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

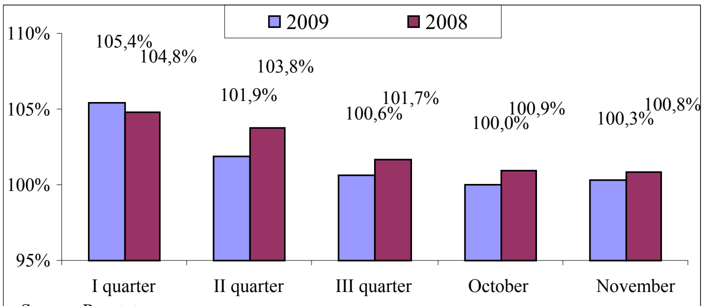
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, Consumer Price Index was estimated as 100.3%. For the period from start of the year, it has increased by 8.4% (in January-November 2008 – by 12.5%).

In November, Industrial Producer Price Index was 99.5%, whereas a month ago it amounted to 99.1%. For the period from start of the year, it escalated to 113.3% (for the same period in 2008 – 93%).

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



Source: Rosstat

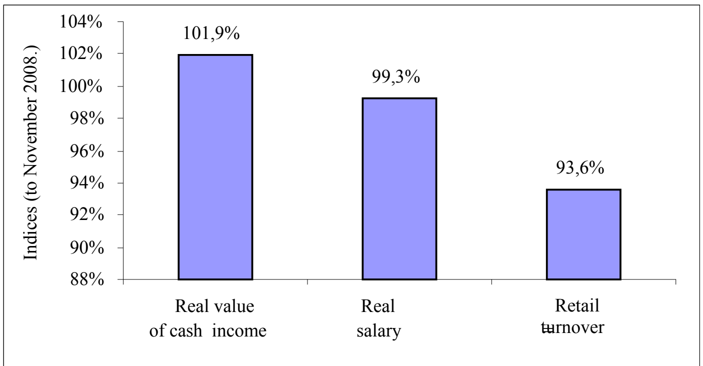
Living standard

According to preliminary Federal State Statistics Service's data, in November 2009 a gross monthly average salary per worker reached 19,174 roubles - USD642.0). The real salary in November 2009 was estimates as 99.3% compared with the same period in 2008. As compared with the same period of 2008, the real value of cash incomes increased by 1.9%, in January-November – by 1.1% (Fig. 2).

Retail turnover

Retail turnover in November 2009 was equal to 1,258.3 bn roubles, which in stock amounts to 93.6% compared to the same period a year ago (Fig. 2).

Figure 2. Real value of cash incomes, real salary and retail turnover in November 2009



Source: Rosstat

Manufacture of industrial products

According to Federal State Statistics Service's data, Industrial Production Index in November 2009 amounted to 101.5% compared to the same period in 2008, to the previous month – 102.0%. In January –November 2009, the Index was equal to 88.0% (in January –November 2008 – 103.7%).

Domestic production

According to Ministry of Industry and Trade's data, in January – November 2009 Pharmaceutical Production Index was equal to 90.1% compared to January - November in 2008. In November 2009 it escalated to 98.3% compared to November in 2008 and 101.9% compared to October 2009.

Production volume of medicine and pharmaceutical products for January – November 2009 amounted to 83 bn roubles.

The top ten domestic manufacturers by production volume are presented in Table 1. The total production volume by top ten manufacturers was estimated as 238 mn USD.

Table 1. Top ten chemical and pharmaceutical manufacturers by production volume in November 2009

Rating position	Manufacturer	Production volume, $mn
1	Pharmstandard	88,9
2	Nizhpharm	31,1
3	Valenta	22,3
4	Veropharm	20,2
5	Materia Medica	17,6
6	Microgen	16,6
7	Pharm-Center	13,1
8	Akrihin	11,0
9	Biosintez	8,7
10	Pharm-sintez	8,5

Table 2 provides pharmacy sales data in 10 regions of Russian Federation. In October 2009 the pharmacy sales growth was registered in all analyzed regions. The highest growth was observed in St Petersburg (+23%), the least – in Krasnodar Territory (+6%).

Table 2. Pharmacy sales in regions, 2009

Region	Pharmacy sales, $mn (wholesale prices)			Growth gain, % (roubles)		
	August 2009	September 2009	October 2009	August/ July 2009	September/ August 2009	October/ September 2009
Moscow	80,3	100,4	125,5	-1%	19%	21%
St Petersburg	25,6	34,3	43,6	0%	28%	23%
Krasnodar Territory	20,9	20,6	21,9	7%	-6%	3%
Novosibirsk Region	14,5	17,9	19,4	1%	18%	5%
Tatarstan	13,1	15,9	19,2	6%	16%	17%
Krasnoyarsk Territory	9,9	12,3	13,5	2%	19%	6%
Rostov Region	13,6	15,2	17,0	6%	7%	8%
Voronezh Region	8,9	10,3	11,7	9%	11%	10%
Perm	3,7	5,9	7,1	-17%	50%	17%
Tumen	4,5	4,4	4,8	18%	-8%	6%

Advertising

The top advertisers and the trade names of pharmaceutical products highly publicized in mass media (TV, radio, press, outdoor advertising) are shown in Tables 3 and 4.

Table 3. Top five advertisers in mass media in November, 2009.

Rating position	Company*	Quantity of broadcasts
1	Berlin-Chemie Menarini Group	6 989
2	Reckitt Benckiser	3 432
3	Pharmstandard	2 791
4	Novartis	2 623
5	Sanofi-Aventis	2 336

Source – TNS Gallup AdFact

Table 4. Top five trade names in mass media in November, 2009.

Rating position	Trade name*	Quantity of broadcasts
1	Prostamol Uno	1 818
2	Nurophen	1 683
3	Essentiale	1 316
4	Evalar	1 311
5	Strepsils	1 265

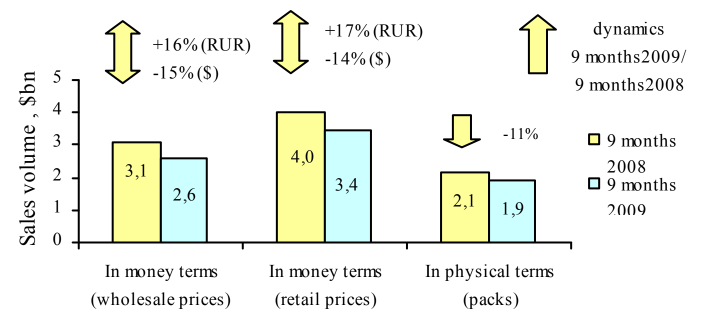
Source – TNS Gallup AdFact

* Only products registered with State Register of Medicines were considered

RUSSIAN OTC DRUG 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 nine months of 2009 the sales of over-the-counter drugs in physical terms reduced by 11% and made up 1.9 bn packs. Russia OTC drug market saw sales increase 16% in terms of roubles to 85.1 bn roubles in wholesale prices. In terms of USD it, on the contrary, reduced by 15% up to 2.6 bn dollars (Fig.1). The over-the-counter drugs share amounts to 49% of the pharmaceutical market. The average cost of a pack didn't virtually change compared to I half of this year (USD1.79) and amounted to USD1.81 in retail prices (in 2008 - USD1.87). At an average the retail margin was 32%, which is more than the last year margin (31%). For the first nine months of 2009, the average Russian consumer spent 24.21 dollars for over-the-counter drugs, whereas for the same period in 2008 - USD28.16).

Figure 1. Russian OTC drug market for 9 months of 2008 – 9 months 2009



The share of domestic FPP in the analyzed period is twenty five per cent of OTC drug market. Among the foreign companies, FPP made in Germany (17%), USA (10%) and France (6%) make up the highest share of the pharmaceutical market. Products made in Great Britain and Switzerland accumulate 5% of market each.

Following the results of nine months of 2009, in the rating of the ten top manufacturers by over-the-counter drugs sales only two companies changed their positions (table 1). The most dynamic company of Top-10 Reckitt Benckiser (+45%) moved up from the 12th to 7th position, whereas Nycomed (+18%) which used to be on the 7th position moved down the row. Due to its negative sales growth, Solvay Pharmaceuticals (-12%) fell outside of the rating. The Russian Pharmstandard as before heads the Top-10 rating, despite of the delay in growth rates and considerable reduction of a market share The total share aggregated by the ten top over-the-counter products remained practically unchanged – 45.5%.

Table 1. The top ten manufacturers by pharmacy sales

Rating position		Manufacturer	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Pharmstandard	9,1	10,0
2	2	**Novartis (inc. Lek-Sandoz)**	9,1	9,5
3	3	**Sanofi-Aventis**	6,0	5,7
4	4	**Berlin-Chemie/ Menarini Pharma GmbH**	4,6	4,6
5	5	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	4,4	4,1
6	6	**Johnson & Johnson**	3,1	2,9
7	12	**Reckitt Benckiser**	2,6	2,0
8	7	**Nycomed**	2,5	2,4
9	9	**Stada-Nizhpharm**	2,3	2,2
10	10	**Merck Sharp & Dohme Idea.**	2,0	2,1
Итого			45,5	45,6

*AIPM members are in bold

Antiviral Arbidol (+12%) remains the best-selling over-the-counter drug in Russia (Table 2). No more drugs from Top-10 retained their positions. Linex and TeraFlu, the flu and colds treatment, moved down to the lower positions, whereas seven drugs, on the contrary, improved their rating positions. They include a newcomer in Top-10 – Magne B6 (+29%), which showed the highest growth and took the 10th position instead of the 17th. However, in spite of the rating progress prevailing among the Top-10 drugs, only two of them expanded their shares, whereas three of them reduced their shares and the reduction was more considerable than expansion, which resulted in the reduction of the total top ten share from 12.9% to 12.5%.

