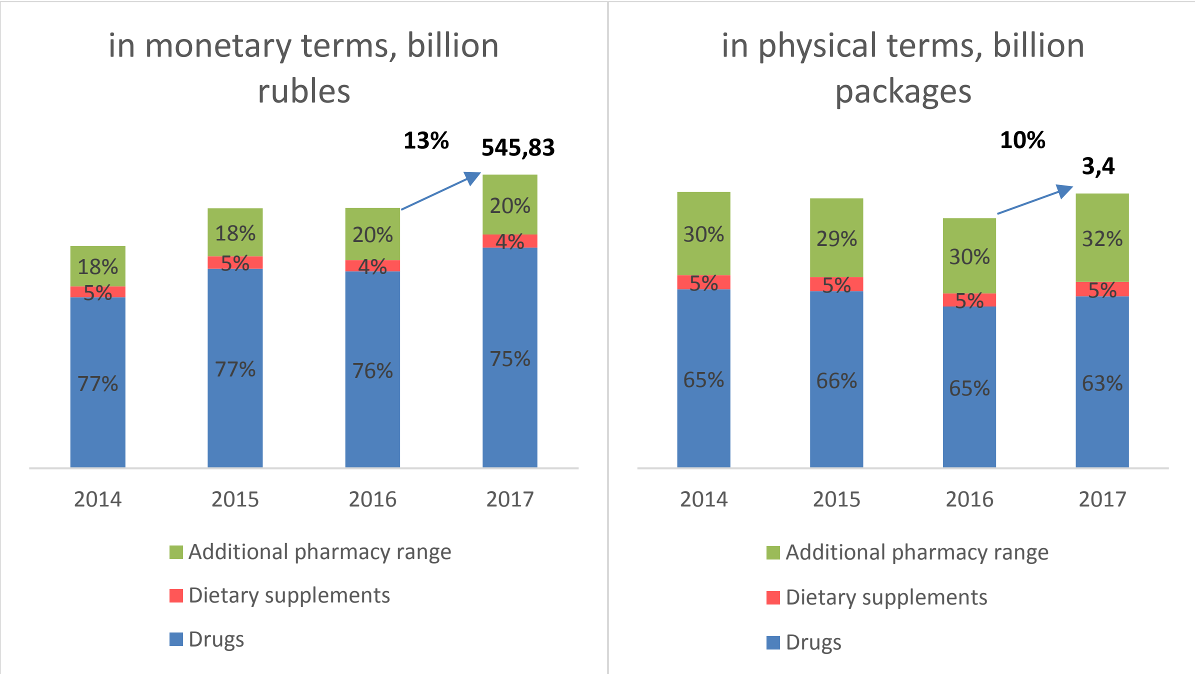
Overview of the retail business segment of the pharmaceutical market of medicinal products based on the results of the first half of 2017

The capacity of the business segment of the pharmacy market (medicinal products, dietary supplements, and pharmacy sideline) in the first half of 2017 reached 545.83 billion rubles in the prices of pharmacy sales, which is 12.7% higher than in the same period of the last year. By volume, about 3.4 billion packages were sold, which is 10% more than in the same period in 2016. Pharmaceutical products make the largest contribution to pharmacy sales: in the first half of 2017, drugs made up about 75.2% of all sales, while other sales accounted for approximately 20.3%, and dietary supplements made up 4.5% of sales (Figure 1).

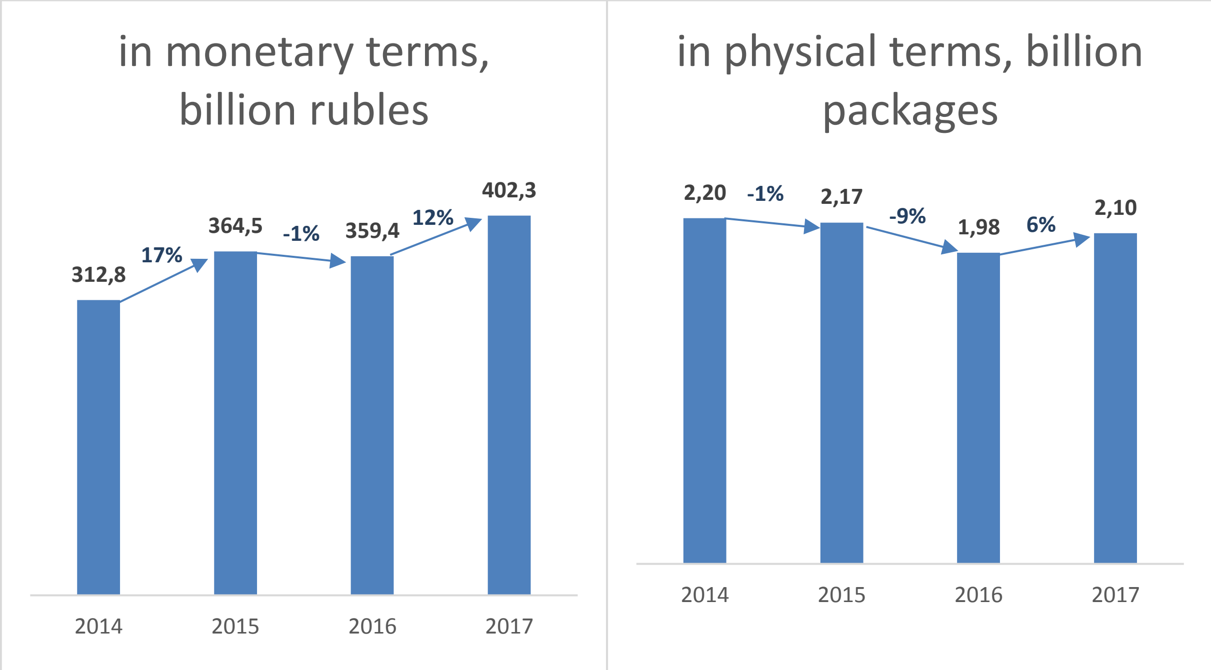
Trends in the sales in the retail commercial segment of the pharmacy market, 1-st half of 2014-2017.



Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 1

The capacity of the business pharmaceutical market of drugs in the first half of 2017 amounted to 402.28 billion rubles in pharmacy sales prices, which is 12% more than in the same period of 2016. By volume, approximately 2.1 billion packages were sold, 6.2% more than in 2016 (Figure 2).

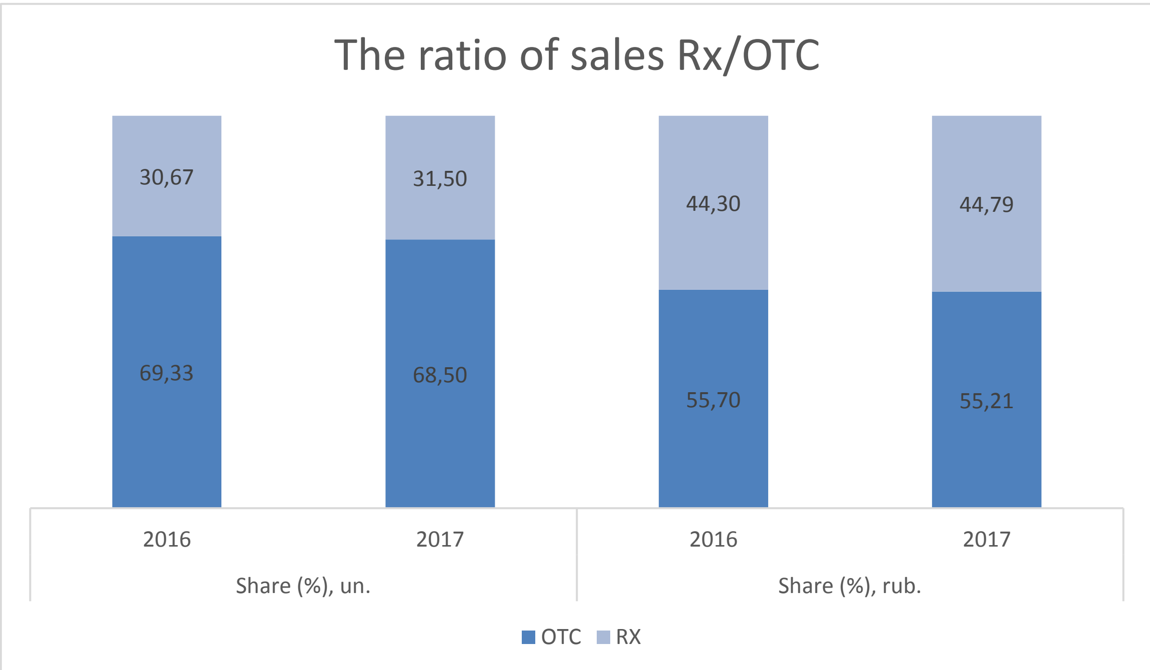
Trends in the sales of drugs in the retail commercial segment of the business pharmaceutical market, 1-st half of 2014-2017.



Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 2

In the first half of 2017, sales continued to increase in value terms, both among prescription and non-prescription drugs. In 2017, the sales of Rx drugs in rubles increased by 13% and OTC drugs by 11%. In the terms of volume, the consumption of OTC drugs in comparison with 2016 increased by 9%, while the consumption of prescription drugs increased by 5%. OTC drug accounted for the largest share of drug consumption: 55.21% in rubles and 68.5% by volume. There are no significant changes in the Rx / OTC ratio (Figure 3).

