Association of International Pharmaceutical Manufacturers

Ассоциация международных фармацевтических производителей

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

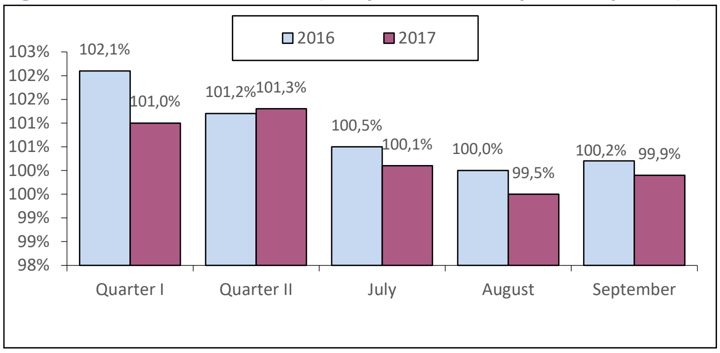
## MACROECONOMIC INDICES

### Inflation

According to Federal State Statistics Service's data, the Consumer Price Index was estimated at 99.9% in September 2017 compared to the previous month, and at 101.7% as against December 2016.

In September this year, Industrial Producer Price Index (for goods intended for sale on the domestic market) was 102.4%, whereas in the month-earlier period it had amounted to 101.5%. The index accounted for 104.9% against December of the previous year.

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



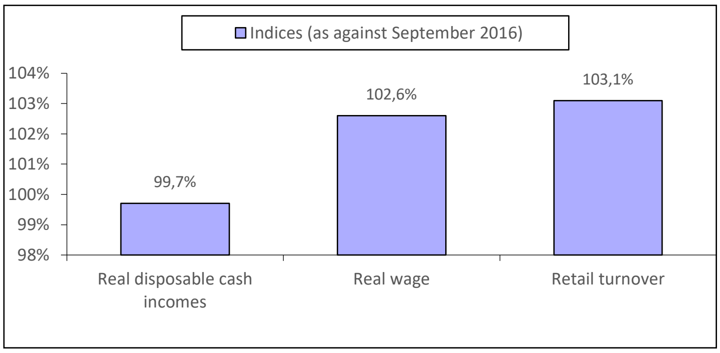

### Living standard

According to preliminary Federal State Statistics Service's data, in September 2017 gross monthly average salary per worker reached RUR 37,520 (USD 650.37) which accounted for 101% compared to the previous month and 105.6% compared to September 2016. The real wage accounted for 102.6% in September 2017 compared to July 2016. In September 2017, the real value of disposable cash incomes accounted for 99.7% as compared with the same period of 2016 (Fig. 2).

### Retail turnover

In September 2016, the retail turnover was equal to RUB 2570.0 bil., which in comparable prices accounted for 103.1% compared to the same period a year ago, in January-September 2017 - RUB 21567.7 bil. or 100.5% (Fig. 2).

**Figure 2. Real values of cash incomes, salary and retail turnover in September 2017**




### Industrial Production

According to Federal State Statistics Service's data, in September 2017 Industrial Production Index accounted for 100.9% compared to the same period of the previous year, and in January - September 2017 - 101,8%.

According to Federal State Statistics Service's data, Industrial Production Index of drugs and medical products in September 2017 accounted for 102.0% compared to the relevant period of the previous year, and 103.0% to the previous month.

### Domestic production

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

**Table 1. Top ten Russian chemical and pharmaceutical manufacturers by sales volume in September 2017**

| Rank | Manufacturer | RUB mil. |
|---|---|---|
| 1 | Otcpharm | 2359.5 |
| 2 | Microgen | 1390.3 |
| 3 | Biocad | 1389.7 |
| 4 | Valenta | 1339.6 |
| 5 | Stada | 1095.7 |
| 6 | Pharmstandart | 1080.7 |
| 7 | Sotex | 893.8 |
| 8 | Pharmasyntez | 879.0 |
| 9 | Materia Medica | 818.7 |
| 10 | Veropharm | 756.1 |

Source - Remedium according to IMS Health's data

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In August 2017 compared to July, pharmaceutical sales continued on an upward trend (in terms of roubles) in all regions. Novosibirsk Region showed the highest growth (+18%), St. Petersburg did the lowest one (+4%).

**Table 2. Pharmacy sales in the regions, 2017**

| Region | Pharmacy sales, $ mil. (wholesale prices) | | | Growth gain, % (roubles) | | |
|---|---|---|---|---|---|---|
| | June 2017 | July 2017 | August 2017 | June/ May 17 | July/ June 17 | August/July 17 |
| Moscow | 132.6 | 151.1 | 158.3 | -11% | 18% | 5% |
| St. Petersburg | 46.7 | 51.9 | 54.2 | 7% | 15% | 4% |
| Krasnodar Krai | 36.8 | 49.0 | 56.4 | 8% | 37% | 15% |
| Krasnoyarsk Krai | 22.0 | 26.5 | 29.0 | -11% | 24% | 9% |
| Tatarstan | 21.8 | 23.7 | 25.7 | -1% | 12% | 8% |
| Rostov Region | 19.7 | 23.6 | 24.9 | -5% | 23% | 5% |
| Novosibirsk Region | 16.9 | 20.6 | 24.3 | -4% | 26% | 18% |
| Voronezh Region | 13.0 | 13.8 | 14.8 | -7% | 10% | 7% |
| Perm | 7.3 | 8.3 | 9.6 | -4% | 17% | 16% |
| Tyumen | 6.0 | 7.3 | 7.8 | -7% | 24% | 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 September 2017**

| Rank | Company* | Quantity of broadcasts |
|---|---|---|
| 1 | Otcpharm | 17,730 |
| 2 | Berlin-Chemie Menarini Group | 16,221 |
| 3 | Teva | 14,067 |
| 4 | GSK Consumer Healthcare | 11,051 |
| 5 | Bayer AG | 10,419 |

Source - Remedium according to Mediascope's data

**Table 4. Top five brand names in mass media in September, 2017**

| Rank | Brand* | Quantity of broadcasts |
|---|---|---|
| 1 | Золотая звезда | 3,204 |
| 2 | Complivit | 2,992 |
| 3 | Espumisan | 2,860 |
| 4 | Otrivin | 2,669 |
| 5 | Phosphogliv | 2,611 |

Source - Remedium according to Mediascope's data

* Only products registered with State Register of Medicines were considered

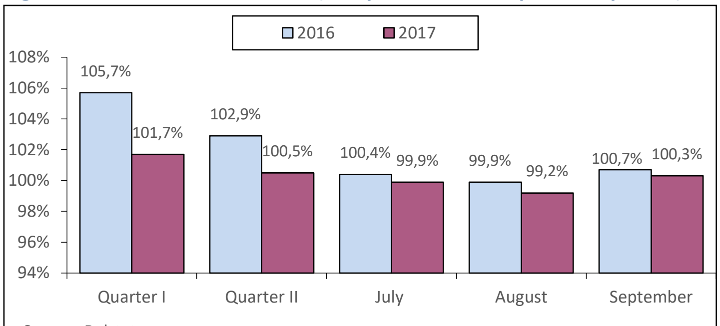
## MACROECONOMIC INDICES OF THE REPUBLIC OF BELARUS

### Inflation

According to data of National Statistical Committee of the Republic of Belarus, in September 2017 the Consumer Price Index was estimated at 100.3%, compared to the previous month, 102.7% to December 2016. In January - September 2017, the Consumer Price Index was 106.4% as compared to the same period of 2016.

In September 2017, Industrial Producer Price Index was 100.5% compared to August 2016, and 108.9% as compared to December 2016. In January-September 2017, the Industrial Producer Price Index was 109.4% as compared to 2016.

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




Source: Belstat

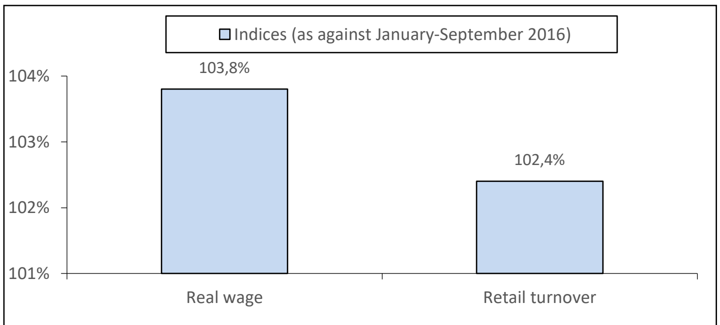
### Living standard

According to the preliminary Balstat's data, in September 2016 the average monthly nominal accrued wage of the workers of the Republic of Belarus was BYR 831,3 (USD 429.17[1]), in January-September 2017 - BYR 789.9 (USD 412.98). In September 2017, the real wage accounted for 107,4% as compared to the same period of 2016, in January-September 2017 – 103.8% (Fig. 2). According to Balstat's data, in January-August 2017 the real disposable cash income accounted for 99.98% as against January-August 2016.

### Retail turnover

In September 2017, the retail turnover was estimated at RUB 3,345.8 mil. which accounted for 94% compared to the previous period and 105.9% compared to the same period of the last year. In January-September 2017, the turnover amounted to RUB 28,486.2 mil. or 102.4% to January-September of 2016 (Fig. 2).

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




Source: Belstat

### 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 66.43 bil, at current prices or 106.1% at comparable prices as January-September of 2017.

According to Belstat's data, in January-September 2017 the pharmaceutical production output of essential pharmaceutical products and pharmaceutical preparations was estimated at BYR 829.1 mil., which accounted for 111.5% to January-September 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

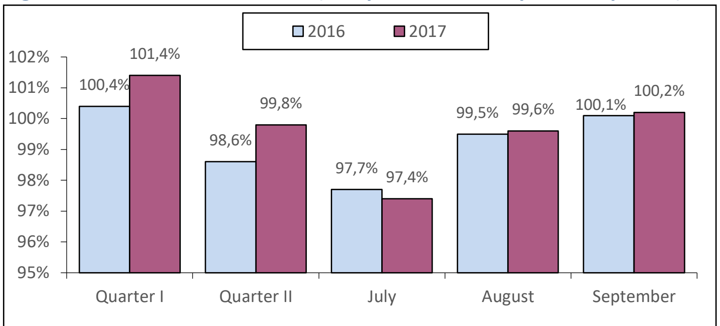
## MACROECONOMIC INDICES OF THE REPUBLIC OF ARMENIA

### Inflation

According to data of National Statistical Service of the Republic of Armenia, in September 2017 the Consumer Price Index was estimated at 100.2%, compared to December 2016 - 98.3% The Consumer Price Index accounted for 100.6% since the beginning of the year compared to the previous period.

