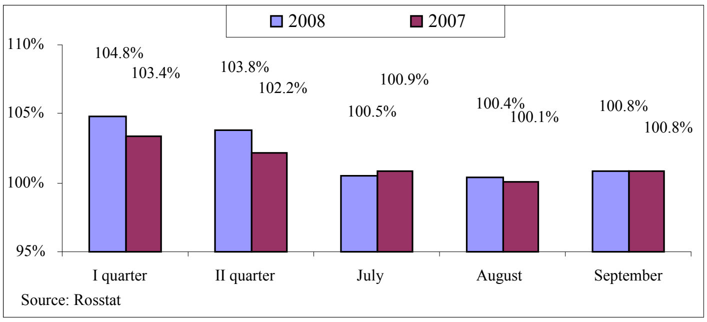
A Joint Publication of the Association of International Pharmaceutical Manufacturers in Russia and Group of Companies Remedium

MACROECONOMIC INDICATORS

Inflation

According to Rosstat, inflation rate on the RF consumer market in September 2008 accounted for 0.8%, what is slightly above the same figure in August 2008 (0.4%). The consumer prices growth in January-September 2008 exceeded the respective index in 2007: 110.6% against 107.5%. The same tendency can be observed in terms of manufacturers' prices: in January-September of the current year it amounted to 117.6% against 117.0% in January-September 2007.

Diagram 1. Consumer prices



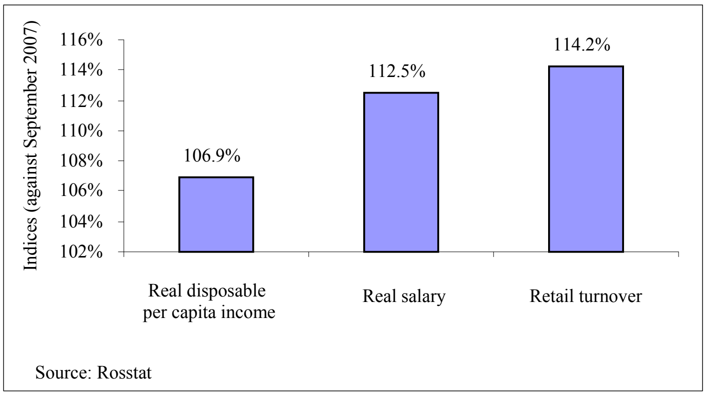
Population income and living standards

According to Rosstat preliminary data, the average salary in September 2008 was Rbl. 17.847 (about $706.8). In September 2008 real salaries increased by 12.5% compared to the respective figure in 2007, while real disposable per capita income was 6.9% above the year before (Diagram 2).

Retail turnover

Industrial output in September 2008 grew by 14.2% as compared to the same period of the previous year and equaled Rbl 1236.2 Bln (Diagram 2).

Diagram 2.P Real disposable per capita income, real salaries and retail turnover in September 2008



Industrial output

According to Rosstat, in September 2008 industrial output increased by 6.3% against the previous year index. Industrial output growth in January-September 2008 accounted for 5.4% as compared to the respective period in 2007 (in January-September 2007 – 6.6%).

Domestic production

According to Rosstat, production value of the domestic pharmaceutical companies in September 2008 reached $269.6 Mln, what is 20% above the respective figure in 2007. In comparison with August 2008 production value grew by 18%. The top 10 list of the domestic drug manufacturers by the results of September 2008 is represented in Table 1. The cumulative industrial output of the ten leading producers is estimated at $157.3 Mln (58.3% of the total production value of pharmaceutical industry in the analyzed period).

Table 1. Top 10 domestic pharmaceutical manufacturers by production value in September 2008

Rank	Manufacturer	Production value, $Mln.
1	Pharmstandart	43.0
2	Microgen	20.0
3	Valenta	17.9
4	Veropharm	17.4
5	Nizhpharm	16.6
6	Pharm-Centr	13.7
7	Materia Medica	9.4
8	Biosintez	6.8
9	Akrikhin	6.7
10	Moskhimpharmpreparaty	5.8

Table 2 contains data on pharmacy sales in 10 RF regions. In August 2008 the most regions demonstrated decrease by retail sales value against the previous month, Voronezh region registered the most considerable reduction (-7%). Growth of sales is showed by only 3 RF regions, among which Rostov region is the leader (6%).

Table 2. Pharmacy sales in regions in 2008

Region	Pharmacy sales value, $Mln. (Wholesale prices)			Growth, % (in rubles)		
	June 2008	July 2008	August 2008	June/ May 2008	July/ June 2008	August/ July 2008
Moscow	91.3	96.7	91.1	-8%	5%	-6%
Saint Petersburg	32.8	32.9	32.1	-4%	-1%	-2%
Krasnodar Territory	17.4	21.6	22.5	7%	23%	4%
Novosibirsk region	16.3	16.7	16.6	3%	1%	-1%
Tatarstan	15.0	15.7	15.3	3%	3%	-3%
Krasnoyarsk Territory	11.8	12.7	11.5	-19%	6%	-9%
Rostov region	14.3	16.0	17.0	12%	10%	6%
Voronezh region	9.7	10.6	9.2	6%	8%	-14%
Perm	6.0	5.6	5.7	39%	-7%	1%
Tyumen	4.2	4.1	3.8	-27%	-4%	-8%

Advertisement

The largest Mass Media advertisers and the most frequently advertised trade names (TV, radio, press, outdoor advertisement) are listed in Table 3 and 4.

Table 3. The top 5 Mass Media advertisers in September 2008

Rank	Company*	Number of advertisements
1	Novartis	2 755
2	Reckitt Benckiser	2 689
3	Berlin-Chemie Menarini Group	2 359
4	Pharmstandart	1 435
5	Materia Medica	1 149

Source – TNS Gallup AdFact

Table 4. Top 5 trade names advertised in Mass Media in September 2008

Rank	Trade name*	Number of advertisements
1	TeraFlu	1 826
2	Nurofen	1 690
3	Voltaren	917
4	Flucostat	725
5	Coldrex	645

Souirce – TNS Gallup AdFact

* Only the drugs registered in Gosreestr are considered

HOSPITAL MARKET OF BELORUSSIA IN THE 1ST HALF OF 2008

According to Hospital Analysis of Drugs in Belorussia™, hospital market value in the 1st half of 2008 grew by 10.2% against the same analyzed period of 2007 and accounted for $42.4 Mln at wholesale prices. Increase in natural terms amounted to 32%, market value - 37.9 Mln packs. Average price per drug pack equaled $1.12 (for comparison, in 2007 - $1.3).

The ranking of the leading pharmaceutical manufacturers by hospital purchases value in the 1st half of 2008 experienced noticeable changes as compared to the same analyzed period in 2007. Two new companies appeared in the top 10 list: Agio Pharmaceuticals and ABC Pharma. Due to considerable decrease of hospital purchases value, AstraZeneca (-86%)[1] and the previous year leader F.Hoffmann-La Roche Ltd (-95%) left the ranking. At the same time, owing to high growth of purchases, some corporations strengthened their presence. The most significant dynamics was registered by the Belorussian manufacturer Borisovskiy ZMP (+121%) and Belmedpreparaty (+111%), which doubled their shares and raised from 2nd to the leading position and from 3rd to 2nd place, respectively. Nycomed (+60%) and Merck Sharp& Dohme (+42%) moved from the end of the list to 3rd and 4th positions, accordingly. In spite of market share reduction, Pfizer International (+2%), Nesvizhskiy ZMP (-2%) and Pharmland (-12%) improved by one position in the ranking and occupied 5th, 6th and 7th places. By the results of the analyzed period the top producers notably enlarged the cumulative share in the total hospital purchases value - from 39.4% to 54.9%.

Table 1. Top 10 manufacturers by hospital purchases value

Rank		Manufacturer*	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	2	Borisovskiy ZMP	14.5	7.2
2	3	Belmedpreparaty	13.7	7.2
3	10	**Nycomed**	5.0	3.5
4	9	**Merck Sharp& Dohme**	4.5	3.5
5	6	**Pfizer International Inc.**	4.4	4.7
6	7	Nesvizhskiy ZMP	3.2	3.6
7	8	Pharmland SP	2.9	3.6
8	27	Agio Pharmaceuticals	2.3	0.7
9	5	**Sanofi-Aventis**	2.2	5.5
10	0	ABC Pharma	2.1	0.0
Total			**54.9**	**39.4**

* AIPM members are in bold

Significant changes took place in the top 10 list of trade names. In the first six months of 2008 the ranking was joined by four new participants which captured from 6th to 9th place - Cefotaxime (+65%), Painem, Cefepime (+408%) and Actovegin (+68%). The four trade names, demonstrating negative purchases dynamics, ranked below the list (Neupogen and Meronem, occupying 1st and 2nd positions, correspondingly, Glucose and Xeloda – 6th and 8th places). Other two preparations Sodium chloride (-19%) and Fraxiparine (-30%) weakened some positions in the list. Other top 10 participants demonstrated increase in share in the hospital segment. Due to advanced positive dynamics, Emoxipine (+279%) raised from 10th to the leading place, Ceftriaxone (+182%) - from 9th to 2nd position, and Cefazolin (+101%) – from 11th to 6th place. Tienam (+16%) retained 3rd position in the ranking. In total, the cumulative share of 10 leaders considerably grew - from – from 17.1% to 28.3%.

