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

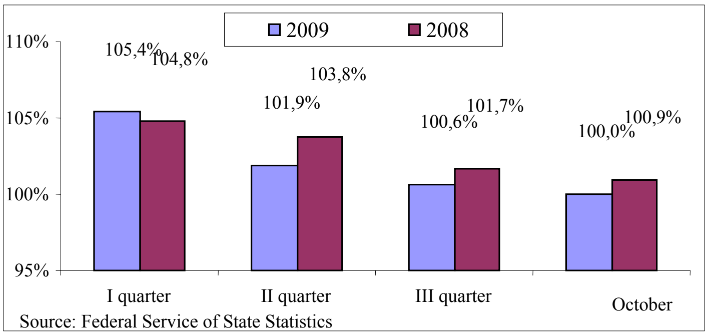
MACROECONOMIC INDICATORS

Inflation

According to Federal State Statistics Service, in October 2009, as well as in previous two months, the consumer price index was 100.0%. Since the start of the year the prices increased by 8.1% (in the analogous period of 2008 – by 11.6%).

Industrial Product Price Index in October was 99.1%, while a month earlier it was estimated as 101.2%. Over a period since the start of the year the index accounted for 113.9% (in the analogous period of 2008 – 109,8%).

Figure 1. Consumer Price Index (as related to the previous periods)



Source: Federal Service of State Statistics

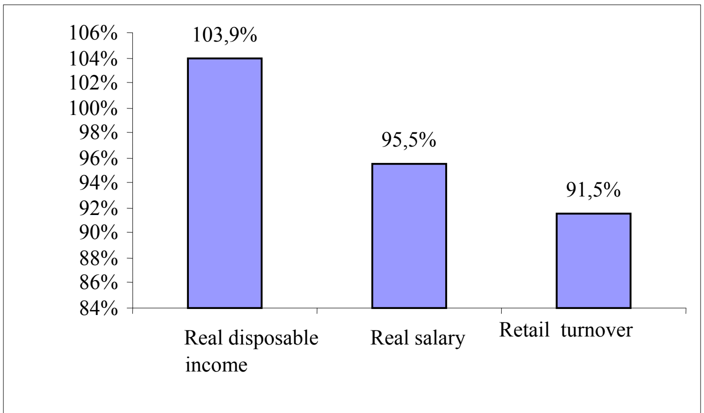
Living standards

According to preliminary data of Federal State Statistics Service, the average monthly salary per person in October 2009 was 18,650 rubles. (642.0 dollars). Real income in October 2009 amounted to 95.5% as compared to the analogous period of 2008. Real cash income in October 2009, as compared to the analogous period of 2008 increased by 3.9%, in January-October it dropped by 0.4% (Figure 2).

Retail turnover

Retail turnover in October 2009 amounted to 1,269.0 billion rubles, in terms of the mass of commodities it was 91.5% to the relevant period of the previous year (Figure 2).

Figure 2.Real income, real salary and retail turnover in October 2009. (indices by October 2009)



Source: Federal Service of State Statistics

Industrial Products Manufacturing

According to Federal State Statistics Service, Industrial Production Index in October 2009, as compared to October 2008, accounted for 88.8%, as compared to the previous month – 100,8%. From January till October of 2009, with regard to the analogous period of the previous year the index amounted to 86,7% (From January till October of 2008. - 104,9%).

Domestic production

According to Federal State Statistics Service, the production volume of domestic chemical and pharmaceutical enterprises in September 2009 equaled to $238.0 Mn, this was 13% less that the figure in the analogous period of the previous year. As compared to August 2009 the production volume increased by 17%.

The list of top ten largest domestic enterprises, in terms of production volume, following the results of September 2009 is represented in Table 1. Total production volume of ten leaders was estimated as $169.5 Mn that is 71% of the total production volume of chemical and pharmaceutical enterprises in the analyzed period.

Table 1. Top ten chemical and pharmaceutical enterprises in terms of production volume in September 2009

Rating position	Manufacturer	Production volume, $ ml.
1	Pharmstandard	47,4
2	Microgen	32,6
3	Nizhpharm	17,0
4	Veropharm	13,5
5	Pharm-Center	12,9
6	Materia Medica	12,1
7	Valenta	9,4
8	Akrichin	8,8
9	Biosintez	8,0
10	KRKA-Rus	7,8

Table 2 illustrates data on pharmaceutical sales in 10 regions of the RF. In two out of 10 analyzed regions pharmaceutical sales have shown a decrease in September 2009, in Tyumen (-8%) and in Krasnodar Territory (-6%). The most pronounced positive dynamics is in the city of Perm (+50%), the least in Rostov Region (+7%).

Table 2. Regional pharmacy sales in 2009

Region	Volume of pharmacy sales, $ Mn (wholesale prices)			Increments, % (in rouble terms)		
	July 2009	August 2009	September 2009	July/ June 2009	August/ July 2009	September/ August 2009
Moscow	80,8	80,3	100,4	5%	-1%	19%
Saint-Petersburg	25,5	25,6	34,3	-1%	0%	28%
Krasnodar Territory	19,5	20,9	20,6	18%	7%	-6%
Novosibirsk Region	14,3	14,5	17,9	-2%	1%	18%
Tatarstan	12,3	13,1	15,9	0%	6%	16%
Krasnoyarsk territory	9,7	9,9	12,3	0%	2%	19%
Rostov region	12,7	13,6	15,2	8%	6%	7%
Voronezh region	8,1	8,9	10,3	6%	9%	11%
Perm	4,5	3,7	5,9	-11%	-17%	50%
Tyumen	3,8	4,5	4,4	-6%	18%	-8%

Advertising

The largest advertising agencies and most promoted drug trade names in mass media (television, radio, print press and outdoor advertising) are represented in Tables 3 and 4.

Table 3. Five largest advertising agencies widely promoted in mass media in October 2009

Rating position	Company*	Amount of issuance
1	Reckitt Benckiser	3 724
2	Novartis	1 973
3	Evalar	1 686
4	JSC Partner	1 299
5	Merz	875

Source – TNS Gallup AdFact

Table 4. Five top trade marks widely promoted in mass media in August 2009

Rating position	Company*	Amount of issuance
1	Nurofen	2 690
2	Evalar	1 686
3	Geviscon	1 034
4	Tavegil	783
5	Probifor	657

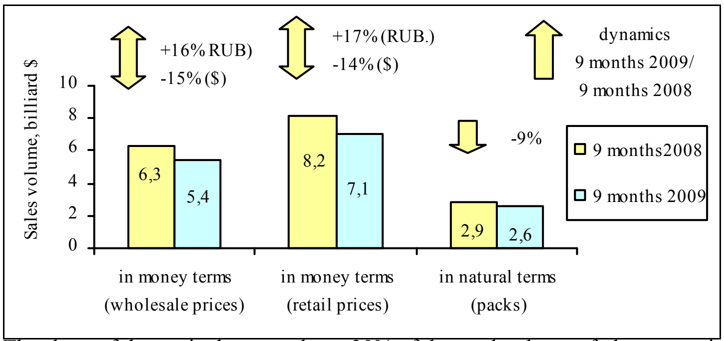
Source – TNS Gallup AdFact

* Only drugs enumerated in State Drug Register were taken into account.

RUSSIA FPP PHARMACEUTICAL MARKET: THE RESULTS OF THE FIRST 9 MONTHS OF 2009

According to the results of the Retail Audit of Finished Pharma Product (FPP) in Russian Federation™, for the first nine months of 2009, the pharmacy market value in Russia (excluding APS (Additional Pharmacological Support)) in natural termsreduced by 9% and amounted to 2,6 billion packs. In rouble equivalent the market volume increased by 16% and reached 176,9 billion rubles in wholesale prices. In dollar terms, on the contrary, it reduced by 15% up to 5,4 billion dollars (figure 1). The average cost of the pack practically remained unchanged as compared to the first half year of this year (2,65 dollars) and amounted to 2,69 dollars in retail prices (in 2008. – 2,84 dollars). Average retail margin was 31%, it exceeds the level of the previous year (29%). For the first nine months of 2009 an average Russian consumer spent on drugs 49,89 dollars (for the analogous period of 2008 this figure was 57,75 dollars).

Figure 1. Russia Pharmaceutical Market for the period of 9 months of 2008 – 9 months of 2009.



The share of domestic drugs made up 20% of the total volume of pharmaceutical market in the period under analysis. As for foreign companies, the share of FPP produced in Germany (16%), France (8%) and USA США (7%) is the greatest. The share of FPP made in India, Great Britain, Hungary and Slovenia is 5 % of the market each.

According to the results of nine months of 2009 the rating of top manufactures by drugs sales volume remained without significant changes. (table.1). Only the last position was changed. The Israel Company Teva, which earlier occupied the 12th position, took the 10th position thanks to the highest sales growth (+25%[1]). Whereby the less dynamic Solvay Pharmaceuticals (+9%) moved down and left the Top ten rating. As well as a year earlier, the first three positions were occupied by Novartis (+10%), Sanofi-Aventis (+21%) and domesticPharmstandard (+11%). Let us notice, that the market growth rates, showed by the first and the third of these companies were behind the average, it resulted in reduction of their positions. However, the majority of rating companies extended their shares insignificantly. The total share of top 10 as well increased slightly, from 39,7% up to 39,9%.