In September 2017, the Industrial Producer Price Index was 100.1%, as compared to the previous month, while as against December 2016 - 100.8%. In January-September of this year, the Index accounted for 103.8% as compared to the same period 2016.

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




Source: National Statistical Service of the Republic of Armenia

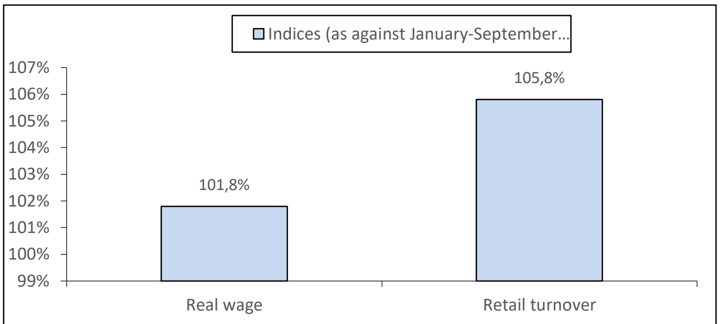
### Living standard

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 191199 (USD 400) in September 2017, which accounted for 102% as compared to the same period of the last year. In January-September of 2017, the gross monthly average salary per worker was AMD 189928 (USD 394) or 102.4% compared to the same period of 2016, (Fig. 2). The real wage accounted for 101% in September 2017 compared to the respective period of 2016, in January-September 2017 as compared to January-September 2016 – 101.8%. 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 115552.8 mil. in September 2017, and AMD 920220.1 mil. from the beginning of the year, which accounted for 106.2% and 105.8% as compared to the same period of the last year, respectively (Fig. 2).

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




Source: National Statistical Service of the Republic of Armenia

### Industrial Production

According to the preliminary data of RA Office for National Statistics, in September 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 146413.6 mil, and AMD 1185151.2 mil. from the beginning of the year at current prices or 108.3% and 111.9% as against the same period of 2016, respectively.

According to RA Office for National Statistics data, the pharmaceutical output was estimated at AMD 564.7 mil. in September 2017, and AMD 6441.1 mil. from the beginning of the year, which accounted for 82.3% and 113.3% as compared to the respective periods of the previous year.

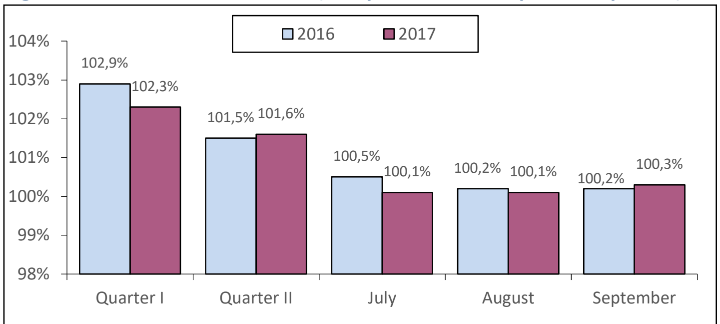
## MACROECONOMIC INDICES OF THE REPUBLIC OF KAZAKHSTAN

### 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 100.3% in September 2017 and 104.2% as compared to December 2016. In January-September of 2017, the Index reached 107.5% as compared to the same period of 2016.

In September 2017, the Industrial Producer Price Index (with due account for production, maintenance and delivery services) was 102.8%, as compare to the previous year and 108.6% as compared to December 2016. In January-September 2017, the prices of producers of industrial products increased by 15.9% as compared to January-September 2016.

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




Source: RK Committee on Statistics

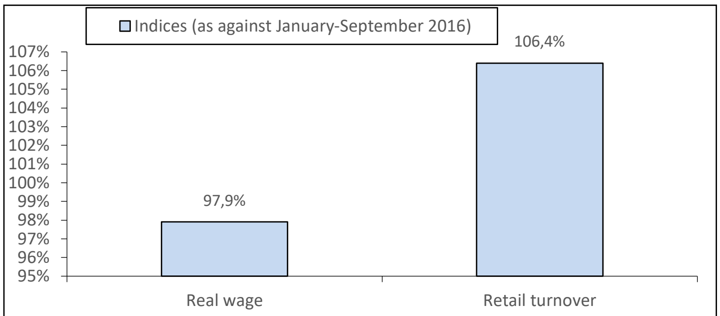
### Living standard

According to the preliminary data of the RK Committee on Statistics, the gross monthly average salary per worker reached KZT 148,287 (USD 437.14[2]) in September, in January-September of 2017 – KZT 143,345 (USD 443.52). In September 2017, the Nominal Wage Index against the respective period of 2016 accounted for 113.8%, in January-September 2017 – 103%, the real wage index – 97.6% and 97.9%, respectively. In January-August 2017, the Real Cash Income Index was 98.4% compared to the same period of 2016 (Fig. 2).

### Retail turnover

In September 2017, the retail turnover was KZT 763.0 bil., in January-September of 2017 it amounted to KZT 6243.3 bil. or 107.4% and 106.4% respectively, compared to the same period in 2016 (in comparable prices) (Fig. 2).

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




Source: RK Committee on Statistics

### Industrial Production

According to data of the Committee for Statistics of RK, in September 2017 the industrial output was KZT 1,952.5 bil., in January-September of the last year KZT 16,137.0 bil. As compared to the same period of 2016, the indices accounted for 106.9% and 108.3%, respectively.

According to data of the Committee for Statistics of RK, in September of 2017 the essential pharmaceuticals output amounted to KZT 7,143 mil., in January-September 2016 it was KZT 54,123 mil. At the end of September of 2017, the Index of Physical Volume of Industrial Production for Pharmaceuticals was 155.4% as compared to September 2015, in January-September 2017 - 136.1%.

[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

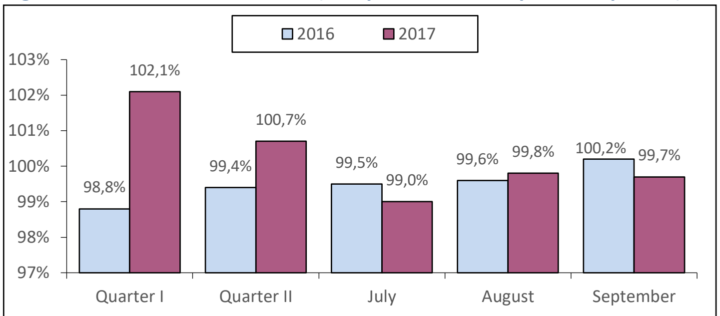
## MACROECONOMIC INDICES OF THE KYRGYZ REPUBLIC

### Inflation

According to data of the Committee for Statistics of the National Statistical Committee of the Kyrgyz Republic, in September of 2017 the Consumer Price Index was estimated at 99.7%, as against December 2016 - 101.2%. In January-September of 2017, the Index reached 103% as compared to the same period of 2016.

In September 2017, the Producer Price Index for industrial production and services was 101.1% as compared to December. - 104.6%. Throughout the Republic, the prices of producers for industrial products and services have increased by 0.8% since the beginning of 2017.

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




Source: RK Committee on Statistics

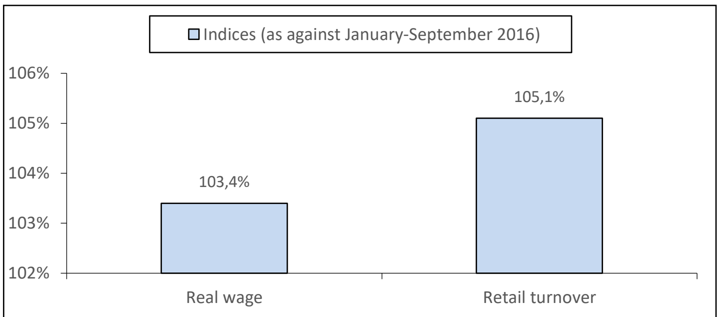
### Living standard

According to data of the Committee for Statistics of the Kyrgyz Republic, in August 2017 the average monthly nominal wage per worker was KGS 14972 (USD 217.33 [3]), in January-August 2017 - KGS 14801 (USD 215.2), which is 8.8% and 6.5% more than in the same period of 2016, respectively. In January-August of 2017, the real wage accounted for 103.4% as compared to January-August of 2016, in August of 2017 – 104.8% as compared to August 2016 (Fig. 2).

### Retail turnover

In September 2017, the retail turnover (without cars and motorcycles sales) amounted to KGS 27568.9 mil, in January-September 2017 - KGS 170,224.9 mil. The Volume of Retail Turnover Index accounted for 104.5% and 105.1% to the same period of the previous year (Fig.2).

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




Source: RK Committee on Statistics

* Data for January-August 2017

### Industrial Production

According to data of the National Committee for Statistics of the Kyrgyz Republic, in September 2017 the industrial output was KGS 18,710.5 mil., and for nine months of 2017 it was KGS 160,993.9 mil. The Volume of Industrial Products index accounted for 87.3% and 120.7% as compared to the same periods of 2016.

According to data of the National Committee for Statistics of the Kyrgyz Republic, in September of 2017 the essential pharmaceuticals output amounted to KGS 25.3 mil., in September - KGS 181.0 mil. At the end of September of 2017, the Physical Index of Industrial Production for Pharmaceuticals was 131.2% compared to the same period of the last year, and in January-September 2017 it was 144% compared to January-September 2015.

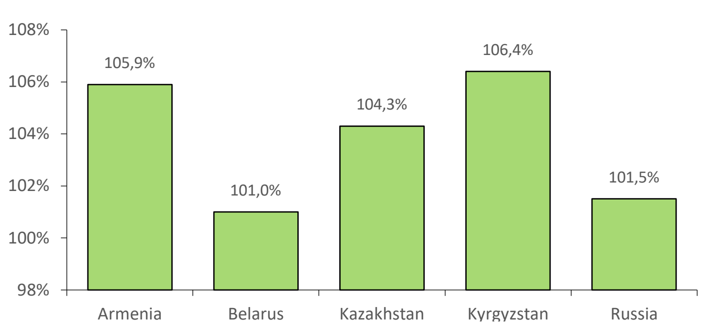
[3] The average exchange rate to calculate the above indices was used from the official website of the National Bank of the Kyrgyz Republic http://www.nbkr.kg/

## COMPARATIVE MACROECONOMIC INDICES OF THE EURASIAN ECONOMIC UNION (EAEU)

### GDP

According to Eurasian Economic Commission's data (EAEC), at the end of January-June 2017 GDP of EAEU member-states amounted to USD 820.7 bil. and increased by 1.8% as compared to the same period of 2016 in fixed prices. The growth in GDP was recorded in all EAEU member-states, a more significant increase in Kyrgyzstan (+6.4%), Armenia (+5.9%) and Kazakhstan (+4.3%). GDP increased to a lesser extent in Russia (+1.5%) and Belarus (+1%) (Fig. 1).