Table 2. Top 10 trade names by hospital purchases value

Rank		Trade name	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	10	Emoxipine	5.2	1.5
2	9	Ceftriaxone	4.3	1.7
3	3	Tienam	3.7	3.5
4	7	Cefazolin	3.4	1.9
5	4	Sodium chloride	2.1	2.9
6	11	Cefotaxime	2.1	1.4
7	0	Painem	2.1	0.0
8	45	Cefepime	1.9	0.4
9	15	Actovegin	1.7	1.1
10	5	Fraxiparine	1.7	2.6
Total			**28.3**	**17.1**

Shifts in the ranking of the leading trade names caused changes in the top 10 list of INNs and combinations. Considerable purchases value increase demonstrated by Emoxipine, Ceftriaxone and Cefazolin allowed the respective INNs – Methylethylpiridinol (+278%), Ceftriaxone (+133%), Cefazolin (+84%) – to occupy 1st, 2nd and 4th positions, respectively. Imipenem+Cilastatin (+16%), as well as Tienam, retained 3rd place and slightly enlarged market share. Reduction by purchases value registered by Meropenem (-48%), Sodium chloride (-19%) and Nadroparin calcium (-30%) led to weakening in the top 10 list. Filgrastim, Dextrose and Capecitabine left the ranking of the leading INNs in the analyzed period.

Table 3. Top 10 INNs and combinations by hospital purchases value

Rank		INN/Combination	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	11	Methylethylpiridinol	5.2	1.5
2	7	Ceftriaxone	4.3	2.0
3	3	Imipenem+Cilastatin	3.7	3.5
4	6	Cefazolin	3.4	2.1
5	2	Meropenem	2.9	6.2
6	4	Sodium chloride	2.1	2.9
7	8	Cefotaxime	2.1	1.9
8	37	Cefepime	1.9	0.5
9	5	Nadroparin calcium	1.7	2.6
10	28	Octreotide	1.2	0.6
Total			**28.6**	**23.9**

Almost all participants of the top 10 list of ATC groups demonstrated positive purchases dynamics and share increase except Antithrombotic agents (-7%). The most considerable growth of hospital purchases value was registered by four groups, which entered the ranking in the analyzed period: C05 Vasoprotectives (+274%), N01 Anesthetics (+83%), H02 Corticosteroids for systemic use, A02 Drugs for acid related disorders (+139%). J01 Antibacterials for systemic use (+34%) retained its leadership. The top ATC groups accumulated 63.5% of the hospital segment of Belorussia in the 1st half of 2008, while the respective figure in the previous year equaled 48.8%.

Table 4. Top 10 ATC groups by hospital purchases value

Rank		ATC code	ATC group	Share in total hospital purchases value, %	
H1 2008	H1 2007			H1 2008	H1 2007
1	1	J01	Antibacterials for Systemic Use	28.6	23.5
2	4	B05	Plasma Substitutes and Perfusion Solutions	7.9	7.8
3	13	C05	Vasoprotectives	5.4	1.6
4	5	B01	Antithrombotic Agents	4.7	5.5
5	7	B02	Antihemorrhagics	3.6	2.3
6	9	N05	Psycholeptics	3.4	2.1
7	8	C01	Cardiac Therapy	3.3	2.3
8	11	N01	Anesthetics	3.0	1.8
9	20	H02	Corticosteroids For Systemic Use	1.9	1.0
10	25	A02	Drugs For Acid Related Disorders	1.8	0.9
Total				**63.5**	**48.8**

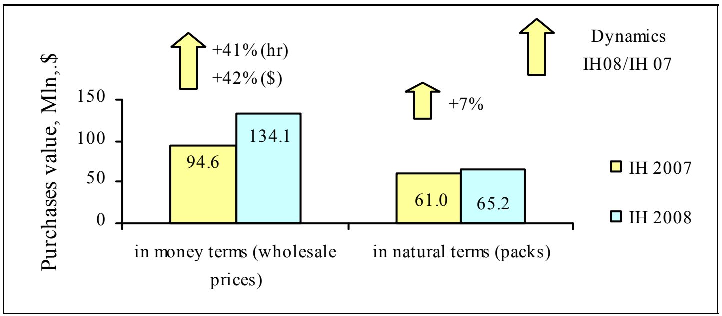
Conclusion. By the results of the 1st half of 2008 the hospital market of Belorussia showed moderate growth in money terms and significant increase in natural terms. These changes were accompanied by the reduction of the average price per drug pack, as well as considerable growth of market concentration with important share enlargement of domestic pharmaceutical manufacturers. Borisovskiy ZMP and Belmedpreparaty became the leaders of the hospital market, leaving behind other pharmaceutical corporations and accumulating approximately 28% of total purchases.

[1] Growths are in national currency

HOSPITAL MARKET OF UKRAINE IN THE 1ST HALF OF 2008

According to Hospital Analysis of Drugs in Ukraine, hospital market value in the 1st half of 2008 accounted for $134 Mln (671.3 Mln Hryvnia) at wholesale prices. The growth against the same analyzed period of 2007 amounted to 42%. Increase in natural terms amounted to only 7% and equaled 65 Mln packs (Diagram 1). Average price per drug pack equaled $2.06 (at wholesale prices), what exceeds the respective figure in the previous year - $1.55.

Diagram 1. Hospital market of Ukraine in the 1st half of 2007 – the 1st half of 2008



By the results of the 1st half of 2008 the ranking of the leading corporations by hospital purchases value revealed some changes (Table 1). The ranking was joined by one new company - Novartis, demonstrating the most notable growth of purchases (+145%) due to what the participant captured 6th position in the list (instead of 15th place in 2007). Three other corporations improved their positions in the analyzed period – the Ukrainian Pharmak (+34%), Berlin-Chemie/Menarini Pharma (+74%) and GlaxoSmithKline (+59%). Due to considerable positive dynamics, the domestic drug producers Arterium (+56%) and Darnitsa (+53%) retained 1st and 2nd places. The main feature of the observed ranking is that it half consists of the Ukrainian manufacturers. It should be mentioned that all the participants showed positive and comparatively high growth rates by hospital purchases, due to what the 6 of 10 companies enlarged their shares. As a result the cumulative share of the top 10 producers increased – from 36.4% to 39.8%.

Table 1. Top 10 manufacturers by hospital purchases value

Rank		Manufacturer*	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	Arterium	6.8	6.1
2	2	Darnitsa	6.0	5.5
3	4	Pharmak	4.2	4.4
4	3	**Sanofi-Aventis**	4.0	4.8
5	5	Yuria-Pharm	3.9	3.1
6	15	**Novartis (incl. Sandoz-Lek)**	3.4	1.9
7	9	**Berlin-Chemie/ Menarini Pharma GmbH**	3.2	2.6
8	10	**GlaxoSmithKline**	2.9	2.5
9	6	**Nycomed**	2.8	2.8
10	7	Biopharma	2.7	2.7
Total			**39.8**	**36.4**

* AIPM members are in bold

The changes which took place in the list of trade names divided it in half (Table 2). The upper part of the table remained unchanged – the preparations retained the positions occupied earlier, though the four of five demonstrated share reduction in the segment.

Table 2. Top 10 trade names by hospital purchases value

Rank		Trade names	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	Sodium chloride	4.2	4.7
2	2	Ceftriaxone	3.2	3.3
3	3	Actovegin	2.3	2.4
4	4	Glucose	1.8	2.0
5	5	Mildronate	1.8	1.7
6	11	Reosorbilact	1.5	0.9
7	6	Meronem	1.5	1.5
8	61	Menopur	1.3	0.3
9	29	L-Lysine escinate	1.0	0.5
10	18	Tiotirazoline	1.0	0.7
Total			**19.5**	**18.2**

In the second part of the table the participants of top 10 list 2007 remained only one trade name - Meronem (+33%) (7th position against 6th position in the previous year). Other four positions are occupied by the participants which improved their presence in the analyzed period.

They demonstrated advanced growth of hospital purchases (from +81% by Tiotirazoline, to +455% by Menopur) and considerable share increase. The cumulative share of the ranking participants also raised and accounted for 19.5%. Due to low or negative dynamics of hospital purchases, Medacept (-75%), Fraxiparine (-4%), Cefazolin (6%) and Cefotaxime (-3%) left behind the list of the leading trade names in the analyzed period.

The top 10 list of INNs and combinations the seven leading preparations retained the positions occupied earlier (Table 3). In spite of slight share reduction, the traditional hospital INN Sodium chloride (+27%) remained the leader of the list in the 1st half of 2008. Then comes Ceftriaxone (+43%), which strengthened its presence in the segment, Ethanol (-6%) is located on 3rd place, being the only participant demonstrating negative dynamics by hospital purchases. 8th and 9th positions are occupied by the newcomers of the ranking - Menotropins (+455%) and Hydroxyethyl stratch (+82%), leaving behind Propofol from 8th to 10th position and Cefazolin (+8%) and Nadroparin calcium (-4%) – beyond the list in the analyzed period. The cumulative share of the leaders amounted to 20%.