Table 1. The top ten manufacturers by drugs sales

Rating position		Manufacturer	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Novartis (incl. Lek-Sandoz)**	6,4	6,7
2	2	**Sanofi-Aventis**	5,4	5,2
3	3	Pharmstandard	4,8	5,1
4	4	**Servier/Egis**	4,5	4,4
5	5	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	4,0	3,9
6	6	**Berlin-Chemie/ Menarini Pharma GmbH**	3,7	3,6
7	7	**Gedeon Richter**	3,2	3,1
8	8	**Nycomed**	3,1	3,0
9	9	**Merck Sharp & Dohme Idea.**	2,4	2,6
10	12	**Teva**	2,3	2,1
Total			39,9	39,7

* AIPM members are in bold

The best sold drug at the Territory of Russia remains the antiviral drug Arbidol (+12%). It is the only drug which took 1% of the market, though its share reduced as compared to the year 2008. (Figure 2). Gepatoprotector Essentiale H (+22%) moved from the 4th to the 2nd position, it pressed the less dynamic Viagra (+9%) and Actovegin (+16%). Linex reserved the fifth line (+13%). All names, which occupied the positions in the bottom of the rating, including three new trade names – contraceptive Yarina (+23%), beta-blocking agent Concor (+34%) and spasmolytic No Spa(+16%),, improved their positions, they moved from the 12th , 21st and the 14th positions to the 7th , 9th and 10th positions respectively. The positions of Productal (+2%), Xenical (-23%) and Terpincod (-57%), became significantly weaker, consequently they left Top-10. The share of Top-10 remained unchanged and amounted to 7,5%.

Table 2. The top ten trade names by drugs sales

Rating position		Trade name	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Arbidol	1,3	1,4
2	4	Essentiale H	0,9	0,8
3	2	Viagra	0,9	0,9
4	3	Actovegin	0,9	0,9
5	5	Linex	0,8	0,8
6	8	Mezym forte	0,6	0,6
7	12	Yarina	0,6	0,5
8	9	Heptral	0,6	0,6
9	21	Concor	0,5	0,5
10	14	No Spa	0,5	0,5
Total			7,5	7,5

The top INN and generic names rating leader remained the same – it is Polyvitamin+Multimineral (+14%) (table 3). The most dynamic INN Xylometazoline (+28%) moved from the 3rd to the 2nd line. Higher rate of market growth demonstrated only a new drug among Top-10 – Bisoprolol. The sales of this drug increased by 1,4 times, which allowed this drug to occupy the 10th position instead of the 23rd. Three more names, such as Enalapril (+21%), Phospholipids (+22%) and Azithromycin (+19%) demonstrated the rating progress and rose to the 5th, 6th and the 9th positions correspondingly. The total share of the "top ten" increased from 10,5% up to 10,7%.

Table 3. The top ten INN and generic names by drugs sales volume

Rating position		INN/Generic name	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Polyvitamin+Multimineral	1,8	1,8
2	3	Xylometazoline	1,3	1,2
3	2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,3	1,4
4	4	Pancreatin	1,2	1,1
5	6	Enalapril	1,0	0,9
6	8	Phospholipids	0,9	0,8
7	7	Sildenafil	0,9	0,9
8	5	Fluconazol	0,8	0,9
9	10	Azithromycin	0,8	0,7
10	23	Bisoprolol	0,7	0,6
Total			10,7	10,5

The rating of the leading ATC groups remains considerably stable (table 4). Just one new group: A07 Untidiarrheals (+16%) occupied the 10th position. Besides, two members of Top-10 moved down to lower positions: L03 Immunostimulants and R05 Cough and cold preparations occupied the 5th and the 8th lines of the rating (+7% each). At the same time the groups M01 Anti-inflammatory and antirheumatic products (+22%), A11 Vitamins (+18%) and C09 Agents acting on the rennin-angiotenzin system (+27%), moved a line upward and took the 3rd, the 4th and the 7th positions respectively. The positions of the remaining four groups did not change, including the position of the leader – N02 Analgesics (+16%). The total share of ten leading groups reduced insignificantly from 40,2% to 40,0%.

Table 4. The top ten ATC groups by drugs sales

Rating position		ATC code	ATC group	Drug sale share, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	N02	Analgesics	5,5	5,4
2	2	J01	Antibacterials for systemic use	5,1	5,4
3	4	M01	Anti-inflammatory and antirheumatic products	4,4	4,2
4	5	A11	Vitamins	4,0	4,0
5	3	L03	Immunostimulants	3,9	4,3
6	6	G03	Sex hormones	3,8	3,9
7	8	C09	Agents acting on the rennin-angiotenzin system	3,7	3,4
8	7	R05	Cough and cold preparations	3,3	3,6
9	9	R01	Nasal preparations	3,2	3,1
10	11	A07	Untidiarrheals	3,0	3,0
Total				40,0	40,2

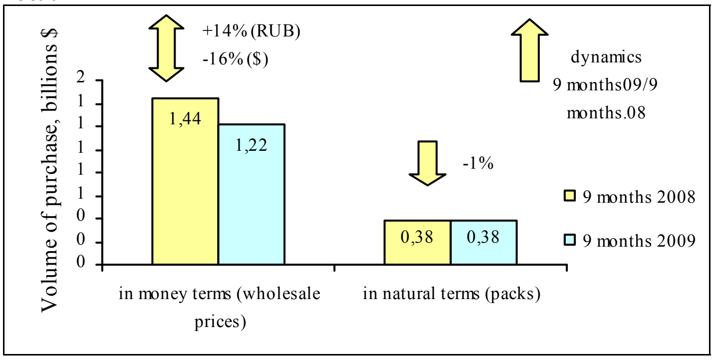
Conclusion.Summarising the results of nine months of 2009 the volume of pharmaceutical market amounted to 231,0 billion roubles (7,1 billion dollars) in retail prices. In terms of rouble prices the market grew by 17%, while in dollar terms it reduced by 14%. In natural terms the market reduced as well (by 9%). Dynamic indicators, as compared to the results of the first half year of 2009 changed slightly (-15% - in dollars and -10% - in packs). The average cost of a pack was lower than the analogous figure of the previous year (2,69 dollars and 2,84 dollars.), at the same time, it increased a little as compared to the I half year of the current year (2,65 dollars). The retail margin increased as compared to the previous year (from 29% up to 31%). The expenditures per capita in dollar equivalent dropped notably (from 57,75 dollars. – in 2008. to 49,89 dollars – in 2009). Let us mention, that the structure of the country pharmaceutical market remained stable, as evidenced by insignificant changes in the analyzed ratings.

[1] Hereinafter, unless otherwise stated, the increments are given in rouble equivalent.

THE RF HOSPITAL MARKET: THE RESULTS OF THE FIRST 9 MONTHS OF 2009

According to the results of the Hospital Purchase Audit, the volume of purchase in the RF™ decreased by 1% in natural terms and amounted to 376,9 million packs. In money terms the volume of hospital market for the period from January till September of 2009 made up 39,5 billion roubles. (1,22 billion dollars) in wholesale prices. As compared to the analogous period of 2008 the market grew by 14% in rouble equivalent, while in dollar terms it reduced by 16%. The average cost of a pack was 3,23 dollars, that is lower than the analogous figure of the previous year (3,80 dollars). The share of Moscow and Saint-Petersburg Hospitals in total volume of hospital market is 18,5% and 5,1% respectively in money terms and, 10,7% and 4,2% in natural terms.

Figure 1. Russian Hospital Market for 9 months of 2008 - 9 months of 2009.



The major part of the country hospital market is reserved by the FPP of domestic production – 19,2%. The share of FPP produced in Germany (11%) and in Great Bitain (9%) is also significant. The share of FPP made in Switzerland and DEnmark is 7 % each, drugs, produced in India form 5% of the market.

According to the results of nine months of 2009, three hospital market leading companies retained their positions (table.1). As before the leader of the rating is Sanofi-Aventis Corporation, the hospital purchases of this company grew by one forth. In spite of low dynamics and reduction of share interest, the companies Novartis (+11%) and AstraZeneca (+4%) retained the 2nd and the 3rd positions. The Company F. Hoffmann-La Roche, which occupied the 4th position, reduced the delivery by 19% and moved down to the 7th position. The rest six companies, on the contrary, demonstrated the rating progress, new companies demonstrated the most evident progress. Among these companies are domestic manufacturer Biasintez and Janssen-Cilag, thanks to the growth of purchases by 2,7 and 1,4 times, they rose from 23rd and 16th positions to the 8th and the 10th positions respectively. The total share of the "top ten" increased by 1,6 percent points and amounted to 34,9%.

Table 1. The top ten manufacturers by hospital purchases volume

Rating position		Manufacturer	Share in total volume of hospital purchases, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Sanofi-Aventis**	6,6	6,0
2	2	**Novartis (incl. Sandoz-Lek)**	4,7	4,9
3	3	**AstraZeneca**	4,1	4,5
4	5	**Nycomed**	3,7	3,2
5	6	**Merck Sharp & Dohme Idea.**	3,2	3,2
6	8	**Gedeon Richter Ltd.**	2,9	2,7
7	4	**F. Hoffmann-La Roche Ltd.**	2,8	3,9
8	23	Biosintez	2,7	1,1
9	10	**GlaxoSmithKline**	2,1	2,2
10	16	**Janssen-Cilag AG**	2,1	1,6
Total			34,9	33,3

* AIPM members are in bold

Two new drugs appeared in the rating of the ltop trade names (table 2). Heparin and Cefson occupied the seventh and the eighth positions instead of the 55th and the 46th, the purchases of these drugs increased 3,2 and 2,6 times. Amoksiklav (+23%) and Cefotaxime (+20%) moved to the bottom lines of Top-10. Clexane occupied the higher third position (+80%), having pressed Glucose (+29%), Actovegin (+44%) and Tienam (+28%). The traditional hospital drug Sodium chloride stabilized its leading position (+43%). In spite of low growth rate and of reduction of share interest the drug Meropenem retained the second position (+2%). Total share, accumulated by top ten increased by 3 percent points and amounted to 4,9%.