**Figure 1. GDP growth in the EAEU member-states (January-June 2017 vs. January-June 2016)**

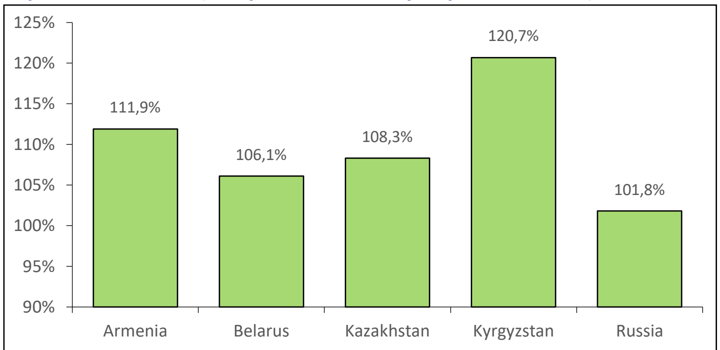



Source: EEU

### Industrial Production

According to preliminary EAEC data, in January-September 2017 the volume of industrial output of the EAEU member-states amounted to USD 782.0 bil. and increased in fixed prices by 2.5% as compared with January-September 2016. In individual countries, the Industrial Production Index accounted for: 111.9% in Armenia, 106.1% in Belarus, 108.3% in Kazakhstan, 107.8% in Kyrgyzstan and 120.7% in Russia (Fig. 2).

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

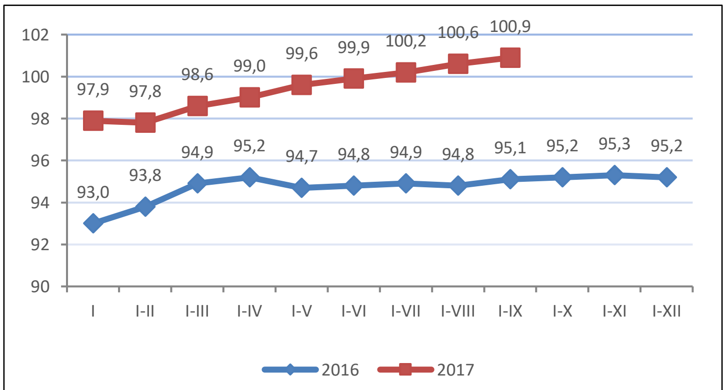



Source: EEU

### Retail turnover

According to the EEC, the retail trade turnover (through all sales channels) of EEU member-states in January-September 2017 amounted to USD 409.2 bil. Compared with the same period of 2016, the volume of retail sales (in comparative prices) increased by 0.9%. In the analysed period, all member-states showed growth in the retail turnover. In this case, the indices accounted for 106% in Armenia, 102.4% in Belarus, 106.4% in Kazakhstan, 104.7% Kyrgyzstan and 100.5% in Russia (Fig. 2).

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




### Nominal and real wage

According to the EEC, in January-September 2017 the average monthly nominal wage exceeded the average wage in the same period of 2016 by 2.4% in Armenia, 10.4% in Belarus, 5.2% in Kazakhstan, 6.5% in the Kyrgyz Republic (in January– August 2017), 6.7% in Russia. Given the increase in consumer prices for goods and services, the real wage as compared to the respective period increased by 1.8% in Armenia, 3.8% in Belarus, 3.4% in Kyrgyzstan (in January-August of 2017), 2.5% in Russia, decreased by 2.1% in Kazakhstan.

**Table 1. Nominal and real wage in January-September 2017**

| Country | Real wage, as % to the same period of 2016 | Nominal wage, USD |
|---|---|---|
| Armenia | 101.8 | 394 |
| Belarus | 103.8 | 413 |
| Kazakhstan | 97.9 | 451 |
| Russia | 102.5 | 657 |
| Kyrgyzstan[1] | 103.4 | 215 |

[1] January-August 2017

### Budget performance

According to the EAEC, in January-June 2017, the republican budget in most of EAEU member-states was implemented with a deficit. An exception to this is Belarus, where the budget was executed with a surplus As compared to the corresponding period of the previous year, the budget income and expenditures showed a balanced growth. As a result, a budget deficit reduced significantly in Armenia, Kazakhstan and Russia, and a budget surplus increased in Belarus.

Income growth rates (in national currency) compared to the same period a year ago accounted for: 106% in Armenia, 109% in Belarus, 123% in Kazakhstan, 116% Kyrgyzstan and 121% in Russia.

The expenditures of the budget increased in most EAEU member-states. The expenditure growth rates were as follows: 98% in Armenia, 101% in Belarus, 110% in Kazakhstan, 101% in Kyrgyzstan, 103% in Russia.

**Table 2. Republican budget in January-June 2017**

| Country | USD bil. | | |
|---|---|---|---|
| | Income | Expenditure | Deficit (surplus) |
| Armenia | 1.2 | 1,30,6 | -0.1 |
| Belarus | 4.7 | 4.0 | 0.7 |
| Kazakhstan | 12.9 | 13.8 | -0.9 |
| Russia | 122.8 | 12939 | -7.0 |
| Kyrgyzstan | 0.9 | 1.0 | -0.1 |
| **EAEU** | **142.5** | **150.0** | **-7.4** |

### Mutual trade of EEU member-states in January-August of 2017

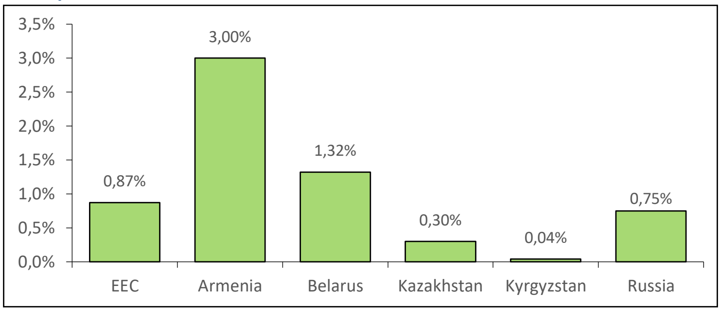
The volume of mutual trade in commodities of EAEU member-states in January-August 2017 amounted to USD 3.2 bil. or 127.5% as against the same period of 2016.

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

| Countries | USD bil. | % vs January-February 2016. | Share in total, % |
|---|---|---|---|
| **EAEU** | **34174.3** | **127.5** | **100.0** |
| Armenia | 317.4 | 134.1 | 0.9 |
| Russia | 310.0 | 136.6 | 97.7 |
| Belarus | 8802.8 | 124.2 | 25.8 |
| Russia | 8332.3 | 122.2 | 94.7 |
| Kazakhstan | 3297.1 | 136.5 | 9.7 |
| Russia | 2928.0 | 135.9 | 88.8 |
| Kyrgyzstan | 384.3 | 127.6 | 1.1 |
| Russia | 176.5 | 145.8 | 45.9 |

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

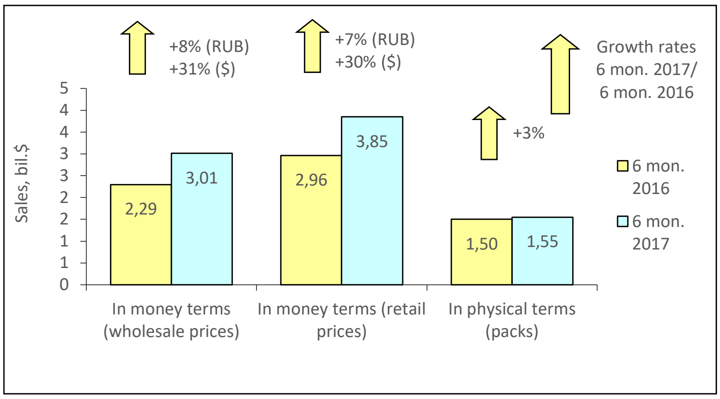
**Table 4. The structure of mutual trade between EAEU member-states within the Customs Commodity Code group "Pharmaceutical products" in January-August 2017 (as percentage of the total volume of mutual trade)**



## PHARMACY OTC MARKET IN RUSSIA: 2017 FIRST SIX MONTHS RESULTS

According to the results of the Retail Audit of Finished Pharmaceutical Products (FPP) in Russian Federation™, at half year-end 2017 the sales of OTC drugs in physical terms in the country saw a 3% increase to 1.549 bil. packs. In money terms, the OTC drugs market increased by 8% in rouble terms and by 31% in dollar terms and reached RUB 174.711 bil. (USD 3.010 bil.) in wholesale prices (Fig. 1). The share of Over-the-Counter (OTC) drugs accounted for 69.4% of sales in physical terms and 52.1% 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 2.48 (vs. USD 1.97) in retail prices. At the end of the first six months of 2017, the average amount spent by the residents of Russia for OTC drugs in pharmacies amounted to USD 26.21.

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




Based on the results of the first half of 2017, the manufacturers OTCPHARM and BAYER (+11%[4]each) and SANOFI-AVENTIS (-2%) held their leading positions on the Russian OTC market (Table 1). In addition, another three manufacturers held their own in the ranking: JOHNSON& JOHNSON (+8%), SANDOZ (+5%) and MENARINI (+10%) maintained their previous ranks five, eight and nine. The manufacturer STADA (+18%) showed outperformance rates and moved up to rank four from seven. On top of that, its only newcomer SERVIER (+5%) moved up to the bottom rank in the top -10 10 ranking. At the same time, the manufacturers GLAXOSMITHKLINE (-1%) and TEVA (+4%) moved down to ranks six and seven. The cumulative share of the top 10 manufacturers reduced from 42% to 41.5%.

**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 | OTCPHARM | 6.2 | 6.1 |
| 2 | 2 | **BAYER HEALTHCARE** | 5.6 | 5.4 |
| 3 | 3 | **SANOFI-AVENTIS** | 4.8 | 5.3 |
| 4 | 7 | STADA | 4.2 | 3.9 |
| 5 | 5 | **JOHNSON & JOHNSON** | 3.9 | 3.9 |
| 6 | 4 | **GLAXOSMITHKLINE** | 3.8 | 4.2 |
| 7 | 6 | **TEVA** | 3.8 | 3.9 |
| 8 | 8 | **SANDOZ** | 3.7 | 3.9 |
| 9 | 9 | **MENARINI** | 3.1 | 3.0 |
| 10 | 11 | **SERVIER** | 2.4 | 2.5 |
| Total | | | 41.5 | 42.0 |

*AIPM members are in bold

NUROFEN (+18%) and DETRALEX (+22%) topped the top 10 brands ranking, while ESSENTIALE (-3%) held its rank three despite the negative growth rates (Table 2). The last year leaders KAGOCEL and INGAVIRIN reduced their sales by 29% and moved down to ranks five and six respectively. The remaining five brands of the top ten brand ranking showed positive growth rates, of which four rose in the ranks. CARDIOMAGNYL (+19%) and MIRAMISTIN (+25%) moved up to ranks four and seven, and the newcomers PENTALGIN (+24%) and LINEX (+21%) broke into the ranks of the top ten, coming in at numbers eight and nine. They displaced the brand THERAFLU (+4%) to the last rank of the top ten. The total share of the top 10 brands reduced from 12.1% to 11.5%.