Table 2. The top ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Arbidol	2,8	2,9
2	3	Essentiale N	1,6	1,5
3	2	Linex	1,6	1,6
4	5	Mezym forte	1,3	1,3
5	8	No-spa	1,0	1,0
6	7	Pentalgin N	1,0	1,0
7	9	Lazolvan	0,9	0,9
8	6	TeraFlu, the flu and colds treatment	0,9	1,1
9	10	Vobenzim	0,8	0,9
10	17	Magne B6	0,8	0,7
Total			12,5	12,9

Polyvitamin+Multimineral (+14%), the top INN and generic names rating leader, continues to hold its leading position (table 3). One of the most dynamic trade names Xylometazoline (+28%) moved up from the 3rd to the 2nd position. Only Ibuprophen (+39%) gained ground faster, which allowed it to take the 7th position instead of 9th. One more drug showed a rating progress. This is a newcomer in Top-10 – Drotaverin (+19%) which moved up from the 14th position to the 9th. The total top ten share saw sales increase from 20.1% to 20.3%.

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

Rating position		INN/Generic name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Polyvitamin+Multimineral	3,7	3,8
2	3	Xylometazoline	2,8	2,5
3	2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	2,8	2,9
4	4	Pancreatin	2,4	2,4
5	5	Fluconazol	1,7	2,0
6	6	Phospholipids	1,6	1,5
7	9	Ibuprophen	1,5	1,3
8	7	Ambroxol	1,5	1,5
9	14	Drotaverin	1,2	1,1
10	10	Coffein+Codeine+Naproxen+ Metamizole sodium+Phenobarbital	1,1	1,2
Total			20,3	20,1

The top ten ATC group rating (table 4) continues to remain reasonably stable. Only one newcomer entered the top ten rating, this is A05 Group Bile and Liver Therapy, which took the 10th position (+27%). Apart from that, two moves took place in the rating. The higher sales growth allowed R01 Nazal Preparations (+19%) and N05 Psycholeptics (+17%) to move up the row by moving less dynamic A07 Antidiarrheals (+15%) and M02 Topical Products for Joint and Muscular Pain (+3%) down. The remaining five groups didn't change their rating positions including the leader - N02 Analgesics (+17%). The total share of the Top 10 groups has reduced from 54.6% to 54.1%.

Table 4. The top ten ATC groups by pharmacy sales

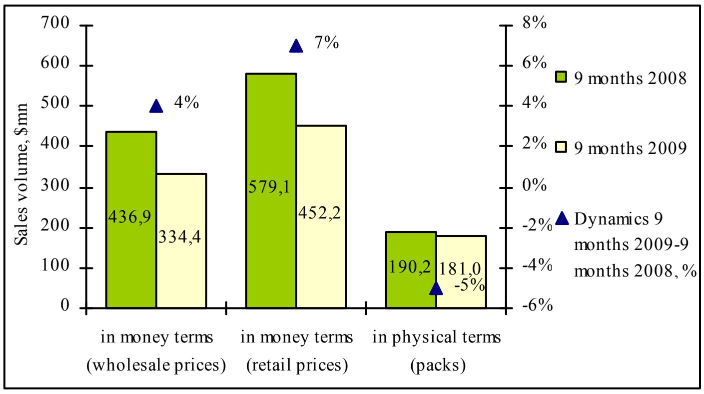
Rating position		ATC code	ATC group	Share in total pharmacy sales, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	N02	Analgesics	10,7	10,5
2	2	A11	Vitamins	7,4	7,2
3	3	R05	Cough and cold preparations	6,3	7,0
4	5	R01	Nasal preparations	5,9	5,7
5	4	A07	Antidiarrheals	5,8	5,8
6	6	L03	Immunostimulants	4,8	5,3
7	7	R06	Antihistamines for systemic use	3,9	3,7
8	9	N05	Psycholeptics	3,2	3,2
9	8	M02	Topical Products for Joint and Muscular Pain	3,1	3,5
10	12	A05	Bile and liver therapy	3,0	2,7
Total				54,1	54,6

Conclusion. The OTC drug market in the nine months of 2009 brought in 112.2 billion roubles (3.4 bn dollars) in final prices. In comparison with the last year it saw sales increase 17% in roubles, whereas in terms of dollars it experienced a 14% drop. In physical terms the market reduced as well (by 11%). In comparison with the results of I half of 2009, growth indicators hasn't changed much (-15% - in dollar terms and -12% - in packs). The average cost of an over-the-counter drug pack continues to be lower than the average cost of it throughout Russia (USD1.81 vs. USD2.69) at a bit higher retail margin (32% vs.31%). For the analyzed period the population expenses for over-the-counter drugs reduced from USD28.16 to USD24.21 compared to the last year.

RUSSIAN BIOLIGICALLY ACTIVE ADDITIVE (BAA) MARKET: 2009 FIRST 9 MONTHS RESULTS

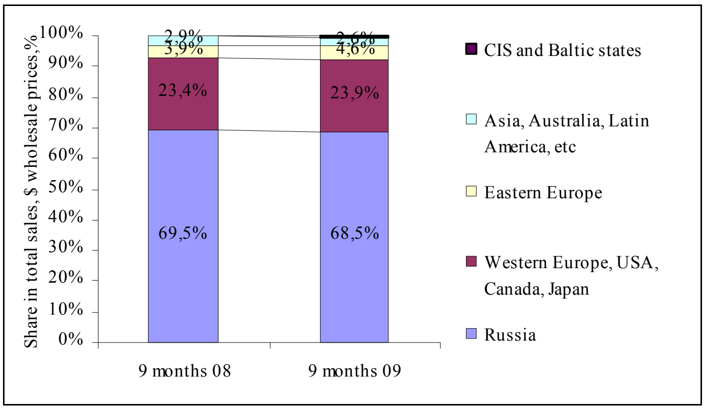
According to the results of the Retail Audit of BAA in Russian Federation™, for the nine months of 2009 the volume of BAA pharmacy sales in Russia totalled to 10.96 billion roubles (USD334.4 million) in wholesale prices and 14.82 bn roubles (452.2 mn roubles) in retail prices. Market gain in wholesale prices in terms of roubles amounted to 4%, whereas in terms of dollars the market reduced by 23%. In physical terms the market reduced as well (by -5%). The average cost of a BAA pack is USD2.50 at the retail margin 35% (last year - USD3.04 and 33%). It should be noted that the average cost of a FPP pack (USD2.69) is a bit higher, than of a BAA pack, whereas the retail margin is, on the contrary, lower (31%).

Figure 1. Russian BAA market for 9 months of 2009



BAA pharmacy sales breakdown structure by a country of origin (Fig.2) revealed that following the results of the analyzed period, domestic manufacturers accumulate 68.5% of the total market volume, which is less by 1% than the indicator of the last year. The share of Asian BAA has reduced as well - from 2.9% to 2.6%. BAA produced in Western European countries, USA, Canada and Japan, as well as in Eastern European countries slightly extended their market shares. The market share of BAA produced in CIS remains very low - 0.3%.

Figure 2. BAA sales breakdown structure by a country of origin following the results of 9 months of 2009



Evalar (+8%), Diod (-14%), Ferrosan (+1%) and Akvion (+17%) (Table 1) remain the best selling BAA in BAA market following the results of 9 months 2009, as was the case in the year-earlier period. The sales of the first and forth above BAA grew by priority rates, which allowed them to increase their shares and strengthen their positions. The other four drugs from the rating showed high positive sales growth: Vis (+22%), Natur Produkt (+23%), L'Oréal Group (+26%) and PharmaMed Inc. (+14%). The companies expanded their market shares and considerably increased their rating positions, apart from that, the last two of the above BAA became newcomers of Top-10. Newman Rus (-30%) and Ekomir (-9%), which took the 5th and 7th positions, moved down to the last positions in the rating due to negative sales growth. It should be noted that though the market share expansion trend prevailed in the rating, the total Top-ten share reduced from 52.3% to 52%.

Table 1. The top ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Evalar CJSC	23,7	22,9
2	2	Diod	6,4	7,7
3	3	**Ferrosan AG**	5,2	5,3
4	4	Akvion CJSC	4,3	3,9
5	8	Vis LLC	2,5	2,1
6	10	Natur Produkt	2,1	1,8
7	13	L'Oréal Group	2,0	1,6
8	11	PharmaMed Inc.	2,0	1,8
9	5	Newman Rus	2,0	2,9
10	7	Ekomir ZAO	1,9	2,2
Total			52,0	52,3

*AIPM members are in bold

Neither of BAA from the rating managed to keep their earlier positions (table 2). The leader changed as well. Capilar (-31%) which used to head the Top-10, experienced almost one third drop in sales, considerably reduced its market share and moved down to the 2nd position. By means of it, Ovesol (-0.3%) moved up to the first position, despite of its inconsiderable, but still negative sales growth and reduction of a market share. Apart from that, three newcomers entered the Top-10 rating: Turboslim (+16%), Ateroklefit (+12%), Faza 2 calories blocker (sales grew 2.8 times) and Pustyrnik forte (2.7 times), which took four bottom positions of Top-ten. The other three trade names improved their rating positions, though only one of them (Indinol) expanded its market share. The total share of Top-10 reduced by 1 p.p. and made 17.6%.

