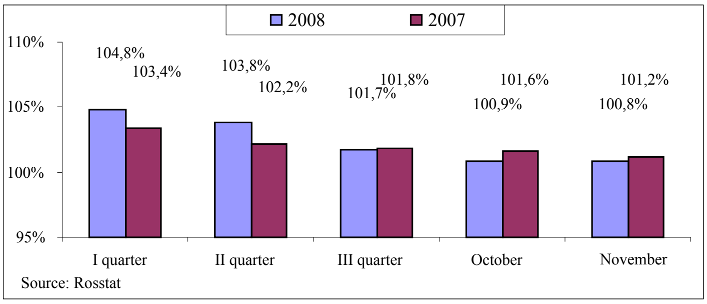
A Joint Publication of the Association of International Pharmaceutical Manufacturers in Russia and Group of Companies Remedium

MACROECONOMIC INDICATORS

Inflation rate

According to Rosstat, inflation rate on the consumer market in November 2008 accounted for 100.8%, what is below the respective figure in October of the current year (100.9%). The growth of consumption prices in January-November 2008 exceeded the same index a year earlier: 112.5% against 110.6%. The trend of reduction of manufacturers' prices firstly registered in September continued in November. As a result, manufacturers' prices in January-November 2008 were considerably below the same index in 2007: 100.6% against 120.6%.

Diagram 1. Consumer prices



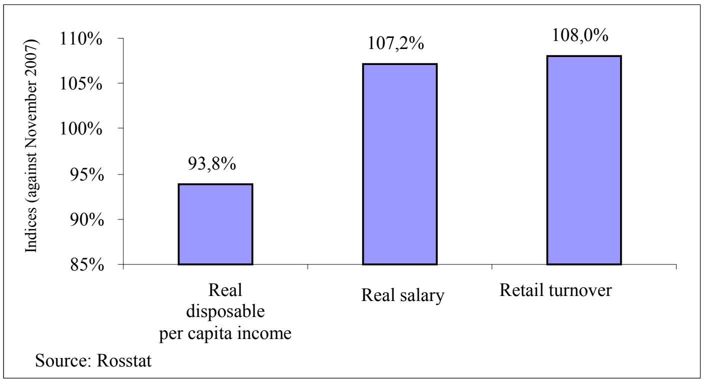
Living standards of the population

According to preliminary Rosstat data, in November 2008 the average salary for one worker equaled Rbl 17,995 ($652). Real salary in November 2008 increased by 7.2% as compared to the respective period in 2007, while the real disposable per capita income decreased by 93.8% (Diagram 2).

Retail turnover

Retail turnover in November 2008 grew by 8.0% against the same figure in the previous year period and accounted for Rbl 1238.9 Bln (Diagram 2).

Diagram 2.Real disposable per capita income, real salary, retail turnover in November 2008



Industrial output

According to Rosstat, in November 2008 industrial output declined and amounted to 89.2% compared to October 2008 and 91.3% against November 2007. The grow of industrial output value in January-November 2008 accounted for 103.7% compared the same period in 2007.

Domestic production

According to Rosstat, production value of the domestic pharmaceutical companies in November 2008 reached $205 Mln, what is 25% below the respective figure in 2007 and 27% below October 2008. The top 10 list of the domestic drug manufacturers by the results of November 2008 is represented in Table 1. The cumulative industrial output of the ten leading producers is estimated at $146.8 Mln (71.5% from the total production value of pharmaceutical industry in the analyzed period).

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

Rank	Manufacturer	Production value, $Mln.
1	Pharmstandart	37.1
2	Nizhpharm	21.0
3	Valenta	18.7
4	Microgen	17.9
5	Veropharm	12.3
6	Pharm-Centr	12.2
7	Materia Medika	8.2
8	Biosintez	7.6
9	Akrikhin	7.6
10	Tatkhimpharmpreparaty	4.2

Table 2 contains data on pharmacy sales in 10 RF regions. In October 2008 the six regions demonstrated increase by retail sales value against the previous month – Saint Petersburg (+22%). The lowest growth was registered by the Krasnodar Territory (+1%). The four regions showed reduction by pharmacy sails value as compared to the previous months, where Perm demonstrated the most considerable decrease (-12%).