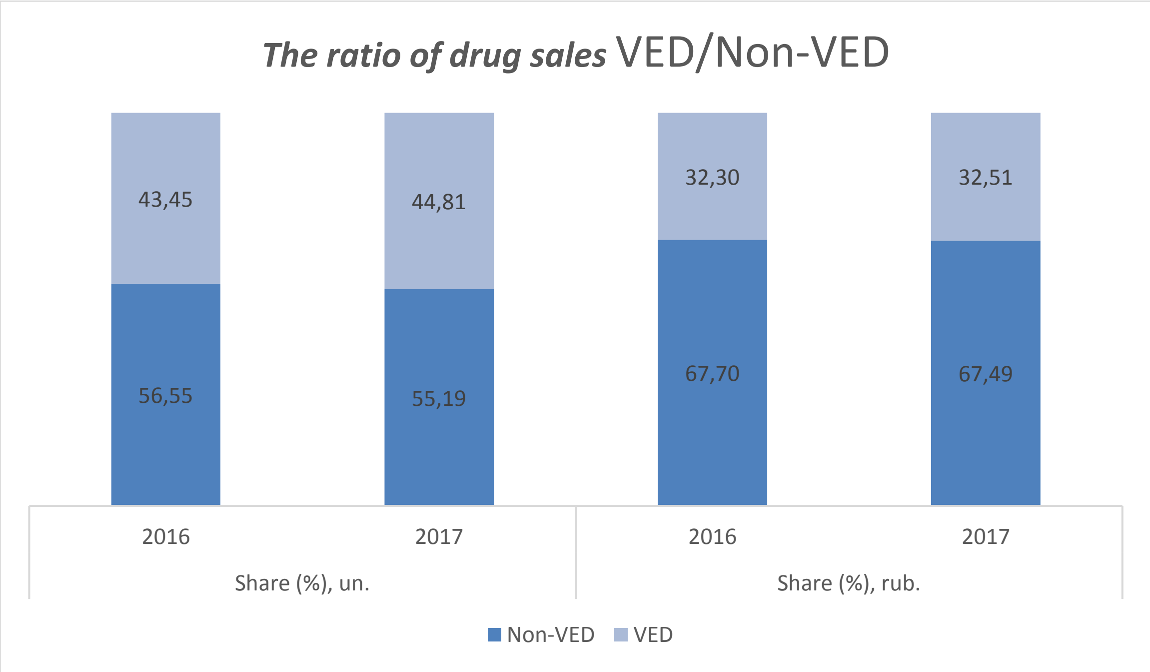
The ratio of sales of drugs in detail on the conditions of dispensing from pharmacies in the retail commercial sector of the pharmaceutical market, 1-st half of 2014-2017.



Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 3

Non-VED drugs account for the largest share of drug consumption: their share in rubles was 67.49%, and in volume, 55.19%. No major changes occurred in the ratio of sales compared to 2016 (Figure 4).

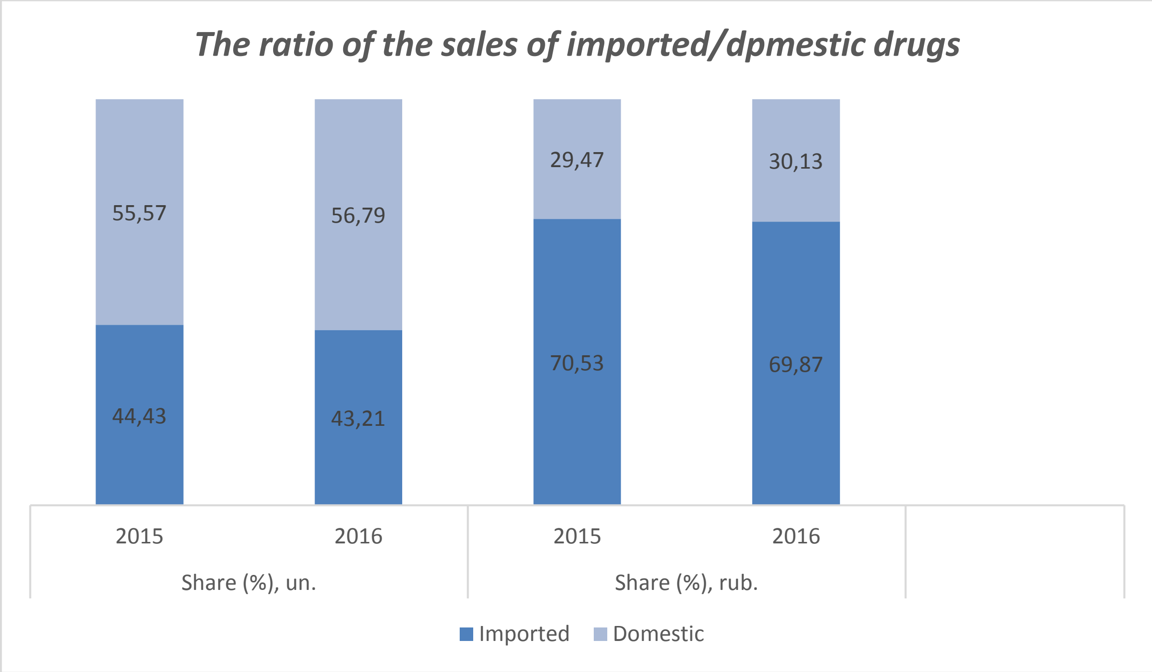
The ratio of drug sales in detail by VED list in the retail commercial sector of the pharmaceutical market, 1-st half of 2014-2017.