**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 | 4 | NUROFEN | 1.5 | 1.3 |
| 2 | 5 | DETRALEX | 1.4 | 1.3 |
| 3 | 3 | ESSENTIALE | 1.3 | 1.4 |
| 4 | 6 | CARDIOMAGNYL | 1.2 | 1.1 |
| 5 | 1 | KAGOCEL | 1.1 | 1.7 |
| 6 | 2 | INGAVIRIN | 1.1 | 1.7 |
| 7 | 10 | MIRAMISTIN | 1.0 | 0.9 |
| 8 | 13 | PENTALGIN | 1.0 | 0.8 |
| 9 | 12 | LINEX | 0.9 | 0.8 |
| 10 | 8 | THERAFLU | 0.9 | 0.9 |
| Total | | | 11.5 | 12.1 |

One newcomer entered the top-ten INN and grouping names ranking (table 3). INN NAFTIFINE (+17%) moved up to rank seven. INNs PHOSPHOLIPIDS (+3%) and the composition ACETYLSALICYLIC ACID*MAGNESIUM (+19%) and CHONDROITINSULFURIC ACID* GLUCOSAMINE (+6%) also moved up to the higher ranks five, six and eight. Due to 29% reduction in sales, KAGOCEL and IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID moved down to the last two ranks in the top ten. XYLOMETAZOLINE (+21%), PANCREATIN (+13%), IBUPROFEN (+25%) and DIOSMIN*HESPERIDIN (+19%) as before held the top four positions in the ranking. The cumulative share of the top ten reduced by 0.2 p.p. and accounted for 16.9%.

**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 | 3.3 | 2.9 |
| 2 | 2 | PANCREATIN | 2.2 | 2.1 |
| 3 | 3 | IBUPROFEN | 2.1 | 1.8 |
| 4 | 4 | DIOSMIN*HESPERIDIN | 1.9 | 1.8 |
| 5 | 7 | PHOSPHOLIPIDS | 1.5 | 1.6 |
| 6 | 10 | ACETYLSALICYLIC ACID* MAGNESIUM | 1.2 | 1.1 |
| 7 | 13 | NAFTIFINE | 1.2 | 1.1 |
| 8 | 9 | CHONDROITINSULFURIC ACID* GLUCOSAMINE | 1.2 | 1.2 |
| 9 | 5 | KAGOCEL | 1.1 | 1.7 |
| 10 | 6 | IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID | 1.1 | 1.7 |
| Total | | | 16.9 | 17.1 |

J05 Antivirals for systemic use, which took the lead in the top ten ATC groups ranking in the earlier period, reduced their sales by 24% and moved down to rank seven (Table 4). In addition, A11 Vitamins (+2%), which showed low growth rates, also moved down to rank six. At the same time, R01 Nasal preparations (+10%) and N02 Analgesics (+11%) moved up one rank, to the top two positions, whereas R05 Cough and cold preparations (+9%), C05 Vasoprotectives (+15%) and A07 Antidiarrheals (+14%) moved up two ranks, coming in at numbers three through five respectively. M01 Anti-inflammatory and antirheumatic products (+16%) moved up from rank nine to eight, displacing L03 Immunostimulants (-1%) down one rank. Its only newcomer A05 Bile and liver therapy (+8%) broke into the top ten ranking, coming in at number 10. The consolidated share of the top 10 reduced from 50.2% to 48.7%.

**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 | 6.0 | 5.9 |
| 2 | 3 | N02 | ANALGESICS | 5.8 | 5.7 |
| 3 | 5 | R05 | COUGH AND COLD PREPARATIONS | 5.5 | 5.4 |
| 4 | 6 | C05 | VASOPROTECTIVES | 5.4 | 5.1 |
| 5 | 7 | A07 | ANTIDIARR.,INTEST. ANTIINFL./ ANTIINFECT. AGENTS | 5.3 | 5.0 |
| 6 | 4 | A11 | VITAMINS | 5.2 | 5.5 |
| 7 | 1 | J05 | ANTIVIRALS FOR SYSTEMIC USE | 4.7 | 6.7 |
| 8 | 9 | M01 | ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS | 3.8 | 3.5 |
| 9 | 8 | L03 | IMMUNOSTIMULANTS | 3.6 | 3.9 |
| 10 | 12 | A05 | BILE AND LIVER THERAPY | 3.4 | 3.4 |
| Total | | | | 48.7 | 50.2 |

**Conclusion.** On the basis of the results for the first six months of 2017, the OTC retail market of Russia achieved RUB 223.310 bil. (USD 3.848 bil.). which was 7% in terms of roubles and 30% 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 (+3%) and achieved 1.549 mil. packs. Based on the results for the first half of 2017, the average cost of OTC pack in the pharmacies of Russia was USD 2.48, which was more than in the year-earlier period (USD 1.97). The average expenses of Russian residents for the purchase of OTC drugs in pharmacies also increased (USD 26.21 vs. USD 20.21).

[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

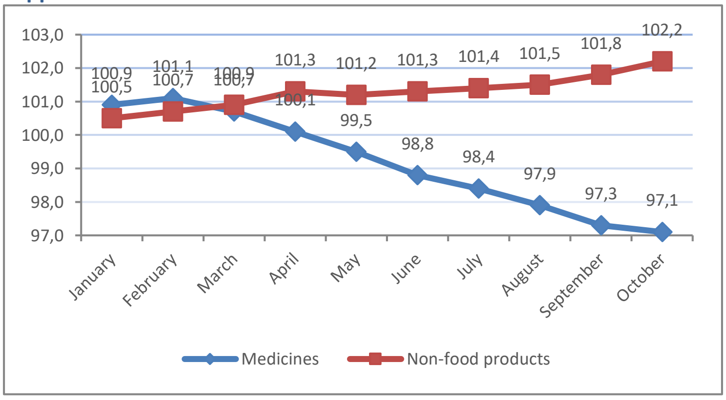
### *Price Indices*

**Table 1. Inflation rates in the Russian Federation, October 2017**

| | October 2017 as against December 2016 | January-October 2017 vs. January-October 2016 |
|---|---|---|
| CPI | 101.9 | 103.9 |
| CPI for non-food products | 102.1 | 104.3 |
| CPI for medications | 97.1 | 102.2 |

*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 1-3 Q 2016 – 1-3 Q 2017**

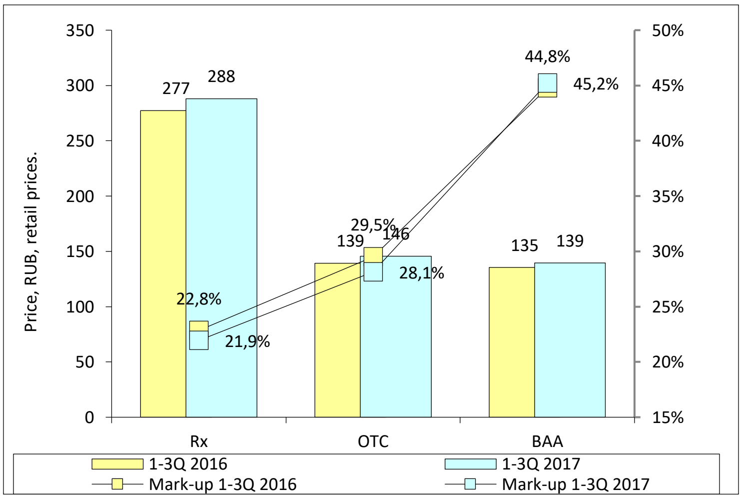



**Figure 3. Dynamics of weighted average prices and retail margins in 1-3 Q 2016 – 1-3 Q 2017**

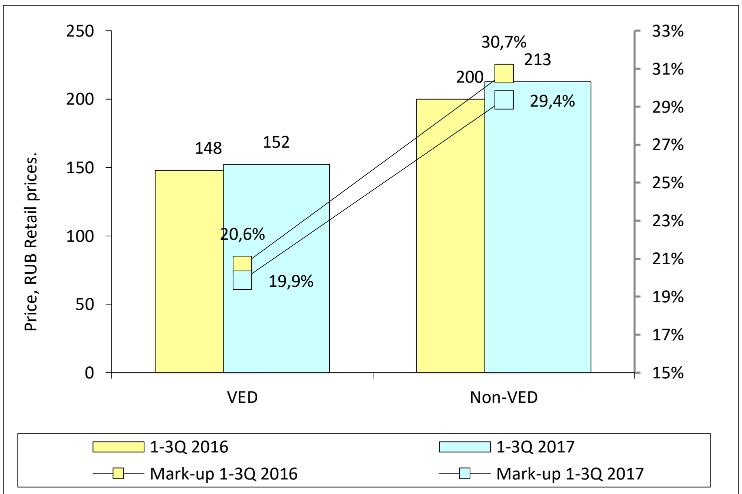
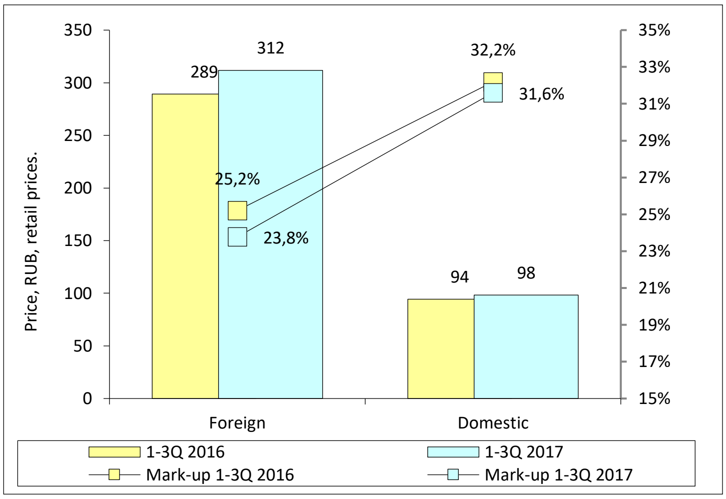



