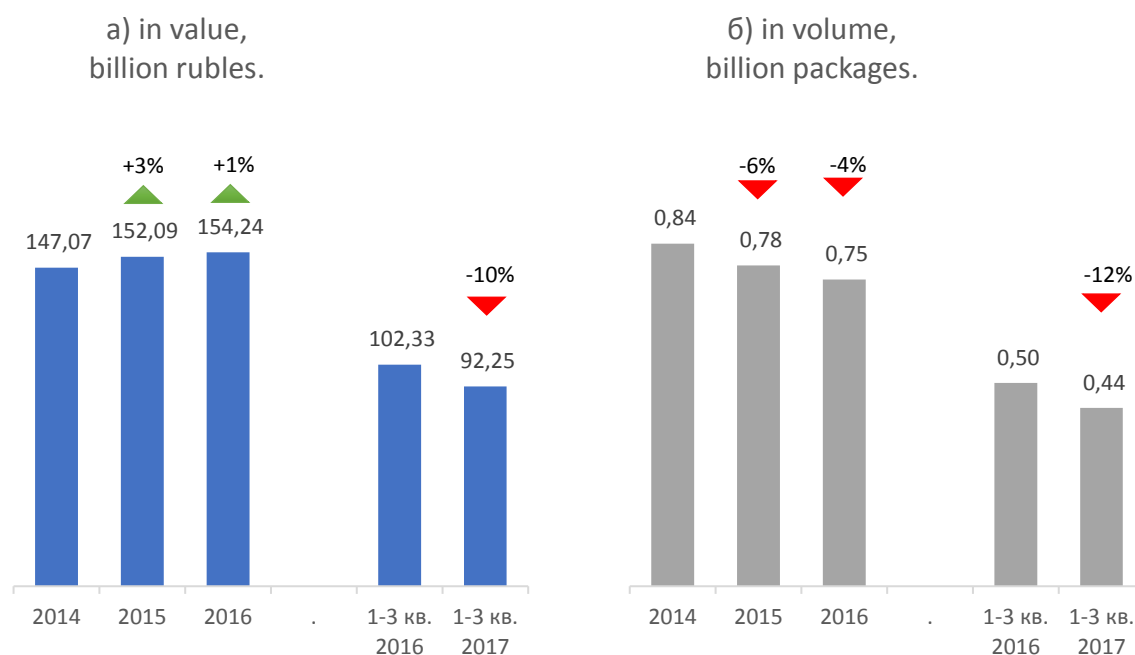


Overview of the hospital segment of the Russian pharmaceutical market based on the results of the 1st to 3rd quarter of 2017

Market behavior

Based on the results of the 1st to 3rd quarter of 2017, the total value of the hospital segment of the pharmaceutical market reached 92.3 billion rubles, while its volume reached 0.44 billion packages. Over the past few years, there has been a steady decline in the segment in volume and a slow growth in value, which, however, is in the zone of significant negative values based on the results of the three quarters of 2017 (Figure 1).

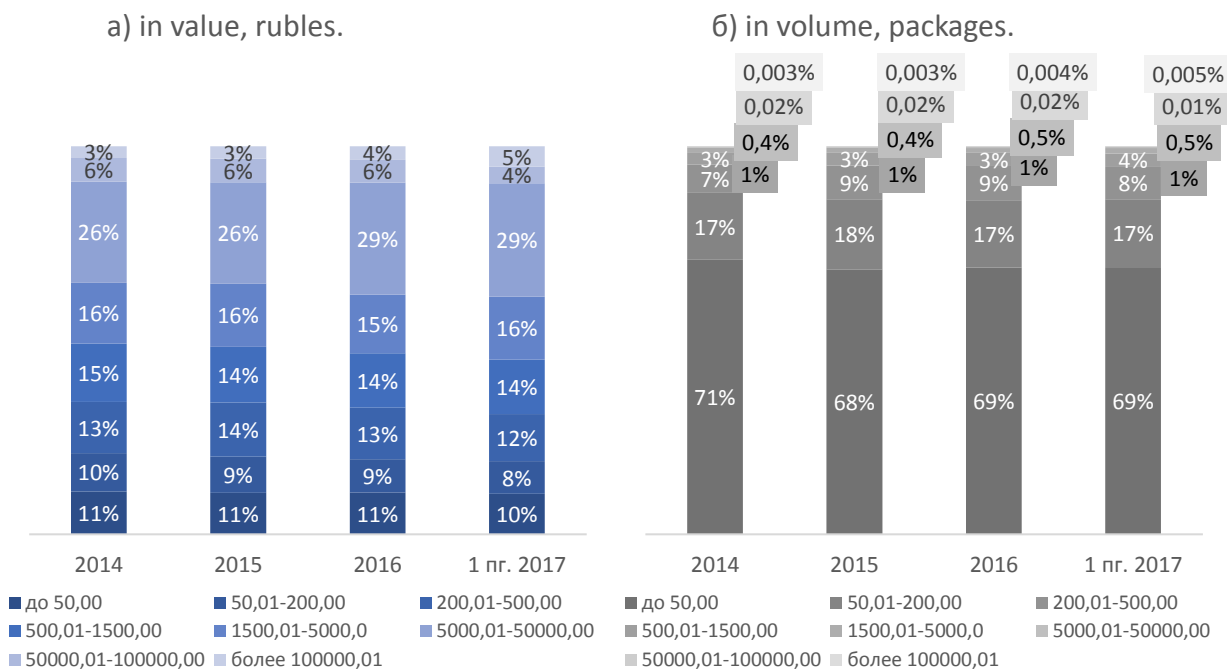
Dynamics of shipments in the hospital segment of the Russian Federation pharmaceutical market



