. The only newcomer of the top ten J07 Vaccines (2.5-fold growth in purchases) moved up to rank five. At the same time, J05 Antivirals for systemic use (-45%), J02 Antimycotics for systemic use (-4%) and N01 Anesthetics (-17%) showed negative growth rates and moved down to rank three and the last two ranks in the top ten ranking. The cumulative share of the top 10 under review decreased from 66.9% to 66.2%.

Table 4. The top ten ATC groups by hospital purchases

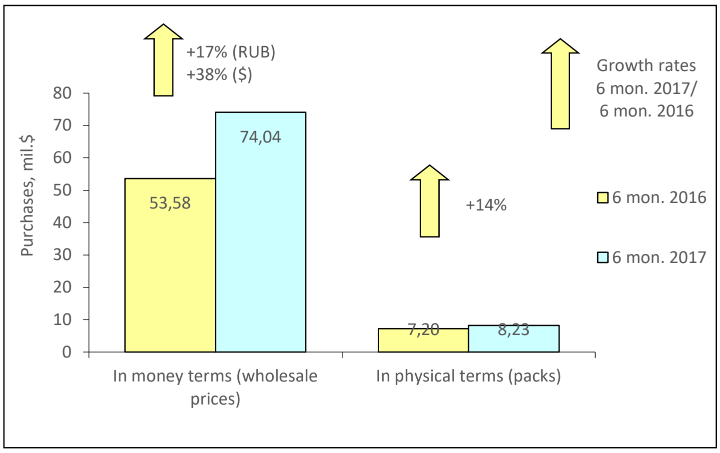
Rank		ATC code	ATC group	Share in total hospital purchases, %	
6 mon. 2017	6 mon. 2016			6 mon. 2017	6 mon. 2016
1	3	J01	ANTIBACTERIALS FOR SYST USE	14.8	9.9
2	2	L01	ANTINEOPLASTIC AGENTS	10.8	14.4
3	1	J05	ANTIVIRALS FOR SYSTEMIC USE	8.8	17.5
4	5	B05	PLASMA SUBSTITUTES AND PERFUSION SOLUTIONS	6.8	4.4
5	11	J07	VACCINES	5.6	2.5
6	7	B01	ANTITHROMBOTIC AGENTS	4.6	3.9
7	8	V08	CONTRAST MEDIA	4.4	3.4
8	10	J06	IMMUNE SERA & IMMUNO-GLOBULIN	3.6	2.6
9	6	J02	ANTIMYCOTICS FOR SYSTEMIC USE	3.4	3.9
10	4	N01	ANESTHETICS	3.4	4.5
Total				66.2	66.9

Conclusion. At the end of the first six months of 2017, the Moscow hospital market increased by 9% in rouble terms and by 31% in dollar terms and brought in RUB 8.671 bil. (USD 150.079 mil.). In pack terms, the market also showed positive growth rates, expanding by 31% and achieved 21.504 mil. packs. The average cost of an FPP pack in the Moscow hospital market slightly reduced as compared to the previous year (USD 6.98 vs. USD 7.01).

SAINT PETERSBURG 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), in six months of 2017 the St. Petersburg hospital market increased in physical terms by 14% and amounted to 8.235 mil. packs. In money terms, the purchases movement was positive both in rouble (+17%) and in dollar (+38%) terms, and the volume amounted to RUB 4.274 bil. (USD 74.036 mil.) in wholesale prices. In the first half of 2017, the average cost of OTC pack in the city hospitals was USD 8.99, whereas in the year-earlier period its cost was USD 7.44.

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



Following the results for six months of 2017, the drug manufacturer JOHNSON & JOHNSON (+53%) held and reinforced its leading position in the top-ten drug manufacturers ranking in the St. Petersburg hospital market (Table 1). MERCK SHARP DOHME (+13%) and PFIZER (+66%) moved up to ranks two and three, displacing NOVARTIS (-14%) and ABBVIE (-37%) with reduced purchases. The newcomers, BAYER (+71%) and BIOCAD, which purchases grew 2.2 times, broke into the ranks of the top ten, coming in at numbers six and eight. ASTRAZENECA moved up two ranks, due to 40% growth in purchases. In contrast, Russia-based PHARMASYNTEZ (+15%) moved down one rank, to number nine. SANOFI-AVENTIS (+15%) held its previous bottom rank in the of top ten/ The total share accumulated by the top 10 manufacturers increased 1.7 p.p. and escalated to 45.4%.

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	1	**JOHNSON & JOHNSON**	11.5	8.7
2	5	**MERCK SHARP DOHME**	5.0	5.2
3	6	**PFIZER**	4.8	3.4
4	3	**NOVARTIS**	4.3	5.9
5	2	**ABBVIE**	4.2	7.9
6	12	**BAYER HEALTHCARE**	3.5	2.4
7	9	**ASTRAZENECA**	3.4	2.8
8	14	BIOCAD RF	3.1	1.7
9	8	PHARMASYNTEZ	3.0	3.1
10	10	**SANOFI-AVENTIS**	2.6	2.6
Total			45.4	43.7

*AIPM members are in bold

Six newcomers broke into the ranks of the top 10 ranking in the city hospital market (table 2). INTELENCE (5.9-fold growth in purchases) and PREZISTA (6.9-fold growth) moved up to ranks two and four, and SOVRIAD, EVIPLERA (31-fold growth in purchases), PREVENAR 13 (8.9-fold growth) and ULTRAVIST (+39%) moved up to ranks six through nine. Due to high growth rates, ISENTRESS (+68%) and NATRIUM CHLORIDUM (+44%) also moved up to ranks one and five, respectively. Two brand names of the top 10 showed negative sales growth rates. The former leader KALETRA (-57%) and LUCENTIS (-35%) placed at rank four moved down to ranks three and ten, respectively. The total share of the top 10 brands increased from 14.4% to 18.9%.