Table 2. Pharmacy sales in RF regions in 2008

Region	Pharmacy sales value, $Mln. (Wholesale prices)			Growth, % (in rubles)		
	August 2008	September 2008	October 2008	August/ July 2008	September/ August 2008	October/ September 2008
Moscow	91.1	110.5	115.7	-6%	25%	5%
Saint Petersburg	32.1	36.8	45.0	-2%	18%	22%
Krasnodar Territory	22.5	22.2	22.4	4%	1%	1%
Novosibirsk region	16.6	20.2	20.1	-1%	25%	-1%
Tatarstan	15.3	17.2	17.9	-3%	16%	4%
Krasnoyarsk Territory	11.5	13.8	13.5	-9%	23%	-2%
Rostov region	17.0	18.8	19.3	6%	14%	3%
Voronezh region	9.2	11.2	11.1	-14%	26%	-1%
Perm	5.7	7.1	6.3	1%	29%	-12%
Tyumen	3.8	4.8	5.0	-8%	30%	4%

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 November 2008

Rank	Company*	Quantity of advertisements
1	Novartis	6 380
2	Reckitt Benckiser	3 425
3	Berlin-Chemie Menarini Group	2 802
4	GlaxoSmithKline	2 290
5	Pharmstandart	2 278

Source – TNS Gallup AdFact

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

Rank	Trade name*	Quantity of advertisements
1	TeraFlu	2 640
2	Nurofen	1 413
3	Otrivin	1 289
4	Strepsils	1 279
5	Coldrex	1 257

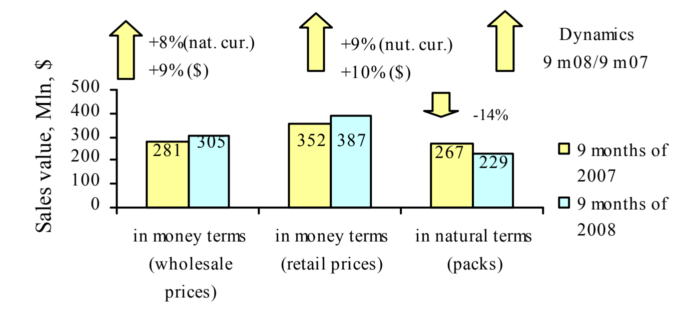
Source – TNS Gallup AdFact

* Only the drugs registered in Gosreestr are considered

PHARMACY MARKET OF BELORUSSIA IN THE FIRST NINE MONTHS OF 2008

According to Retail Audit of Drugs in Belorussia™, in the first nine months of 2008 as compared to the same period in 2007 the retail market value in Belarus grew by 8% and reached $304.5 Mln at wholesale prices and $386.6 at retail prices (Diagram 1). Drug realization volume in natural terms reduced by 14% and amounted to 229 Mln packs. Average price per drug pack equaled $1.69 against $1.32 in 2007. Average retail mark-up equaled 27%. In the first three quarters of 2008 the Belarusian consumer spent $39.9 on drugs in pharmacies, what is significantly above 2007 year index - $35.8.

Diagram 1. Pharmacy market of Belorussia in the nine months of 2007 – nine months of 2008



In January-September 2008 the ranking of the top pharmaceutical manufacturers demonstrated only inner changes (Table 1). The four companies improved their ranking: Bayer Healthcare (+3%[1]) moved from 3rd from 2nd, Servier/Egis (+14%) – from 6th to 4th place, Novartis (+36%) – from 8th to 5th position, Gedeon Richter (+9%) – from 7th to 6th place. The three participants weakened their presence, showing negative sales dynamics. These are domestic producers – Borisovskiy ZMP (-10%) and Belmedpreparaty (-12%), as well as Sanofi-Aventis (-15%). Negative sales value and share decline was also registered by the market leader Berlin-Chemie (-17%). The cumulative share considerably decreased from 38.7% to 35.4%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	**Berlin-Chemie/ Menarini Pharma GmbH**	4.8	6.2
2	3	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	4.3	4.5
3	2	Borisovskiy ZMP	4.0	4.8
4	6	**Servier/Egis**	3.8	3.6
5	8	**Novartis (incl. Lek-Sandoz)**	3.6	2.8
6	7	**Gedeon Richter**	3.6	3.5
7	4	**Sanofi-Aventis**	3.4	4.4
8	5	Belmedpreparaty AO	3.0	3.7
9	9	**Nycomed**	2.6	2.8
10	10	KRKA D.D.	2.3	2.5
Total			**35.4**	**38.7**

* AIPM members are in bold

The top 10 list of trade names was half renewed (Table 2). By the results of the analyzed period five new preparations appeared in the ranking: Lisinopril (+162%), ranked from 44th to 4th place, Augmentin (+75%) – from 13th to 5th position, Predual MR (+84%) – from 25th to 7th position Linex (+66%) – from 23rd to 8th place, Emoxipine (+13%) – from 12th to 10th position, though it showed negative sales dynamics (-17%) and share reduction. In spite of sales value decrease, Diroton (-5%) occupied 2nd position, leaving behind Mildronate (-12%) to 3rd position. The top 10 trade names accumulated 7.4% (6.9% in 2007).