Table 2. The top ten trade names by hospital purchases

Rating position		Trade name	Share in total volume of hospital purchases, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Sodium Chloride	3,7	2,9
2	2	Meropenem	2,0	2,3
3	6	Clexane	1,6	1,0
4	3	Glucose (Dextrose)	1,6	1,4
5	4	Actovegin	1,4	1,1
6	5	Tienam	1,2	1,1
7	55	Heparin	0,9	0,3
8	46	Cefson	0,9	0,4
9	8	Amoksiklav	0,8	0,8
10	9	Cefotaxime	0,8	0,8
Total			14,9	12,0

The top INN and generic names rating demonstrated high stability, some changes occurred just in the bottom segment of the rating (Table 3). New drugs in Top-10, such as Enoxaparin sodium (+80%) and Human Normal Immunoglobulin (+119%) occupied the 6th and the 7th positions, while the previous year they took the 11th and the 25th positions respectively. INN Imipenem+Cilastatin (+29%), Hydroxiethyl starch (+18%) and Cefazolin (-18%) moved down to three bottom lines. As before, Ceftriaxone (+32%) remains the leader of the rating, it managed not only to retain, but to strengthen its position. At the same time, Sodium Chloride, which occupies the second position, showed higher purchase rate (+43%). It extended its share by 8 percent points and tightly approached the leader. The total share of Top-10 increased significantly as well (by 2,5 percent points) and amounted to 19%.

Table 3. The top ten INN and generic names by hospital purchases volume

Rating position		INN/Generic name	Share in total volume of hospital purchases, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Ceftriaxone	3,7	3,2
2	2	Sodium Chloride	3,7	2,9
3	3	Meropenem	2,1	2,3
4	4	Cefotaxime	1,8	1,6
5	5	Dextrose	1,6	1,4
6	11	Enoxaparin sodium	1,6	1,0
7	25	Human Normal Immunoglobulin	1,4	0,7
8	7	Imipenem+Cilastatin	1,2	1,1
9	8	Hydroxiethyl starch	1,1	1,0
10	6	Cefazolin	1,0	1,3
Total			19,0	16,5

J01 Antibacterials for systemic use (+18%) masterfully retained its top position of Top-10 ATC groups (Table 4). All the rest rating positions changed. Three groups of Top-10 receded from their rating positions, while six groups on the contrary, demonstrated rating progress. Among them are the new groups - B02 Antihemorrhagics (+55%) and J06 Immune sera and immunoglobulines +24%), they moved from the 13th and the 11th positions to the 7th and the 9th positions respectively. According to the results of the analyzed period, total share of Top-10 increased and amounted to 60,4%.

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

Rating position		ATC code	ATC group	Share in total volume of hospital purchases, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	J01	Antibacterials for systemic use	20,8	20,1
2	3	B05	Blood substitutes and perfusion solutions	10,2	9,6
3	2	L01	Antineoplastic agents	7,8	9,9
4	5	B01	Antithrombotic agents	5,2	3,5
5	6	N01	Anesthetics	3,6	3,3
6	4	N05	Psycholeptics	3,4	3,7
7	13	B02	Antihemorrhagics	2,6	1,9
8	10	N06	Psychoanaleptics	2,4	2,2
9	11	J06	Immune sera and Immunoglobulines	2,3	2,1
10	8	V08	Contrast media	2,1	2,4
Total				60,4	58,8

Conclusion. Summarizing the results of 9 months of 2009, we see that Russian Hospital market demonstrated reduction of purchases by 1% in natural terms and by 16% in dollar terms, thougn in rouble terms the changes were positive. Monetary volume dynamics was slightly different from the figures of pharmaceutical sector, while in natural terms the volumes reduced far less. Just as following the results of the half year the development of Hospital market was accompanied by the increase of concentration ratio. The average cost of a pack, as compared to the first two quarters, increased from 3,05 dollars up to 3,23 dollars, but as compared to the last year the average cost reduced.

ADDITIONAL PHARMACOLOGICAL SUPPORT (APS) IN RF: THE RESULTS OF THE FIRST 9 MONTHS OF 2009

Summarizing the results of three quarters of 2009, through the APS program the delivery volume of FPP in the RF[TM] amounted to 66,9 billion roubles (2,04 billion dollars) in contract price. As compared to the analogous period of the previous year, the increase made up 12% in rouble terms, in dollar terms this segment reduced by 17%. The delivery volume also decreased in natural terms(-10)% and amounted to 79,3 million packs. The average price of FPP through the program was 25,8 dollars in contract price (in 2008г. – 28,25 dollars., in the I half year of the current year - 22,09 dollars).

One third of APS program drugs is produced by companies from Switzerland (33%). The shares of drugs from Germany (13%), Belgium (12%), Denmark (8%) and Great Britain(6%) are significant high as well. The share of FPP made in Russia and the USA is 5% each. The share of other countries (there are 42 of them in this segment) – is less than 5%.

According to the results of nine months of 2009, a new company AstraZeneca (+38%) appeared in Top-10 manufactures, participating in APS program, it occupied the 9th position (table1). Besides, Top-10 experienced some shifts. The outperformance allowed such companies as F. Hoffmann-La Roche (+22%), Octapharma (+16%) and Sanofi-Aventis (+50%) to improve their positions by one point, they occupied the 2nd, the 4th and the 8th positions. Less dynamic Novartis (+8%) and Novo Nordisk (+1%) moved down to the 3rd and the 5th positions. In spite of negative dynamic of delivery (-8%) and share reduction, the company Janssen-Cilag retained its leading position. It should be noted that five more companies among Top-10 reduced their shares, which resulted in reduction of total share of leading companies from 69,6% to 7,7%.

Table 1. The top ten manufacturers of APS

Rating position		Manufacturer	Share in total volume of APS	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Janssen-Cilag AG**	11,6	14,2
2	3	**F. Hoffmann-La Roche Ltd**	10,9	10,0
3	2	**Novartis (incl. Lek-Sandoz)**	10,9	11,3
4	5	**Octapharma AG**	7,7	7,3
5	4	**Novo Nordisk**	7,3	8,0
6	6	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	5,2	6,0
7	7	**Teva**	4,9	5,0
8	9	**Sanofi-Aventis**	3,8	2,8
9	11	**AstraZeneca**	3,0	2,4
10	10	**Eli Lilly**	2,4	2,5
Total			67,7	69,6

* AIPM members are in bold

One new drug appeared at the trade names rating (Table2). It is haemopoiesis stimulator Eprex (+76%), which rose from the 12th to the 8th position. Two more trade names also demonstrated the rating progress. These are Hemostatics Octanat (+18%) and NovoSeven (-3%), which moved a step upward to the 2nd and the 7th positions respectively. At the same time, such drugs as Glivec (-1%) and Haemoctin SDH (-20%) – moved down to the 3rd and the 9th positions respectively. The most evident negative dynamic among the top trade names was demonstrated by the rating leader Velcade (-24%). The cumulative share of Top-10 reduced nearly by 4,6 percent point and amounted to 40,6%.

Table 2. The top ten trade names among APS

Rating position		Trade name	Share in total volume of APS	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Velcade	7,3	10,8
2	3	Octanat	6,6	6,2
3	2	Glivec	6,0	6,8
4	4	Mabthera	4,3	4,5
5	5	Betaferon	3,8	4,1
6	6	Copaxone-Teva	3,7	4,0
7	8	NovoSeven	2,4	2,7
8	12	Eprex	2,3	1,4
9	7	Haemoctin SDH	2,2	3,1
10	10	Lantus	2,0	1,5
Total			40,6	45,2

The leader of top INN and generic names has changed. The former leader Bortezomib (-24%), significantly reduced its share and moved down to the 2nd line, having passed forward Blood-coagulation factor VIII (-2%). Besides these names, two more drugs demonstrated the negative dynamics, these are Imatinib (-1%) and Eptacog alfa (activated) (-3%). The first of them retained its third position and the second moved down from the 7th to the 8th line. Besides the Leader, three more names improved their rating positions. These are Epoetin alfa (+89%), Insulin glargine (+51%) and Interferon beta 1a (+45%), which occupied the 7th, the 9th and the 10th positions respectively, the latter two INN appeared in the Top-10 for the first time. The total share of Top-10 INN reduced significantly and amounted to 43,4%.

Table 3. The top ten INN and generic names among APS

Rating position		INN/Generic name	Share in total volume of APS	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	2	Blood-coagulation factor VIII	9,3	10,6
2	1	Bortezomib	7,3	10,8
3	3	Imatinib	6,0	6,8
4	4	Rituximab	4,3	4,5
5	5	Interferon beta-1b	3,8	4,1
6	6	Glatiramer acetate	3,7	4,0
7	10	Epoetin alfa	2,6	1,6
8	7	Eptacog alfa (activated)	2,4	2,7
9	12	Insulin glargine	2,0	1,5
10	16	Interferon beta-1a	1,8	1,4
Total			43,4	48,0

In spite of reduction of deliveries L01 Antineoplastic agents (-2%) and B02 Antihemorrhagics (-4%) remain the most demanded groups in APS segment (table 4). A10 Drugs used in Diabetes moved upward from the forth to the third position, having pressed the less dynamic L03 Immunostimulants (+14%). The most significant growth of deliveries among the Top-10 drugs demonstrated the group B03 Antianemic preparations (+71%), that allowed this group to occupy the 5th position in stead of the 7th. R03 Drugs for obstructive airway diseases and L02 Endocrine therapy also demonstrated high dynamics (+34% each), that allowed the first group to retain its 6th position, and let the second group move upward from the 9th to the 8th position. The only new group in the rating became C09 Agents acting on the rennin-angiotenzin system (+18%). As well as in previous ratings, the cumulative share of Top-10 reduced and amounted to 78,5%.