**Figure 4. Dynamics of weighted average prices and retail margins in 1-3 Q 2016 – 1-3 Q 2017**

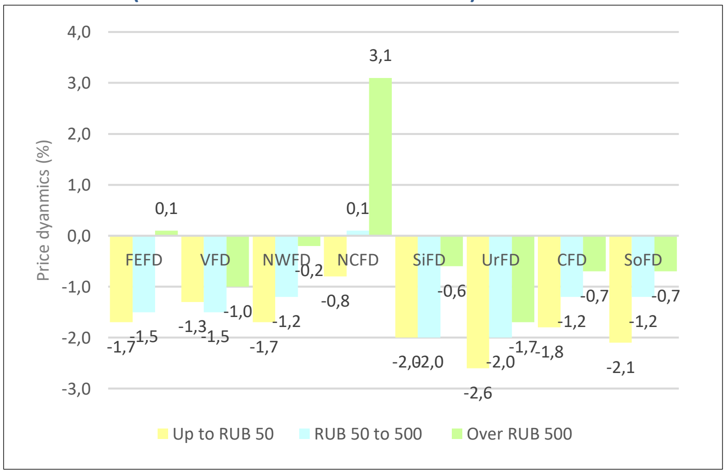



### *Indicators of dynamics of prices for vital and essential drugs (VED)*

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

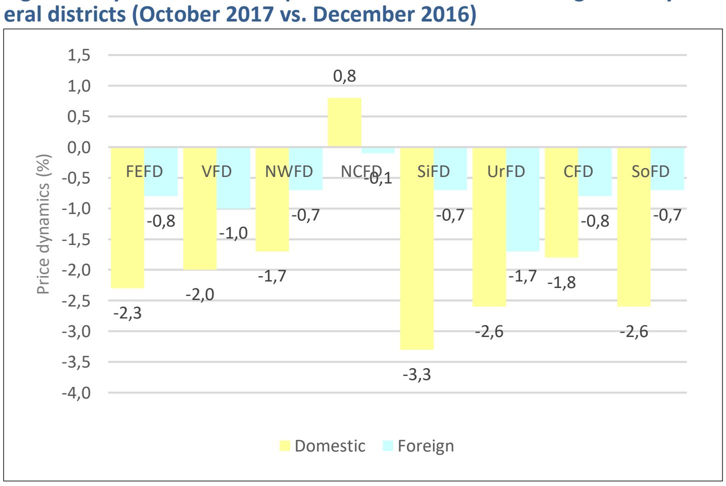
| | Price dynamics in October 2017 as against December 2016 (%) | | |
|---|---|---|---|
| | Retail prices | Wholesale prices | Manufacturers' prices |
| VED total | -1.3 | -0.9 | 0.4 |
| Not more than RUB 50 | -1.7 | | |
| From RUB 50 to 500 | -1.3 | | |
| Over RUB 500 | -0.7 | | |
| Domestic | -1.9 | | |
| Foreign | -0.8 | | |

**Figure 5. Dynamics of retail prices for VED in various price ranges by federal districts (October 2017 vs. December 2016)**




*Roszdravnadzor data*

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



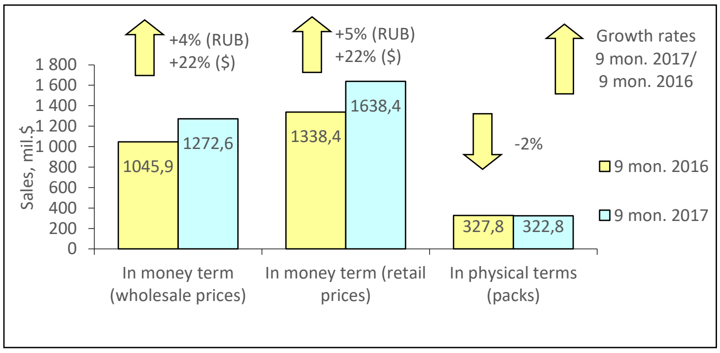

*Roszdravnadzor data*

## MOSCOW CITY PHARMACY MARKET: 2017 NINE 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, in Moscow the average monthly accrued wage for January-August of 2017 was 77,030.3 (USD 1,319.01), which was 101% higher than the average wage in Russia (RUB 38,387).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of nine months 2017 the sales of OTC drugs in physical terms in pharmacies of Russia saw a 2% decrease to 322.750 mil. packs. In value terms, the OTC drugs market increased by 4% in rouble terms and by 22% in dollar terms and reached RUB 74.049 billion (USD 1.273 billion) in wholesale prices (Fig. 1). The region market share accounted for 14.2% of the Russian pharmacy retail sales. An average cost of a pack grew as compared to the last year: USD 5.08 vs. USD 4.08 in retail prices. At the end of January-September of 2017, the average amount spent by the Muscovites for OTC drugs in pharmacies amounted to USD 132.33.

### Figure 1. Moscow pharmacy market for 9 months of 2016 – 9 months of 2017




At month-end January-September of 2017, the drug manufacturer BAYER (+15%) became the leader of the Moscow retail market, displacing SANOFI-AVENTIS (-8%) down one rank from that position (Table 1). The manufacturers TEVA (-2%) and SERVIER (+8%) retained their ranks three and four. Three manufacturers with outperformance rates in the lower part of the top ten ranking rose in the ranks. ABBOTT (+11%), SANDOZ (+17%) and MENARINI (+9%) moved up to ranks five, six and nine, respectively. The less dynamic GLAXOSMITHKLINE (+3%) and JOHNSON & JOHNSON (+1%), as well as PFIZER (-3%), which reduced its sales, moved down to ranks seven, eight and ten, respectively. The cumulative share of the top ten manufacturers increased from 37.3% to 37.5%.

### Table 1. The top ten drug manufacturers by pharmacy sales

| Rank in the top ten | | Manufacturer* | Share in total pharmacy sales, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 2 | **BAYER HEALTHCARE** | 6.2 | 5.6 |
| 2 | 1 | **SANOFI-AVENTIS** | 5.0 | 5.7 |
| 3 | 3 | **TEVA** | 3.8 | 4.1 |
| 4 | 4 | **SERVIER** | 3.6 | 3.5 |
| 5 | 6 | ABBOTT | 3.5 | 3.3 |
| 6 | 8 | **SANDOZ** | 3.5 | 3.1 |
| 7 | 5 | **GLAXOSMITHKLINE** | 3.4 | 3.4 |
| 8 | 7 | **JOHNSON & JOHNSON** | 3.0 | 3.1 |
| 9 | 10 | **MENARINI** | 2.8 | 2.7 |
| 10 | 9 | **PFIZER** | 2.7 | 2.8 |
| Total | | | 37.5 | 37.3 |

*AIPM members are in bold

Note that most of the brands from the top ten brands ranking showed outperformance rates and rose in the ranks (Table 2). The anticholesterol drug CRESTOR (+45%), which was the most dynamic among the top ten leaders, moved up to rank number one from three, and XARELTO (+41%), which showed a little bit lower growth rates, moved up to rank two from five. DETRALEX (+23%), MIRAMISTIN (+17%) and NUROFEN (+29%) moved up to ranks three through five, and CONCOR (+11% to rank seven from ten. The newcomers HEPTRAL (+26%) and LINEX (+31%) broke into the ranks of the top ten, coming in at numbers nine and ten. The brands CIALIS (+11%) and INGAVIRIN (-23%) became exceptions: as before the former held its rank six and the latter moved down from rank two to eight. The cumulative share of the top-ten increased by 1.2 p.p. and achieved 8.4%.

### Table 2. The top ten brands by pharmacy sales

| Rank in the top ten | | Brand | Share in total pharmacy sales, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 3 | CRESTOR | 1.2 | 0.9 |
| 2 | 5 | XARELTO | 1.1 | 0.8 |
| 3 | 4 | DETRALEX | 1.0 | 0.9 |
| 4 | 8 | MIRAMISTIN | 0.8 | 0.7 |
| 5 | 9 | NUROFEN | 0.8 | 0.7 |
| 6 | 6 | CIALIS | 0.8 | 0.8 |
| 7 | 10 | CONCOR | 0.7 | 0.6 |
| 8 | 2 | INGAVIRIN | 0.7 | 0.9 |
| 9 | 15 | HEPTRAL | 0.6 | 0.5 |
| 10 | 19 | LINEX | 0.6 | 0.5 |
| Total | | | 8.4 | 7.2 |

In the top-10 INN and grouping names raking, the top three INNs held their own in the ranking (table 3). INNs XYLOMETAZOLINE (+16%) and ROSUVASTATIN (+37%) and the composition DIOSMIN* HESPERIDIN (+21%) held and reinforced their positions, due to outstripping growth rates. The market of another five INNs from the top ten ranking developed at a fast pace. IBUPROFEN (+23%) and RIVAROXABAN (+41%) moved up to ranks four and five, and the newcomers of the top ten MIRAMISTIN (+17%), BISOPROLOL (+13%), TADALAFIL (+11%) moved up to ranks seven through nine respectively. Despite the outperformance rates, INN PANCREATIN (+6%) lost one rank and moved down to rank six. As before, NIMESULIDE (-1%), which reduced its sales, held its previous rank ten. The cumulative share of the top 10 under review increased from 9.6% to 11%.

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

| Rank | | INNs/Group Names | Share in total pharmacy sales, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 1 | XYLOMETAZOLINE | 1.8 | 1.6 |
| 2 | 2 | ROSUVASTATIN | 1.5 | 1.1 |
| 3 | 3 | DIOSMIN*HESPERIDIN | 1.3 | 1.1 |
| 4 | 6 | IBUPROFEN | 1.1 | 0.9 |
| 5 | 8 | RIVAROXABAN | 1.1 | 0.8 |
| 6 | 5 | PANCREATIN | 1.0 | 1.0 |
| 7 | 13 | MIRAMISTIN | 0.9 | 0.8 |
| 8 | 15 | BISOPROLOL | 0.8 | 0.7 |
| 9 | 14 | TADALAFIL | 0.8 | 0.8 |
| 10 | 10 | NIMESULIDE | 0.8 | 0.8 |
| Total | | | 11.0 | 9.6 |

R01 Nasal preparations, which moved up from rank three to one in the top ten ATC groups ranking, became the bestselling group on the regional market based on the results for 9 months of 2017 (Table 4). In addition, another four ATC groups from the top ten rose in the ranks. C09 Agents acting on the renin-angiotensin system (+13%) moved up to rank three from six and B01 Antithrombotic agents (+17%) moved up to rank five from nine. G03 Sex hormones (+6%) moved up one rank, to number six, whereas a newcomer C05 Vasoprotectives (+15%) broke into the top ten, coming in at number nine. In contrast, J01 Antibacterials for systemic use (-1%) and J05 Antivirals for systemic use (-30%) showed negative growth rates and moved down to ranks seven and eight. The groups M01 Anti-inflammatory and antirheumatic products (+10%), A07 Antidiarrheals, intestinal anti-inflammatory/ anti-infective agents (+8%) and G04 Urologicals (+7%) held their previous ranks two, four and ten, respectively. In total, the top ten ATC groups accumulated 36.3% of the regional market, whereas in the year-earlier period they accounted for 36.1%.