Table 3. Top 10 INNs and combinations by hospital purchases value

Rank		INN/ Combination	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	Sodium chloride	4.2	4.7
2	2	Ceftriaxone	3.9	3.8
3	3	Ethanol	1.9	2.8
4	4	Dextrose	1.8	2.1
5	5	Meldonium	1.8	1.7
6	6	Meropenem	1.5	1.5
7	7	Insulin human	1.3	1.3
8	72	Menotropins	1.3	0.3
9	12	Hydroxyethyl stratch	1.2	0.9
10	8	Propofol	1.2	1.1
Total			**20.0**	**20.3**

The ranking of the top ATC groups was joined by one new participant - N05 Psycholeptics (+64%, 10 position), inner shift also took place. Four participants of the list also improved their positions in the top 10 list, though the most considerable growth was demonstrated by N06 Psychoanaleptics (+55%), which rose by three positions. The two groups with low dynamics - A10 (+13%) and A05 (+31%) – weakened their presence, the two groups - J01 Antibacterials for systemic use (+50%) and B05 Plasma substitutes and perfusion solutions (+48%) – strengthened their positions and retained leadership on the hospital market in the 1st half of 2008. Anticeptics and asepticize preparations (-4%) which occupied rather high 5th position in 2007, ranked below the top 10 list in the analyzed period. The cumulative share of the 10 ATC groups grew as compared to the previous year from 56.8% to 58.1%.

Table 4. Top 10 ATC groups by hospital purchases value

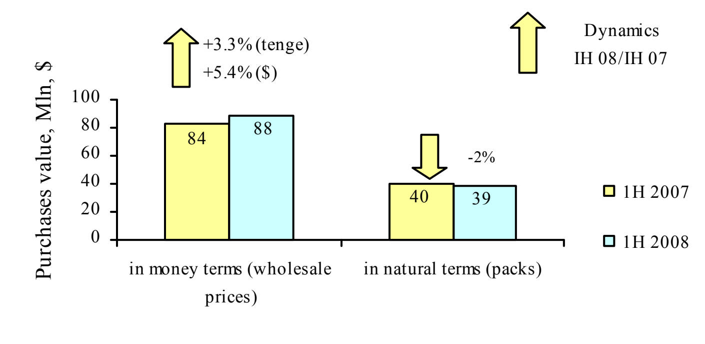
Rank		ATC code	ATC group	Share in total hospital purchases value, %	
H1 2008	H1 2007			H1 2008	H1 2007
1	1	J01	Antibacterials for Systemic Use	16.1	15.1
2	2	B05	Plasma Substitutes and Perfusion Solutions	13.2	12.5
3	4	C01	Cardiac Therapy	5.1	4.8
4	3	A10	Drugs Used In Diabetes	4.7	5.8
5	6	A16	Other Alimentary Tract And Metabolism Products	3.6	3.6
6	7	N01	Anesthetics	3.6	3.6
7	10	N06	Psychoanaleptics	3.1	2.8
8	9	B01	Antithrombotic Agents	3.0	3.1
9	8	A05	Bile And Liver Therapy	2.9	3.1
10	11	N05	Psycholeptics	2.8	2.4
Total				**58.1**	**56.8**

Conclusion. By the results of the 1st half of 2008 hospital market of Ukraine demonstrated more noticeable dynamics of money terms than the same segment of the Russian market (+42% against +33%). It also grew in natural terms (+7%), while the Russian market registered significant negative dynamics (-18%). Average price per drug pack is still noticeably lower in Russia ($2.06 against $3.75). In comparison with the pharmacy segment of the Ukrainian market, the hospital sector can be characterized as more stable. The local manufacturers have the strongest positions their.

HOSPITAL MARKET OF KAZAKHSTAN IN THE 1ST HALF OF 2008

According to Hospital Analysis of Drugs in Kazakhstan, hospital market value in the 1st half of 2008 accounted for $88.1 Mln (10.6 Bln Tenge) at wholesale prices. The growth of hospital market against the same analyzed period of 2007 was insignificant and amounted to 3.3% in tenge (5.4% in dollar). Reduction in natural terms amounted to 2% and equaled 38.8 Mln packs (Diagram 1). Average price per drug pack equaled $2.27 (in 2007 - $2.1).

Diagram 1. Hospital market of Kazakhstan in the 1st half of 2007 – the 1st half of 2008



The ranking of the leading manufacturers by hospital purchases value experienced important changes in the analyzed period. Due to advanced growth of purchases, Nycomed, which occupied 2nd position, captured the leadership in the 1st half of 2008 (Table 1). The Kazakh company Khimpharm rose from 4th to 2nd place, demonstrating high positive dynamics (+45%). The similar growth rates were typical for Sanofi-Aventis (+42%) and the Russian corporation Valenta (+44%), which allowed the former to improve from 5th to 3rd position and the letter – from 14th to 9th place. The highest growth was observed by Novartis (+63%), due to what it captured 5th position instead of 8th one. Four companies showed notable negative dynamics: GlaxoSmithKline (-32%), Janssen-Cilag (-31%), Gedeon Richter (-25%) and Pliva (-43%). The above mentioned fact conditioned the cumulative share reduction – from 46.3% to 45.9%.

Table 2. Top 10 trade names by hospital purchases value

Rank		Manufacturer*	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	2	**Nycomed**	8.6	7.6
2	4	Khimpharm	6.9	4.9
3	5	**Sanofi-Aventis**	6.0	4.4
4	1	**GlaxoSmithKline**	5.5	8.3
5	8	**Novartis (incl. Lek-Sandoz)**	4.9	3.1
6	3	**Janssen-Cilag AG**	4.5	6.7
7	10	**Berlin-Chemie/ Menarini Pharma GmbH**	2.8	2.8
8	7	**Gedeon Richter**	2.3	3.1
9	14	Valenta	2.2	1.6
10	6	**Pliva D.D.**	2.1	3.8
Total			**45.9**	**46.3**

* AIPM members are in bold

Actovegin (+18%) remains the leader of the top 10 list of trade names by hospital purchases value in the analyzed period (Table 2). Sodium chloride (+12%) rose from 5th to 2nd position, Glucose (+50%) – from 10th to 3rd position, Cefazolin (+25%) – from 7th to 4th position. The newcomers occupied 5th, 6th and 10th places in the list: cephalosporin Cef III (+47%), surfactant Curosurf (+50%) and hepatoprotector Hepral (-6%).

Table 2. Top 10 trade names by hospital purchases value

Rank		Trade name	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	Actovegin	6.9	6.0
2	5	Sodium chloride	2.6	2.4
3	10	Glucose	2.4	1.6
4	7	Cefazolin	2.4	2.0
5	12	Cef III	2.1	1.5
6	15	Curosurf	1.9	1.3
7	3	Fortum	1.9	3.0
8	4	Rispolept	1.9	3.0
9	2	Contrykal	1.6	3.1
10	11	Hepral	1.5	1.6
Total			**25.1**	**25.6**

The places from 7th to 9th are occupied by the preparations with negative dynamics, which were located in the upper part of the list in the previous year (on 2nd, 3rd and 4th positions) – Contrykal (-48%), Fortum and Rispolept (-36% both). These three trade names considerably weakened their positions, which caused slight cumulative share decline. Fraxiparine, Zinacef and Orungal left the top 10 ranking in the 1st half of 2008.

The top 10 list of INNs and combinations (Table 3) also revealed important changes in the analyzed period. Three new participants appeared in the ranking: the traditional hospital preparation Dextrose (+50%), Poractant alfa (+50%) (owing to Curosurf purchases growth) as well as Cefepime (+71%). The letter of the above mentioned INNs demonstrated the highest growth of purchases and ranking (occupied 9th position instead of 19th in 2007). Mostly due to the purchases of Cef III, Ceftriaxone (+43%) which was on 4th place, is placed on 1st position in the 1st half of 2008. The leader of the previous year Aprotinin (-50%) dropped to 8th position. In spite of negative dynamics of hospital purchases and share decrease, Ceftazidime moved from 3rd to 2nd place. 3rd position is occupied by the traditional hospital preparation Sodium chloride (+12%). The cumulative share of the top 10 INNs reduced from 25.3% to 24.1%.

Table 3. Top 10 INNs and combinations by hospital purchases value

Rank		INN/ Combination	Share in total hospital purchases value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	4	Ceftriaxone	4.2	3.0
2	3	Ceftazidime	2.6	3.4
3	7	Sodium chloride	2.6	2.4
4	5	Cefazolin	2.6	2.4
5	2	Risperidone	2.5	3.8
6	11	Dextrose	2.4	1.6
7	16	Poractant alfa	1.9	1.3
8	1	Aprotinin	1.8	3.8
9	19	Cefepime	1.8	1.1
10	6	Cefuroxime	1.8	2.4
Total			**24.1**	**25.3**

The top 10 ranking of ATC groups also experienced some changes in the analyzed period. The list was joined by two new participants: M01 Antiinflammatory and antirheumatic products (+96%) and B03 Antianemic preparations (+9%). The two leaders (J01 Antibacterials for systemic use and B05 Plasma substitutes and perfusion solutions) retained their positions, though B05 demonstrated stagnation and slight market share reduction. High positive dynamics was registered by Antineoplastic agents (+49%), notably lower by Other hematological agents (+18%). Both groups enlarged their shares and improved in the list, from 6th to 4th and from 5th to 3rd position. The cumulative share of the 10 ATC groups equals approximately 64.7% of the total hospital market.