Table 4. The top ten ATC groups among APS

Rating position		ATC code	ATC group	Share in total volume of APS	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	L01	Antineoplastic agents	23,6	27,1
2	2	B02	Antihemorrhagics	13,6	15,9
3	4	A10	Drugs used in Diabetes	11,0	9,9
4	3	L03	Immunostimulants	10,5	10,3
5	7	B03	Antianemic preparations	4,3	2,8
6	6	R03	Drugs for obstructive airway diseases	4,2	3,5
7	5	L04	Immunosuppressants	3,5	3,8
8	9	L02	Endocrine therapy	3,0	2,5
9	8	H01	Pituitary and hypothalamic hormones and analogues	2,5	2,7
10	11	C09	Drugs Agents acting on the rennin-angiotenzin system	2,4	2,2
Total				78,5	80,7

The data, related to drug delivery through the APS program in Top-ten regions of Russia are presented in table 5. As before, Moscow is the rating leader (13,7%), then follow Moscow Region (4,8%) and Saint Petersburg (3,4%). Let us note, that Moscow (-32%) and Saint Petersburg (-14%) experienced significant reduction of deliveries, while the rest regions showed positive dynamics. Total share of Top-10 Regions as for APS delivery volume, as compared to the analogous period of 2008 reduced by 6,6%.

Table 5. The top ten Regions by APS sales volume

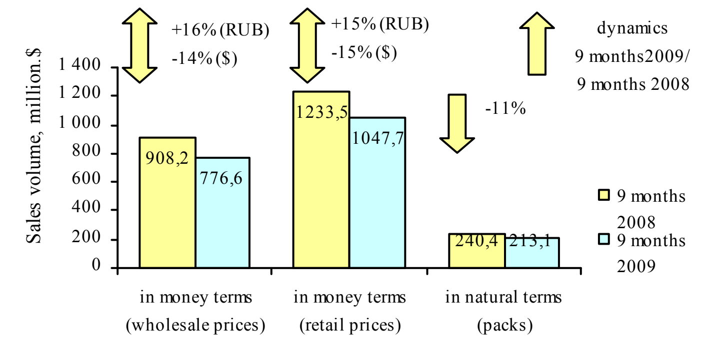
Rating position		Region	Share in total volume of APS	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Moscow	13,7	22,7
2	2	Moscow region	4,8	4,5
3	3	Saint-Petersburg	3,4	4,4
4	5	Novosibirsk Region	3,1	2,7
5	4	Sverdlovsk region	2,8	2,8
6	10	Krasnodar Territory	2,8	2,0
7	9	Rostov Region	2,6	2,1
8	8	Republic of Tatarstan	2,5	2,1
9	6	Republic of Bashkortostan	2,5	2,4
10	14	Chelyabinsk region	2,4	1,7
			40,6	47,2

Conclusion. Summarizing the results of 9 months of 2009, the volume of APS segment amounted to 2,05 billion dollars. As compared to the previous year it increased by 12% in rouble terms and reduced by 17% in dollar terms. The deliveries also reduced in natural terms by 10%, it could be compared to the dynamics of commercial pharmaceutical sales. The average cost of FPP (25,8 dollars) redused as compared to the figure of the previous year (28,25 dollars), but increased in comparison with the I half of the current year (22,09dollars). As opposed to the Hospital purchases, the APS deliveries were accompanied by the reduction of concentration rate.

MOSCOW PHARMACEUTICAL MARKET: THE RESULTS OF THE FIRST 9 MONTHS OF 2009

According to the results of the Retail Audit of FPP in Russian Federation™, for the first nine months of 2009, the volume of Moscow pharmaceutical market reduced by 11% in natural termsand amounted to 213,1 million packs (Figure 1). The market increased by 16% in wholesale rouble prices and amounted to 25,4 billion roubles. In dollar terms, on the contrary, it reduced by 14% and made up 776,6 million dollars. The share of Moscow market corresponds to 14% of Russian pharmaceutical market. Following the results of the analyzed period, the average cost of FPP was 3,64 dollars (in the analogous period of 2008 it was 3,78 dollars). Average retail margin came to 35%, the previous year it was 36%.

Figure 1. Moscow Pharmaceutical Market for the period of 9 months of 2008 – 9 months of 2009



Considerable part of Moscow market falls at FPP produced in Germany (17%). The share of domesticproduced drugs made up 16%. Ten percent of drugs are produced in the USA, 9% in France. The share of FPP made in Great Britain and Switzerland is 7% of the market each.

According to the results of three quarters of 2009, as compared with the analogous period of 2008, demonstrated high stability – the only shift occurred at the bottom part of the table (table 1). The outstripping growth rate allowed the company Nycomed (+22%) to rise from the 11th to the 9th position, the less dynamic Pfizer International (+8%) was forced down to the last line of Top-10. Retardation of growth rate and reduction of share interest was observed by four more companies. Among them was the rating leader – corporation Novartis (+12%) and the only domestic manufacturer – Pharmstandard (+7%), which retained the third position. It resulted in reduction of total share of "Top-10" from 43,5% to 42,7%.

Table 1. The top ten manufacturers by drugs sales

Rating position		Manufacturer*	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Novartis (incl. Sandoz-Lek)**	7,7	8,0
2	2	**Sanofi-Aventis**	5,8	5,7
3	3	Pharmstandard	5,2	5,7
4	4	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	5,0	5,0
5	5	**Servier/Egis**	4,1	4,0
6	6	**Merck Sharp & Dohme Idea.**	3,6	3,7
7	7	**GlaxoSmithKline**	3,0	3,3
8	8	**Berlin-Chemie/ Menarini Pharma GmbH**	2,9	2,8
9	11	**Nycomed**	2,8	2,6
10	9	**Pfizer International Inc.**	2,6	2,8
Total			42,7	43,5

* AIPM members are in bold

Two new drugs appeared at the rating of Top-10 trade names (table 2). These new drugs are Amixin (+44%) and Detralex (+27%), thanks to outperformance they moved upward from the 15th and the 13th positions to the 6th and the 9th positions respectively. Four more trade names improved their rating positions. Among them are Cialis (+33%), Essentiale N (+14%), Yarina (+23%) and Pariet (+7%), which occupied the 4th, the 5th, the 7th and the 8th positions respectively. Just one drug among Top-10 moved to lower position: Wobenzym occupied the 10th position instead of the 8th (+2%). In spite of low dynamics and reduction of share interest, the antiviral drug Arbidol retained its leading position (+8%). The total share, accumulated by ten leading trade names remained unchanged – 9,2%.

Table 2. The top ten trade names by drugs sales volume

Rating position		Trade name	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Arbidol	1,7	1,9
2	2	Linex	1,1	1,2
3	3	Viagra	1,0	1,0
4	7	Cialis	0,9	0,8
5	6	Essentiale N	0,8	0,8
6	15	Amixin	0,8	0,6
7	10	Yarina	0,7	0,7
8	9	Pariet	0,7	0,8
9	13	Detralex	0,7	0,6
10	8	Wobenzym	0,7	0,8
Total			9,2	9,2

The majority of INN and Generic name Rating participants retained their positions (table 3). Among them Polyvitamine + Multimineral (+21%), Fluconazol (+11%), Pancreatin (+23%), Sildenafil (+8%), Amoxicilin+Clavulanic acid (+10%) and Phospholipids (+14%), occupying the 1st, the 4th, the 5th, the 6th, the 9th and the 10th positions. The most dynamic Rating names are Tilorone (+43%), Tadalafil and Xylometazoline (+34% each). They improved their rating positions, the first two INN appeared in Top-10 for the first time and occupied the 7th and the 8th positions. Just one name - Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+8%) reduced its share and moved down to the 3rd position. The total share of «Top-10» increased from 12,2% up to 12,5%.

Table 3. The top ten INN and generic names by drugs sales volume

Rating position		INN/Generic name 9 months 2009	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Polyvitamin + Multimineral	2,1	2,0
2	3	Xylometazoline	1,9	1,6
3	2	Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,7	1,9
4	4	Fluconazol	1,3	1,3
5	5	Pancreatin	1,1	1,1
6	6	Sildenafil	1,0	1,0
7	11	Tadalafil	0,9	0,8
8	17	Tilorone	0,8	0,7
9	9	Amoxicilin+Clavulanic acid	0,8	0,9
10	10	Phospholipids	0,8	0,8
Total			12,5	12,2

More significant shifts occurred among Top-10 ATC groups, where just three groups retained their positions (table 4). The leader of the rating changed, in spite of low growth rate and reduction of share, the leading position was taken by the group J01 Antibacterials for systemic use (+14%). Leading the previous year L03 Immunostimulants (+4%) demonstrated the lower dynamics and moved down to the second line. Two more groups of Top-10 occupied lower positions, while three groups (excluding the before mentioned leader) demonstrated the rating progress. Among them is the only new group N06 Psychoanaleptics (+9%), which occupied the bottom line instead of the 11th. The cumulative share of the "Top-10" amounted to 40,6%.

Table 4. The top ten ATC groups by drugs sales

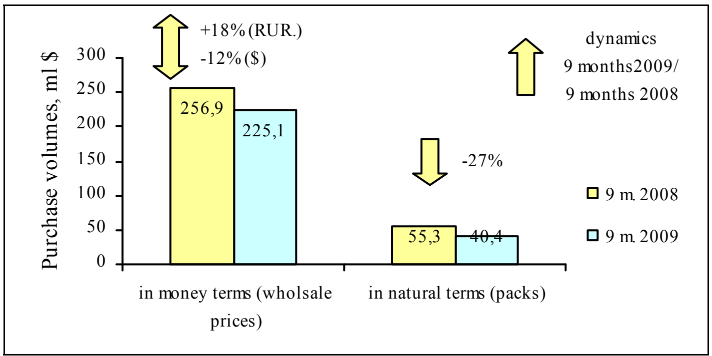
Rating position		ATC code	ATC group	Drug sale share, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	2	J01	Antibacterials for systemic use	5,1	5,2
2	1	L03	Immunostimulants	4,9	5,6
3	3	N02	Analgesics	4,9	4,7
4	4	A11	Vitamins	4,5	4,2
5	7	R01	Nasal preparations	3,9	3,6
6	6	A07	Untidiarrheals	3,8	3,7
7	5	G03	Sex hormones	3,8	4,0
8	10	M01	Anti-inflammatory and antirheumatic agents	3,4	3,2
9	8	G04	Urologicals	3,4	3,4
10	11	N06	Psychoanaleptics	2,8	3,0
Total				40,6	40,5

Conclusion.Summarising the results of first three quarters of 2009 the volume of Moscow pharmaceutical market amounted to 1,048 billion dollars in final consumer prices. As compared to the previous year the market demonstrated the 15% growth in rouble equivalent, in dollar terms the market reduced. In natural terms the market reduced by 11%, which exceeds the negative dynamics of the whole Russian market. The average cost of a FPP pack in Moscow (5,58 dollars), the acquisition cost per capita (99,69 dollars), as before this figure significantly exceeds the analogous figures in other regions of Russia (2,69 dollars and 49,89 dollars). The retail margin is also higher (+35% against +31%), however, in comparison with the previous year the retail margin decreased.