Source: AlphaRM - Audit of medicinal products shipments in the health care facilities of the Russian Federation
Fig.1

The main reason due to which the volume of the hospital segment is shrinking, is represented by the drugs worth less than 50 rubles for a package (Figure 2), including those with INN sodium chloride, ceftriaxone and dextrose, top INNs, cumulatively accounting for more than 35% of the market (Figure 3). At the same time, the volume of price segments, in which one package costs more than 50 thousand rubles as a result of public procurements, is growing. Approximately 70% of this segment consists of antineoplastic drugs and group L immunomodulators.

The structure of price segmentation in the hospital segment of the pharmaceutical market of Russian Federation



Source: AlphaRM - Audit of medicinal products shipments in the health care facilities of the Russian Federation
Fig.1

The dynamics in TOP-10 INN by volume of shipments in packages, in the hospital segment of the pharmaceutical market of Russian Federation, 1st to 3rd quarters of 2017 compared to 1st to 3rd quarters 2016



Source: AlphaRM - Audit of medicinal products shipments in the health care facilities of the Russian Federation
Fig.3

Almost all ATC groups in the hospital segment completed the three quarters of the year with a range of decreases. Only the products of the group "R - drugs for the treatment of respiratory system diseases" grew moderately in packages, while the drugs of the group "G - drugs for the treatment of diseases of the genitourinary system and sex hormones" grew in value (Table 1).

The rating of ATC groups in the hospital segment of RF pharmaceutical market, 1st to 3rd quarter of 2017

Rating	ATC group		In value, rubles. (%)			In volume, packages (%)		
			Group's share		Growth of shipments	Group's share		Growth of shipments
			I-III q. 2017	I-IIIq. 2016	I-IIIq.2017/I-IIIq.2016	I-IIIq. 2017	I-IIIq. 2016	I-IIIq.2017/I-IIIq.2016
1	J	General antiinfectives for systemic use	21.9	22.5	-12	24.5	25.1	-14
2	L	Antineoplastic and immunomodulating agents	21.1	20.2	-6	1.2	1.2	-12
3	B	Drugs for blood and blood forming organs	18.8	19.2	-12	37.1	38.3	-15
4	N	Drugs for nervous system diseases	10.1	10.2	-10	9.2	8.7	-7
5	A	Drugs for alimentary tract and metabolism	6.3	6.1	-7	6.7	6.5	-11
6	C	Drugs for cardiovascular system	3.1	3.3	-17	4.3	4.3	-12
7	R	Drugs for treating respiratory system diseases	2.7	2.7	-10	3.0	2.5	3
8	M	Drugs for treating musculo-skeletal system diseases	2.3	2.3	-12	2.1	2.0	-10
9	H	Systemic hormonal preparations (excluding sex hormones and insulins)	1.6	1.4	0	1.4	1.4	-12
10	G	Drugs for genito-urinary system and sex hormones	1.6	1.4	3	0.4	0.4	-18
11	D	Dermatologicals	1.6	1.5	-8	7.2	6.6	-5
12	S	Drugs for treating sensory organs	1.3	1.3	-12	0.6	0.6	-15
13	Other drugs		7.7	7.7	-10	2.4	2.2	-3
Total for the hospital segment			100.0	100.0	-10	100.0	100.0	-12

Source: AlphaRM - Audit of medicinal products shipments in the health care facilities of the Russian Federation

Table 1

Ratings

Among the TOP-10 corporations, "Biocad" is leading in terms of the value by increase in shipments, while "Roche" is leading in the decrease of shipments (Table 2). The corporation "Abbott" is on the first position of the rating, but it shows a drop in sales, like most participants in the rating.