Table 4. Top 10 ATC groups by hospital purchases value

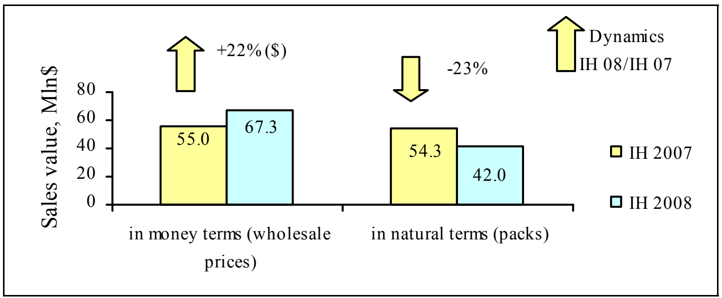
Rank		ATC code	ATC group	Share in total hospital purchases value, %	
H1 2008	H1 2007			H1 2008	H1 2007
1	1	J01	Antibacterials for Systemic Use	21.0	20.1
2	2	B05	Plasma Substitutes and Perfusion Solutions	9.9	10.2
3	5	B06	Other Hematological Agents	7.0	6.1
4	6	L01	Antineoplastic Agents	6.3	4.3
5	3	B02	Antihemorrhagics	4.8	6.7
6	4	N05	Psycholeptics	4.7	6.3
7	7	B01	Antithrombotic Agents	3.6	3.8
8	8	N06	Psychoanaleptics	2.5	2.9
9	19	M01	Antiinflammatory and Antirheumatic Products	2.5	1.3
10	11	B03	Antianemic Preparations	2.4	2.3
Total				**64.7**	**64.1**

Conclusion. By the results of the 1st half of 2008 hospital market of Kazakhstan slightly changed as compared to the previous year. However, as in case of pharmacy market, the hospital segment demonstrates insignificant negative dynamics in natural terms. Structural changes were rather noticeable, though it did not considerably influenced purchases concentration.

PHARMACEUTICAL MARKET OF MOLDOVA

According to RMBC data[2], by the results of the 1st half of 2008 pharmaceutical market value of Moldova grew by 22% as compared to the previous year and reached $67.3 Mln at manufacturers' prices. At that, the market of Moldova in natural terms demonstrated negative dynamics (-23%) and reduced to 42 Mln packs (Diagram 1).

Diagram 1. Pharmaceutical market of Moldova in the 1st half of 2007 – the 1st half of 2008

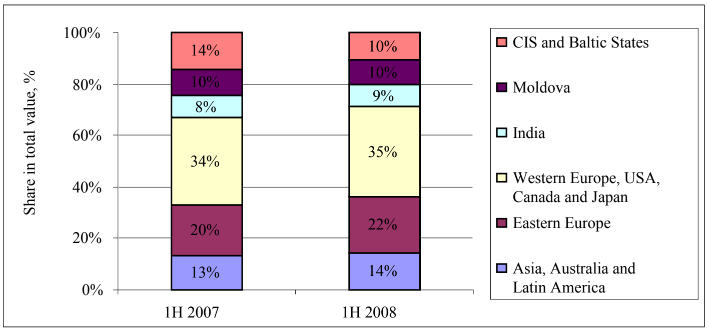


Average price per drug pack in Moldova accounted for $1.6 (at wholesale prices) against $1.01 in the respective period in the previous year. It is below the same figure in Ukraine ($1.81) and Russia ($2.16). Average per capita drug consumption level increased $16.04 to $18.83 at manufacturers' prices.

Rx preparations equal 65% of the total pharmaceutical market value in money terms, while the share of Rx drugs in natural terms is lower than OTC share (48% against 52%).

286 manufacturers operate on the pharmaceutical market of Moldova in the 1st half of 2008 (274 drug producers in 2007), supplying 1904 trade names (1803 preparations in 2007), having 899 INNs and combinations as active substance (856 – in 2007). The domestic drug manufacturers accumulate 10% of the market, while the Russian producers – 3%, the Ukrainian corporations – 5%, the Belorussian manufacturers – 1%. The share of the producers from other countries amounted to 81% (Diagram 2).

Diagram 2. Structure of pharmaceutical market of Moldova by the country of origin



The ranking of the leading manufacturers by the country of origin revealed noticeable changes, being accompanied by considerable increase in share of the top 10 list (from 30.3% to 35.2%). Gedeon Richter (+52%), which was located on 2nd position in the observed period occupied the leadership. Beijing Double-Crane Pharmaceutical moved from 161st to 2nd position, demonstrating advanced growth of sales value. The previous year leader Berlin-Chemie (-10%) dropped to 3rd place. Two manufacturers from Moldova - Pharmako (+8%, 5th place) and Pharmaprim (0%, 9th position) are listed in the top 10 ranking in the 1st half of 2008. These companies are characterized by low dynamics, share reduction and weakening in the list.

Table 1. Top 10 manufacturers

Rank		Manufacturer*	Share in total value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	2	**Gedeon Richter**	6.8	5.5
2	161	Beijing Double-Crane Pharmaceutical	4.8	0.1
3	1	**Berlin-Chemie/ Menarini Pharma GmbH**	4.4	6.0
4	8	GlaxoSmithKline	4.2	2.7
5	4	Pharmako	3.0	3.4
6	6	KRKA D.D.	2.8	2.8
7	5	**Sanofi-Aventis**	2.6	3.2
8	13	**Servier/Egis**	2.2	1.8
9	7	Pharmaprim	2.2	2.7
10	10	**Novartis (incl. Lek-Sandoz)**	2.2	2.2
Total			**35.2**	**30.3**

* AIPM members are in bold

The ranking of the leading trade names (Table 2) was joined by four new participants with very significant positive dynamics and considerable ranking progress, most notable by Pegasys (+404%), which rose from 120th to 9th position.

Ampicillin demonstrated 7-fold increase of sales value and as a result became the leader of the top 10 list in the reporting period. In spite of negative dynamics, Sodium chloride (-1%) is placed on 2nd position. The previous year leader Cefazoling (-13%) dropped to 3rd place. Five preparations of the ranking enlarged their market shares, at that, Ampicillin – almost 6-fold (from 0.9 to 5.2%), what caused significant cumulative share increase – from 7.7% to 13.2%.

Table 2. Top 10 trade names

Rank		Trade name	Share in total value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	8	Ampicillin	5.2	0.9
2	2	Sodium chloride	1.2	1.4
3	1	Cefazoline	1.0	1.5
4	7	Diroton	1.0	1.0
5	52	Cetrotide	0.9	0.3
6	42	Travisil	0.9	0.3
7	5	Hippopheae fructuum oleum	0.8	1.1
8	62	Choliver	0.8	0.3
9	120	Pegasys	0.7	0.2
10	10	Nimesil	0.7	0.8
Total			**13.2**	**7.7**

The leadership in the ranking of the top INNs and combinations as in the list of trade names is captured by Ampicillin (Table 3). It outstripped the former leaders – Fluconazole (+61%) and Pancreatin (+27%), though they demonstrated advanced growth rates and increase in share. Two other INNs strengthened their presence: Lisinopril (+41%, 4th position) and the newcomer Cetrorelix (+253%, 10th position). As a result, the cumulative share of the top 10 INNs considerably enlarged (from 12.5% to 17.1%).

Table 3. Top 10 INNs and combinations

Rank		INN/ Combination	Share in total value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	12	Ampicillin	5.2	0.9
2	1	Fluconazole	2.4	1.8
3	2	Pancreatin	1.7	1.7
4	8	Lisinopril	1.3	1.2
5	7	Diclofenac	1.3	1.3
6	3	Sodium chloride	1.2	1.5
7	5	Enalapril	1.1	1.4
8	4	Cefazoline	1.0	1.5
9	11	Ceftriaxone	0.9	1.0
10	74	Cetrorelix	0.9	0.3
Total			**17.1**	**12.5**

The leader of the pharmaceutical market of Moldova is still J01 Antibacterials for systemic use (+44%), which strengthened its leadership due to considerable growth of Ampicillin (Table 4). High growth rates were demonstrated by four new participants, at that, the most significant increase was typical for G04 Urologicals (+78%), what allowed it to rose from 18th to 8th position. It is to note that in the analyzed ranking as opposed to the above mentioned lists all the leaders showed positive dynamics, where 7 participants enlarged their market shares. This conditioned growth of the cumulative share of the top 10 ATC groups by 3.5%.