MOSCOW HOSPITAL MARKET: 2009 FIRST 9 MONTHS RESULTS

According to the results of the Hospital Purchase Audit in Russian Federation™, for the first nine months of 2009 the Moscow hospital market volume in terms of physical indicators reduced by 37% and made up 40.36 million packs. The hospital purchase volume in terms of roubles increased by 18% and achieved 7.3 billion roubles in wholesale prices, whereas in terms of dollars it reduced by 12% and made up 225.1 million dollars. The average cost of a Hospital Drug has increased in comparison with the last year and made up 5.58 USD. (in 2008 - 4.64 USD). The metropolitan market share amounted to 18.5% of the Russian hospital market.

Picture 1. Moscow hospital market for the first nine months of 2008 – first nine months 2009



The national drugs share of Moscow hospital market reduced in comparison with the same period of previous year and made up 8% (in 2008 – 11%). Drugs made in Switzerland, Great Britain (by 13%) and Germany (12%) make up the biggest market shares. The share of drugs made in USA is six per cent, Finished Pharma Products (FPP) made in Denmark make up 5%.

In the first nine months of 2009 the rating of the top manufacturers in Moscow hospital market suffered considerable changes (table 1). Only two companies maintained their original positions. They are the rating leader Sanofi-Aventis (+23%) and Novartis (+4%) on the 4th position. Three new drugs came up in the top-10 rating: due to manifold growth of purchase Octapharma, Fatol Arzneimittel and Baxter Healthcare took the 6th, 8th and 10th positions respectively. The other three companies also showed a rating progress. AstraZeneca (+32%) moved up from the 3rd position to the 2nd one, Nycomed (+43%) moved up from the 7th position to the 5th one and Eli Lilly (+24%) moved up from the 10th position to the 9th. It should be noted that seven companies of the Top-10 showed growth of shares in the market, the new companies in the rating showed considerable growth. That resulted in the growth of the total top ten share by 7 % - up to 40.6%.

Table 1. The top ten manufacturers by hospital purchases

Rating position		Manufacturer*	Hospital purchase share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Sanofi-Aventis**	7,1	6,8
2	3	**AstraZeneca**	6,4	5,8
3	2	**F. Hoffmann-La Roche Ltd**	5,7	5,8
4	4	**Novartis (вкл. Sandoz-Lek)**	4,1	4,7
5	7	**Nycomed**	4,0	3,3
6	35	**Octapharma AG**	3,2	0,5
7	5	**Merck Sharp & Dohme Idea.**	3,1	4,0
8	423	Fatol Arzneimittel GmbH	2,5	n/a
9	10	**Eli Lilly**	2,4	2,2
10	38	**Baxter Healthcare Inc.**	2,3	0,5
Total			40,6	33,6

*AIPM members are in bold

Four new drugs came up in the rating of top pharmaceutical products (table 2). Immunoglobulin Octagam, antituberculous PAS-Fatol N, ftorhinolol Tavanic, and anesthetic drug Diprivan showed high purchase profile which caused considerable rating progress and allowed these FPP to take the 2nd, 3rd, 9th and 10th positions respectively. Meronem (+16%) with its constant market share remains the most marketable drug in the region hospitals. It should be noted that only one drug from Top-10 – Tienam (+10%) reduced its market share. The rest of the drugs increased their market shares. That resulted in the considerable growth of the total top ten share from 11.1% - up to 18.5%.

Table 2. The top ten pharmaceutical products by hospital purchases

Rating position		Trade name	Drug purchase share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Meronem	2,9	2,9
2	32	Octagam	2,4	0,5
3	2239	PAS-Fatol N	2,3	n/a
4	2	Sodium chloride	2,1	2,0
5	10	Avastin	1,9	0,9
6	3	Taxoter	1,8	1,5
7	7	Gemzar	1,4	1,0
8	4	Tienam	1,3	1,4
9	37	Tavanic	1,3	0,5
10	47	Diprivan	1,1	0,4
Total			18,5	11,1

The rating of the Top Ten INN and generic names in the region is half updated (table 3). For the first time Aminosalicylic Acid, Bevacizumab, Propofol, Levofloxacin and Oxaliplatin, which purchase volumes increased by 2-6 times, entered the Top Ten. The leader of the rating has changed as well: due to 3 fold purchase growth, HNI moved up from the 8th position to the top leader. Four leaders of the previous year – Meropenem (+16%), Sodium Chloride (+27%), Ceftriaxone and Docetaxel (+22% each), despite their maintenance and even growth of the share market, moved down the row from the 3rd positions to the 6th ones respectively. The total share of the Top 10 has increased from 13.9% to 22.2%.

Table 3. The top ten INN and generic names by hospital purchases

Rating position		INN/Generic Names	Hospital purchase share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	8	HNI	3,5	1,4
2	45	Aminosalicylic Acid	3,1	0,6
3	1	Meropenem	2,9	2,9
4	2	Sodium Chloride	2,1	2,0
5	3	Ceftriaxone	2,0	1,9
6	4	Docetaxel	1,9	1,8
7	18	Bevacizumab	1,9	0,9
8	15	Propofol	1,7	0,9
9	40	Levofloxacin	1,6	0,6
10	19	Oxaliplatin	1,6	0,9
Total			22,2	13,9

The top ten ATS group rating leaders didn't change (table 4). J01 Antibacterials for systemic use (+12%) and B05 Blood substitutes and perfusion solutions subgroups (+8%) reserved their 1st and 3rd positions despite of reduction of the market share due to underrun of purchase figures. High purchase figures allowed L01 Antineoplastic agents (+39%) to increase its market share and reserve its 2nd position. As to the rest of groups in the rating, only two moved down to the lower positions. Five companies including three new ones showed a rating progress. They are J04 Drugs for treatment of tuberculosis (purchase volumes increased 6 times), B02 Antihemorrhagic agents (purchase volumes increased 4 times) and V08 Contrast media (1.3 times) which took the 6th, 7th and 9th positions respectively. On the whole, ten top groups accumulated 66% of the hospital region market as compared with 56% in the previous year.

Table 4. The top ten ATC groups by hospital purchases

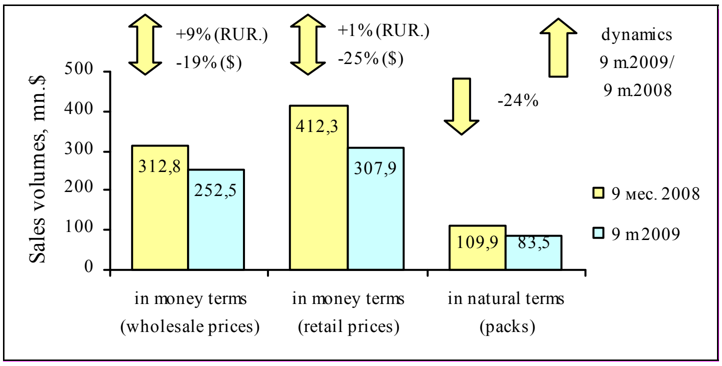
Rating position		ATC code	ATC GROUP	Hospital purchase share, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	J01	Antibacterials for systemic use	16,7	17,6
2	2	L01	Antineoplastic agents	15,1	12,9
3	3	B05	Blood substitutes and perfusion solutions	6,3	6,9
4	6	N01	Anaesthetics	4,9	3,5
5	8	J06	Immune serum and immune globulins	4,9	2,7
6	27	J04	Drugs for treatment of tuberculosis	4,6	0,9
7	20	B02	Antihemorrhagic agents	4,0	1,2
8	4	B01	Antithrombotic agents	4,0	4,3
9	11	V08	Contrast media	2,8	2,5
10	5	N05	Psycholeptics	2,7	4,2
total				66,0	56,6

Conclusion. The Moscow hospital market in the nine months to end September 2009, as well as in the first half year, showed significant reduction in terms of physical indicators (by 27%) assuming that the whole Russia Hospital Market hasn't changed much (-1%). The Moscow market showed less significant negative figures in terms of dollars (-12%) and the average cost of a FPP pack didn't reduce as compared with the previous year, as it did on average throughout Russia, but increased from 4.64 to 5.58 USD. For the period under review, the market experienced numerous structural changes through the marked increase of concentration.

SAINT PETERSBURG PHARMACEUTICAL MARKET: 2009 FIRST 9 MONTHS RESULTS

According to the results of the Retail Audit of Finished Pharma Products (FPP) in Russian Federation™, for the first three quarters of 2009 the volume of city pharmaceutical market in terms of physical indicators reduced nearly by 25% and made up 83.5 million packs. The sales volume in terms of roubles increased by 9% (in USD - reduced by 19%) and made up 8.2 million roubles (252.5 million dollars) in wholesale prices (exclusive of Additional Pharmacological Support). The city share in the total volume of Russia pharmaceutical market amounted to 5%. The average cost of a FPP pack was 3.02 USD (in the same period of 2008 - 2.85 USD). The average pharmacy retail margin amounted to 22%.

Picture 1. Saint Petersburg pharmacy market for 9 months of 2008 – 9 months 2009



Products made in Germany (18%) make up the highest percentage of FPP in St. Petersburg pharmacies. The share of domestic FPP is sixteen per cent, the share of FPP made in USA is 10%. The share of FPP made in France is 9% of the regional market, FPP made in Great Britain is 6%. Switzerland and Slovene FPP accumulate 5% of market each.