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Enalapril	1.0	1.3
2	3	Diroton	0.9	1.0
3	2	Mildronate	0.9	1.1
4	44	Lisinopril	0.8	0.3
5	13	Augmentin	0.7	0.5
6	5	Essentiale N	0.7	0.7
7	25	Predual MR	0.7	0.4
8	23	Linex	0.6	0.4
9	4	Actovegin	0.6	0.7
10	12	Emoxipine	0.5	0.5
Total			**7.4**	**6.9**

The half of the participants of INNs list demonstrated negative dynamics and share decrease. At that, Enalapril (-13%) retained leadership, Amlodipine (-33%) dropped from 4th to 8th position, while Diclofenac (-9%), Nimesulide (-1%) and Pancreatin (-12%) improved by one ranking position. Due to significant sales value progress, Amoxicillin (+28%) and Amoxicillin+ Clavulanic acid (+77%) entered the top 10 list in the analyzed period and captured 7th and 9th positions, respectively. The cumulative share of the leading INNs and combinations declined and accounted for 13.8%.

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

Rank		INN/ Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Enalapril	2.6	3.3
2	2	Multivitamine+Multimineral	2.4	2.1
3	3	Lisinopril	1.8	1.6
4	5	Diclofenac	1.2	1.4
5	6	Nimesulide	1.1	1.2
6	7	Pancreatin	1.0	1.2
7	14	Amoxicillin	1.0	0.8
8	4	Amlodipine	1.0	1.5
9	29	Amoxicillin+ Clavulanic acid	0.9	0.6
10	10	Phospholipide	0.9	0.9
Total			**13.8**	**14.5**

The ranking of the top ATC groups remained stable in structure, demonstrating only inner shifts. By the results of the first nine months of 2008 the leading position was captured by J01 Antibacterials for systemic use (+17%), outstripping the former leader C09 Agents acting on the renin-angiotensin system (-2%). The four groups also improved their rankings and increased market shares. The most considerable progress was observed by N02 Analgesics (+49%), and as a result the participant moved from 7th to 4rd place. The total share of the 10 ATC groups increased from 42.3% to 43.5%.

Table 4. Top 10 ATC groups by pharmacy sale value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	2	J01	Antibacterials for Systemic Use	6.5	6.0
2	1	C09	Agents Acting on the Renin-Angiotensin System	6.3	6.9
3	5	A11	Vitamins	4.8	4.4
4	7	N02	Analgesics	4.7	3.4
5	3	C01	Cardiac Therapy	4.6	5.0
6	4	M01	Antiinflammatory and Antirheumatic Products	4.4	4.7
7	6	N05	Psycholeptics	3.3	3.5
8	9	R05	Cough and Cold Preparations	3.2	2.8
9	10	S01	Ophthalmologicals	2.9	2.6
10	8	N06	Psychoanaleptics	2.6	3.0
Total				**43.5**	**42.3**

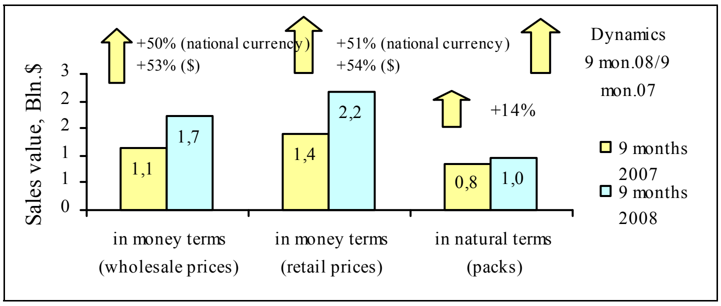
Conclusion. By the results of the first three quarters of 2008 the pharmacy market of Belorussia in money terms demonstrated slowdown in growth, outstripped by the Russian retail market increase (+10% against +36% in $). The pharmacy segment in natural terms not only stagnated but also decreased (-14%). Average price per drug pack increased. Per capita drug consumption in money terms are also left behind by the national consumption ($39.9 compared to $57.8). At that as the rankings show, demand for some preparations and their groups did not settle in Belorussia. In spite of the fact that the leading manufacturers are determined, their positions are not stable and the trend of share reduction can be observed.