Table 2. The top ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	2	Ovesol	2,4	2,6
2	1	Kapilar	2,4	3,6
3	4	Troichatka Evalar	2,0	2,3
4	5	Turboslim drenazh	1,8	2,3
5	3	Chernika forte	1,8	2,5
6	8	Indinol	1,7	1,5
7	12	Turboslim	1,5	1,4
8	11	Ateroklefit	1,5	1,4
9	43	Faza 2 calories blocker	1,3	0,5
10	44	Pustyrnik forte	1,3	0,5
Total			17,6	18,5

The rating of the Top Ten BAA groups didn't change much (table 3). Groups which take positions from the 1st through 7th positions, as well as BAA containing iron (on the 9th position) retained their positions. BAA group for those who take control of their weight (-6%) continues to remain the leader of the Top ten rating, though its sales and market share reduced. Some shifts took place in the bottom part of Top-10 rating. BAA group for reduction of risk for functional menstrual disorders saw sales increase 25% and moved up from the 10th to 8th position. The more dynamic BAA group of soft sedative action (+34%), the only newcomer of rating, moved up to take its position from 14th position. The total share accumulated by the ten top BAA groups remained practically flat – 70.5%.

Table 3. The top ten BAA groups by pharmacy sales

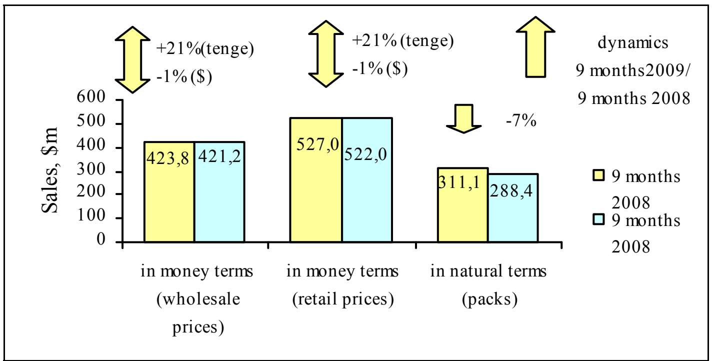
Rating position		BAA group	Share in total pharmacy sales,%	
9 months 2009	9 months 2008		9 months 2009	9 months 2009
1	1	BAA for those who take control of their weight	15,2	16,9
2	2	BAA of general tonic action	14,2	14,8
3	3	BAA – antioxidants	7,2	8,7
4	4	BAA for resetting and maintaining normal intestinal track flora	6,8	5,8
5	5	BAA of general tonic action for men and women	6,3	5,6
6	6	BAA – sources of polyvitamins containing particular minerals and mineral complexes	5,3	4,9
7	7	BAA for maintaining functions of liver, bile passages and bile cyst	5,1	4,9
8	10	BAA for reduction of risk for functional menstrual disorders	3,8	3,2
9	9	BAA containing iron	3,4	3,3
10	14	BAA of soft sedative action	3,2	2,5
Total			70,5	70,5

Conclusion. Following the results of nine months of 2009, pharmacies experienced a 5% drop in BAA sales in natural terms and 22% in dollar terms. At 7% positive growth in terms of roubles, which appeared to be lower than the growth following the results of the first half-year (+12%), the BAA market brought in 14.8 bn roubles (452.2 mn dollars) in final consumption prices. In terms of roubles BAA market grew by slower rates compared to OTC drug market, but in physical terms it reduced less dynamically (+17% and -11% respectively). The average cost of BAA pack is lower than the average cost of a pack on the entire FPP pharmacy market (USD2.50 vs. USD2.69), but higher than in OTC drug segment (USD1.79). The retail margin is also considerably higher, than on the drug market (35% vs. 31% and 32%). BAA produced in Russia, which market share amounts to 68.5%, continue to remain the leaders among BAA.

KAZAKHSTAN PHARMACEUTICAL MARKET: 2009 FIRST 9 MONTHS RESULTS

According to the results of the Retail Audit of Finished Pharma Products (FPP) in Kazakhstan™, for the first three quarter of 2009 the retail pharmaceutical market in terms of Kazakhstan tenge increased by 21% (in dollars reduced by 1%) compared with the last year. In wholesale prices the market achieved 421.2 m USD (61.9 b tenge), in retail prices – 522.0 m USD (76.7 b tenge) (Fig.1). Drugs turnover in natural terms reduced by 7% and amounted to 288.4 m packs. The average cost of a pack in retail prices is USD 1.46. (for reference, in the same period of 2008 - USD1.36). The average retail margin didn't change as compared with 2008 and amounts to 24%. Following the results of nine months of 2009, level of FPP consumption per capita is USD 33.09. (in 2008 - USD 33.84).

Figure 1. Kazakhstan hospital market for 9 months of 2008 – 9 months 2009



The vast majority of FPP sold in pharmacies of Kazakhstan were produced in Germany (19%). The share of FPP made in USA is 7% of the market, FPP made in India, France and Slovenia - 6% each. FPP made in Russia amount to 5% share of the pharmacy market alongside with FPP from Denmark and Kazakhstan.

The top manufacturers list by pharmacy sales in Kazakhstan based on the results of nine months 2009 revealed changes only in the lower part of the rating (table 1). Low sales performance of Solvay Pharmaceuticals (+6%) resulted in reduction of its share by 0.5 p.p. and loss of one rating position. In this connection Gedeon Richter (+16%), in spite of reduction of its share, moved upward from 7th position to 6th one. Nycomed (+40%) taking the 4th position showed the highest performance. Servier/Egis (+31%) increased its sales gains by 1/3 and took the 8th position instead of 10th one. The leading companies Novartis and Sanofi-Aventis showed the same considerable rates of growth which made them possible to reinforce their positions. The total share of the Top 10 has increased and amounted to 40.1%.

Table 1. The top ten manufacturers by pharmacy sales

Rating position рейтинге		Manufacturer*	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Novartis (inc. Lek-Sandoz)**	6,6	6,1
2	2	**Sanofi-Aventis**	5,9	5,5
3	3	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	4,9	4,8
4	4	**Nycomed**	4,8	4,2
5	5	**Berlin-Chemie/ Menarini Pharma GmbH**	3,5	3,9
6	7	**Gedeon Richter**	3,4	3,5
7	6	**Solvay Pharmaceuticals**	3,2	3,7
8	10	**Servier/Egis**	2,7	2,5
9	8	Ratiopharm GmbH	2,6	2,7
10	9	**GlaxoSmithKline**	2,6	2,5
Итого			40,1	39,3

*AIPM members are in bold

The upper part of top ten trade names rating remained unchanged (table 2). Actovegin (+20%), Linex (+47), Essentiale N (+43%) and Mezim Forte (+20%) retained their positions from 1st through 4th. From the remaining six trade names four showed a rating progress. Among them there are two newcomers of Top-10. They are TeraFlu for treatment of flu and cold (+54%) which took 6th position instead of 16th and No-spa (+38%) which moved upwards from 19th to 10th position. As in the previous case, the total share of the Top 10 has increased from 8.0% to 8.3%.

Table 2. The top ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Actovegin	1,6	1,6
2	2	Linex	1,1	0,9
3	3	Essentiale N	0,9	0,8
4	4	Mezim forte	0,8	0,8
5	7	Dufaston	0,7	0,7
6	15	Teraflu for treatment of flue and cold	0,7	0,5
7	8	Sumamed	0,7	0,7
8	5	Viagra	0,6	0,7
9	6	Cefazolin	0,6	0,7
10	19	No-spa	0,6	0,5
Total			8,3	8,0

A newcomer entered the Top ten INN and generic names rating (table 3). They are Phospholipids (+43%) which due to the highest performance among leaders moved upwards from 12th to 8th position. Apart from this group the other two INN improved their rating positions: due to sales increase by 25%, Ambroxol shifted from 5th to 4th position, and Xylomethazoline (+41%) moved upwards from 10th to 7th position. Three leaders –Pankreatin (+16%), Polivitamin+Multimineral (+2) and Diclofenac (+14%) retained their positions despite of delay in growth rates and reduction of market shares. The total share of the Top 10 has reduced as well - from 11.4% to 11%.

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

Rating position		INN/Generic names	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Pancreatin	1,7	1,7
2	2	Polyvitamin+Multimineral	1,4	1,7
3	3	Diclofenac	1,2	1,3
4	5	Ambroxol	1,2	1,1
5	4	Fluconazole	1,1	1,1
6	6	Azitromicin	1,0	1,0
7	10	Xylomethazoline	1,0	0,8
8	12	Phospholipids	0,9	0,8
9	7	Ketaprofen	0,8	0,9
10	8	Cefazoline	0,7	0,9
Total			11,0	11,4

A newcomer entered the top ten ATC group rating (table 4). That was the most fast-moving A07 Antidiarrheals (+36%), which shifted from 11th to 9th position. The lowest performance in the top-10 rating was shown by A11 Vitamins (+6%), as a result they moved down from 3rd to 6th position. Thank's in large part to these shifts, the groups taking 4-6 positions moved upward the row. J01 Antivirals for systemic use (+11%) and N02 Analgesics (+26%) remained the best selling drugs in the domestic market, and the latter strengthened its position. The total share of the Top 10 reduced from 43.8% to 43.5%.