Following the results of three quarter 2009, Novartis Corporation moved up to the top positions in the St. Petersburg pharmaceutical market due to 25% sales gains (Fig.1). Domestic Pharmstandard (-7%) which used to take this position, on the contrary, moved down to the 2nd position. Bayer Healthcare (+25%) moved up from the 4th position to the 3rd one, having put competitive pressure on less dynamic Sanofi-Aventis (+15%). The middle part of the rating remained unchangeable, but the lower part acquired two new companies. The most dynamic company John-son&Johnson (+75%) moved up from the 16th position to the 8th one, Gedeon Richter (+15%) – from 12th to 9th. Solvay Pharmaceuticals (+1%) move down from the 9th position to the last one. It should be noted that the total share of the top pharmaceutical companies has increased from 41.8% to 43%.

Table 1. The top ten manufacturers by drugs sales

Rating position		Manufacturer*	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	2	**Novartis (inc. Lek-Sandoz)**	7,8	6,8
2	1	Pharmstandard	6,2	7,3
3	4	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	5,6	4,9
4	3	**Sanofi-Aventis**	5,6	5,3
5	5	**Servier/Egis**	4,0	4,5
6	6	**Merck Sharp & Dohme Idea.**	3,3	3,4
7	7	**Berlin-Chemie/ Menarini Pharma GmbH**	3,1	3,1
8	16	**Johnson&Johnson**	2,5	1,6
9	12	**Gedeon Richter**	2,5	2,4
10	9	**Solvay Pharmaceuticals**	2,4	2,6
Total			43,0	41,8

*AIPM members are in bold

Only two top trading names kept their positions in the rating of top pharmaceutical products (table 2). They are Top-10 leaders – antiviral Arbidol (-6%) and potency regulator Viagra (-1%), which sales, however, decreased. The rest drugs of the top ten rating changed their rating positions, and only one trading name with the negative figures - Xenical (-34%) worsened it. The rest FPP moved up to the higher positions. The drugs which for the first time entered the Top-10 Sialis (+58%), Supradin (+64%) and Detralex (+4%) and took 7-9 positions showed the most significant rating progress. The total share of the Top 10 has reduced from 9.4% to 9.1%.

Table 2. The top ten pharmaceutical products by drugs sales

Rating position		Trade name	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Arbidol	2,0	2,3
2	2	Viagra	1,1	1,2
3	4	Linex	1,0	0,9
4	5	Essentiale N	1,0	0,9
5	7	Yarina	0,8	0,8
6	8	Geptral	0,8	0,8
7	21	Sialis	0,7	0,5
8	24	Supradin	0,7	0,5
9	11	Detralex	0,6	0,6
10	6	Xenical	0,5	0,9
Total			9,1	9,4

The four top positions of the leading INN and generic names rating remained flat (table 3). Polyvitamin+Multimineral (+20%), as well as Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (-6%), Xylometazoline (+48%) and Sildenafil (-1%) as before keep their 1-4 positions. The other two drugs (Phospholipids and Ademetionine) kept their positions as well, and the rest four drugs improved their positions. Among them there are new products that entered the Top-10: Azithromycin (+18%) and Fluconazole (+6%). The total share of the Top 10 amounted to 12.5%.

Table 3. The top ten INN and generic names by drugs sales

Rating position		INN/Generic names	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Polyvitamin+Multimineral	2,7	2,5
2	2	Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	2,0	2,3
3	3	Xylometazoline	1,7	1,2
4	4	Sildenafil	1,1	1,2
5	7	Pantreatin	1,0	0,9
6	6	Phospholipids	1,0	0,9
7	13	Azithromycin	0,8	0,8
8	10	Ethinylestradiol+Drospirenon	0,8	0,8
9	9	Ademetionine	0,8	0,8
10	11	Fluconazole	0,8	0,8
Total			12,5	12,3

Due to its high sales gains by almost 25%, A11 Vitamins group (+24%) topped the rating of the leading ATC groups in the regional market (Table 4). The leader of previous year L03 Immunostimulants (-3%) reduced sales volumes and moved down to the 3rd position, whereas N02 Analgesics group moved up (+17%). The other two drugs moved down to the lower positions in the rating: J01 Antibacterials for systemic use (+9%) took the 4th position instead of the 3rd and M01 Anti-inflammatory and antirheumatic drugs (+17%) took the 8th instead of 7th. Both groups showed rating progress, one of which is A07 Antidiarrheals (+29%) has become a new drug in Top-10 rating. The total share of the top ten groups increased and made 41.8%.

Table 4. The top ten ATC groups by drug sales

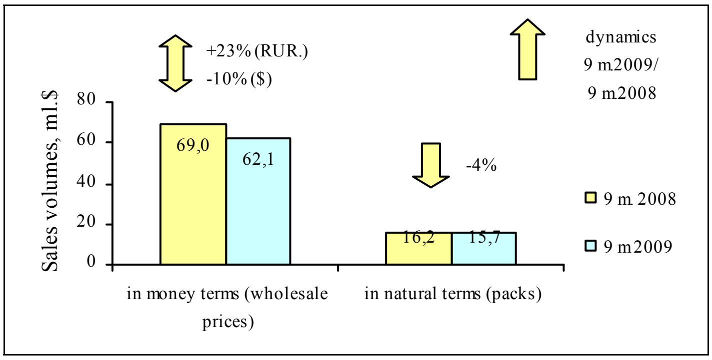
Rating position		ATC code	ATC group	Drug sale share, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	2	A11	Vitamins	5,3	4,7
2	4	N02	Analgesics	4,8	4,5
3	1	L03	Immunostimulants	4,7	5,3
4	3	J01	Antibacterials for systemic use	4,5	4,6
5	5	G03	Sex hormones	4,1	4,2
6	6	R05	Cough and cold preparations	3,9	4,0
7	9	R01	Nasal preparations	3,9	3,2
8	7	M01	Anti-inflammatory and antirheumatic agents	3,8	3,5
9	11	A07	Antidiarrheals	3,7	3,1
10	10	G04	Urologicals	3,1	3,1
Total				41,8	40,2

Conclusion. The Saint Petersburg pharmaceutical market in the nine months to end September 2009 was worth 307.9 million dollars in final consumption prices. The negative dynamics of the regional retail market in term of dollars turned out to be much higher than that of the whole Russia market (-25% against -14%). The same trend is observed in the physical indicators. Saint Petersburg market dropped by 24%, whereas the whole Russian market by 9%. The average cost of a FPP pack, 3.02USD, and the average sum spent by residents of the region for purchase of FPP (67.23USD) were higher than the average cost of it throughout Russia (2.69 USD and 49.89 USD). At the same time the retail margin in Saint Petersburg is much lower, than the average margin throughout Russia (22% against 31%).

SAINT PETERSBURG HOSPITAL MARKET: 2009 FIRST 9 MONTHS RESULTS

According to the results of the Hospital Purchase Audit in Russian Federation™, for the first nine months of 2009 the Saint Petersburg hospital market volume reduced in terms of physical indicators by 4% and made up 15.7 million packs (Fig. 1) In terms of money the market amounted to 2.04 billion roubles (62,1 million dollars) in wholesale prices. The growth as compared with the same period of 2008 made 23% in terms of roubles, whereas in terms of dollars it reduced by 10%. The average cost of FPP purchased by hospitals of the city amounted to 3.97 USD. (in 2008 - 4.25 USD). The metropolitan market share amounts to 5% of the Russian hospital market.

Picture 1. Saint Petersburg hospital market for 9 months of 2008 – 9 months 2009



Products made in Russia (13%) make up the highest percentage of FPP in the hospital market of Saint Petersburg. The share of products made in Germany is 11%, and the ones made in Great Britain - 9%. The share of products made in USA and Denmark is 6% each, and the ones made in Belgium and Switzerland - 5% each.

The rating of the ten top manufacturers by hospital purchases volume in the region suffered significant changes (table 1). Only one company Nycomed (+42%) kept its previous 5th position. The leader of the previous year Novartis considerably reduced purchase volumes (-30%) and moved down to the 6th position. In this connection Sanofi-Aventis (+24%), AstraZeneca (+10%) and Merck Sharp & Dohme (+27%) moved up the row and took 1 through 3 position. One of the most dynamical companies of the rating Janssen-Cilag (+87%) moved up from the 6th to the 4th position. The German company Fatol Arzneimittel which for the first time entered the rating showed more significant dynamics of purchases and moved up from 332nd position to the 8th. The total share of the top ten increased by 1.5 p.p. and amounted to 38.3%.

Table 1. The top ten manufacturers by hospital purchases

Rating position		Manufacturer*	Hospital purchase share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	2	**Sanofi-Aventis**	5,7	5,7
2	3	**AstraZeneca**	5,0	5,6
3	4	**Merck Sharp & Dohme Idea.**	5,0	4,8
4	6	**Janssen-Cilag AG**	4,8	3,2
5	5	**Nycomed**	4,1	3,7
6	1	**Novartis (inc. Sandoz-Lek)**	3,8	6,5
7	7	**Gedeon Richter**	2,8	3,2
8	332	Fatol Arzneimittel GmbH	2,6	0,0
9	11	**Pfizer International Inc.**	2,5	1,8
10	9	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	2,0	2,3
Total			38,3	36,8

*AIPM members are in bold

The rating of the Top Ten trade names is half updated (table 2). Five new drugs (Curosurf, Doriprex, Heparin, Eremfat and PAS-Fatol N) took the 3rd, 4th, 6th, 8th and 10th positions. The Top-10 leader changed as well. Due to the growth of purchases 1.5 times, Sodium Chloride has become the leader after it displaced the less dynamic Meronem (+12%) to the 2nd position. Glucose (+29%) also showed outperformance and rating progress moving from the 6th position to the 5th. Albumin (+7%) and Tienam (0%), on the contrary, moved to the lower 7th and 9th positions. The total share of Top-10, owing in large part to the new drugs, increased by 5.7p.p. and achieved 18.3%.