### Table 4. The top ten ATC Groups by pharmacy sales

| Rank | | ATC code | ATC group | Share in total pharmacy sales, % | |
|---|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 3 | R01 | NASAL PREPARATIONS | 4.3 | 3.9 |
| 2 | 2 | M01 | ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS | 4.1 | 3.9 |
| 3 | 6 | C09 | AGENTS ACTING ON THE RENIN-ANGIOTENSIN SYSTEM | 3.9 | 3.6 |
| 4 | 4 | A07 | ANTIDIARR.,INTEST. ANTI-INFL./ANTIINFECT. AGENTS | 3.8 | 3.6 |
| 5 | 9 | B01 | ANTITHROMBOTIC AGENTS | 3.6 | 3.2 |
| 6 | 7 | G03 | SEX HORMONES AND MODULATORS OF THE GENITAL SYSTEM | 3.5 | 3.4 |
| 7 | 5 | J01 | ANTIBACTERIALS FOR SYST USE | 3.5 | 3.6 |
| 8 | 1 | J05 | ANTIVIRALS FOR SYSTEMIC USE | 3.2 | 4.8 |
| 9 | 13 | C05 | VASOPROTECTIVES | 3.2 | 2.9 |
| 10 | 10 | G04 | UROLOGICALS | 3.2 | 3.1 |
| Total | | | | 36.3 | 36.1 |

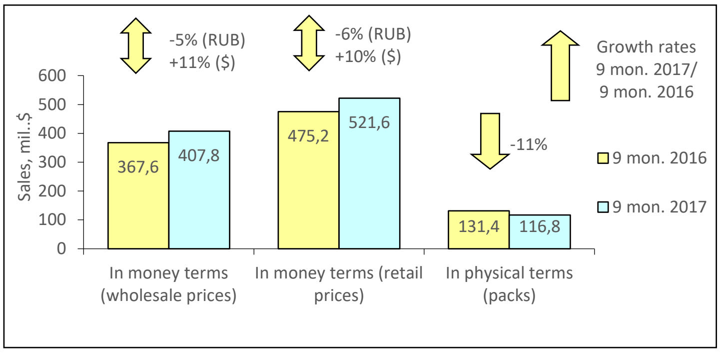
**Conclusion.** At the end of January-September of 2017, the pharmacy market of Moscow brought in RUB 95.325 bil. (USD 1.638 bil.), which was 5% in terms of roubles and 22% - in terms of dollars more than in the same period of 2016. In pack terms, the market reduced by 2% and amounted to 322.750 mil. packs. According to the results for nine months of 2017, the average cost of an FPP pack in the city pharmacies was USD 5.08 which is more than in the year-earlier period (USD 4.08) and the national average (USD 3.22). The average expenses of the regional residents for purchase of OTC drugs in pharmacies were also higher than the national average (USD 132.33 vs. USD 78.34).

## SAINT PETERSBURG PHARMACY MARKET: 2017 NINE 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-August of 2017 the average salary in the city was RUB 52,381 (USD 896.93), which was 36% higher than the average wage in Russia (RUB 38,387).

According to the results of the Retail Audit of FPP (Finished Pharmaceutical Products) in Russian Federation™, at the end of three quarters of 2017 the sales of drugs in natural terms in pharmacies of St. Petersburg saw a 11% decrease to 116.817 mil. packs. In value terms, the market saw a 5% decrease in terms of roubles, whereas it showed a positive growth (+11%) in terms of dollars. At the same time, the volume of the market achieved RUB 23.767 bil. (USD 407.805 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 3.62) and reached USD 4.47 at retail prices. For 9 months of 2017, the average amount spent by the residents of the city for drugs in the pharmacies amounted to USD 98.77.

**Figure 1. St. Petersburg pharmacy market for 9 months of 2016 – 9 months of 2017**




Based on the results for the first nine months of 2017, the manufacturers BAYER (+2%), SANOFI-AVENTIS (-19%) and TEVA (-4%) continued to show the largest retail sales on the St. Petersburg market, though the two latter demonstrated the negative growth rates (Table 1). The manufacturers SANDOZ (-12%) and GLAXOSMITHKLINE (-18%) also showed a considerable reduction in sales, which made them move down to ranks five and seven. In contrast, STADA, which reduced its sales by 1%, moved up two ranks, to number ten and became one of two newcomers of the top ten ranking. The manufacturer NYCOMED/TAKEDA (+20%), which moved up to rank nine from fourteen, also broke into the top ten manufacturers ranking for the first time. SERVIER (+4%), ABBOTT (+1%) and OTCPHARM (+5%) moved up one rank, coming in at numbers four, six and eight. The aggregate share of the top-10 grew from 39.1% to 39.7%.

**Table 1. The top ten drug manufacturers by pharmacy sales**

| Rank | | Manufacturer* | Share in total pharmacy sales, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 1 | **BAYER HEALTHCARE** | 7.1 | 6.6 |
| 2 | 2 | **SANOFI-AVENTIS** | 5.2 | 6.0 |
| 3 | 3 | **TEVA** | 4.5 | 4.4 |
| 4 | 5 | **SERVIER** | 4.2 | 3.8 |
| 5 | 4 | **SANDOZ** | 3.7 | 4.0 |
| 6 | 7 | ABBOTT | 3.6 | 3.4 |
| 7 | 6 | **GLAXOSMITHKLINE** | 3.1 | 3.6 |
| 8 | 9 | OTCPHARM | 2.9 | 2.6 |
| 9 | 14 | **NYCOMED/TAKEDA** | 2.7 | 2.2 |
| 10 | 12 | STADA | 2.6 | 2.5 |
| Total | | | 39.7 | 39.1 |

*AIPM members are in bold

Due to 25% growth in sales, INN XARELTO held and reinforced its previous rank number one in the top ten brand names ranking (Table 2). The most dynamic brand name of the top ten ranking DETRALEX (+38%) moved up to rank two from six. Apart from them, another five brand names of the top ten showed growth in ranks. ESSENTIALE (-17%) and CONCOR (0%) moved up to ranks 3 and 6, and the newcomers HEPTRAL (+5%), BEPANTHEN (-5%) and NOLIPREL (+1%) broke into the top ten ranking. At the same time NUROFEN (-26%), KAGOCEL (-33%) and LINEX (-12%) showed strong reduction in sales rates moving down to ranks four, five and ten respectively. The total share of the top 10 brands increased from 7.1% to 7.3%.

**Table 2. The top ten brands by pharmacy sales**

| Rank | | Brand | Share in total pharmacy sales, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 1 | XARELTO | 1.3 | 1.0 |
| 2 | 6 | DETRALEX | 1.0 | 0.7 |
| 3 | 4 | ESSENTIALE | 0.7 | 0.8 |
| 4 | 3 | NUROFEN | 0.7 | 0.9 |
| 5 | 2 | KAGOCEL | 0.7 | 0.9 |
| 6 | 8 | CONCOR | 0.7 | 0.6 |
| 7 | 19 | HEPTRAL | 0.6 | 0.5 |
| 8 | 11 | BEPANTHEN | 0.6 | 0.6 |
| 9 | 17 | NOLIPREL | 0.6 | 0.5 |
| 10 | 9 | LINEX | 0.6 | 0.6 |
| Total | | | 7.3 | 7.1 |

As in the previous top ten ranking, most of the top ten INN and group names rose in the ranks (Table 3). RIVAROXABAN (+25%), DIOSMIN* HESPERIDIN (+28%), ATORVASTATIN (+0.3%) and PANCREATIN (-9%) moved up to ranks two through five, respectively. The newcomers moved up to the last three ranks of the top ten: the composition DROSPIRENONE* ETHINYLESTRADIOL (+4%), and INN BISOPROLOL (-1%) and HYALURONIC ACID (+18%). Only INN IBUPROFEN (-17%) and ROSUVASTATIN (-16%) fell in the ranks, moving down to ranks six and seven, respectively. INN XYLOMETAZOLINE (-13%) remained the leader of the top ten. The cumulative share of the top10 increased from 9.4% to 9.9%.

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

| Rank | | INNs/Group Names | Share in total pharmacy sales, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 1 | XYLOMETAZOLINE | 1.5 | 1.7 |
| 2 | 3 | RIVAROXABAN | 1.3 | 1.0 |
| 3 | 8 | DIOSMIN*HESPERIDIN | 1.2 | 0.9 |
| 4 | 6 | ATORVASTATIN | 1.0 | 0.9 |
| 5 | 7 | PANCREATIN | 0.9 | 0.9 |
| 6 | 2 | IBUPROFEN | 0.9 | 1.0 |
| 7 | 4 | ROSUVASTATIN | 0.8 | 1.0 |
| 8 | 16 | DROSPIRENONE*ETHINYLESTRADIOL | 0.8 | 0.7 |
| 9 | 15 | BISOPROLOL | 0.8 | 0.7 |
| 10 | 22 | HYALURONIC ACID | 0.8 | 0.6 |
| Total | | | 9.9 | 9.4 |

The top ten ATC groups ranking didn't change its leader either - C09 Agents acting on the rennin-angiotensin system (+5%) held its rank number one (Table 4). As before, M01 Anti-inflammatory and antirheumatic products held its previous rank two despite the reduction in sales by 10%. Shifts took place in the lower part of the top ten, and three of the top ten ATC groups rose in the ranks. B01Antithrombotic agents (+9%) and G03 Sex hormones (+7%) moved up to ranks three and four, and the only newcomer C05 Vasoprotectives (+5%) broke into the ranks of the top ten. In contrast, five groups with negative sales growth rates moved down to the lower ranks. R01 Nasal preparations (-13%), A11 Vitamins (-11%), A07 Antidiarrheals, intestinal anti-inflammatory/ anti-infective agents (-12%) and J01 Antibacterials for systemic use (-9%) lost one rank each, moving down to ranks five, six and the last two ranks. J05 Antivirals for systemic use (-23%) moved down to rank seven from three. In total, the top ten ATC groups accumulated 37.6% of the market, which is virtually the same as in the year-earlier period (37.5%).