Table 4. The top ten ATC groups by pharmacy sales

Rating position		ATC code	ATC group	Share in total pharmacy sales, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	J01	Antivirals for systemic use	9,3%	10,2%
2	2	N02	Analgesics	5,5%	5,3%
3	4	R05	Cough and cold preparations	4,1%	4,0%
4	5	G03	Sex hormones	4,0%	4,0%
5	6	M01	Antiinflammatory and antirheumatic products	3,9%	3,7%
6	3	A11	Vitamins	3,8%	4,3%
7	7	G04	Urologicals	3,4%	3,3%
8	8	L03	Immonostimulants	3,3%	3,2%
9	11	A07	Antidiarrheals	3,1%	2,8%
10	9	A05	Bile and liver therapy	3,1%	3,0%
Total				43,5%	43,8%

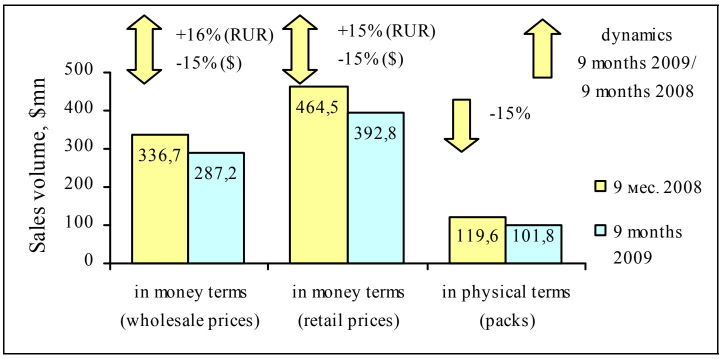
Conclusion. Following the results of nine months of 2009, Kazakhstan retail market dropped by 7% in natural terms and by 1% in dollar terms and amounted to USD 522.0 m. In terms of national currency the market increased by 21%. In comparison with results of the first half year, market performance didn't basically change. An average cost of a pack increased as compared with the same period last year (from USD1.36 to USD 1.46), whereas the average retail margin didn't changed (24%). It should be noted that in Kazakhstan average population expenses for drugs and average cost of a pack and average markup are considerably lower than the same values in Russia.

MOSCOW REGION PHARMACY MARKET: 2009 FIRST 9 MONTHS RESULTS

As of January 1, 2009, Moscow Region population was estimated as 6.712 mn, which makes 4.7% of the total Russian Federation population and 18.1% of the Central Federal District (CFD). According to Federal State Statistics Service's data, in January-September 2009 the average salary in the Moscow Region was 23,437.7 RUR (USD752.7), which is higher by 29%, than the average salary in Russia (18,171.5 RUR).

According to the results of the Retail Audit of Finished Pharma Products (FPP) in Russian Federation™, for the first three quarters of 2009 the pharmacy market of Moscow Region in physical terms reduced by 15% and made up 101.8 million packs. The market volume in wholesale prices saw increase 16% (in terms of roubles) to 9.4 bn roubles. In term of dollars, it, on the contrary, saw decrease 15% to 287.2 mn dollars (Fig. 1). Based on the results of the analyzed period, the average cost of a pack in pharmacies of Moscow region was USD3.86. (in the same period of 2008 - USD3.88). The average pharmacy retail margin was 37% (last year - 38%).

Figure 1. Moscow Region pharmacy market for 9 months of 2008 – 9 months 2009



Products made in Germany (17%) make up the highest percentage of FPP sold in Moscow Region market. The share of domestic FPP is fifteen per cent. The share of products made in USA is 9%, and the ones made in France - 8%. The share of products made in Great Britain and Switzerland is 6% each, and the ones made in Slovenia is 5% each.

Based on the results of the first nine months of 2009 compared to the same period of 2008 in the region, the half of top ten manufacturers retained their positions (table 1). Three leaders are listed among them: Novartis (+8%), Sanofi-Aventis (+15%) and Pharmstandard (+4%). Due to sales growth by 21%, Bayer Healthcare moved up from the 5th position to the 4th by moving Servier/Egis (+16%) down the row. Nycomed (+26%) market gained ground faster, which allowed it to enter the rating and take the 8th position instead of 11th. Two companies: GlaxoSmithKline (+8%) and Gedeon Richter (+14%) moved down the row and took two bottom positions. Of particular note, five companies in the rating reduced their shares, which resulted in the reduction of the total share by 1p.p. – up to 41.3%.

Table 1. The top ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Novartis (inc. Sandoz-Lek)**	7,4	7,9
2	2	**Sanofi-Aventis**	5,9	5,9
3	3	Pharmstandard	4,8	5,3
4	5	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	4,5	4,3
5	4	**Servier/Egis**	4,5	4,4
6	6	**Berlin-Chemie/ Menarini Pharma GmbH**	3,5	3,4
7	7	**Merck Sharp & Dohme Idea.**	2,9	3,0
8	11	**Nycomed**	2,7	2,5
9	8	**GlaxoSmithKline**	2,6	2,7
10	9	**Gedeon Richter**	2,5	2,6
Total			41,3	42,1

*AIPM members are in bold

Three drug newcomers entered the rating of top trade names (table 2). Due to its outperformance, Sialis (+86%), Geptral (+20%) and No-Spa (+19%) moved upwards from 31st, 13th and 14th positions to 7th, 9th and 10th respectively. Apart from them, the other three trade names improved their rating positions: Viagra (+28%) moved up from the 5th position to the 2nd one, Mezym forte (+18%) moved up from the 7th position to the 5th one and Detralex (+14%) moved up from the 9th position to the 8th. Concurrently with this, three FPP (Linex, Essentiale N and Xenical) moved down to much lower positions. Antiviral Arbidol (+5%) retained its leading position, though its share reduced. The total share accumulated by the Top 10 trade names reduced as well, from 8.5% to 8.3%.

Table 2. The top ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Arbidol	1,5	1,6
2	5	Viagra	1,0	0,9
3	2	Linex	1,0	1,1
4	3	Essentiale N	0,9	1,0
5	7	Mezym forte	0,7	0,7
6	4	Xenical	0,7	1,0
7	31	Sialis	0,7	0,4
8	9	Detralex	0,6	0,6
9	13	Geptral	0,6	0,6
10	14	No-Spa	0,6	0,6
Total			8,3	8,5

The top INN and generic names rating leader changed: Xylometazoline has become the leader due to 1/3 sales growth (Table 3). Failure to reach such a high growth didn't allow Polyvitamin+Multimineral (+15%) to retain a leading position: it moved down to the 2nd position. Trade names on the 3rd to 5th lines retained their positions. Sildenafil (+28%) moved up from the 8th to the 6th position by displacing Phospholipids (+8%). The rating newcomers: Ibuprophen (+36%) and Azithromycin (+31%) took the 8th and 9th positions, and Amoxicillin+ Clavulanic acid (+7%) moved down to the bottom position of Top-10. The total share of Top-10 saw slight increase and reached 12%.

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

Rating position		INN/Generic name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	2	Xylometazoline	1,9	1,6
2	1	Polyvitamin+Multimineral	1,9	1,9
3	3	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,5	1,6
4	4	Pancreatin	1,3	1,3
5	5	Fluconazol	1,1	1,1
6	8	Sildenafil	1,0	0,9
7	6	Phospholipids	0,9	1,0
8	17	Ibuprophen	0,8	0,7
9	15	Azithromycin	0,8	0,7
10	9	Amoxicillin+ Clavulanic acid	0,8	0,9
Total			12,0	11,7

No newcomers entered the Top ten ATC groups rating compared to the previous Top-10 (table 4). The four leading groups remained unchanged: N02 Analgesics (+15%), J01 Antivirals for systemic use (+12%), L03 Immunostimulants (+7%) and A11 Vitamins continue to remain the best selling drugs in the regional market, and the latter strengthened its position. R05 Cough and cold preparations (+1%), which used to take the 5th position, showed the lowest growth in Top-10 and moved to the bottom position. At the same time four groups improved their positions. The most dynamic group of rating - R01 Nazal preparations (+26%) took the 5th position instead of the 7th, and A07 Antidiarrheals (+18%), G03 Sex hormones and C09 Agents acting on the renin-angiotensin system (+22%) moved up to the 7th, 8th and 9th positions respectively. The cumulative share of the Top ten groups escalated to 40.7%.

Table 4. The top ten ATC groups by pharmacy sales

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

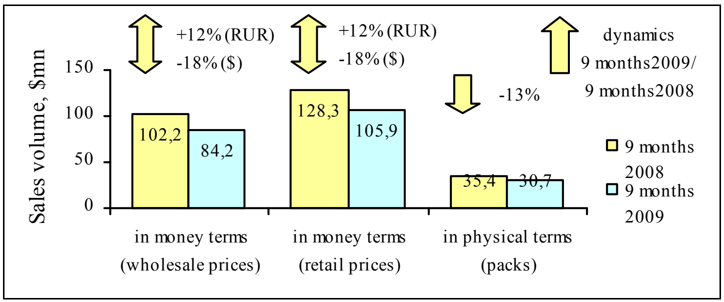
Conclusion. The Moscow region pharmacy market in the first nine months to end September 2009 brought in12.8 billion roubles (USD392.8 million) in final consumption prices, which is by 15% more than last year in terms of roubles and 15% less - in terms of dollars. In physical terms the market reduced by 15% as well. The average cost of a FPP pack (USD3.86) and the average medicine expenses per capita (USD58.51) exceeded the analogous indicators throughout Russia (2.69 USD and 49.89 USD). The average pharmacy margin was also considerably higher: +37% vs. +31%.

NOVOSIBIRSK PHARMACY MARKET: 2009 FIRST 9 MONTHS RESULTS

(As of January 1, 2009) Novosibirsk population was estimated as 1.397 million – which makes 1% of the total Russian Federation population and 7.1% of Central Federal District (CFD). According to Federal State Statistics Service's data, in January-September 2009 the average salary in the Novosibirsk Region was 16,588.4 RUR. (USD532.7). - which is lower by 9% than the average salary throughout Russia (USD 18,171.5).