Table 4. Top 10 ATC groups

Rank		ATC code	ATC group	Share in total value, %	
H1 2008	H1 2007			H1 2008	H1 2007
1	1	J01	Antibacterials for Systemic Use	14.3	12.1
2	3	M01	Antiinflammatory and Antirheumatic Products	4.3	4.2
3	4	A11	Vitamins	3.9	3.9
4	2	N02	Analgesics	3.7	4.3
5	7	C09	Agents Acting on the Renin-Angiotensin System	3.3	3.2
6	6	R05	Cough and Cold Preparations	3.1	3.3
7	11	A05	Bile and Liver Therapy	2.9	2.5
8	18	G04	Urologicals	2.8	1.9
9	12	N06	Psychoanaleptics	2.8	2.5
10	14	J02	Antimycotics For Systemic Use	2.7	2.3
Total				**43.8**	**40.3**

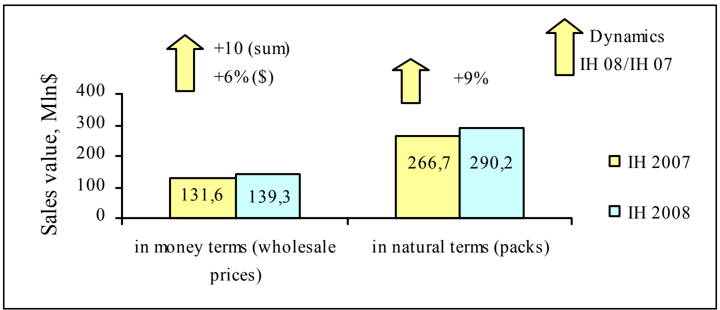
Conclusion. By the results of the 1st half of 2008 the pharmaceutical market of Moldova grew by 22% in money terms, though likewise reduced in natural terms (-23%). In spite of the fact that these changes led to the growth of average price per drug pack, this index, as well as average per capita drug consumption remained lower in Moldova than the respective figures in Ukraine and Russia.

[2] All data and figures are presented in dollars.

PHARMACEUTICAL MARKET OF UZBEKISTAN

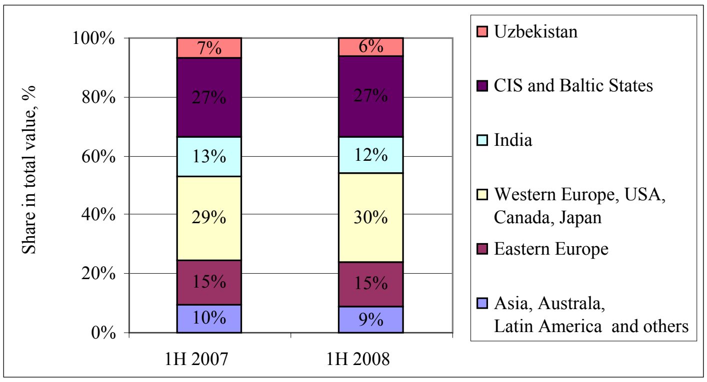
According to RMBC data, by the results of the 1st half of 2008 pharmaceutical market value of Uzbekistan reached $139.3 Mln (181 Bln Sum) at manufacturers' prices and 290 Mln packs (Diagram 1). Average price per drug pack remained practically the same as compared to 2007 and accounted for $0.48 at manufacturers' prices. Per capita drug consumption equaled $5.14. OTC segment accumulated 28% of the market in money terms and 43% in natural terms.

Diagram 1. Pharmaceutical market of Uzbekistan in the 1st half of 2007 – the 1st half of 2008



291 drug manufacturers, 1743 trade names and 836 INNs and combinations represent the pharmaceutical market of Uzbekistan. The share of domestic drug-makers amounted to 6%, while the Russian, Ukrainian and Belorussian producers accumulate 15%, 7% and 2% accordingly (Diagram 2).

Diagram 2. Structure of pharmaceutical market of Uzbekistan by the country of origin



The ranking of the top manufacturers demonstrated relative stability in the 1st half of 2008 as compared to the 1st half of 2007, and most companies retained their positions (Table 1). Changes were represented by the fact that Unique Pharmaceutical (+13%) outstripped Solvay (+6%) and the company appeared in the list - Gedeon Richter (+41%). The leadership if still occupied by Berlin-Chemie (+10%). The Russian corporation Valenta (+15%) placed on 3rd position, strengthened its presence (its share grew from 3.6% to 3.8%). The cumulative share of the top 10 list participants slightly increased and reached 32.3%.

Table 1. Top 10 manufacturers

Rank		Manufacturer*	Share in total value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	**Berlin-Chemie/ Menarini Pharma GmbH**	5.5	5.5
2	2	**Novartis (incl. Lek-Sandoz)**	3.9	3.9
3	3	Valenta	3.8	3.6
4	4	**Sanofi-Aventis**	3.4	3.5
5	5	**Nycomed**	2.9	3.0
6	6	KRKA D.D.	2.8	2.9
7	8	Unique Pharmaceutical Laboratories	2.7	2.6
8	7	**Solvay Pharmaceuticals**	2.6	2.7
9	9	Nobel Ilac San. ve Tic. A.S.	2.5	2.6
10	12	**Gedeon Richter**	2.3	1.8
Total			**32.3**	**32.1**

* AIPM members are in bold

As against the previous ranking the list of the leading trade names only two preparations retained their places (Table 2). They are Ampicillin (-9%), occupying the leading position, Pheopolyglukin (+30%), placed on 7th position. Six participants improved their positions, including two new trade names – Cerebrolysin (+37%) and Sodium chloride (+7%).

In spite of the fact that only two preparations weakened their ranking, the tendency of share reduction prevailed, what conditioned the decrease of the cumulative share – from 14.3% to 13.9%. It is to mention that many of the leading trade names are hospital preparations.

Table 2. Top 10 trade names

Rank		Trade name	Share in total value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	Ampicillin	2.0	2.4
2	3	Novocaine	1.8	1.7
3	2	Cefazolin	1.8	2.1
4	5	Actovegin	1.4	1.5
5	8	Rinza	1.4	1.0
6	4	Glucose	1.3	1.5
7	7	Pheopolyglukin	1.2	1.1
8	6	Infesol 40	1.1	1.3
9	13	Cerebrolysin	1.0	0.8
10	11	Sodium chloride	0.8	0.9
Total			**13.9**	**14.3**

A in the previous ranking the list of the top INNs and combinations was joined by two new participants (Table 3). They are Dextran (+30%) and Cefotaxime (+0%), which captured 9th and 10th positions in the analyzed period. The most important growth was registered by Caffeine+Paracetamol+Phenylephrine+Chlorphenamine (+38%), due to what the observed combination ranked up by 4 positions and occupied 6th place. In spite of slight negative dynamics, Cefazolin (-1%) is the leader of the list.

Table 3. Top 10 INNs and combinations

Rank		INN/ Combination	Share in total value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	Cefazolin	2.4	2.6
2	3	Ciprofloxacin	2.3	2.0
3	2	Ampicillin	2.1	2.5
4	4	Procaine	1.8	1.7
5	6	Diclofenac	1.5	1.4
6	10	Caffeine+Paracetamol+Phenylephrine+Chlorphenamine	1.5	1.2
7	5	Dextrose	1.4	1.6
8	9	Metronidazole	1.4	1.2
9	12	Dextran, average mw30000-40000	1.2	1.1
10	11	Cefotaxime	1.1	1.2
Total			**16.6**	**16.4**

The two new ATC groups appeared in the top 10 list - C01 Cardiac therapy (+18%) and N01 Anesthetics (+17%) (Table 4). In this list J01 Antibacterials for systemic use (+4%) is still the leader, though the share of the observed group reduced from 20.1% to 19.0%. The cumulative share of the top 10 ATC groups also decreased and equaled 49.8%.

Table 4. Top 10 ATC groups

Rank		ATC code	ATC group	Share in total value, %	
H1 2008	H1 2007			H1 2008	H1 2007
1	1	J01	Antibacterials for Systemic Use	19.0	20.1
2	2	B05	Plasma Substitutes and Perfusion Solutions	6.4	6.7
3	3	N02	Analgesics	5.4	5.1
4	4	A11	Vitamins	4.1	4.1
5	5	M01	Antiinflammatory and Antirheumatic Products	2.9	2.8
6	6	N06	Psychoanaleptics	2.9	2.8
7	7	A05	Bile and Liver Therapy	2.5	2.4
8	8	B03	Antianemic Preparations	2.3	2.3
9	11	C01	Cardiac Therapy	2.2	2.0
10	12	N01	Anesthetics	2.1	2.0
Total				**49.8**	**50.2**

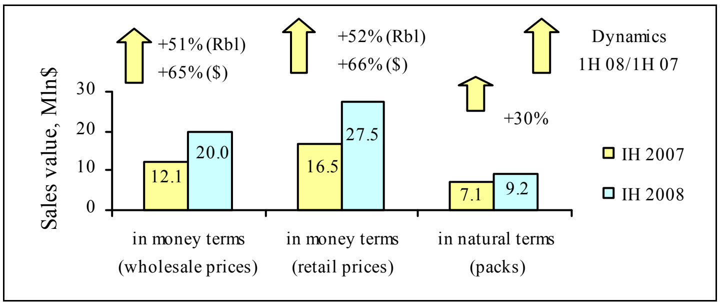
Conclusion. In spite of rather significant growth the pharmaceutical market of Uzbekistan demonstrated low dynamics in money terms, being left being outstripped by the Russian and Kazakh (the main pharmaceutical market Asia) markets growth rates. The market did not revealed significant structural changes, and it is still characterized by the large value of hospital preparations. Average price per drug pack as well as per capita drug consumption are very low – in several times lower than the same figures in Russia and Kazakhstan.