Table 2. The top ten pharmaceutical products by hospital purchases

Rating position		Trade name	Hospital purchase share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	2	Sodium Chloride	3,7	3,0
2	1	Meronem	2,9	3,2
3	12	Curosurf	1,8	1,0
4	1810	Doriprex	1,6	0,0
5	6	Glucose	1,4	1,4
6	18	Heparin	1,4	0,8
7	3	Albumin	1,4	1,6
8	1811	Eremfat	1,3	0,0
9	4	Tienam	1,3	1,6
10	1812	PAS-Fatol N	1,2	0,0
total			18,3	12,6

The considerable sales growth of five "newcomers" made it possible for the respective INN to expand their shares and, in its turn, enter the top INN and generic names rating (table 3). They are Aminosalicylic Acid (owing in large part to PAS-Fatol N), Poractant alfa (Curosurf), Rifampicin (Eremfat) and Doripenem (Doriprex) which took 4-7 positions. Sodium Chloride (+51%) topped the rating. Ceftriaxon (+37%) kept the 2nd position, whereas the leader of the previous year Meropenem (+16%) took the third position. Risperidon (-12%) and Albumin (-5%) which reduced its purchases and Dextrose (+29%) moved down to the lower part of the Top-10. As well as in the previous rating, due to the newcomers, its total share increased from 16.3% to 22.3%.

Table 3. The top ten INN and generic names by hospital purchases

Rating position		INN/Generic names	Drug sale share, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	3	Sodium Chloride	3,7	3,0
2	2	Ceftriaxon	3,4	3,1
3	1	Meropenem	3,1	3,2
4	67	Aminosalicylic Acid	2,5	0,4
5	17	Poractant alfa	1,8	1,0
6	126	Rifampicin	1,7	0,2
7	1021	Doripenem	1,6	0,0
8	4	Risperidon	1,5	2,2
9	5	Albumin	1,5	1,9
10	9	Dextrose	1,4	1,4
Total			22,3	16,3

Only the leader – J01 Antibacterials for systemic use (+27%) and V08 Contrast media (+1%) which took the 8th position kept their positions in the Top-10 ATC groups rating. (Table 4). Four groups including three new ones showed a rating progress. They are J04 Drugs for treatment of tuberculosis (purchases increased 4.5 times), R07 Other respiratory system products (purchase growth 2.4 times) and G03 Sex hormones (2,9 times). Four groups moved down to the lower positions, however, only one of them – N05 Psycholeptics (-8%) reduced its purchases and market share. The market share expansion trend prevailed, which resulted in the increase of the total share from 60.7% to 66.1%.

Table 4. The top ten ATC groups by hospital purchase

Rating position		ATC code	ATC group	Drug sale share, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	J01	Antibacterials for systemic use	20,4	19,7
2	3	B05	Blood substitutes and perfusion solutions	10,7	10,6
3	2	N05	Psycholeptics	8,1	10,8
4	16	J04	Drugs for treatment of tuberculosis	5,9	1,3
5	4	L01	Antineoplastic agents	5,7	5,2
6	5	N01	Anaesthetics	5,2	5,0
7	6	B01	Antithrombotic agents	4,2	3,4
8	8	V08	Contrast media	2,5	3,0
9	22	R07	Other respiratory system products	1,9	1,0
10	30	G03	Sex hormones	1,7	0,7
Total				66,1	60,7

Conclusion. The Saint Petersburg hospital market in the nine months to end September 2009 showed a bit more significant negative dynamics in terms of physical indicators than the entire Russian Hospital Market (-4% vs. -1%). However, in term of dollars the regional market dropped less (-10% vs. -16%). The city hospital purchases structure suffers considerable changes resulted in the change of leading companies and pharmaceutical products.

RUSSIAN FEDERATION HOSPITAL MARKETS: 2009 FIRST 9 MONTHS RESULTS

According to the results of the Hospital Purchase Audit in Russian Federation™, following the results of the first nine months of 2009, 12 regional markets taken individually made 43.5% of the entire hospital sector of Russian Federation. The biggest market is represented by Moscow which share amounts to 18.5% (in the same period of 2008 – 17.8%) (Fig. 1). Then follow the markets of Saint Petersburg (5.1%), Kazan (2.9%), Krasnodar Territory (2.8%) and Ufa (2.6%). Regional markets considerably differ by average cost of a FPP pack which price is the highest in Moscow (5.58 USD) and the lowest in Novosibirsk (1.96 USD). In Saint Petersburg the average cost of a FPP pack is 3.97USD.

Figure 1. Regions share in the total hospital purchases in the Russian Federation for 9 months 2009.

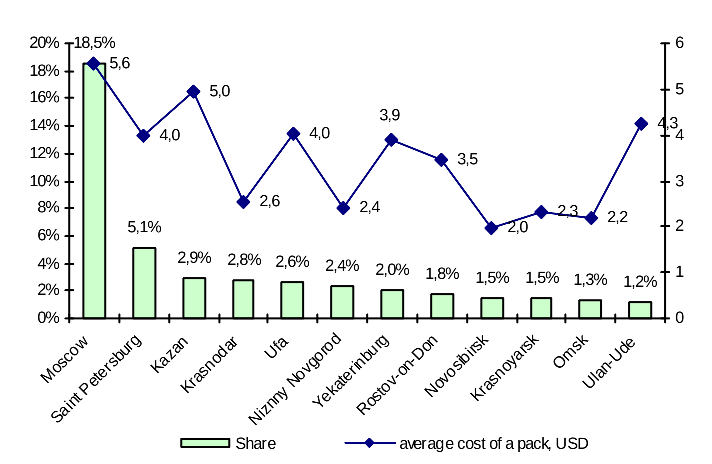


Table 1 provides information with respect of positions of all-Russia leading manufacturers take in the regional ratings. The leading company of the Russian hospital sector - Sanofi-Aventis - takes the first place in 6 from 12 regions under review. It takes the second position in Rostov-on-Don and Omsk, the third – in Yekaterinburg. At the same time in Kazan and Ulan-Ude Sanofi-Aventis takes the 5th and in Krasnoyarsk the 6th position. Novartis, which takes the 2nd position in the common rating, takes the lead in Rostov-on-Don, and Merck Sharp & Dohme (the 5th All-Russia position) takes the lead in Kazan. Note, that in the four regions under review the local leader didn't enter the all-Russia Top-10 rating. Thus, in Yekaterinburg the most in-demand drugs were the drugs produced by Mustafa Nevzat Ilac Sanayii which takes 15th position in the Russian Federation rating; Novo Nordinsk took the lead in Ulan-Ude (21 position in Russia); domestic Ist-Pharm CJSC took the lead in Krasnoyarsk (43rd position) and Servier/Egis - in Omsk (16th position). The maximum number of "crossings" with the all-Russia list of top manufacturers is observed in Kazan (in 8 cases).

Table 1. The top ten manufacturers by hospital purchases (position in regional ratings)

Rating position	Company	Position in Regional Ratings											
		Moscow	Saint Petersburg	Krasnodar Territory	Ufa	Kazan	Yekaterinburg	Nizhny Novgorod	Rostov-on-Don	Novosibirsk	Ulan-Ude	Krasnoyarsk	Omsk
1	Sanofi-Aventis	1	1	1	1	5	3	1	2	1	5	6	2
2	Novartis (inc. Sandoz-Lek)	4	6	2	2	4	9	4	1	2	3	2	20
3	Astra Zeneka	2	2	13	17	3	7	5	4	3	4	5	12
4	Nicomed	5	5	5	7	2	5	2	3	4	9	8	13
5	Merck Sharp & Dohme B.V.	7	3	18	14	1	10	3	9	7	11	14	3
6	Gedeon Richter	18	7	6	11	16	8	6	6	20	10	22	9
7	F.Hoffmann La Roche	3	11	9	21	9	26	39	26	38	6	35	78
8	Biosintez	50	12	22	26	7	97	17	11	69	20	10	65
9	Glaxo SmithKline	11	15	19	40	15	13	16	10	10	18	12	22
10	Janssen-Cilag Ag	15	4	16	5	10	16	11	39	13	2	74	67

The more significant variations in the regional ratings are observed with a breakdown of trade names and INN groups. However, in seven regions under review the leader of all-Russia hospital market Sodium Chloride takes the top position (table 2). In Ufa it takes the 2nd position, in Novosibirsk and Ulan-Ude – the 3rd position, in Moscow – the 4th position. Only in Yekaterinburg it moved down to the 6th position. Meronem (the 2nd position in the common rating) didn't enter the Top-10 in three regions (Krasnodar Territory, Ufa and Omsk), Clexan (the 3rd position) didn't enter the Top-ten in five regions. The maximum number of "crossings" with the all-Russia list of top trade names is observed in Rostov-on-Don (7 positions), the minimum number is in Ulan-Ude (2 positions).

Table 2. The top ten trade names by hospital purchase (position in regional ratings)

RF rating position	Trade name	Position in Regional Ratings											
		Moscow	Saint Petersburg	Krasnodar Territory	Ufa	Kazan	Yekaterinburg	Nizhny Novgorod	Rostov-on-Don	Novosibirsk	Ulan-Ude	Krasnoyarsk	Omsk
1	Sodium Chloride	4	1	1	2	1	6	1	1	3	3	1	1
2	Meronem	1	2	449	33	5	8	4	5	1	2	3	18
3	Clexan	32	24	21	1	6	3	3	7	5	16	9	14
4	Glucose	27	5	2	12	8	19	7	10	12	17	5	2
5	Actovegin	30	42	4	н/д	29	121	6	2	22	39	37	16
6	Tienam	8	9	78	24	11	10	2	8	2	50	16	3
7	Heparin	24	6	64	15	21	40	13	33	17	82	53	21
8	Cefson	324	18	50	9	7	1	29	51	н/д	н/д	2	4
9	Amoxiclav	34	23	59	14	43	21	18	14	19	12	4	489
10	Cefotaxim	107	14	97	395	51	30	16	3	16	62	26	17

Considerable variance in the consumption structure of not only individual drugs and INN groups, but pharmacotherapeutic groups is observed in different regions (table 3). However, it should be noted, that the leader of all-Russia rating – J01 Antibacterials for systemic use tops almost all regional ratings. Only in Krasnodar it took the 2nd position. B05 Blood substitutes and perfusion solutions group which takes the 2nd position in Top-10 all-Russia rating, entered the first fiver in all regions under review. Starting from the 3rd position the regional ratings begin differ considerably. To the fullest extent Top-10 of all-Russia hospital sector is reproduced in Moscow (9 positions match), least of all - in Nizhny Novgorod (4 positions match).