According to the results of the Retail Audit of Finished Pharma Products (FPP) in Russian Federation™, for the first nine months of 2009, in Novosibirsk pharmacy sales in physical terms reduced by 13%. In terms of money the market increased by 12% in roubles (in dollars it reduced by 18%) and amounted to 2.7 billion roubles (USD84.2 million) in wholesale prices (exclusive of Additional pharmacological support). The city share in the total volume of Russia pharmacy market is 1.5%. The average cost of a FPP pack is USD3.45. (in 2008 - USD3.63). The average pharmacy retail margin didn't change and makes 26%.

Figure 1. Novosibirsk pharmacy market for 9 months of 2008 – 9 months 2009



Domestic drugs (17%) make up the highest percentage of FPP sold in Novosibirsk pharmacies. The share of FPP made in Germany is sixteen per cent, the share of FPP made in USA and France is 8% each. The share of products made in Great Britain and Switzerland is 5% each.

Following the results of three quarters in 2009, Novartis (-1%), Sanofi-Aventis (+19%) and Bayer Healthcare (+12%) continue to retain their leading positions in the Novosibirsk pharmacy market (Table 1). Only one of them increased its share. Merck Sharp & Dohme Idea (+22%) also expanded its market share in this connection it took the higher 4th position. Another company from Top-10 moved up the row: Berlin-Chemie/Menarini Pharma (+14%) moved up from 9th position to the 10th one. It should be noted that the market share reduction trend prevailed in the analyzed rating: Only two companies increased their market shares, whereas four companies reduced them, even the leader reduced it by 0.8p.p. The total share of Top-10 also reduced, but not considerably and amounted to 39.5%

Table 1. The top ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Novartis (inc. Lek-Sandoz)**	6,4	7,2
2	2	**Sanofi-Aventis**	5,5	5,1
3	3	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	4,6	4,6
4	5	**Merck Sharp & Dohme Idea.**	4,5	4,1
5	4	**Servier/Egis**	4,1	4,2
6	6	Pharmstandard	3,5	3,5
7	7	**Nycomed**	3,2	3,2
8	8	**Solvay Pharmaceuticals**	2,7	2,8
9	10	**Berlin-Chemie/ Menarini Pharma GmbH**	2,5	2,5
10	9	**Gedeon Richter**	2,4	2,5
Total			39,5	39,7

*AIPM members are in bold

Only two top trading names kept their positions in the rating of top pharmaceutical products (table 2). They are antiviral Arbidol (+13%) and contraceptive Yarina (+4%). The remaining Top-10 participants changed their rating positions. Three trade names with negative or not high sales growth - Viagra (-7%), Linex (+1%) and Tanakan (-6%) worsened them. The remaining five FPP moved up to the higher positions. A newcomer in Top-10 – antiaggregant Plavix (+17%) showed the most significant rating progress moving up from the 12th position to the 8th. The total top ten share saw sales decrease and amounted to 7.7%.

Table 2. The top ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Arbidol	1,2	1,2
2	2	Yarina	1,0	1,1
3	4	Essentiale N	0,8	0,7
4	5	Actovegin	0,7	0,7
5	8	Geptral	0,7	0,7
6	3	Viagra	0,7	0,8
7	6	Linex	0,7	0,7
8	12	Plavix	0,6	0,6
9	10	Pariet	0,6	0,7
10	7	Tanakan	0,6	0,7
Total			7,7	8,1

Two newcomers entered the Top ten INN and generic names rating (table 3). Phospholipids (+21%) moved up from 12th position to the 8th, and Clopidogrel moved from 18th position to the 10th thanks largely to sales growth of Plavix. The other three trade names – Xylometazoline (+14%) and Enalapril (+10%) also showed a rating progress by taking the 3rd, 5th and 7th position respectively. The first two expanded their market shares due to their outperformance rates, whereas the latter retained its share unchanged. The two leaders – Polyvitamin+Multimineral and Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (by 13% each) didn't change their market shares either. The total share of the top ten drugs almost didn't change and made 10%.

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

Rating position		INN/Generic name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Polyvitamin+Multimineral	1,8	1,8
2	2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,2	1,2
3	4	Xylometazoline	1,1	1,1
4	3	Ethinylestradiol and drospirenone	1,1	1,1
5	9	Panctreatin	0,9	0,8
6	5	Gingko biloba	0,8	0,9
7	8	Enalapril	0,8	0,8
8	12	Phospholipids	0,8	0,7
9	6	Ethinylestradiol and desogestrel	0,8	0,8
10	18	Clopidogrel	0,7	0,7
Total			10,0	10,1

The top ten ATC group rating (table 4) continues to remain reasonably stable. Only the group taking the bottom position changed: based on the results of three quarters this position was taken by R01 Nazal preparations (+14%). The remaining groups except for a leader only changed their market shares: Four of them reduced their shares and the other four increased them. G03 Sex hormones (+10%) with its stable share 5.7% remains the best selling group in the regional market. The total share of the Top 10 reduced and amounted to 40.3%.

Table 4. The top ten ATC groups by pharmacy sales

Rating position		ATC code	ATC group	Share in total pharmacy sales, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	G03	Sex hormones	5,7	5,7
2	2	J01	Antibacterials for systemic use	4,9	5,4
3	3	L03	Immunostimulants	4,6	4,8
4	4	N02	Analgesics	4,1	4,6
5	5	A11	Vitamins	4,1	3,9
6	6	M01	Anti-inflammatory and antirheumatic products	3,9	3,8
7	7	C09	Agents acting on the rennin-angiotenzin system	3,8	3,5
8	8	N06	Psychoanaleptics	3,4	3,5
9	9	A05	Bile and live therapy	3,1	2,8
10	11	R01	Nazal preparations	2,8	2,7
Total				40,3	40,7

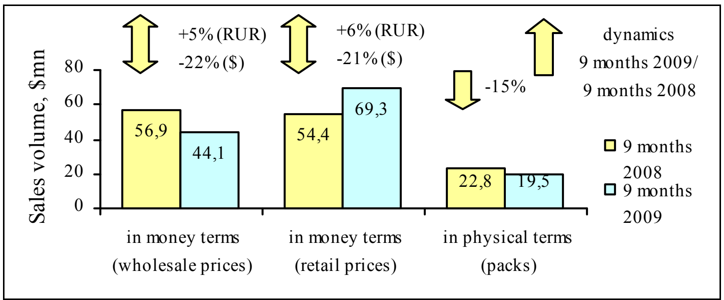
Conclusion. The Novosibirsk pharmacy market in the nine months to end September 2009 brought in 3.45 billion roubles (USD105.9 million) in final consumption prices. The regional retail market growth in terms of money proved to be lower than all-Russia indicators (in terms of roubles the sales gain amounted to 12% vs. 17%). The market reduction in physical terms was more considerable (-13% vs. -9%). The average cost of a FPP pack, USD3.45, and the average sum spent by residents of the region for purchase of FPP (USD75.76) were higher than the average cost of it throughout Russia (USD2.69 and USD49.89). The retail margin (26%) proved to be lower than the average margin throughout Russia (31%).

KRASNOYARSK PHARMACY MARKET: 2009 FIRST 9 MONTHS RESULTS

According to Federal State Statistics Service's data, as of January 1, 2009, Krasnoyarsk population was estimated as 947.8 thousand, which makes 0.7% of the total Russian Federation population and 4.8% of the Central Federal District (CFD). The average salary in the Krasnoyarsk Territory for January-September amounted to 19,834.4 roubles (USD636.9), which is 9% lower than the average salary level in Russia for the same period (18,171.5 roubles).

According to the results of the Retail Audit of Finished Pharma Product (FPP) in Russian Federation™, for the first three quarters of 2009, Krasnoyarsk pharmacies sold 19.5 mn packs which is 15% less than for the same period last year. In terms of money the city pharmacy market saw sales increase 5% in terms of roubles to 1.4 billion roubles (USD44.1 mn) in wholesale prices (exclusive of Additional pharmacological support). In terms of dollars the city market reduced by 22%. The city share in the total volume of Russia retail market is 0.8%. The average cost of FPP pack is USD2.8 (in the same period of 2008 - USD3.04). The average pharmacy margin was 23%, whereas in 2008 - 22%.

Figure 1. Krasnoyarsk pharmacy market for 9 months of 2008 – -9 months 2009



Domestic FPP are the best selling drugs in the Krasnoyarsk pharmacy market – their share escalated to 18%. The share of drugs made in Germany is seventeen percent. American and French FPP accumulate 8% of regional market each, Indian ones make 6%. Products made in Great Britain, Hungary and Slovenia accumulated 5% of market each.

Only one newcomer entered the top ten manufacturers rating by pharmacy sales in the region for the first three quarters of 2009 (Table 1). This is Israeli Teva (+15%) which moved up from its 11th position to the 10th, whereas Solvay Pharmaceuticals (-4%), a company which used to take that position, fell out of the Top-10 rating. The other two companies (Bayer Healthcare and Berlin-Chemie/Menarini Pharma), due to their outperformance, improved their positions, and the other two, to the contrary, worsened them (Servier/Egis and Merck Sharp & Dohme). The remaining Top-10 participants didn't change their rating positions. Among them are the rating leaders - Novartis (0%) and Sanofi-Aventis (+4%). Of particular note, Pharmstandard experienced the highest gains in sales in Top-10, which resulted in the expansion of its market share and allowed it to retain the 5th position. The total share of the Top 10 remained unchanged 41%.