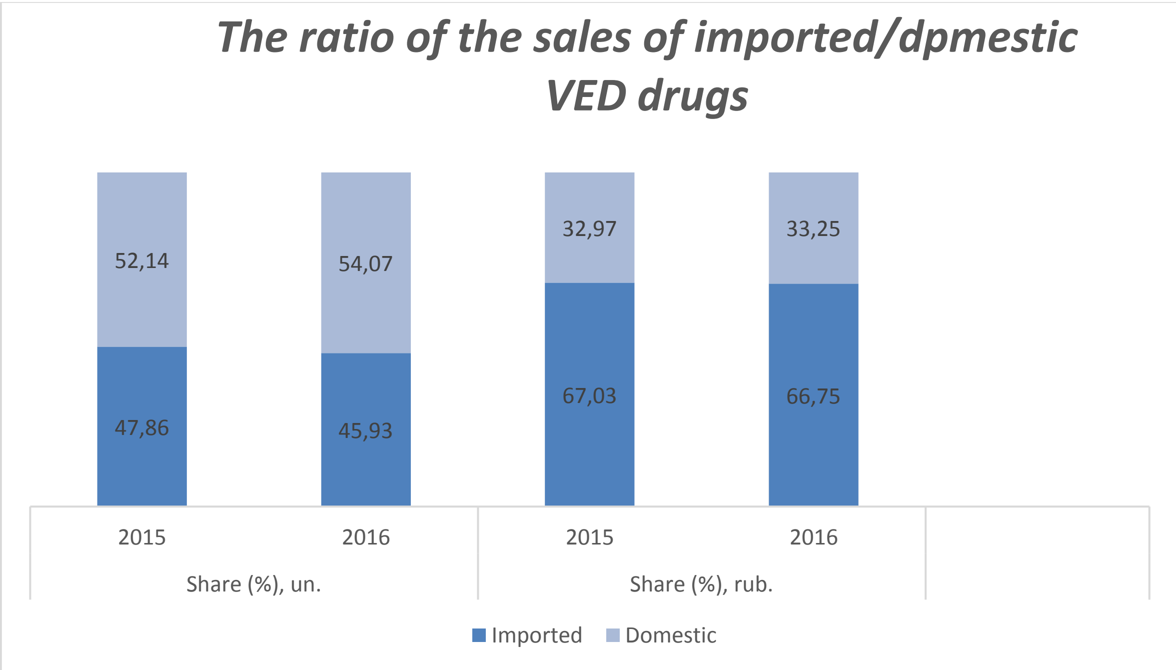


Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 4

The share of domestic drugs on the market increased in the first half of 2017, both in volume and in value. The share of domestic drugs exceeded 56% in volume and 30% in value. The increase in domestic drugs sales in value amounted to 15%, compared to 11% increase in imported drugs sales. In volume, the domestic drugs also grew at a higher rate (11%) than imported ones (6%). In general, we can observe visible results of the policy of import substitution declared by the government. The increase in the share of domestic medicines is particularly noticeable among the VED drugs, which confirms the results of the import substitution policy (Figure 5).

The ratio of the sales of drugs, by country of manufacture, in the retail commercial segment of pharmaceutical market, 1-st half of 2014-2017.