PHARMACY MARKET OF TULA IN THE 1ST HALF OF 2008

The population of Tula is estimated at 504 thousand people, what is 0.4% of the total population of RF and 1.4% of the population of Central Federal District. According to Rosstat, average salary in Tula region in January-August 2008 accounted for Rbl 12333.1 ($502), what is 25% below the national average in the same reporting period.

According to Retail Audit of Drugs in RFTM, in the 1st half of 2008 pharmacy market of the city in rubles grew by 51% as compared to the respective period of the previous year and amounted to Rbl 478.7 Mln ($20 Mln) at wholesale prices (DLO is not included) (Diagram 1). The average price per drug pack reached $2.98 against $2.33 in the same analyzed period of 2007, average retail mark-up – 38%. The share of the city in total RF retail market equaled 0.5%.

Diagram 1. Pharmacy market of Tula in the 1st half of 2007 – the 1st half of 2008



In the 1st half of 2008 the ranking of the top pharmaceutical manufacturers by pharmacy sales value demonstrated relative stability as compared to the previous year (Table 1). Due to high growth rates of sales value, the first three corporations (Novartis, Servier/Egis, Berlin-Chemie/ Menarini Pharma GmbH), as well as Bayer Healthcare (5th position) retained the occupied places. Other six participants of the top 10 list changed their ranking positions. The only Russian company Pharmstandart rose from 8th to 4th place, 2-fold enlarging its sales value. Gedeon Richter (+60%) and KRKA (+58%) also improved in the list, while Sanofi-Aventis (+24%), Solvay (+33%) and Nycomed (+4%) dropped down in the ranking in the analyzed period. The cumulative share of top 10 list participants decreased and accounted for 40.6%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	**Novartis (incl. Lek-Sandoz)**	7.9	8.0
2	2	**Servier/Egis**	5.1	4.8
3	3	**Berlin-Chemie/ Menarini Pharma GmbH**	4.7	4.5
4	8	Pharmstandart	4.3	3.2
5	5	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	4.0	3.6
6	4	**Sanofi-Aventis**	3.6	4.4
7	9	**Gedeon Richter**	3.0	2.8
8	10	KRKA D.D.	3.0	2.8
9	7	**Solvay Pharmaceuticals**	2.8	3.2
10	6	**Nycomed**	2.3	3.3
Total			**40.6**	**40.8**

* AIPM members are in bold

As against the previous ranking the participants of the list did not retain the positions of the previous year (Table 2).

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade names	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	14	Arbidol	1.4	0.5
2	5	Linex	1.1	0.8
3	8	Xenical	0.9	0.7
4	2	Viagra	0.9	1.0
5	4	Essentiale N	0.8	0.9
6	10	Mezym forte	0.7	0.6
7	19	Preducal	0.7	0.5
8	3	TeraFlu against cold and fever	0.6	1.0
9	58	Heptral	0.6	0.3
10	7	Prestarium	0.6	0.8
Total			**8.5**	**7.1**

At that, the four preparations – Viagra (+30%), Essentiale N (+46%), TeraFlu against cold and fever (-2%) and Prestarium (+19%) – ranked down to lower positions. Other trade names demonstrated ranking progress, especially market by three new participants. One of the newcomers - Arbidol captured leadership in retail segment due to 4-fold sales growth. The former leader - Actovegin (-60%), as well as Duphaston (-44%) and Mexidol (+25%) left the ranking. The cumulative share of the ten leaders increased and equaled 8.5%.

The top 10 list of INNs and combinations also revealed significant changes (Table 3). Four new participants appeared in the ranking, demonstrating advanced growth of retail sales: Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+295%) occupied 3rd place, Diclofenac (+99%) captured 6th position, Orlistat (+111%) is placed 7th and Fluconazole (+70%) is located on 8th position. It is to mention that almost all INNs registered advanced increase by pharmacy sales value, except Sildenafil (+30%) and Multivitamins (+25%), which weakened by two ranking positions. The leaders of the top 10 list remained the same - Multivitamine+Multimineral (+58%) and Xylomethazolin (+60%), at that, the first one enlarged and the second one did not changed market share.

Table 3. Top 10 INNs and combinations by pharmacy sales value

Rank		INN/Combination	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	Multivitamine+Multimineral	1.9	1.8
2	2	Xylomethazolin	1.4	1.4
3	28	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.4	0.5
4	4	Enalapril	1.2	1.1
5	3	Pancreatin	1.2	1.1
6	13	Diclofenac	0.9	0.7
7	21	Diclofenac	0.9	0.7
8	11	Fluconazole	0.9	0.8
9	5	Sildenafil	0.9	1.0
10	6	Multivitamine	0.8	1.0
Total			**11.6**	**10.2**

The top 10 ranking of ATC groups was joined by one new participant: N06 Psychoanaleptics (+63%) ranked from 12th to 10th position in the analyzed period (Table 4). Other groups also changed their ranking positions except R05 Cough and cold preparations (+57%), which still occupies 7th place. J01 Antibacterials for systemic use (+49%) moved to the leading position, outstripping N02 Analgesics (+39%) to 2nd place. The most noticeable growth of sales value (+89%) and the most significant ranking progress can be observed by L03 Immunomodulating agents, which rose by 4 positions and captured 4th place in the top 10 list of ATC groups.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
H1 2008	H1 2007			H1 2008	H1 2007
1	2	J01	Antibacterials for Systemic Use	5.7	5.8
2	1	N02	Analgesics	5.5	6.0
3	4	C09	Agents Acting on the Renin-Angiotensin System	4.3	3.9
4	8	L03	Immunomodulating Agents	4.2	3.4
5	3	A11	Vitamins	3.9	4.2
6	5	M01	Antiinflammatory and Antirheumatic Products	3.8	3.6
7	7	R05	Cough and Cold Preparations	3.6	3.4
8	9	R01	Nasal Preparations	3.3	3.1
9	6	G03	Sex Hormones and Modulators of the Genital System	3.0	3.4
10	12	N06	Psychoanaleptics	3.0	2.8
Total				**40.4**	**39.6**

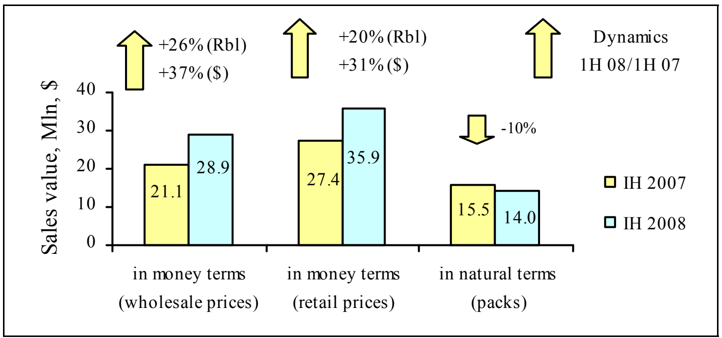
Conclusion. By the results of the 1st half 2008 pharmacy market of Tula showed advanced growth rates as compared to the Russian market and equaled $27.5 Mln at retail prices. Average price per drug pack still exceeds the national figure ($2.98 against $2.79). As against the national tendency of the retail mark-up reduction (from 30% to 29%), the same index in Tula grew.

PHARMACY MARKET OF VORONEZH IN THE 1ST HALF OF 2008

The population of Voronezh is estimated at 839.9 thousand people, what is 0.6% of the total population of RF and 2.3% of the population of Central Federal District. According to Rosstat, average salary in Voronezh region in the 1st half of 2008 accounted for Rbl 11496.4 ($467.7) – it is 30% below the national average.

According to Retail Audit of Drugs in RFTM, in the 1st half of 2008 pharmacy market of the city in rubles grew by 26% and amounted to Rbl 692.4 Mln ($28.9 Mln) at wholesale prices (DLO is not included). The average price per drug pack reached $2.56 (in the 1st half of 2007 - $1.77). The average pharmacy mark-up – 24%. The share of the city in total RF retail market equaled 0.7%.

Diagram 1. Pharmacy market of Voronezh in the 1st half of 2007 – the 1st half of 2008



The ranking of the leading manufacturers by pharmacy sales value experienced only inner shifts in the analyzed period (Table 1). At that Novartis (+38%) remained the leader and strengthened its presence on the market. Berlin-Chemie (+15%) and Nycomed (+28%) also retained their positions. The most significant growth rates of sales (+66%) were demonstrated by Pharmstandart and as a result the corporation moved to 2nd place, leaving behind Servier/Egis (+25%) and Sanofi-Aventis (+23%).