Table 1. The top ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Novartis (inc. Lek-Sandoz)**	7,6	8,0
2	2	**Sanofi-Aventis**	5,5	5,6
3	4	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	4,9	4,6
4	3	**Servier/Egis**	4,5	4,6
5	5	Pharmstandard	4,3	3,9
6	8	**Berlin-Chemie/ Menarini Pharma GmbH**	3,1	3,1
7	7	**Gedeon Richter**	3,0	3,2
8	6	**Merck Sharp & Dohme Idea.**	2,9	3,2
9	9	**Nycomed**	2,8	2,6
10	11	**Teva**	2,3	2,1
Total			41,0	41,0

*AIPM members are in bold

The top ten trade names rating by pharmacy sales changed its leader (Table 2). Tropicamide which saw sales jump 47 times for the analyzed period became its leader. Despite the considerable sales growth, Viagra (+26%) and Arbidol (+23%) moved down the row and took the 2nd and 3rd positions respectively. The other trade names moved down to the lower positions. They are Essentiale N (-0.1%), Yarina (-9%), and Movalis (-7%) which showed negative sales grow. At the same time three FPP showed a positive rating progress. Actovegin (+10%), Ketonal (+5%) and Mezym forte (0%) moved up to the 4th, 5th and 8th positions respectively. The total share of Top ten rating increased by 2 p.p. and achieved 8.8%.

Table 2. The top ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	602	Tropicamide	1,9	0,0
2	1	Viagra	1,2	1,0
3	2	Arbidol	1,0	0,9
4	5	Actovegin	0,8	0,7
5	6	Ketonal	0,7	0,7
6	3	Essentiale N	0,7	0,8
7	4	Yarina	0,7	0,8
8	9	Mezym forte	0,6	0,7
9	7	Movalis	0,6	0,7
10	10	Enalapril	0,6	0,6
Total			8,8	6,9

The noted above high sales growth of Tropicamide allowed the same-name INN to take the top position in the top INN and generic names rating by moving the last year leader Polyvitamin+Multimineral (+3%) to the second position (table 3). The other tree drugs (Ketoprofen, Pancreatin and Enalapril) took the lower positions. At the same time four drugs made a rating progress. Among them there is a newcomer that entered the Top-10 - Azithromicine (+2%) despite of its not high sales growth and reduction of a market share. The total share of Top ten rating increased by 2 p.p. and achieved 12.1%.

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

Rating position		INN/Generic name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	287	Tropicamide	1,9	0,1
2	1	Polyvitamin+Multimineral	1,7	1,8
3	4	Xylometazoline	1,3	1,1
4	2	Ketoprofen	1,3	1,3
5	8	Sildenafil	1,2	1,0
6	3	Pancreatin	1,1	1,1
7	9	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,0	0,9
8	5	Enalapril	0,9	1,0
9	11	Azithromicine	0,8	0,9
10	10	Ambroxol	0,8	0,9
Total			12,1	10,0

J01 Antibacterials for systemic use (-12%) which used to top the top ten ATC groups rating in 2008 reduced their sales and moved down to the 2nd position (Table 4). In this connection, the first position was taken by N01 Analgesics (+6%) despite of not high sales growth. The rating progress was shown by the other two groups, including a newcomer of Top-10 – S01 Ophthalmologicals (+78%). The group showed high sales growth, expanded its market share more than 2 p.p. and moved up from the 12th position to the 5th position. Due to this fact, the total share of the Top 10 has increased as well - from 42.6% to 43.2%.

Table 4. The top ten ATC groups by pharmacy sales

Rating position		ATC code	ATC group	Share in total hospital purchases, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	2	N02	Analgesics	5,9	5,9
2	1	J01	Antibacterials for systemic use	5,5	6,5
3	4	M01	Anti-imflammatory and antirheumatic products	4,9	4,9
4	3	G03	Sex hormones	4,6	5,1
5	12	S01	Ophthalmologicals	4,3	2,5
6	6	A11	Vitamins	4,0	3,8
7	5	R05	Cough and cold preparations	3,9	4,1
8	7	C09	Agents acting on the renin-angiotensin system	3,7	3,7
9	8	R01	Nazal preparations	3,4	3,1
10	10	G04	Urologicals	3,0	2,9
Total				43,2	42,6

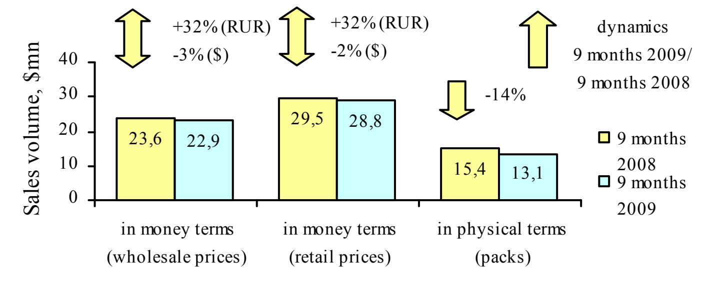
Conclusion. The Krasnoyarsk pharmacy market in the nine months to end September 2009 brought in 1.77 billion roubles (USD54.4 million) in retail prices. The city market growth rates were lower than the growth rates of the entire Russian market and saw sales increase 6% in terms of roubles and -21% in terms of dollars (the average rates throughout Russia +17% and -14% respectively). In physical terms the market dropped by 15%, whereas the entire Russian pharmacy market - by 9%. The average cost of a FPP pack in the city pharmacies (USD2.8) is a bit higher, than the average cost of it throughout Russia; whereas the retail margin is lower (23%). The medicine expenses made by Krasnoyarsk residents exceeded the average expenses throughout Russia (USD57.41 vs. USD49.89).

TVER PHARMACY MARKET: 2009 FIRST 9 MONTHS RESULTS

As of January 1, 2009, Tver population amounted to 409.0 thousand people – which makes 0.3% of the total Russian Federation population and 1.1% of Privolzhsky Federal District (PFD). According to Federal State Statistics Service's data, in January-September 2009 the average salary in the Tver Region was 13,657.8 RUR (USD438.6), which is 25% lower than the average salary in Russia.

According to the results of the Retail Audit of Finished Pharma Products (FPP) in Russian Federation™, for the first nine months of 2009 the volume of city pharmacy market in physical terms reduced by 25% and made up 13.1 million packs. The sales in terms of roubles increased by 32%, whereas reduced in terms of dollars by 3% and brought in 747.7 million roubles (USD22.9 million) in wholesale prices (exclusive of Additional Pharmacological Support). The city share in the total volume of Russia pharmacy market amounts 0.4%. The average cost of a FPP pack in the analyzed period is USD2.19. (in 2008 - USD1.92). The average pharmacy margin has increased as compared with the previous year and escalated from 25% to 26%.

Figure 1. Tver pharmacy market for 9 months of 2008 – -9 months 2009



The fifth part of FPP sold in the city pharmacies is made in Russia. FPP produced in Germany constitute a considerable market share (15%). American and French drugs' share is 7% of market each, drugs from Slovenia and India make 5% of market each.

In the first nine months of 2009 the rating of the ten top manufacturers by pharmacy sales hasn't changed in composition, but underwent some shifts (table 1). Three companies maintained their original positions: a leader of Top-10 Novartis (+6%) and participants closing the list KRKA (+19%) and Teva (+8%) Three rating participants (Sanofi-Aventis, Berlin-Chemie/Menarini Pharma and Bayer Healthcare) improved their positions, whereas four of them, to the contrary, worsened them. However, the majority of the companies expanded their market shares, which resulted in the expansion of the total share of top-ten up to 41%.

Table 1. The top ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Novartis (inc. Lek-Sandoz)**	6,1	6,0
2	4	**Sanofi-Aventis**	4,9	4,2
3	2	Pharmstandard	4,9	5,3
4	6	**Berlin-Chemie/ Menarini Pharma GmbH**	4,2	3,8
5	3	**Servier/Egis**	4,2	4,2
6	8	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	4,2	3,3
7	5	**Nycomed**	3,9	4,1
8	7	**Gedeon Richter**	3,3	3,4
9	9	KRKA D.D.	3,0	3,2
10	10	**Teva**	2,2	1,9
Total			41,0	39,3

*AIPM members are in bold

As in the previous rating, in Top-ten trade names rating three participants retained their positions (table 2). They are the leaders for Top-10 Actovegin (+19) and Arbidol (+69%) and Movalis (+15%) taking the last position. Five trade name including newcomers showed a rating progress. Essentiale N (+91%), Yarina (+125%), Concor (+43%) and Viagra (+46%) which took the 3rd, 6th and 9th positions respectively. Diroton (-2%) and Mexidol (-10%) reduced their sales in the region, and moved down to the lower 7th and 8th positions in the rating. Based on the results of the first nine months of 2009, ten top trade names accumulated 8.2% of the regional market.

Table 2. The top ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Actovegin	1,3	1,4
2	2	Arbidol	1,3	1,0
3	19	Essentiale N	0,8	0,5
4	6	Linex	0,8	0,9
5	29	Yarina	0,8	0,4
6	12	Concor	0,7	0,6
7	5	Diroton	0,7	0,9
8	4	Mexidol	0,7	1,0
9	17	Viagra	0,7	0,6
10	10	Movalis	0,6	0,7
Total			8,2	8,1

The top INN and generic names rating leader managed to hold its first position (table 3). Due to its high sales growth, Polyvitamin+Multimineral (+45%) not only retained its top position, but also strengthened it. Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester, the most dynamic drug of Top-ten (+69%) moved up from the 6th position to the 2nd. It should be noted that the other six drugs took the higher positions. Among them – three newcomers: Nimesulide (+65%), Azithromycin (+52%) and Pancreatin (+30%). The total share of Top-10 increased by 0.5 p.p. and made 10.7%.