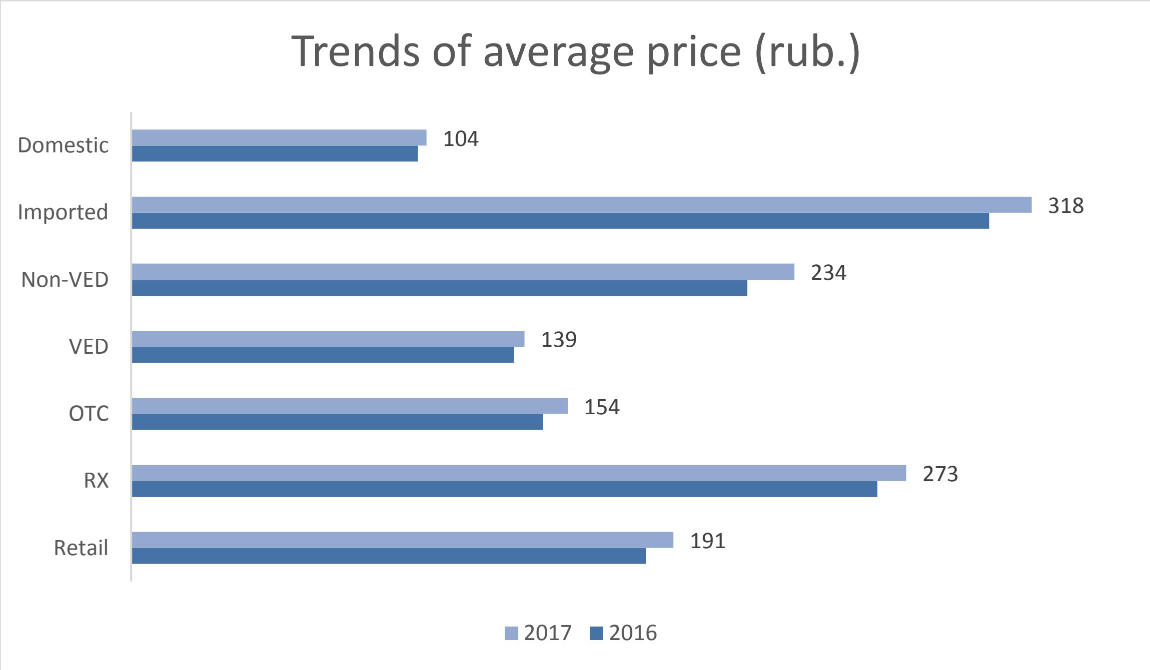




Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 5

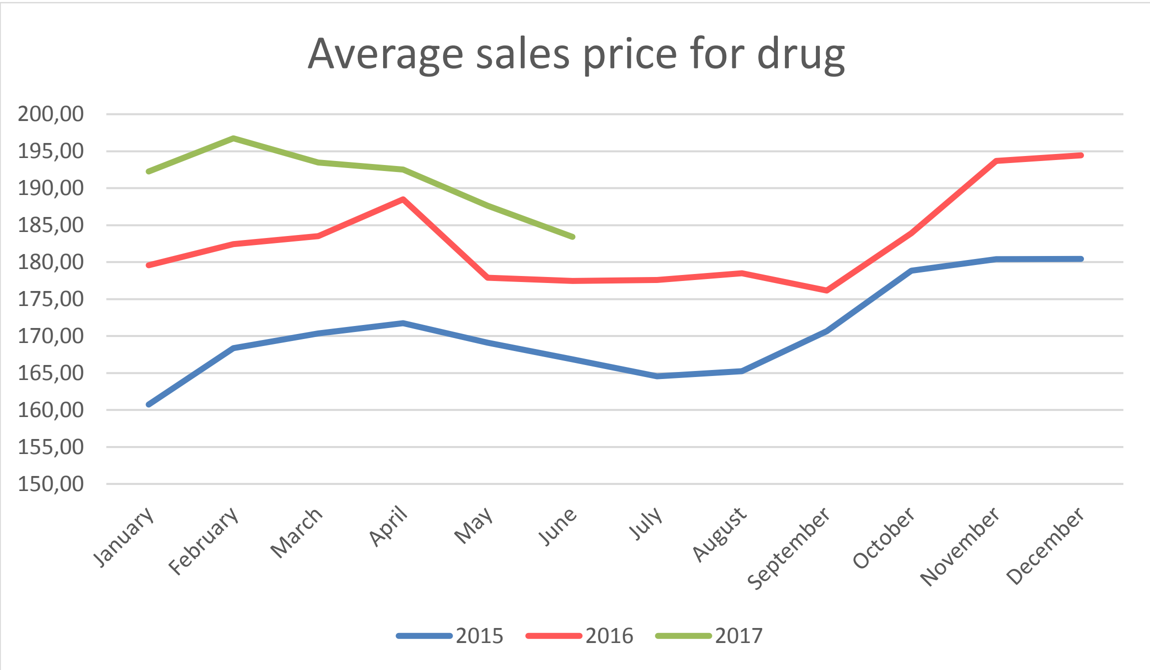
In the first half of 2017, the average prices for medicines increased by an average of 5.4% compared to the same period in 2016. The Non-VED had the highest price growth of 7.6%, and the VED, the lowest growth, going up by 2.8% on average (Figure 6.7).

Trends of average sales prices (rub.) in the retail commercial segment of pharmaceutical market, 1-st half of 2014-2017.



Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 6

Monthly trends of average sales prices (rub.) in the retail commercial segment of pharmaceutical market, 1-st half of 2014-2017.



Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 7

Distribution of drug sales in detail by ATC groups (EphMRA)

The rating of ATC groups by value has not changed significantly in comparison with 2016. According to the results of the first half of 2017, Group A, Drugs influencing the alimentary tract and metabolism, retained the leading position, as in the previous year, with 19.04%. In this group, the sales increased in value by 12% compared to the first half of 2016, while the number of packages in the anatomical therapeutic group A increased by about 6%. Based on these trends, we can conclude that the observed increase in sales in rubles is due to the increase in average prices of drugs. Indeed, the average price of this group increased by about 6% compared to the same period in 2016 and amounted to almost 212 rubles per package.

Based on the results of the first half of 2017, the value increase in sales was observed in all the ATC groups. The greatest increase was observed in the ATC groups B Drugs for blood and blood forming organs (+ 22%), K Hospital solutions (+ 19%) and G Drugs for treating genito-urinary system diseases and sex hormones (+ 17%).

In volume, most anatomical therapeutic groups showed an increase in the range of 7-10%. The following ATC groups showed the greatest increase: K - Hospital solutions (+ 21%) and H Systemic hormonal drugs, excluding sex hormones (+ 14%). The drop in sales in volume was demonstrated by the groups: V Other drugs (-4%) and N Drug for treating nervous system (-1%).

Based on the results of 2016, the minimum average price for a conditional drug package was observed in the group K Hospital solutions: 49.3 rubles are spent on average for one package of this group. The maximum average price was 989.5 rubles in the group T Diagnostic drugs. On average, for all groups, the change in prices was about 7%. The greatest increase in average prices was observed in the groups V Other drugs and R Drugs for treating respiratory system diseases: 13% and 11%, respectively. The decrease in average prices occurred only in the groups K (-2%) and H (-1%) (Table 1, Figures 8, 9).