**Table 4. The top ten ATC Groups by pharmacy sales**

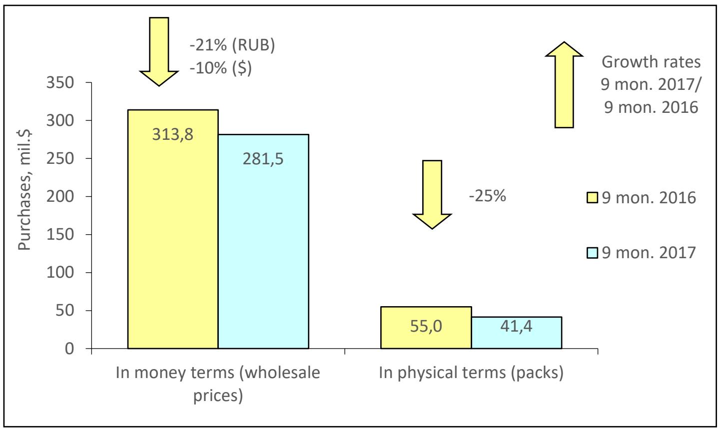
| Rank | | ATC code | ATC group | Share in total pharmacy sales, % | |
|---|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 1 | C09 | AGENTS ACTING ON THE RENIN-ANGIOTENSIN SYSTEM | 4.9 | 4.4 |
| 2 | 2 | M01 | ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS | 4.2 | 4.3 |
| 3 | 6 | B01 | ANTITHROMBOTIC AGENTS | 4.1 | 3.5 |
| 4 | 7 | G03 | SEX HORMONES AND MODULATORS OF THE GENITAL SYSTEM | 4.0 | 3.5 |
| 5 | 4 | R01 | NASAL PREPARATIONS | 3.7 | 4.0 |
| 6 | 5 | A11 | VITAMINS | 3.6 | 3.8 |
| 7 | 3 | J05 | ANTIVIRALS FOR SYSTEMIC USE | 3.4 | 4.1 |
| 8 | 12 | C05 | VASOPROTECTIVES | 3.3 | 3.0 |
| 9 | 8 | A07 | ANTIDIARR.,INTEST. ANTIINFL./ ANTIINFECT. AGENTS | 3.3 | 3.5 |
| 10 | 9 | J01 | ANTIBACTERIALS FOR SYST USE | 3.2 | 3.3 |
| Total | | | | 37.6 | 37.5 |

**Conclusion.** At the end of January-September of 2017, the pharmacy market of St Petersburg brought in RUB 30.399 bil. (USD 521.640 mil.), which is 6% less in terms of roubles and 10% more in terms of dollars than in the same period of 2016. In physical terms, the market saw a 11% decrease and was equal to 116.817 mil. packs. In the first 9 months of 2017, the average cost of FPP pack in the city pharmacies was USD 4.47, which was more than in the year-earlier period (USD 3.62) and the national average (USD 3.22). The average medicine expenses of St. Petersburg residents in the pharmacies were higher than the national average expenses in Russia (USD 98.77 vs. USD 78.34).

## MOSCOW CITY HOSPITAL MARKET: 2017 NINE MONTHS RESULTS

According to the results of the Budget Audit of Finished Pharma Products (FFP) in the Russian Federation, at the end of 9 months of 2017 the Moscow hospital market in physical terms reduced by one-fourth compared to the previous year and amounted to 41.353 mil. packs. In money terms, the market showed negative growth rates both in terms of roubles (-21%) and in terms of dollars (-10%) and reached RUB 16.422 bil. (USD 281.468 mil.) in wholesale prices. At the end of January-September of 2017, the average cost of an FPP pack in the hospital sector of Moscow was USD 6.81, whereas in the year-earlier period its cost was USD 5.71.

**Figure 1. Moscow hospital market for 9 months of 2016 – 9 months of 2017**




Despite 25% reduction in purchases, PFIZER managed to take a lead in the top ten drug manufacturers ranking in the hospital market of Moscow, based on the results for nine months of 2017 (Table 1). The Russia-based MICROGEN (-78%), which used to take this position earlier, showed more pronounced negative growth rates and moved down to rank eight. In addition to them, another four manufacturers showed reduction in purchases. Two of them, ABBVIE (-50%) and BIOCAD (-41%) fell in the ranks, coming in at numbers five and nine, whereas SANOFI-AVENTIS (-14%) and PHARMASYNTEZ (-21%) moved up to ranks four and six, respectively. The manufacturers with positive growth rates also rose in the ranks. MERCK SHARP DOHME (+56%) and JOHNSON & JOHNSON (+1%) moved up to ranks two and three from nine and eight, and the more dynamic newcomers BAXTER (+87%) and BAYER (+76%) broke into the ranks of the top ten, moving up to ranks seven and ten. However, the total share of the top ten drug manufacturers increased by over 4 p.p. and accounted for 37.4%

**Table 1. The top 10 drug manufacturers by hospital purchases**

| Rank in the top ten | | Manufacturer* | Share in total hospital purchases, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 2 | **PFIZER** | 6.7 | 7.1 |
| 2 | 9 | **MERCK SHARP DOHME** | 5.2 | 2.7 |
| 3 | 8 | **JOHNSON & JOHNSON** | 3.8 | 3.0 |
| 4 | 6 | **SANOFI-AVENTIS** | 3.6 | 3.3 |
| 5 | 3 | **ABBVIE** | 3.5 | 5.6 |
| 6 | 7 | PHARMASYNTEZ | 3.2 | 3.2 |
| 7 | 17 | BAXTER INT | 3.1 | 1.3 |
| 8 | 1 | MICROGEN | 2.9 | 10.7 |
| 9 | 4 | BIOCAD RF | 2.7 | 3.7 |
| 10 | 20 | **BAYER HEALTHCARE** | 2.6 | 1.2 |
| Total | | | 37.4 | 41.6 |

*AIPM members are in bold

As in the previous top ten ranking, half of the top ten INN and group names showed negative growth rates (Table 2). Among them is the top ten leader PREVENAR 13 (-46%) which however moved up to rank number one from two. OVIGRIPP which used to top the top-10 rating reduced its purchases by 79% and moved down to rank two. REYATAZ (-33%), KEMERUVIR and MYCAMINE (-9% each) also reduced their purchases and moved down to ranks seven and the last two ranks. In contrast, the brands with positive growth rates rose in the ranks: NATRIUM CHLORIDUM (+76%), KALETRA (+5%), ISENTRESS (2.3-fold growth in purchases), VFEND (+30%) and INTELENCE (+12%) At the same time, the latter two became the newcomers of the top ten. The total share of the top 10 reduced from 18.3% to 15%.

**Table 2. The top 10 brands by hospital purchases**

| Rank in the top ten | | Brand | Share in total hospital purchases, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 2 | PREVENAR 13 | 3.3 | 4.8 |
| 2 | 1 | SOVIGRIPP | 1.8 | 6.8 |
| 3 | 9 | NATRIUM CHLORIDUM | 1.8 | 0.8 |
| 4 | 5 | KALETRA | 1.6 | 1.2 |
| 5 | 20 | ISENTRESS | 1.4 | 0.5 |
| 6 | 14 | VFEND | 1.1 | 0.6 |
| 7 | 4 | REYATAZ | 1.1 | 1.2 |
| 8 | 13 | INTELENCE | 1.0 | 0.7 |
| 9 | 6 | KEMERUVIR | 1.0 | 0.9 |
| 10 | 8 | MYCAMINE | 0.9 | 0.8 |
| Total | | | 15.0 | 18.3 |

Four newcomers broke into the ranks of the top ten INN and group names ranking: SODIUM (+74%), RALTEGRAVIR (2.3-fold growth rates), LINEZOLID (+22%) and ALBUMIN (+36%) moved up to ranks six and the last three ranks (Table 3). The markets of the brand names IMMUNOGLOBULIN BASE (+76%) and MEROPENEM (+64%) also developed at a fast pace, which allowed them to move up to ranks two and four respectively. INN VACCINE, PNEUMOCOCCAL managed to move up one rank, coming in at number one, despite the reduction in purchases by 31%. The previous year leader VACCINE, INFLUENZA reduced its sales by 86% and moved down to rank three. In addition, two INNs with positive growth rates moved down to the lower ranks: INN DARUNAVIR (+15%) and the composition LOPINAVIR*RITONAVIR (+5%). The total share of the top 10 reduced by more than 5 p.p. and accounted for 20.9%.

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

| Rank | | INNs/Group Names | Share in total hospital purchases, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 2 | VACCINE, PNEUMOCOCCAL | 4.5 | 5.1 |
| 2 | 7 | IMMUNOGLOBULIN BASE | 2.5 | 1.1 |
| 3 | 1 | VACCINE, INFLUENZA | 2.4 | 13.4 |
| 4 | 9 | MEROPENEM | 2.0 | 1.0 |
| 5 | 3 | DARUNAVIR | 2.0 | 1.4 |
| 6 | 14 | SODIUM | 1.8 | 0.8 |
| 7 | 6 | LOPINAVIR*RITONAVIR | 1.6 | 1.2 |
| 8 | 27 | RALTEGRAVIR | 1.4 | 0.5 |
| 9 | 11 | LINEZOLID | 1.3 | 0.9 |
| 10 | 16 | ALBUMIN | 1.3 | 0.8 |
| Total | | | 20.9 | 26.1 |

As in the previous rankings, the top ten ATC groups ranking changed its leader (table 4): J01 Antibacterials for systemic use (+29%) moved up from rank four to one (Table 4). At the same time, J07 Vaccines (-73%), J05 Antivirals for systemic use (-41%) and L01 Antineoplastic agents (-32%) showed negative growth rates and moved down one rank, coming in at numbers two through four respectively. The other ATC groups from the top ten ranking showed positive rates. Two of them, B05 Blood substitutes and perfusion solutions (+69%) and J02 Antimycotics for systemic use (+18%) kept their previous ranks five and eight. The groups B01 Antithrombotic agents (+29%), V08 Contrast media (+37%), J06 Immune sera and immunoglobulins (+45%) and L04 Immunosuppressants (+49%) moved up to ranks six, seven, nine and ten respectively. Note that the two latter ATC groups broke into the top ten ranking for the first time. The total share of the top 10 decreased from 73.8% to 66.9%.