1 Hereinafter sales growth is presented in Belorussian rubles.

PHARMACY MARKET OF UKRAINE IN THE FIRST NINE MONTHS OF 2008

According to Retail Audit of Drugs in Ukraine™ in the first nine months of 2008 the Ukrainian retail market value grew by 50% in national currency as compared to the same period in 2007 and accounted for $1.7 Bln at wholesale prices and $2.2 Bln at retail prices (Diagram 1). Drug realization volume in natural terms grew by 13.6% and amounted to 956 Mln packs. Average price per drug pack in the analyzed period equaled $2.27 against $1.67 in 2007, while retail mark-up insignificantly changed as compared to the previous year (+24%) and amounted to 25%. In the first three quarters of 2008 a resident of Ukraine spent $46.9 on drugs in pharmacies, what is considerably above the same figure in 2007 - $30.1.

Diagram 1. Pharmacy market of Ukraine in the 1st nine months of 2007 – 1st nine months of 2008



In January-September 2008 the top 10 ranking of pharmaceutical manufacturers by retail sales value in Ukraine demonstrated relative stability: five corporations retained the positions occupied in 2007 (Table 1). The leader of the list also did not change: due to advanced sales dynamics Berlin-Chemie (+68%) not only remained on the leading place but also strengthened its position. Novartis (+61%) ranked from 3rd to 2nd position, leaving behind Sanofi-Aventis (+41%). The most considerable growth among the leaders and significant share increase was registered by the newcomer of the list Biologische Heilmittel Heel GmbH (+69%). At the same time the most pronounced ranking progress was demonstrated by KRKA (+61%), which rose from 10th to 7th position. The cumulative share of the 10 leaders enlarged by 0.5% and equaled 30.8%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	**Berlin-Chemie/ Menarini Pharma GmbH**	4.5	4.0
2	3	**Novartis (incl. Lek-Sandoz)**	3.9	3.7
3	2	**Sanofi-Aventis**	3.7	4.0
4	4	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	3.2	3.2
5	5	**Servier/Egis**	3.1	2.9
6	6	Darnitsa	2.6	2.9
7	10	**KRKA D.D.**	2.6	2.4
8	7	**GlaxoSmithKline**	2.5	2.6
9	9	Pharmak	2.4	2.5
10	11	Biologische Heilmittel Heel GmbH	2.3	2.1
Total			**30.8**	**30.3**

* AIPM members are in bold

More noticeable changes in the analyzed period were demonstrated by the list of the leading trade names (Table 2). No participant retained the position occupied earlier, including the leader of the previous year – Essentiale N (+34%). This preparation was outstripped to 2nd position by Actovegin, which enlarged its sales value in 1.7 times. The top 10 ranking was joined by two new participants: Mezym forte (+99%) ranked up from 14th to 6th place and Traumeel S (+91%) – from 15th to 10th. Considerable sales value progress (+85%) and notable ranking improvement (from 9th to 5th position) was also registered by Preducal SR.

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Actovegin	0.9	0.8
2	1	Essentiale N	0.9	1.0
3	4	Mildronate	0.7	0.6
4	5	Sodium chloride	0.6	0.5
5	9	Preducal SR	0.6	0.5
6	14	Mezym forte	0.5	0.4
7	3	Ceftriaxone	0.5	0.6
8	7	No-spa	0.5	0.5
9	6	Lasolvan	0.5	0.5
10	15	Traumeel S	0.5	0.4
Total			**6.1**	**5.9**

It is to note that most list participants demonstrated positive sales, at that the dynamics of six preparations exceeded the market average. The cumulative share of the top trade names slightly increased and accounted for 6.1%. As against the previous ranking the four participants of the top 10 list of INNs and combinations retained theirs positions (Table 3). These are the leaders - Multivitamine+Multimineral (+55%) and Diclofenac (+59%), as well as the groups occupying 4th and 5th places – Ceftriaxone (+53%) and Phospholipides (+47%). As in the previous list all 10 INNs demonstrated considerable sales growth. The highest results were registered by Pancreatin (+64%) and Trimetazidine (+67%), which captured 3rd and 7th positions by the results of the analyzed period. Approximately the same growth (+62%) allowed Multivitamins+Other medicines to enter the top 10 list and occupy 10th place. At the same time in spite of notable positive dynamics (+27%) Nimesulide ranked below the ranking.