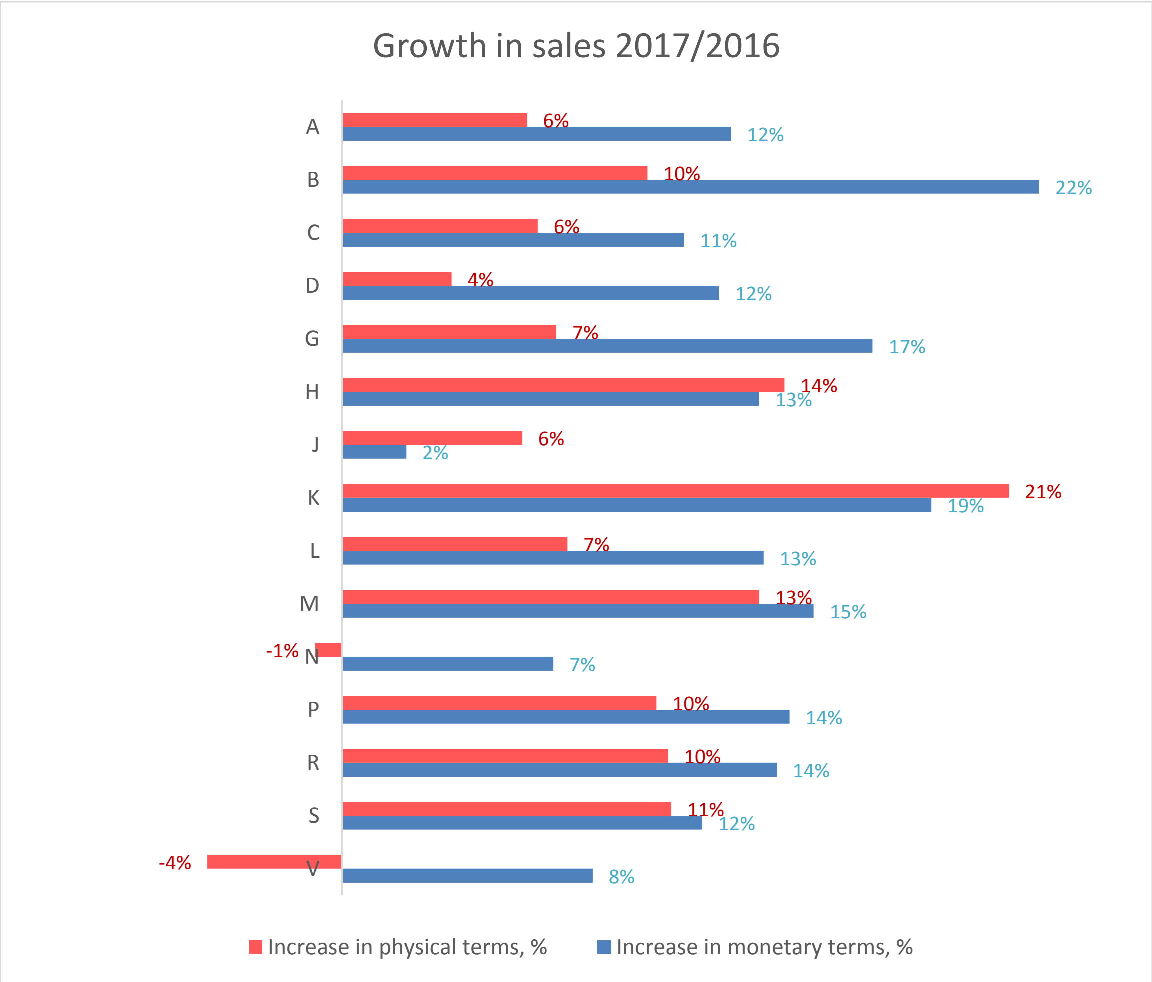
Distribution of drugs sales in detail by ATC groups (EphMRA) in the retail business segment of the pharmaceutical market, 1st half of 2017

1st level ATC classification	Total value, million rubles	The group's share in total value (%)	Volume, million packages	The group's share in volume (%)
A – Drugs influencing the alimentary tract and metabolism	76 609	19.04	362	17.21
R – Drugs for treating respiratory system diseases	66 073	16.42	403	19.15
C – Drugs for treating cardiovascular system diseases	56 740	14.10	278	13.21
N – Drug for treating nervous system diseases	39 054	9.71	324	15.40
M – Drugs for treating musculo-skeletal system diseases	34 113	8.48	161	7.65
G – Drugs for treating genito urinary system diseases and sex hormones	33 043	8.21	53	2.52
J – General antiinfectives for systemic use	27 270	6.78	135	6.40
D – Dermatologicals	26 313	6.54	189	8.97

B – Drugs for blood and blood forming organs	12 479	3.10	42	2.02
L – Antineoplastic and immunomodulating agents	11 850	2.95	28	1.33
S – Drugs for treating sensory organs diseases	11 789	2.93	58	2.75
V – Other drugs	2791	0.69	30	1.41
H – Systemic hormonal drugs, excluding sex hormones	2153	0.54	12	0.57
P – Antiparasitic products, insecticides and repellents	1006	0.25	9	0.44
K – Hospital solutions	988	0.25	20	0.95
Drugs not included in any group	12	0.00	0	0.01