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

Rating position		INN/Generic names	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Polyvitamin+Multimineral	1,4	1,3
2	6	Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,3	1,0
3	4	Bisoprolol	1,2	1,0
4	11	Nimesulide	1,1	0,9
5	9	Xylometazoline	1,1	1,0
6	2	Enalapril	1,0	1,2
7	14	Azithromicine	1,0	0,8
8	12	Pancreatin	0,9	0,9
9	10	Indapamid	0,9	1,0
10	3	Lizinopril	0,8	1,0
Total			10,7	10,2

Despite of the apparent reduction of its market share, N02 Analgesics (+6%) continues to remain the leader of the top ATS group rating (table 4). M01 Anti-imflammatory and antirheumatic products (+38%), N06 Psychoanaleptics (+18%) and N05 Psycholeptics (+34%) retained their 2nd, 6th and 9th positions respectively. Among the remaining six groups only two of them moved down to the lower 4th and 10th positions, whereas four of them improved their positions. The newcomers showed the most apparent rating progress - L03 Immunostimulants (+53%) moved up from its 11th position to the 7th, G03 Sex hormones (+75%) – from the 15th to the 8th. The total share of top ten increased from 39.5% to 39.9%.

Table 4. The top ten ATC groups by pharmacy sales

Rating position		ATC code	ATC group	Share in total pharmacy sales, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	1	N02	Analgesics	5,5	6,0
2	2	M01	Anti-imflammatory and antirheumatic products	5,1	4,8
3	4	J01	Antibacterials for systemic use	4,7	4,6
4	3	C09	Agents acting on the renin-angiotensin system	4,5	4,6
5	8	A11	Vitamins	3,8	3,7
6	6	N06	Psychoanaleptics	3,3	3,7
7	11	L03	Immunostimulants	3,3	2,8
8	15	G03	Sex hormones	3,3	2,4
9	9	N05	Psycholeptics	3,2	3,2
10	7	R05	Cough and cold preparations	3,1	3,7
Total				39,9	39,5

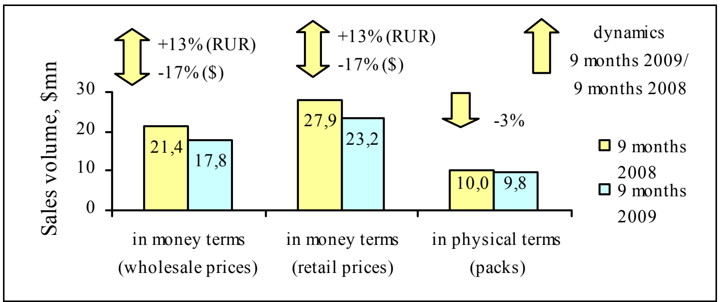
Conclusion. The Tver pharmacy market in the nine months to end September 2009 saw sales increase 32% in terms of roubles (in dollars it reduced by 2%) to 939.9 million roubles (USD28.8 million) in retail prices. In physical terms the market reduced by 14%, which represent the considerably more apparent negative sales growth compared to the entire Russian pharmacy market (-9%). In the region both the average cost of a FPP pack (USD2.19) and the average retail margin (+26%) was lower than the average costs throughout Russia, whereas the consumption level per capita (USD70.46) is notably higher (USD49,89).

SMOLENSK PHARMACY MARKET BASED ON THE RESULTS OF 9 MONTHS OF 2009

According to Federal State Statistics Service's data, as of January 1, 2009, Smolensk population was estimated as 315.6 mn, which makes 0.2% of the total Russian Federation population and 0.9% of the Central Federal District (CFD). According to Federal State Statistics Service, in January-February 2009 the average salary in the Smolensk Region was 12,614.2 RUR. (USD405), which is 31% lower than the average salary throughout Russia for the same period.

According to the results of the Retail Audit of Finished Pharma Product (FPP) in Russian Federation™, for the first 9 months of 2009, city pharmacies sold 9.8 mn FPP packs which is 3% less than for the same period of last year (Fig.1). In terms of roubles the pharmacy market saw sales increase 13% (in dollars it reduced by 17%) to 582.6 million roubles (USD17.8 million) in wholesale prices (exclusive of Additional pharmacological support). The regional market share amounts to 0.3% of the Russian market. The average cost of FPP pack is USD2.38, whereas last year its cost was USD2.77. The average pharmacy retail margin didn't change and makes 30%.

Figure 1. Smolensk pharmacy market for 9 months of 2008 – -9 months 2009



Domestic FPP (21%) remain the best-selling drugs in Smolensk pharmacies, German drugs (15%) take the second position. The share of FPP made in France is 8% of pharmacy sales, FPP made in USA is 7% and in Denmark – 6%. Products made in Great Britain, Hungary, Slovenia and India accumulated 5% of sales each.

The rating of the ten top manufacturers by pharmacy sales in the region didn't suffer significant changes (table 1). Apart from that, half of its participants retained their positions. They are Top-10 leaders Novartis (+4%), Servier/Egis (+7%) and Nycomed (+18%), as well as Bayer Healthcare (+15%) and Gedeon Richter (+12%) taking 6th and 8th positions. The most dynamic company in the region is proved to be domestic Pharmstandard (+38%) which moved up from the 7th to 4th position. KRKA (+9%) also made a rating progress by taking the 9th position instead of the 10th. Three manufacturers moved down to the lower positions. Note that five companies in the rating reduced their shares which resulted in the reduction of the total share by 1p.p. – up to 42%.

Table 1. The top ten manufacturers by pharmacy sales

Rating position рейтинге		Manufacturer*	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	**Novartis (inc. Lek-Sandoz)**	5,9	6,4
2	2	**Servier/Egis**	5,5	5,8
3	3	**Nycomed**	4,8	4,6
4	7	Pharmstandard	4,7	3,9
5	4	**Sanofi-Aventis**	4,6	4,5
6	6	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	4,0	4,0
7	5	**Berlin-Chemie/ Menarini Pharma GmbH**	4,0	4,3
8	8	**Gedeon Richter**	3,6	3,6
9	10	KRKA D.D.	2,6	2,7
10	9	**GlaxoSmithKline**	2,3	3,2
Total			42,0	42,9

*AIPM members are in bold

Three newcomers entered the rating of top trade names (table 2). They are a hondroprotector Alflutop (53%) and ACE inhibitors Diroton (+79%) and Prestarium A (saw sales jump over 200 times), which took 7th – 9th positions. The other two trade names Arbidol (+48%) and Concor (+51%) moved up to higher positions, and four trade names (Viagra, Mexidol, Preductal and Essentiale N) moved down to lower positions. Only the rating leader – Actovegin (-6%) retained its earlier position, though due to its negative sales growth, it reduced its market share. The total share of Top-10 increased by 0.5 p.p. and made 8.9%.

Table 2. The top ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Actovegin	1,4	1,7
2	5	Arbidol	1,2	0,9
3	9	Concor	1,0	0,8
4	3	Viagra	1,0	1,0
5	4	Mexidol	0,8	0,9
6	2	Preductal	0,8	1,2
7	24	Alflutop	0,7	0,5
8	28	Diroton	0,7	0,4
9	1677	Prestarium A	0,7	0,0
10	6	Essentiale N	0,7	0,9
Total			8,9	8,4

Three newcomers entered the top INN and generic names rating (table 3). Pancreatin (+35%) moved up from the 4th position to he 12th, Azithromicine (+18%) and Xylometazoline (+44%) took the two bottom positions instead of the 11th and 19th position respectively. It should be noted that the rating progress trend prevailed in the analyzed Top-ten rating: Apart from the above drugs, the other three drugs took the higher positions. Only two drugs (Sildenafil and Trimetazidine) moved down to the lower 6th and 8th positions and the other two retained their positions. They are the rating leader Polyvitamin+Multimineral (+18%) and Ethylmethylhydroxypyridine succinate (+12%) taking the 7th place. The total share of the Top 10 has increased from 10.3% to 11%.

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

Rating position		INN/Generic names	Share in total hospital purchases, %	
9 months 2009	9 months 2008		9 months 2009	9 months 2008
1	1	Polyvitamin+Multimineral	1,5	1,5
2	4	Bisoprolol	1,5	1,2
3	10	Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,2	0,9
4	12	Pancreatin	1,0	0,9
5	9	Enalapril	1,0	0,9
6	5	Sildenafil	1,0	1,0
7	7	Ethylmethylhydroxypyridine succinate	1,0	1,0
8	2	Trimetazidine	1,0	1,4
9	11	Azithromicine	0,9	0,9
10	19	Xylometazoline	0,9	0,7
Total			11,0	10,3

The Top ten ATC groups rating changed its leader compared to the previous Top-10 ATC ratings (table 4). Due to its outperformance, N02 Analgesics (+14%) took the first position, whereas the last year leader J01 Antibacterials for systemic use (+1%) reduced its market share and moved down the row. C09 Agents acting on the rennin-angiotenzin system (+39%), one of the most dynamic groups of the rating, continue to retain the third position. The only other group which developed by higher rates was M01 Anti-imflammatory and antirheumatic products (+41%) which moved up from the 6th to 4th position. The other four groups including three newcomers also made a rating progress. They are L03 Immunostimulants (+12%), N06 Psychoanaleptics (+25%) and R01 Nazal preparations (+37%), which took three bottom positions. The total share of Top ten rating increased by 1 p.p. and achieved 37.6%.