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	**Novartis (incl. Lek-Sandoz)**	6.0	5.5
2	4	Pharmstandart	5.4	4.1
3	2	**Servier/Egis**	5.2	5.3
4	3	**Sanofi-Aventis**	4.1	4.2
5	5	**Berlin-Chemie/ Menarini Pharma GmbH**	3.8	4.1
6	8	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	3.2	2.5
7	7	**Nycomed**	3.0	3.0
8	6	KRKA D.D.	2.8	3.2
9	10	**Gedeon Richter**	2.7	2.5
10	9	**Solvay Pharmaceuticals**	2.7	2.5
Total			**39.1**	**36.9**

* AIPM members are in bold

The list of the top trade names only one preparation – Mezym forte (+5%) remained on the same position (Table 2).

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	5	Arbidol	2.0	1.2
2	4	Mexidol	1.4	1.3
3	1	Actovegin	1.4	1.5
4	7	Essentiale N	1.3	0.9
5	6	Preducal	1.1	1.0
6	2	Mildronate	1.0	1.3
7	8	Viagra	0.9	0.8
8	13	Linex	0.6	0.6
9	9	Mezym forte	0.6	0.8
10	3	Crataegi tinctura	0.6	1.3
Total			**11.0**	**10.7**

The six participants improved their positions, including Arbidol, which rose from 5th to 1st place due to advanced growth rates of sales value (+106%). The lower dynamics (+36%) of Linex allowed it to enter the list and occupy 8th place against 13th in 2007. Two trade names - Mildronate (-8%) and Crataegi tinctura (-42%) – demonstrated negative sales dynamics which conditioned share and ranking reduction (the first participant dropped from 2nd to 6th position and the second one – from 3rd to 10th place). All the mentioned changes influenced the cumulative share of the top 10 trade names which accounted for 11%.

The top 10 list of INNs and combination was joined by two new participants - Xylomethazolin (+88%) placed 7th and Fluconazole (+74%) – placed 8th (Table 3). The most considerable positive dynamics was registered by Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (Arbidol) which captured the leadership. The previous year leader Multivitamine+Multimineral (+27%) dropped to 2nd place. Pancreatin (+20%), Azithromycin (+35%) and Meldonium (-8%) also weakened in the ranking in the analyzed period. It is to note that share increase tendency prevailed among the leading INNs, what led to notable enlargement of the cumulative share.

Table 3. Top 10 INNs and combinations by pharmacy sales value

Rank		INN/ Combination	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	6	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	2.0	1.2
2	1	Multivitamine+Multimineral	1.6	1.6
3	3	Ethylmethylhydroxipiridine succinate	1.5	1.3
4	2	Pancreatin	1.4	1.5
5	9	Phospholipides	1.3	0.9
6	7	Trimetazidine	1.3	1.1
7	14	Xylomethazolin	1.2	0.8
8	16	Fluconazole	1.1	0.8
9	8	Azithromycin	1.1	1.0
10	5	Meldonium	1.0	1.3
Total			**13.5**	**11.6**

As in the above mentioned ranking the top 10 list of ATC groups was joined by two new participants: G03 Sex hormones and modulators of the genital system (+54%) and A05 Bile and liver therapy (+37%). The highest growth rates were showed by L03 Immunomodulating agents (+63%) and as a result the group moved from 8th to 3rd position. In spite of share reduction J01 Antibacterials for systemic use (+9%) and N02 Analgesics (+24%) retained their leadership. The cumulative share of the top 10 ATC groups decreased from 40.1% to 39.5%.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
H1 2008	H1 2007			H1 2008	H1 2007
1	1	J01	Antibacterials for Systemic Use	5.2	6.0
2	2	N02	Analgesics	5.0	5.1
3	8	L03	Immunomodulating Agents	4.8	3.7
4	3	C01	Cardiac Therapy	4.0	5.0
5	7	M01	Antiinflammatory and Antirheumatic Products	3.7	3.7
6	5	A11	Vitamins	3.7	3.7
7	6	C09	Agents Acting on the Renin-Angiotensin System	3.5	3.7
8	4	N06	Psychoanaleptics	3.4	3.9
9	13	G03	Sex Hormones and Modulators of the Genital System	3.1	2.5
10	11	A05	Bile and Liver Therapy	3.0	2.8
Total				**39.5**	**40.1**

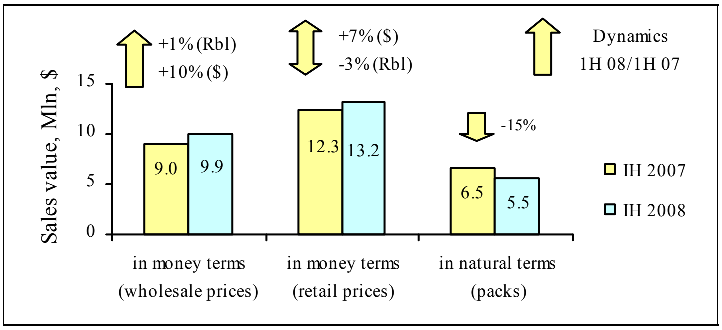
Conclusion. By the results of the 1st half of 2008 pharmacy market value of Voronezh amounted to $35.9 Mln at retail prices. Voronezh market growth rates were outstripped by the national dynamics. In spite of the Russian tendency, the regional market in natural terms decreased. Average price per drug pack as well as retail mark-up were lower than the same figure on the national level.

PHARMACY MARKET OF KURSK IN THE 1ST HALF OF 2008

The population of Kursk is estimated at 407.1 thousand people, what is 0.3% of the total population of RF and 1.1% of the population of Central Federal District. According to Rosstat, average salary in Kursk region in January-August 2008 accounted for Rbl 10797.6 ($439.3), what is 35% below the national average in the same reporting period.

According to Retail Audit of Drugs in RF™, in the 1st half of 2008 pharmacy market of the city in rubles grew by 1% as compared to the respective period of the previous year and amounted to Rbl 237 Mln ($10 Mln) at wholesale prices (DLO is not included). At that, pharmacy market at retail prices (rubles) reduced by 3% (in dollars – grew by 7%). It explains the decrease of retail mark-up from 37% to 32%. The market in natural terms declined by 15% and accounted for 5.5 Mln packs. The average price per drug pack grew from $1.89 to $2.37.

Diagram 1. Pharmacy market of Kursk in the 1st half of 2007 – the 1st half of 2008



The top 10 list of manufacturers by pharmacy sales value demonstrated insignificant changes (Table 1). Half of the participants, including the leader Novartis (+14%) retained their positions. The only domestic producer Pharmstandart (+37%) ranked from 5th to 2nd position. Negative dynamics of half of the corporations characterized the list; the most considerable was registered by Sanofi-Aventis (-19%).

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	**Novartis (incl. Lek-Sandoz)**	6.5	5.7
2	5	Pharmstandart	5.1	3.8
3	2	**Berlin-Chemie/ Menarini Pharma GmbH**	4.6	5.3
4	4	**Servier/Egis**	4.2	4.3
5	3	**Sanofi-Aventis**	4.2	5.1
6	7	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	3.7	3.4
7	6	**Gedeon Richter**	3.2	3.6
8	8	**Nycomed**	3.1	2.8
9	9	KRKA D.D.	2.6	2.5
10	10	**Solvay Pharmaceuticals**	1.9	2.0
Total			**39.0**	**38.5**

* AIPM members are in bold

Only one participant of the top 10 list of trade names Preducal (+1%) remained on 9th position occupied earlier (Table 2).

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	5	Arbidol	1.6	1.0
2	1	Actovegin	1.2	1.2
3	8	Linex	1.0	0.7
4	7	Mexidol	1.0	0.8
5	6	Essentiale N	1.0	0.9
6	24	Viagra	0.7	0.5
7	25	Mildronate	0.7	0.4
8	13	Movalis	0.7	0.6
9	9	Preducal	0.7	0.7
10	16	Viferon	0.7	0.6
Total			**9.2**	**7.3**

Actovegin (-1%) dropped from 1st to 2nd place, being outstripped by Arbidol (+65%). Other eight preparations demonstrated ranking progress, where Viagra (+65%) and Mildronate (+53%) showed the highest results, improving by 18 positions in the top 10 list. The nine participants of the top 10 ranking enlarged their shares, what conditioned considerable share increase – from 7.3% to 9.2%.

The list of the leading INNs and combinations was joined by three new participants (Table 3). Ethylmethylhydroxipiridine succinate (+36%) moved from 14th to 3rd place, Caffeine+Codeine+Paracetamol+Metamizole sodium (+14%) – from 11th to 7th position and Phospholipides (+11%) – from 13th to 9th position. Due to the low dynamics (+2%), though exceeding the average market growth rates allowed the leader Multivitamine+Multimineral not only retain its leadership but also increase share. The highest growth was demonstrated by Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+65%), which enlarged its share more than 1.5-fold and moved from 10th to 2nd position. Three ranking participants showed negative dynamics and decreased their shares on the market, though it did not prevent in crease of the cumulative share by 0.5%.