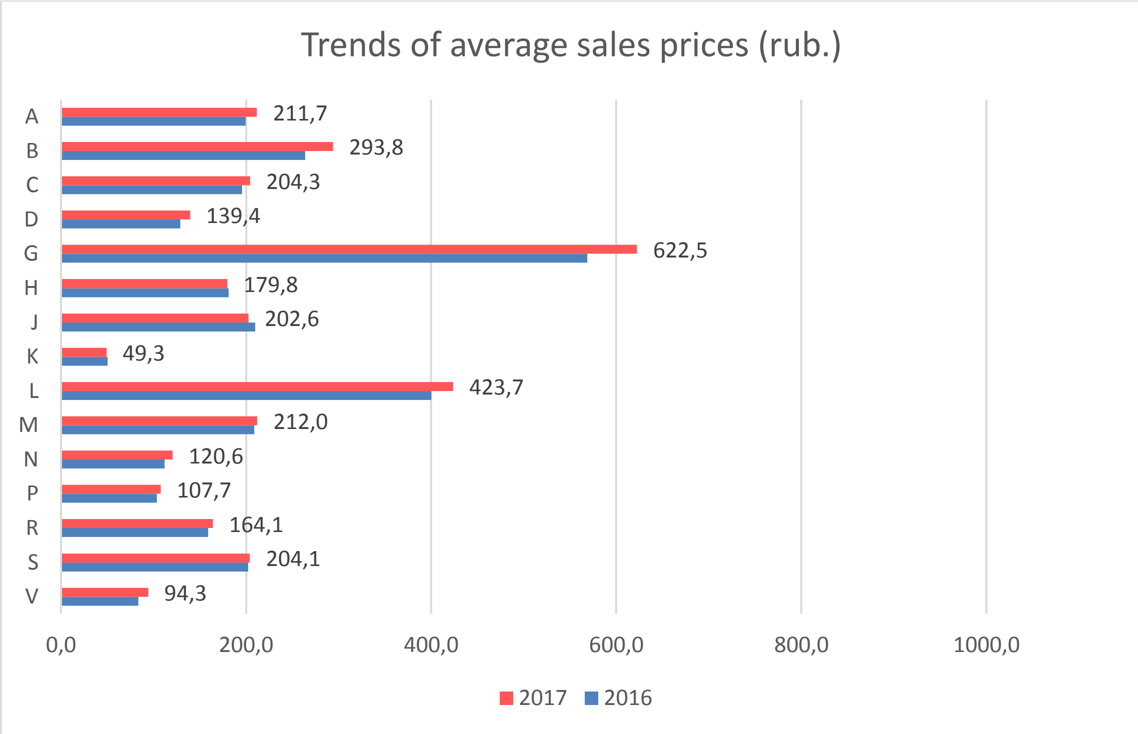
Source: AlphaRM – Monitoring of retail sales of drugs in RF Table 1

Increase in drugs sales in detail by ATC groups (EphMRA) in the retail business segment of the pharmaceutical market, 1st half of 2017.



Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 8

Trends of average sales prices (rub.)* in detail *by ATC groups (EphMRA) in the retail commercial segment of pharmaceutical market, 1-st half of 2014-2017.



Source: AlphaRM – Audit of the shipments of medicinal products in RF Figure 9

Rating of corporations[1] in the retail business segment of the pharmaceutical market based on the results of the first half of 2017

TOP-50 leading corporations make 76% of the total drugs sales value in the pharmacy segment. The first four corporations in the rating retained their positions compared to the same period of the past year 2016: Sanofi Corporation (includes Sanofi, A Nattermann & Sie GmbH, Zentiva AS, Saneca Pharmaceuticals a.s.), Bayer Group (includes Bayer Group's manufacturers, Contract Pharmacol corporation, Institute de Angeli srl), Novartis (includes the manufacturers Lek d.d., Novartis Pharma AG, Alcon Laboratories Inc.) and Servier (Servier, Aegis Pharmaceutical Factory, Serdix).

1 A corporation is a group of companies that has manufacturing, distribution and other industry divisions, and arose during the consolidation of assets and the globalization of the activities of pharmaceutical and other companies, often not limited to one country of presence and owning the rights to manufacture the products of all the companies included in it.