TOP-10 corporations by volume of shipments in value (rubles) in the hospital segment of the RF pharmaceutical market, 1st to 3rd quarter 2017

Rating		Corporation	Share in shipments (%)		Growth of shipments (%)
I-III q 2017	I-IIIq. 2016		I-IIIq. 2017	I-IIIq. 2016	I-IIIq. 2017/I-IIIq. 2016
1	1	Abbott	4.3	4.3	-9
2	5	Biocad	3.8	3.0	15
3	3	Novartis	3.2	3.4	-15
4	2	Sanofi	2.8	3.5	-28
5	7	Pfizer	2.6	2.1	11
6	8	Bayer Group	2.4	2.0	8
7	6	MSD	2.4	2.4	-11
8	4	F.Hoffmann-La Roche Ltd	2.0	3.0	-41
9	9	AstraZeneca	1.7	1.7	-8
10	15	Takeda	1.6	1.2	14

Source: AlphaRM - Audit of medicinal products shipments in the health care facilities of the Russian Federation
Table 2

The permanent leader of the segment, "Sodium chloride" brand had a decrease in shipments in Q 1 to 3, 2017, reducing its share to 4.1% in rubles and 25.5% in packages (Table 3). In the TOP-10, there is a noticeable take-off of Herticad from "Biocad", gained in the fight against INN trastuzumab, and the success of another brand of this company, "Taxakad", with 12 more corporations trying to challenge "Biocad"'s precedence in shipping this drug.

TOP-10 brands by volume of shipments in the hospital segment of the RF pharmaceutical market, 1st to 3rd quarter 2017

a) By value, rubles

Rating		Brand	Share in shipments (%)		Growth of shipments (%)
I-IIIq. 2017	I-IIIq. 2016		I-IIIq. 2017	I-IIIq. 2016	I-IIIq. 2017/I-IIIq. 2016
1	1	Sodium chloride	4.1	4.2	-14
2	3	Ceftriaxone	1.2	1.3	-12
3	5	Curosurf	1.0	1.1	-17
4	6	Sevoran	0.9	0.8	-6
5	11	Meropenem	0.9	0.8	1
6	61	Herticad	0.9	0.3	185
7	12	Actilyse	0.8	0.8	-3
8	16	Taxacad	0.8	0.6	21
9	9	Ultravist	0.8	0.8	-14
10	13	Glucose	0.7	0.8	-15

b) By volume, packages

Rating		Brand	Share in shipments (%)		Growth of shipments (%)
I-IIIq. 2017	I-IIIq. 2016		I-IIIq. 2017	I-IIIq. 2016	I-IIIq. 2017/I-IIIq. 2016
1	1	Sodium chloride	25.5	26.4	-15
2	2	Ceftriaxone	6.2	6.4	-15
3	3	Glucose	4.2	4.5	-18
4	5	Ethyl alcohol	3.1	3.0	-9
5	4	Cefotaxim	3.0	3.4	-23
6	6	Cefazolin	1.5	1.8	-25
7	7	Metronidazol	1.5	1.2	8
8	10	Cyprofloracin	1.4	1.1	11
9	9	Chlorhexidine	1.4	1.1	7
10	8	Ringer	1.3	1.2	-5

Source: AlphaRM - Audit of medicinal products shipments in the health care facilities of the Russian Federation Table 3

The company "R-Pharm" was the key supplier by total value of shipments, with a 4.9% share of the contracts concluded (Table 4). The TOP 10 of customers mainly features the coordinators of centralized public procurements, among which, the RF Ministry of Defense that ranks 4th in the rating and carries out centralized procurements for military hospitals (Table 5). The top customers also include some hospitals specializing in oncology.

TOP-10 public procurement providers, in value (rubles) in the hospital segment of the RF pharmaceutical market, 1st to 3rd quarter 2017

Rating	Provider	Share of the contracts signed (%)
1	R-PHARM	4.91
2	LANCET	3.85
3	EUROSERVICE	3.58
4	CORDIS LINE	3.11
5	PHARMSTORE COMPANY	2.56
6	PHARMRIVA	2.44
7	ALBATROS	1.94
8	PHARMSERVICE	1.49
9	MEDIPAL-ONCO	1.42
10	BIO-PHARMA	1.35

Source: AlphaRM - Audit of medicinal products shipments in the health care facilities of the Russian Federation Table 4

TOP-10 public procurement customers, in value (rubles) in the hospital segment of the RF pharmaceutical market, 1st to 3rd quarter 2017 .

Rating	Customer	Share of the contracts signed (%)
1	Federal publicly funded institution National Medical Research Center for Pediatric Hematology, Oncology and Immunology named after Dmitry Rogachev, Ministry of Health of the Russian Federation	1.94
2	Department for regulating the contract system of Krasnodar territory	1.89
3	Head department for trade organization of Samara region	1.51
4	Ministry of Defense of the Russian Federation	1.46
5	Saint Petersburg publicly funded health institution «City clinical oncologic dispensary»	1.40
6	Head department of Khanty-Mansi Autonomous region "Center for medicinal products monitoring"	1.38
7	Publicly funded institution «Sakhalin Agency for Projects of Development»	1.36
8	Committee for public procurements of the Republic of Dagestan	1.33
9	Public Health department of Yamal-Nenets Autonomous region	1.23
10	Saint Petersburg publicly funded health institution «Oncology Center»	1.21

Source: AlphaRM - Audit of medicinal products shipments in the health care facilities of the Russian Federation
Table 5