Table 3. The top ten ATC groups by hospital purchase volumes (position in regional ratings)

RF rating position	ATC code	Position in Regional Ratings											
		Moscow	Saint Petersburg	Krasnodar Territory	Ufa	Kazan	Yekaterinburg	Nizhny Novgorod	Rostov-on-Don	Novosibirsk	Ulan-Ude	Krasnoyarsk	Omsk
1	J01	1	1	2	1	1	1	1	1	1	1	1	1
2	B05	3	2	1	2	2	3	2	2	2	4	2	2
3	L01	2	5	3	5	3	13	11	51	46	3	7	34
4	B01	8	7	10	3	4	2	3	3	3	6	3	3
5	N01	4	6	7	13	7	6	7	8	5	13	6	6
6	N05	10	3	5	4	5	24	29	30	4	22	5	28
7	B02	7	13	12	17	11	9	13	10	10	8	9	30
8	N06	13	16	4	10	10	30	15	7	9	16	8	11
9	J06	5	12	6	11	12	15	25	27	41	19	31	16
10	V08	9	8	17	7	6	4	26	4	12	21	19	8

Conclusion

Review has shown that the Russian hospital sector incorporates considerable regional differentiation in structural variances, different level of consumption per capita and average cost of a FPP pack. The hospital sector is also characterized by high concentration, when Moscow share amounts to 18.5% of all purchases made by hospitals of Russia.

Additional Pharmacological Support/Procurement of Necessary Drugs, Government Control

02/11/2009, Commersant

Government to subsidize loans granted to Pharmaceutical companies

535 million roubles shall be allocated from Federal Budget to provide grants to Russian pharmaceutical manufacturers for partial reimbursement of interest charges on loans obtained from Russian banks in 2008-2010 for technological retrofit. It follows from the draft decree of Government of Russian Federation published on the website of Ministry of Industry and Trade last Friday.

09/11/2009, Nezavisimaya Gazeta

Ministry of public health and social development reduced a list of life-saving medications

Last Friday T.Golikova, Head of Ministry of Public Health and Social Development, introduced to President D. Medvedev a new version of the list of life-saving and strategic medications. The new version is reduced to 488 drugs, 165 of which are not produced in Russia. From these 165 drugs the government experts selected 51 preparations used for treatment of the most severe diseases requiring costly treatment, as well as acute cardiovascular conditions, infective and some other socially significant diseases. It appears that special attention shall be paid to these drugs and their production is one of the objectives set to the domestic manufacturers. D.Medvedev said that formation of a list of strategic medications which Russia must produce on an independent basis was set as a priority task in the course of Committee on Modernization and Technological Development of Economy of Russia.

11/11/2009, RBK daily

Russian Government determined a list of antiviral agents suppliers for 2009 for purposes of State reserve

Three Russian manufacturers of antiviral agents and one producer of breath guards are chosen by the government to create the State reserve of medications for swine flu attacks. Pharmstandard was chosen as a supplier of Arbidol, Niarmedic plus – Cagocel, Biocad – Genferon Light. Gexa shall supply breath guards for State reserves. Products manufactured by these producers shall be purchased by Government out of competition for purposes of Federal Reserve Stock. Ministry of Public Health and Social Development and Federal Medical and Biological Agency shall act as a party to the state purchase contract. The volume and total cost of purchases are not yet known to the suppliers or Ministry of Public Health and Social Development.

16/11/2009, Commersant

Ministry of Public Health and Social Development formed parameters of financial appropriations for preferential pharmaceutical support

On Friday during meeting with regions, T.Golikova, Head of Ministry of Public Health and Social Development stated that in 2010 the financial appropriations for purchase of drugs for aided persons shall amount to 88.4 billion roubles. Nominal increase of funding for 2010 made 3% after previous 14.5% (in 2008 the financial appropriations amounted to 74.8 billion roubles, in 2009 - 85.7 billion roubles).

Meanwhile the growth of funding planned for 2010 will not even compensate inflation. According to DSM Group, only from January to August 2009 prices for medications escalated by 15.2%. According to Federal State Statistics Service, from December 2008 to September 2009 medications have risen in price by 16.2%.

Ministry of Public Health and Social Development expects that regions settle the problem: Minister alerted them to the necessity to pay more attention to purchases of cheep domestic products. Following the results of a meeting, T.Golikova promised to submit to Prime Minister a report specifying the regions which suffer chronic deficiency in arrangement of pharmaceutical support for aided persons.

19/11/2009, Vedomosty

Ministry of Public Health and Social Development determined suppliers of medications for aided persons for the start of 2010

Early in November Ministry of Public Health and Social Development held a tender to select suppliers of medications for aided persons for 8 billion roubles: medications shall be just about enough for the first two months of 2010, said D.Mikhailova, Director of Pharmaceutical Market and Medical Equipment Development Department. According to her, a tender for the remaining 10 months will be held in December. In total, 45.9 billion roubles have been allocated for the federal part of the program for additional pharmacological support (APS) in 2010, another 42.5 billion roubles are intended to share at the regional tenders. Last year 75 billion roubles were allocated for the federal and regional parts of APS.

For the first two months the biggest government contracts have been signed with distributors Rost (1.7 billion roubles) and Pharmimex (1.698 billion roubles), and manufacturer Pharmstandard (1.549 billion roubles), according to report on the results of the tender. Pharmstandard intends to supply three medications, but only one of them will be manufactured on its own (over 90 million roubles are allocated for this purpose).

24/11/2009, Gazette

State Duma intends to tighten responsibility of manufacturers for poor quality and faked medications

Tatiana Yakovleva, Deputy of State Duma, said that State Duma passed in a first reading amendments which provide for criminal responsibility of manufacturers who produce faked medicines and bio supplements. Apart from that, she believes that it is necessary to make it criminal offence to sell expired medications and pirate copyrights, as well as to introduce additional microchip-aided protection system for medications.

Pharmaceutical market participants for the most part support tightening of preventive measures for manufacturers of faked medications. "Tightening is really required, fraudsters must bear criminal responsibility", said Sergey Shulyak, General Director of Analysis Agency DSM Group. "Now they are prosecuted for illegal business practices and usage of other people's trade mark. The former and the latter only involves fines".

25/11/2009, Regnum.ru

By March 2010 drug pricing procedure will be developed in Russia

By the end of 2009, two drug pricing procedures will be issued, according to Sergey Novikov, Head of Federal Tariff Service within "government hour" at the meeting of Federation Council. Novikov stated that procedures will deal with prices set by manufacturers, as well as resale and retail markups. According to Novikov, the drug pricing procedures shall be finally completed by March 1, 2010. Apart from that, the issue of publication drug prices in the Internet is under discussion.

NEWS FROM COMPANIES

05/11/2009, RBKdaily

Novo Nordisk announced decision to build a plant in Russia

Novo Nordisk plant may be set up on the territory of Tver, Kaluga or Yaroslavl Regions, according to the company. Yana Kotukhova, representative of Novo Nordisk, informed RBK daily that the company shall decide regarding the site by the end of November. According to Ms. Kotukhova, chances are that the Russian plant will cover not just domestic market. Novo Nordisk intends to supply insulin in other countries as well. The company doesn't disclose investment volumes and deadlines of the construction project.

10/11/2009, RBKdaily

Veropharm refuses to produce outdated preparations

Veropharm, a plant asset of 36.6, almost completely refused to produce generics. These drugs known since Soviet times (including analgin, riboxin, aspirin) bring small profit, but production process is rather costly. Veropharm conventional drugs sales in the nine months to end September 2009 dropped by 77%, and their sales contribution reduced up to 2%. In 2005 these drugs sales amounted to 20% of total sales.

19/11/2009, Gazette

Russian businessman Vladimir Bryntsalov to obtain Minsk pharmaceutical plant into ownership

A.Lukashenko, President of Belorussia, signed a decree concerning transfer of assets of Dialec Republican Unitary Enterprise (Minsk) into Ferane Joint Public Limited Company ownership. Debts of Minsk plant to Budget totaling to 1.2 million USD will be discharged. In total, prior to the end of this year, V.Bryntsalov will get assets of about 4.5 million USD.

After that, V.Bryntsalov must transfer Ferane JPLC shares into ownership of Belorussia to the amount of 25% plus 1 share. By Decree, the Government of Belorussia shall within three months enter into a contract with MSP-oil plant also owned by V.Bryntsalov for the construction of pharmaceutical plant on the basis of Dialec. A new plant should start operating by 2015.

30/11/2009, Commersant

Sanofi-Aventis to take part in Pharmpolis program

Sanofi-Aventis signed Memorandum of Understanding with OOO Prominvest, 100% subsidiary of Russian Technologies within the visit of Prime Minister of Russian Vladimir Putin to France. Memorandum implies participation of Sanofi-Aventis, which acquired in October 74% of the Russian manufacture of insulin ZAO Bioton Vostok, in Pharmpolis under the guidance of Proiminvest. Pharmpolis project created on the initiative of Russian Government is focused on localization of innovative drugs manufacturers, "attraction of high-tech facilities and procurement of manufacturers with sufficient resources for development of business and extensive network of suppliers".

Source of information – IMS Health
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