TOP-50 corporations in the retail business segment of the pharmaceutical market (rub.), 1st half of 2017

Rating	Change in rating, 1st half of 2017/2016	Corporation	Total value, million rubles	Share (%)	Growth 2016/2015 (%)
1	-	Sanofi	18 355	4.56	3
2	-	Bayer Group	16 919	4.21	13
3	-	Novartis	16 035	3.99	12

4	-	Servier	13 219	3.29	4
5	+1	GSK	12 436	3.09	10
6	+3	Stada	11 993	2.98	19
7	-2	Pharmstandart	11 957	2.97	4
8	-1	Berlin-Chemie/Menarini Pharma GmbH	11 378	2.83	13
9	+1	Gedeon Richter	11 077	2.75	10
10	+1	Abbott	10 784	2.68	18
11	+1	Oticipharm	10 408	2.59	18
12	-4	Teva Pharmaceuticals Ltd	9 982	2.48	-1
13	-	Johnson & Johnson	9 975	2.48	13
14	+1	Takeda	8 678	2.16	19
15	-1	KRKA	8 462	2.10	12
16	-	Valenta Pharmaceutica	7 104	1.77	9
17	+1	Dr. Reddy's Laboratories Ltd	6 746	1.68	9
18	+1	Astellas Pharma	6 460	1.61	13
19	+1	Pfizer	6 133	1.52	17
20	-3	Allergan	6 048	1.50	-7
21	-	Мерк КГаА	5 250	1.31	9
22	+1	Rekitt Benckiser Healthcare International Ltd	5 077	1.26	14
23	+1	MSD	4 820	1.20	10
24	+1	Valeant	4 665	1.16	8
25	-3	Materia medica	4 658	1.16	-2
26	+2	AstraZeneca	4 344	1.08	22
27	-	Polpharma	4 201	1.04	16
28	+1	Beringer Ingelheim	3 860	0.96	15
29	+2	Bionorica	3 664	0.91	24
30	+3	PROTEC group of companies	3 389	0.84	22
31	+1	Sun Pharmaceutical Industries Ltd	3 230	0.80	13
32	+2	Recordati	3 079	0.77	21
33	+5	Infamed	2 861	0.71	37
34	+3	Unipharm Inc	2 729	0.68	29
35	+7	FP Obolenskoye	2 673	0.66	48

Source: AlphaRM – Monitoring of retail sales of drugs in RF Table 2

Rating of brands in the retail business segment of the pharmaceutical market based on the results of the 1st half of 2017

In total, TOP-50 leading brands make up 22.89% of the sales total value in the business segment of the pharmaceutical market. The top three sales leaders underwent some changes: Kagocel of Niarmedic Plus Corporation went down by 9 points and lost the leadership to Takeda Corporation's Cardiomagnyl, which climbed on the 2nd line. Cardiomagnyl's share went up to 0.86%, with the increase 23% compared to the 1st half of the year. Valenta Pharmaceutica Corporation's Ingavirin retained the second line in the rating with a share of 0.76%, an increase of 4%. On the third line, thanks to an increase of 26% compared to the first half of 2016, Rekitt Benckiser Corporation’s brand Nurofen rose with a share of 0.75%.

TOP-50 brands by sales volume in the retail business segment of the pharmaceutical market (rub.), 1st half of 2017

Rating	Change in rating 2016/ 2015	Brand	Corporation	Total value, million rubles	Share (%)	Growth, 1st half of 2017/2016 (%)
1	2	Cardiomagnyl	Takeda	3 476	0.86	23
2	0	Ingavirin	Valenta Pharmaceutica	3 048	0.76	4
3	5	Nurofen	Rekitt Benckiser Healthcare International Ltd	3 012	0.75	26
4	3	Detralex	Servier	2 909	0.72	21
5	4	Theraflu	GSK	2 797	0.70	18
6	8	Miramistin	Infamed	2 748	0.68	36
7	-2	Essenziale N	Sanofi	2 733	0.68	5
8	-4	Actovegin	Takeda	2 718	0.68	-3
9	-3	Concor	Merck KGaA	2 709	0.67	6
10	-9	Kagocel	Niarmedic plus	2 564	0.64	-17
11	0	Pentalgin	Oticipharm	2 514	0.62	8
12	-2	Nise	Dr Reddy’s Laboratories Ltd	2 327	0.58	0
13	4	Linex	Novartis	2 265	0.56	35
14	-2	Mexidol	NPK Pharmasoft	2 207	0.55	7
15	0	Lozap	Sanofi	1 977	0.49	0
16	-3	Ergoferon	Materia medica	1 960	0.49	-5
17	1	Voltaren	GSK	1 797	0.45	11
18	7	Nimesil	Berlin-Chemie / Menarini Pharma GmbH	1 761	0.44	23
19	20	Snoop	Stada	1 717	0.43	38
20	10	Grammidin	Valenta Pharmaceutica	1 694	0.42	23
21	10	Canephron N	Bionorica	1 675	0.42	23
22	-2	Exoderil	Novartis	1 637	0.41	6
23	6	Tyzine	Johnson & Johnson	1 617	0.40	17
24	-5	Strepsils	Rekitt Benckiser Healthcare International Ltd	1 616	0.40	2
25	11	Lysobact	Bosnalec JSC	1 615	0.40	24
26	8	Jess	Bayer Group	1 600	0.40	21

27	-3	Hexoral	Johnson & Johnson	1 587	0.39	6
28	10	Tantum Verde	Angelini Francesco	1 567	0.39	24
29	3	Lorista	KRKA	1 558	0.39	15
30	-3	Bepanten	Bayer Group	1 553	0.39	11

Source: AlphaRM – Monitoring of retail sales of drugs in RF Table 3