Table 3. Top 10 INNs and combinations by pharmacy sales value

Rank		INN/Combination	Share in total pharmacy sales value, %	
H1 2008	H1 2007		H1 2008	H1 2007
1	1	Multivitamine+Multimineral	2.0	1.9
2	10	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.6	1.0
3	14	Ethylmethylhydroxipiridine succinate	1.2	0.9
4	7	Diclofenac	1.2	1.1
5	9	Xylomethazolin	1.1	1.0
6	3	Enalapril	1.1	1.3
7	11	Caffeine+Codeine+ Paracetamol+Metamizole sodium	1.0	0.9
8	2	Pancreatin	1.0	1.4
9	13	Phospholipides	1.0	0.9
10	6	Multivitamin	0.9	1.1
Total			**12.0**	**11.5**

The top 10 ranking of ATC groups was characterized by minor changes (Table 4). In spite of negative dynamics of sales value, the fist two leaders (-2%), retained their positions. L03 Immunomodulating agents (+6%) ranked to 3rd place, leaving behind M01 Antiinflammatory and antirheumatic products (-14%). The most considerable dynamics was demonstrated by R01 Nasal preparations (+15%), which improved from 11th to 9th position. Three groups enlarged their shares, at that five of them reduced market share, what caused decrease of the cumulative share of the top 10 leaders by pharmacy sales value from 41.9% to 41.2%.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
H1 2008	H1 2007			H1 2008	H1 2007
1	1	J01	Antibacterials for Systemic Use	6.3	6.5
2	2	N02	Analgesics	5.9	6.0
3	4	L03	Immunomodulating Agents	4.9	4.6
4	3	M01	Antiinflammatory and Antirheumatic Products	4.6	5.4
5	5	A11	Vitamins	4.0	4.1
6	7	C09	Agents Acting on the Renin-Angiotensin System	3.3	3.3
7	6	R05	Cough and Cold Preparations	3.3	3.5
8	9	A07	Antidiarreals, Intestinal Antiinflammatory / Antiinfective Agents	3.2	3.1
9	11	R01	Nasal Preparations	2.9	2.6
10	10	G03	Sex Hormones and Modulators of the Genital System	2.8	2.8
Total				**41.2**	**41.9**

Conclusion. By the results of the 1st half of 2008 pharmacy market value of Kursk amounted to $13.2 Mln at retail prices. Kursk market in rubles stagnated, in natural terms – demonstrated negative dynamics, what conditioned increase in price per drug pack. In spite of significant reduction of retail mark-up, it still exceeds the national average (32% against 29%).

REGIONAL DIGEST

DLO/ONLC

01.10.2008,Vremya Novostey

Campaign on expensive drugs purchases will be launched in Russia

Within the next few days the Ministry of Health and Social Development will announce the beginning of tenders on drugs, used for treatment of rear chronic diseases. Next year the government is going to spend more than Rbl 47 Bln on such medicines. The sum is unprecedented, taking into consideration that it is intended for patients, accounting for approximately 50 thousand people, according to the Ministry of Health and Social Development.

But the specificity of expensive nosologies consists in most cases of their treatment innovative high-priced preparations. Almost all of them are under patent protection and have no cheap analogues. Therefore, the Federal Antimonopoly Service of RF obliged all interested pharmaceutical manufacturers to afford information on their patent developments in this sphere several months before the beginning of tenders. The FAS officials will thoroughly analyze the obtained data as well as the results of the tenders.

03.10.2008, Kommersant Daily

The Ministry of Health and Social Development will determine the model of the reform of drug provision for beneficiaries by the end of the year

The Ministers consider that the necessary drug supply program (ONLC) is unacceptable in its present form and needs serious modifications as it will demand constant financing enlargement. Thus, the government has already decided to increase program assignment in 2008 by Rbl 10 Bln and by Rbl 12 Bln in 2009 in order to grade the current deficit of financial resources. Therefore, at the present time the Ministry of Health and Social Development elaborates the conception of drug supply of the population which is to be accepted by the end of 2008. The document will contain the studies on the new mechanisms of medical insurance, which will be the framework for the new program of drug provision of beneficiaries.

06.10.2008, Vremya Novostey

The RF government delivered additional Rbl 10 Bln for the drugs intended for beneficiaries to the regions

The respective government regulation was signed on September 29. As the Director of the Department for the Development of Pharmaceutical Market and Medical Equipment Market of the Ministry of Health and Social Development of Russian Federation Diana Mikhaylova reported during her first press-conference, it will grade the drug deficit which appeared at the end of the year. At that, Mikhaylova did not comment on what mechanisms will be applied to eliminate drug shortage.

16.10.2008, RBC daily

Two third of the Russian beneficiaries chose money instead of medicines

Beneficiaries had to choose between money compensation and free drugs by October 15, 2008. Now it is obvious that two third of the beneficiaries chose money. Consequently, according to experts, the DLO program budget which is formed depending on the number of people who need medical support will remain the same. Refusal from drugs can be explained by nonavailability of necessary preparations in pharmacies. As a result, the beneficiaries receive cheap analogous instead of drugs prescribed by the doctor.

The federal budget allocated Rbl 60 Bln for ONLC program in 2008. The sum of Rbl 33 Bln was spent on purchase of medicines for seriously ill patients. Rbl 29 Bln was spent on drug supply of other beneficiaries within the DLO program.

28.10.2008, Vremya Novostey

Medical insurance system operation will be tested on the Russian beneficiaries

From January 1, 2010 the Russian beneficiaries receiving medicines at the expenses of the government may be the first group of the Russian people on whom the medical insurance system will be tested. On the meeting which took place at Roszdravnadzor yesterday the ministers jointly with the representatives of pharmaceutical community, insurance companies and social organizations started to select medical insurance model applicable for Russian Federation. The general vector of preferences of all interested parties became obvious practically at once – certainly it is the European medical insurance model, presupposing co-financing from the patient.

Therefore, the ministers suggested to prepare two lists of drugs within ONLC program – "positive" and "negative" - in 2009. Namely, in the event of more or less stable financing and in the case of financial problems.

NEWS OF COMPANIES

09.10.2008, RBC daily

Stada announced on the development of pharmaceutical holding in Russia

The management company of Stada CIS Holding, which will be headed by the present General Director of "Nizhpharm" Dmitry Efimov, will be set up in the first half of 2009. After reorganization the management company will by the holder of all assets of the holding. At that, "Nizhpharm", "Makiz-Pharma" and "Skopinpharm" facilities, as well as the medical preparations produced at them, will retain their trade names. Reorganization will be over in the first half of 2009. According to experts, horizontal integration method will allow to promote new products on the market as quick as possible.

17.10.2008, Vedomosti

The pharmaceutical manufacturer "Valenta" freezes investment projects

As the Executive Director of the holding A.Itin reported, the pharmaceutical producer "Valenta" (former "Otechestvennye lekarstva") freezes the investment projects. The matter concerns construction of the plant in Shelkovo (Moscow region) (Shelkovovsky vitaminny zavod, belonging to the company, is also there) with volume of investments of almost 50 Mln euro in 2010. Besides, the company suspended the development of new products. The pharmaceutical manufacturer dismissed about 40 of 240 workers in the Moscow office and 30 workers in Shelkovsky vitaminny zavod and "Novosibkhimpharma".

"Valenta" faced problems of debt refunding: A.Itin did not name concrete sums, having only specified that it is the matter of current financing. By the results of 2007 "Valenta" has the ratio debt/EBITDA of 5.3, while according to the forecast it accounted for 3.6.

23.10.2008, IG "SeverInfo"

The government will help pharmacies

It was announced by the RF presidential aide Arkadiy Dvorkovich on Tuesday. Foremost, it concerns the measures aimed to support of normal operation of retail business, including pharmacy chains. According to the RF presidential aide, the Russian banks will provide additional credit resources to the companies functioning in these fields and the proper chains are not expected to have any problems, currently they do not have. Besides, Dvorkovich reported that measures in tax sphere, aimed at improvement of business environment of the companies working in retail trade and pharmacy business, will be assumed.

PERSONNEL SHIFTS

03.10.2008, Delovoy Peterburg

Top-management of the second in size pharmacy chain "Pervaya pomosh" was changed

In the past week three top-managers, who left ZAO "Pervaya pomosh" in early 2008, returned to the company: V.Vlasov – to the post of General Director, P.Grek – to Commercial Director and A.Kalinina – to Chief Sales Officer. Cause – is the death of the shareholder Vladimir Grigoriadi, owing 49% of the chain. According to "DP", the 37-year-old V. Grigoriadi died of heart attack in Moscow, where he came to negotiate on sale of the pharmacy chain "Pervaya pomosh". Currently, it is not clear if V. Grigoriadi managed to sign the agreement on sale of business. The Commercial Director of the pharmacy chain P.Grek reported that the chain will not be sold. However, according to "DP" source in ZAO "Pervaya pomosh , V.Grigoriadi decided to sale only his part of business. The other stock-owner A. Khromov (51% of shares) did not give comments on this question. The pharmaceutical market players do not confirm information on sale of the chain.

Copyright: AIPM – "Remedium" Publishing House ("Remedium" Group of Companies)

On questions and proposals address:

Vladimir Grigorievich Shipkow, AIPM Executive Director
Tel.: 933 70 40
Information on AIPM on the Internet: http://www.aipm.org
Korduban Ekaterina, PR and Development Director of "Remedium" Group of Companies
Tel.: 780 34 25, fax: 780 34 26
Information on "Remedium" group of companies on the Internet: http://www.remedium.ru