Table 4. The top ten ATC groups by pharmacy sales

Rating position		ATC code	ATC group	Share in total hospital purchases, %	
9 months 2009	9 months 2008			9 months 2009	9 months 2008
1	2	N02	Analgesics	5,0	4,9
2	1	J01	Antibacterials for systemic use	4,8	5,4
3	3	C09	Agents acting on the renin-angiotensin system	4,7	3,8
4	6	M01	Anti-imflammatory and antirheumatic products	4,6	3,7
5	4	G03	Sex hormones	3,6	3,7
6	8		A11 Vitamins	3,4	3,4
7	5	C01	Cardiac therapy	3,0	3,7
8	11	L03	Immunostimulants	2,9	2,9
9	13	N06	Psychoanaleptics	2,8	2,5
10	16	R01	Nazal preparations	2,7	2,2
Total				37,6	36,4

Conclusion. The Smolensk pharmacy market in the nine months to end September 2009 saw sales increase 13% in terms of roubles (in dollars it reduced by 17%) to 760 million roubles (USD23.2 million) in retail prices. The regional pharmacy market growth rates were a bit lower than throughout the country (+13% vs. +17%), whereas in physical terms the market reduced less considerably (-3% vs. -9%). The average cost of a FPP pack also was much lower (USD 2.38 vs. USD2.69) as well as the average retail margin (30% vs. 31%). However, the level of consumption of FPP per capita proved to be notably higher (USD73.67 vs. USD49.89).

REGIONAL DIGEST

Additional Pharmacological Support/Procurement of Necessary Drugs, Government Control

01/12/2009, AMI-TACC

President of the Russian Federation gave instructions on medicine market

Following the results of the sitting of Commission for Modernization and Technological Development of Russia's Economy under Russian Federation President, Dmitry Medvedev has given a number of instructions. President instructed to ensure development of draft regulations to determine the priority of domestic manufacturers in placing orders for delivery of medicines and medical appliances for state and municipal needs; to establish rules in order to exclude conflict of interests in the arrangement of medical services and purchases of medicines and medical appliances for state and municipal needs; to ensure development of the system for budgeting expenses for purchase of medicines and medical appliances for state and municipal needs; to focus on the improvement of the registration system for medicines and medical appliances.

December 4, 2009, Finam.fm

FAS is not satisfied with the draft law "On Circulation of Medicines"

In the opinion of Pharmacy Community, a new law will not correct legal deficiencies, but rather increase the bureaucratic apparatus. Timofey Nizhegorodtsev, the Head of the FAS's Department for Monitoring the Social Sphere and Trade, said: "We have objections of principal to this draft law and change proposals with respect to the procedure for registration of domestic medicines and adjustments of powers of regulatory bodies, which are responsible for proper circulation of medicines on the market. Also, we have proposals associated with prevention of conflict of interests in the expert examination of drugs. We consider these proposals to be important and principal".

10/12/2009, Vremya novostey

Ministry of Public Health and Social Development to prepare a draft law on the state duty for medicines

The new law provides for introduction of the state duty for pharmaceutical manufacturers and distributors, who apply for registration of medicines. This will automatically cancel direct cash payment of services provided by registrars of the federal state institutions, which being independent legal entities are closely connected with Federal Service for the Supervision of Public Health and Social Development. "As a result, each medicine will be charged a single duty which will be directed to the budget, but not in the pocket of those who deals with registration".

09/12/2009, PRIME-TACC

Financial appropriations for preferential pharmaceutical support in 2010 to see increase 20%

Financial appropriations for preferential pharmaceutical support in 2010 will see increase 20%, despite of reduction of aided persons who opted to receive medicines, but not money compensations.

"Number of people who enjoy pharmacological support in kind continues to reduce, now it is only 4.2 million people", said the Minister. She also emphasised that "we haven't reduced funds /for reimbursement medicines/". Furthermore, for the following year the government allocated additional 13 bn roubles for pharmaceutical support of aided population categorises. Thus, "in 2010 financial appropriations for pharmaceutical support of each citizen (of aided category) will see increase 20%", informed the Minister.

18/12/2009, RBK

A list of vitally important medicines comprising 500 items brought before the RF Government

RF Ministry of Public Health and Social Development introduced to the RF Government a draft of "List of vitally important and most essential medicines" (LVIMEM), which has been extended up to 500 INN. Following the results of discussions with medical community, the list has been extended for 5 medicines including preparations for treatment of breast cancer, chronic viral hepatitis B and C, urological preparations.

Meanwhile, the Committee of Ministry of Public Health and Social Development of RF for development of the draft LVIMEM refused to accept a number of proposals with respect to inclusion or exclusion of certain preparations. Also, there was a proposal to exclude from the List some antibacterial preparations – Cagocel and Ingavirin. However, the Ministry of Public Health and Social Development found it necessary to retain them in the List, as such medicines are included into the approved by the Ministry Schedule for Treatment and Prevention of Influenza caused by Highly Pathogenic Virus Influenza A (H1N1) for adults and recommendations for prevention and treatment of flu.

24/12/2009, Vedomosty

Seven largest Russian pharmaceutical manufacturers singed an agreement for cooperation with Ministry of Public Health and Social Development

Tatyana Golikova, Head of Ministry of Public Health and Social Development, signed on behalf of the Ministry a cooperation agreement for procurement of affordable medicines with the heads of seven largest Russian pharmaceutical manufacturers. The document was signed by top managers of Pharmstandard, Valenta, Nizhpharma, Veropharma, Biokad, Akrihina and Pharm-Center. The manufacturers undertook to keep prices and range of the most common and demanding preparations "affordable and available" and to "make a pricing policy with due consideration for maintenance of social stability". In return, the Ministry of Public Health and Social Development promised to ensure non-discrimination of Russian manufacturers in regional state purchases of medicines.

28/12/2009, PRIME-TACC

RF Government introduced to State Duma a draft law "On circulation of Medicines"

The draft law shall govern the relations arising out of development, production, manufacture, pre-clinical and clinical studies of medicines, supervision over quality, efficacy, safety, trade of medicines and other actions in the field of circulation of medicines. The draft law shall establish the priority of state supervision over the production, manufacture, quality, efficacy, safety of medicines. The draft law proposes the state registration of prices and maintenance of a state register for ultimate factory prices set by manufacturers for medicines included into the List of vitally important and most essential medicines. Also, the draft law provides for the approval of the procedure for fixation of ultimate wholesale and retail margins to the prices for medicines to be granted by government authorities of constituent entities of Russian Federation.

NEWS FROM COMPANIES

16/12/2009, Pharmvestnik.ru

GEDEON RICHTER-RUS, CJSC has become a new ARPM member

Pursuant to the resolution of the general meeting of directors of ARPM manufacturers-members, GEDEON RICHTER RUS, CJSC has become a new member of Association of Russian Pharmaceutical Manufacturers (ARPM). GEDEON RICHTER RUS, CJSC is a local pharmaceutical manufacturer which produces modern efficient medicines strongly sought for by Russian Public Health Service. Based on these factors and criteria for membership in the Association we positively accepted the company's proposal to become a member of ARPM and are happy to see GEDEON RICHTER RUS, CJSC among the leading Russian manufacturers", said Victor Dmitriev, CEO of ARPM.

21/12/2009, Vedomosty

Valenta Holding found a purchaser for Novosibkhimpharm plant

Valenta Holding, one of the largest Russian pharmaceutical manufacturers, found a purchaser for Novosibkhimpharm plant. It may be acquired by R-Pharm distributor. On November 18, 2009, Novosibkhimpharm OJSC announced that R-Pharm had become an owner of 24.35% of stock of pharmaceutical manufacturer (before Valenta Holding owned 98% of the company). According to Aleksey Repika, the owner and chairman of board of directors of R-Pharm, the company submitted to FAS an application for purchase of another 50% of Novosibkhimpharm. "We plan to purchase a shareholding from 80 to 98%", he said. The max value of 100% of Novosibkhimpharm is $5 million, believes Sergey Shulyak, CEO of DSM Group. The plant needs big investments for retrofitting of production lines.

29/12/2009, Vedomosty

"36.6" pharmacies managed to attract 1.69 bn roubles within the Secondary Public Offering

Shareholders, who have the pre-emptive right for repurchase of shares within the Secondary Public Offering, acquired 61.75 mn of ordinary shares (i.e. 72% of intended offering). Earlier, the company announced that it planned to sell by public subscription 85.5 mn ordinary shares with par value of 0.64 roubles, thus 10 times having increased its charter capital. The price per share is 27.3 roubles (eight times cheaper than yesterday at closing of Moscow Central Stock Exchange), informed "36.6" earlier. "36.6" is ready to sell the other 23.75 mn shares by public subscription, the offering is in progress.

28/12/2009, Pharmvestnik.ru

Rosnanotech invested 1.3 bn roubles into the project for development of anticancer drugs

The supervisory board of Rosnanotech, the state corporation, decided to start a joint project with Medsintez, the Ural plant. The project involves the establishment of a manufacturer to produce nanoliposomal forms of anticancer drugs. The legal entity shall be established until March 2010. This will be a very big project, which has been already considered by the Commission for Modernization and Technological Development of Russia's Economy under Russian Federation President and advised to be included into the list of President Programmes.

Source of information – IMS Health

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Information of Remedium Group in Internet: http://www.remedium.ru