Table 2. The top 10 brands by hospital purchases

Rank		Brand	Share in total hospital purchases, %	
6 mon. 2017	6 mon. 2016		6 mon. 2017	6 mon. 2016
1	5	ISENTRESS	2.8	2.0
2	24	INTELENCE	2.8	0.5
3	1	KALETRA	2.4	6.4
4	34	PREZISTA	2.1	0.4
5	7	NATRIUM CHLORIDUM	2.1	1.7
6	N/A	SOVRIAD	1.5	N/A
7	41	EVIPLERA	1.4	0.1
8	40	PREVENAR 13	1.3	0.2
9	13	ULTRAVIST	1.3	1.1
10	4	LUCENTIS	1.1	2.1
Total			18.9	14.4

The top ten INN and group names leaders were noticeably updated: six newcomers entered the analysed ranking as in the previous one (Table 3). One of them, DARUNAVIR, increased its purchases by 9.5 times and took the lead in the top ten. Another five INNs: ETRAVIRINE (5.9-fold growth in purchases), SIMEPREVIR; VACCINE PNEUMOCOCCAL (6.5-fold growth), TENOFOVIR DISOPROXIL* EMTRICITABINE*RILPIVIRINE (31-fold growth) and IOPROMIDE (+42%) moved up to ranks three, six, seven and the last two ranks of the top ten. Apart from them, due to outstripping growth rates RALTEGRAVIR (+68%) and SODIUM (+44%) moved up to ranks two and five. LOPINAVIR*RITONAVIR (-57%) and ATAZANAVIR (-44%), which reduced their purchases, moved down from rank one and two to four and eight, respectively. The total share of the top 10 has increased from 15.4% to 20.3%.

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	37	DARUNAVIR	3.1	0.4
2	6	RALTEGRAVIR	2.8	2.0
3	27	ETRAVIRINE	2.8	0.5
4	1	LOPINAVIR*RITONAVIR	2.4	6.4
5	8	SODIUM	2.1	1.7
6	N/A	SIMEPREVIR	1.5	N/A
7	42	VACCINE, PNEUMOCOCCAL	1.5	0.3
8	2	ATAZANAVIR	1.4	2.9
9	46	TENOFOVIR DISOPROXIL* EMTRICITABINE*RILPIVIRINE	1.4	0.1
10	13	IOPROMIDE	1.3	1.1
Total			20.3	15.4

Shifts also took place in the top ten ATC groups ranking, though three of them managed to hold their own in the top ten (table 4). The groups B05 Blood substitutes and perfusion solutions (+54%), V08 Contrast media (+45%) and B01 Antithrombotic agents (+28%) held their previous ranks five through seven respectively. Three ATC groups from the top ten rose in the ranks. The groups J05 Antivirals for systemic use (+23%) and J01 Antibacterials for systemic use (+39%) moved up one rank, coming in at numbers one and three, displacing L01 Antineoplastic agents (-7%) and N05 Psycholeptics (-13%) down one rank. The only newcomer of the top ten J07 Vaccines, which purchases increased 2.8 times, moved up to rank eight. At the same time, N01 Anaesthetics (+40%) and J02 Antimycotics for systemic use (+17%) moved down to the last two ranks. Based on the results for the first half of 2017 the top ten ATC groups accumulated 71% of the regional market, which was 70.5% in the year-earlier period.

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	19.9	18.9
2	1	L01	ANTINEOPLASTIC AGENTS	16.0	20.0
3	4	J01	ANTIBACTERIALS FOR SYST USE	7.4	6.2
4	3	N05	PSYCHOLEPTICS	6.5	8.7
5	5	B05	PLASMA SUBSTITUTES AND PERFUSION SOLUTIONS	5.0	3.8
6	6	V08	CONTRAST MEDIA	4.4	3.6
7	7	B01	ANTITHROMBOTIC AGENTS	3.4	3.1
8	17	J07	VACCINES	3.1	1.3
9	8	N01	ANESTHETICS	3.1	2.6
10	9	J02	ANTIMYCOTICS FOR SYSTEMIC USE	2.3	2.3
Total				71.0	70.5

Conclusion. At the end of the first half of 2017, the St. Petersburg hospital market increased by 17% in rouble terms and 38% in dollar terms, and brought in RUB 4.274 bil. (USD 74.036 mil.). In natural terms, the market increased by 14% to 8.235 mil. packs. In January-June 2017, the average cost of a FPP pack on the city hospital sector was higher than that in the year-earlier period (USD 8.99 vs. USD 7.44).