**Table 4. The top ten ATC groups by hospital purchases**

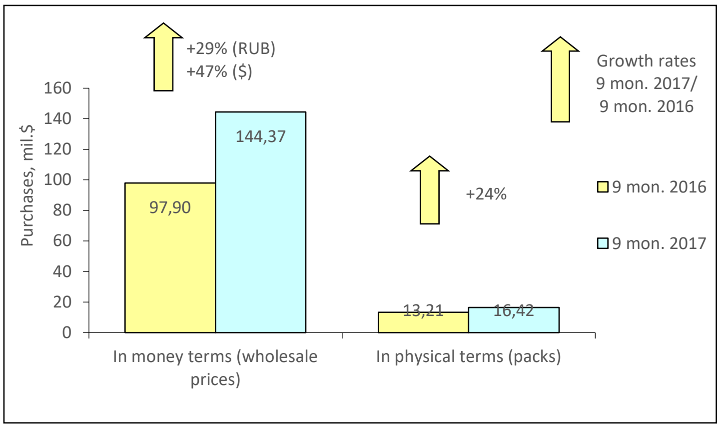
| Rank | | ATC code | ATC group | Share in total hospital purchases, % | |
|---|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 4 | J01 | ANTIBACTERIALS FOR SYST USE | 12.6 | 7.8 |
| 2 | 1 | J07 | VACCINES | 9.8 | 28.1 |
| 3 | 2 | J05 | ANTIVIRALS FOR SYSTEMIC USE | 9.7 | 13.0 |
| 4 | 3 | L01 | ANTINEOPLASTIC AGENTS | 9.0 | 10.5 |
| 5 | 5 | B05 | PLASMA SUBSTITUTES AND PERFUSION SOLUTIONS | 6.8 | 3.2 |
| 6 | 7 | B01 | ANTITHROMBOTIC AGENTS | 4.3 | 2.7 |
| 7 | 9 | V08 | CONTRAST MEDIA | 4.0 | 2.3 |
| 8 | 8 | J02 | ANTIMYCOTICS FOR SYSTEMIC USE | 3.8 | 2.6 |
| 9 | 11 | J06 | IMMUNE SERA & IMMUNOGLOBULIN | 3.4 | 1.9 |
| 10 | 13 | L04 | IMMUNOSUPPRESSANTS | 3.4 | 1.8 |
| Total | | | | 66.9 | 73.8 |

**Conclusion**. The Moscow hospital market noticeably reduced on the basis of the results for the first nine months of 2017: 21% in terms of roubles and 10% in terms of USD and brought in RUB 16.422 bil. (USD 281.468 mil.). In pack terms, the market also showed negative growth rates (-25%) and achieved 41.353 mil. packs. The average cost of an FPP pack in the Moscow hospital market increased as compared to the previous year (USD 6.81 vs. USD 5.71).

## SAINT PETERSBURG HOSPITAL MARKET: 2017 NINE MONTHS RESULTS

According to the results of the Budget Audit of FPPs in the Russian Federation (without DLO and regional benefit), in nine months of 2017 the St. Petersburg hospital market increased in physical terms by 24% and amounted to 16.418 mil. packs. In money terms, the purchases movement was positive both in rouble (+29%) and in dollar (+47%) terms, and the volume amounted to RUB 8.422 bil. (USD 144.366 mil.) in wholesale prices. In the January-September of 2017, the average cost of OTC pack in the city hospitals was USD 8.79, whereas in the year-earlier period its cost was USD –7.41.

**Figure 1. St. Petersburg hospital market for 9 months of 2016 – 9 months of 2017**




Following the results for nine months of 2017, the drug manufacturer JOHNSON & JOHNSON (+43%) held and reinforced its leading position in the top-ten drug manufacturers ranking in the St. Petersburg hospital market (Table 1). PFIZER (+77%) and MERCK SHARP DOHME (+33%) moved up to ranks two and three, displacing NOVARTIS, which showed zero growth rates, and ABBVIE (-18%), which reduced its purchases, to ranks four and five. The newcomers PHARMASYNTEZ (2.3-fold growth in purchases) and BIOCAD (+89%) broke into the top ten ranking, coming in at numbers six and eight. BAYER (+72%) moved up three ranks, to number seven. In contrast, two manufacturers with rates lagging behind national growth ASTRAZENECA (+26%) and SANOFI-AVENTIS (+27%) moved down to the last two ranks. The total share accumulated by the top 10 manufacturers increased 1.7 p.p. and escalated to 44.7%.

**Table 1. The top 10 drug manufacturers by hospital purchases**

| Rank in the top ten | | Manufacturer* | Share in total hospital purchases, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 1 | **JOHNSON & JOHNSON** | 9.5 | 8.6 |
| 2 | 6 | **PFIZER** | 5.0 | 3.7 |
| 3 | 4 | **MERCK SHARP DOHME** | 4.9 | 4.8 |
| 4 | 3 | **NOVARTIS** | 4.7 | 6.1 |
| 5 | 2 | **ABBVIE** | 4.6 | 7.3 |
| 6 | 12 | PHARMASYNTEZ | 3.9 | 2.3 |
| 7 | 10 | **BAYER HEALTHCARE** | 3.3 | 2.4 |
| 8 | 14 | BIOCAD RF | 3.1 | 2.1 |
| 9 | 7 | **ASTRAZENECA** | 2.9 | 2.9 |
| 10 | 8 | **SANOFI-AVENTIS** | 2.8 | 2.8 |
| Total | | | 44.7 | 43.0 |

*AIPM members are in bold

The top ten brand names ranking in the city hospital market was half updated - five new brand names broke into the ranks of the top ten (Table 2). PREZISTA (3.3-fold growth in purchases), PREVENAR 13 (8.4-fold growth), SOVIGRIPP (282-fold growth), INTELENCE (3.1-fold growth) moved up to ranks four through seven and SOVRIAD moved up to rank nine, respectively ISENTRESS (2.2-fold growth in purchases) and NATRIUM CHLORIDUM (+42%) also showed outperformance rates and boost their rating, which allowed them to move up to ranks two and three, respectively. At the same time, SPRYCEL (-19%), which reduced its purchases, and IMBRUVICA (+1%), which showed low growth rates, moved down to the lower ranks eight and ten. The brand KALETRA (-43%) kept its leadership position, showing strong negative growth rates. 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, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 1 | KALETRA | 2.6 | 5.9 |
| 2 | 7 | ISENTRESS | 2.6 | 1.5 |
| 3 | 4 | NATRIUM CHLORIDUM | 2.0 | 1.8 |
| 4 | 20 | PREZISTA | 1.7 | 0.7 |
| 5 | 40 | PREVENAR 13 | 1.6 | 0.2 |
| 6 | 46 | SOVIGRIPP | 1.4 | 0.0 |
| 7 | 26 | INTELENCE | 1.4 | 0.6 |
| 8 | 2 | SPRYCEL | 1.2 | 1.9 |
| 9 | N/A | SOVRIAD | 1.2 | N/A |
| 10 | 8 | IMBRUVICA | 1.2 | 1.5 |
| Total | | | 16.9 | 14.1 |

The top ten INN and group names leaders were noticeably updated: five newcomers appeared in the analysed ranking as in the previous one (Table 3). One of them, DARUNAVIR, increased its purchases by 4.7 times and took the lead in the top ten. Another four INNs: VACCINE, INFLUENZA (44-fold growth in purchases), VACCINE PNEUMOCOCCAL (5.8-fold growth), ETRAVIRINE (3.1-fold growth) and SIMEPREVIR moved up to rank five, six, eight and the last rank of the top ten. Due to outperformance rates and 2.2-fold growth in purchases, another INN, RALTEGRAVIR, moved up from rank seven to three. The market of INN SODIUM (+42%), which held its previous rank four, also developed at a fast pace. The less dynamic ATAZANAVIR (+5%), and LOPINAVIR*RITONAVIR (-43%) and DASATINIB (-19%), which reduced their purchases, fell in the ranks, coming in at ranks two, seven and nine, respectively. The total share of the top ten ranking increased by 4 p.p. and achieved 18.7%.

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

| Rank | | INNs/Group Names | Share in total hospital purchases, % | |
|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 24 | DARUNAVIR | 2.8 | 0.8 |
| 2 | 1 | LOPINAVIR*RITONAVIR | 2.6 | 5.9 |
| 3 | 7 | RALTEGRAVIR | 2.6 | 1.5 |
| 4 | 4 | SODIUM | 2.0 | 1.8 |
| 5 | 49 | VACCINE, INFLUENZA | 1.8 | 0.1 |
| 6 | 41 | VACCINE, PNEUMOCOCCAL | 1.7 | 0.4 |
| 7 | 3 | ATAZANAVIR | 1.5 | 1.8 |
| 8 | 32 | ETRAVIRINE | 1.4 | 0.6 |
| 9 | 2 | DASATINIB | 1.2 | 1.9 |
| 10 | N/A | SIMEPREVIR | 1.2 | N/A |
| Total | | | 18.7 | 14.7 |

L01 Antineoplastic agents (+13%) and J05 Antivirals for systemic use (+47%) remained the bestselling groups in the market of the region (Table 4). Some shifts took place in the lower part of the top ten, on top of that only two of the top ten ATC groups rose in the ranks. J01 Antibacterials for systemic use (+36%) moved up to rank three, and the only newcomer of the top ten J07 Vaccines increased its purchases by 3.6 times, moving up to rank five. The other six groups lost one rank each. N05 Psycholeptics (-1%), B05 Blood substitutes and perfusion solutions (+54%), V08 Contrast media (+36%), B01 Antithrombotic agents (+21%), N01 Anaesthetics (+32%) and J02 Antimycotics for systemic use (+16%) moved down to ranks four and the last five ranks of the top ten. Based on the results for the January-September of 2017, the top ten ATC groups accumulated 72.9% of the regional market, which accounted for 70.7% 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, % | |
|---|---|---|---|---|---|
| 9 mon. 2017 | 9 mon. 2016 | | | 9 mon. 2017 | 9 mon. 2016 |
| 1 | 1 | L01 | ANTINEOPLASTIC AGENTS | 19.7 | 22.5 |
| 2 | 2 | J05 | ANTIVIRALS FOR SYSTEMIC USE | 18.6 | 16.3 |
| 3 | 4 | J01 | ANTIBACTERIALS FOR SYST USE | 6.8 | 6.5 |
| 4 | 3 | N05 | PSYCHOLEPTICS | 5.7 | 7.4 |
| 5 | 12 | J07 | VACCINES | 5.5 | 2.0 |
| 6 | 5 | B05 | PLASMA SUBSTITUTES AND PERFUSION SOLUTIONS | 4.8 | 4.1 |
| 7 | 6 | V08 | CONTRAST MEDIA | 3.8 | 3.6 |
| 8 | 7 | B01 | ANTITHROMBOTIC AGENTS | 3.0 | 3.2 |
| 9 | 8 | N01 | ANESTHETICS | 2.8 | 2.7 |
| 10 | 9 | J02 | ANTIMYCOTICS FOR SYSTEMIC USE | 2.3 | 2.5 |
| Total | | | | 72.9 | 70.7 |

**Conclusion**. At the end of the first nine months in 2017, the St. Petersburg hospital market grew by 29% in rouble terms and by 47% in dollar terms and brought in RUB 8.422 bil. (USD 144.366 mil). In natural terms, the market increased by 24% to 16.418 mil. packs. In January-September 2017, the average cost of a FPP pack on the city hospital sector was higher than that in the year-earlier period (USD 8.79 vs. USD 7.41).