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

Rank		INN/ Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Multivitamine+Multimineral	1.3	1.3
2	2	Diclofenac	1.1	1.1
3	6	Pancreatin	1.1	1.0
4	4	Ceftriaxone	1.1	1.0
5	5	Phospholipides	1.0	1.0
6	3	Sildenafil	0.9	1.1
7	9	Trimetazidine	0.8	0.7
8	7	Ambroxol	0.8	0.9
9	8	Fluconazole	0.7	0.7
10	11	Multivitamins+Other medicines	0.7	0.6
Total			**9.5**	**9.5**

The new participant appeared in the ranking of the leading ATC groups (Table 4). C09 Agents acting on the renin-angiotensin system (+63%), which ranked from 11th to 10th position. Due to noticeable sales value progress, three groups improved their ranking positions: M01 Antiinflammatory and antirheumatic products (+65%) rose from 4th to 2nd place, A05 Bile and liver therapy (+62%) - from 8th to 6th position, and N06 Psychoanaleptics (+61%) – from 10th to 9th place. The observed preparations left behind the groups with lower sales dynamics - N02 Analgesics (+40%), C01 Cardiac therapy (+51%) and G04 Urologicals (+54%). The cumulative share of the leading ATC groups did not change in the analyzed period (40.7%).

Table 4. Top 10 ATC groups by pharmacy sale value

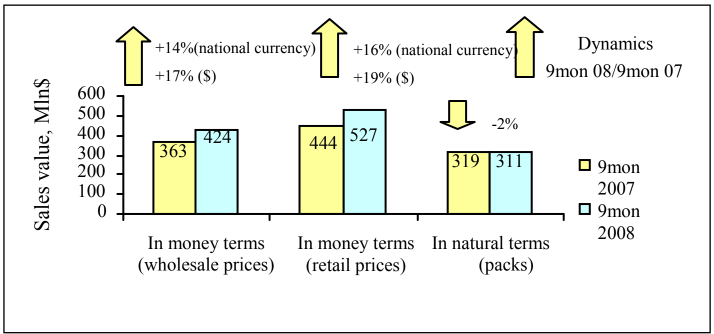
Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	J01	Antibacterials for Systemic Use	7.3	8.2
2	4	M01	Antiinflammatory and Antirheumatic Products	4.6	4.2
3	3	R05	Cough and Cold Preparations	4.5	4.5
4	2	N02	Analgesics	4.2	4.5
5	5	A11	Vitamins	3.9	3.9
6	8	A05	Bile and Liver Therapy	3.4	3.2
7	6	C01	Cardiac Therapy	3.3	3.3
8	7	G04	Urologicals	3.3	3.2
9	10	N06	Psychoanaleptics	3.2	3.0
10	11	C09	Agents Acting on the Renin-Angiotensin System	3.0	2.7
Total				**40.7**	**40.7**

Conclusion. By the results of nine months of 2008 pharmacy market of Ukraine showed active growth not only in money terms but also in natural terms (+14%). Growth rates of the Ukrainian market (+54% in $) exceeded the respective figure in Russia (+36%), Kazakhstan (+19%) and Belorussia (+10%). Per capita drug consumption notably increased as compared to the previous year level and reached $46.9. This is lower than in Russia ($57.75), but higher than in Kazakhstan ($33.5) and Belorussia ($39.9). Considerable structural changes conditioned by active development were observed on the Ukrainian pharmacy market.

PHARMACY MARKT OF KAZAKHSATN IN THE FIRST NINE MONTHS OF 2008

According to Retail Audit of Drugs in Kazakhsatn™ in the first nine months of 2008 the Kazakh retail market value (DLO is not included) grew by 16% in national currency (Kazakh tenge) as compared to the same period in 2007 and accounted for $424 Mln (51 Bln tenge) at wholesale prices and $527 Mln (63 Bln tenge) at retail prices (Diagram 1). Drug realization volume in natural terms decreased by 2% and amounted to 311 Mln packs. Average price per drug pack in the analyzed period grew to $1.7 against $1.3 in 2007. Retail mark-up reached 24%, what is above the previous year level (22%). In the first three quarters of 2008 a resident of Kazakhstan spent $33.9 on drugs in pharmacies, what is considerably above the same figure in 2007 - $28.8.

Diagram 1. Pharmacy market of Kazakhstan in the 1st nine months of 2007 – 1st nine months of 2008



In January-September 2008 the top 10 list of pharmaceutical manufacturers demonstrated relative stability by pharmacy sales value (Table 1). The ranking was not joined by the new participants, but inner shifts took place. These are the leader of the top 10 list - Novartis (+25%), as well as Solvay Pharmaceuticals, GlaxoSmithKline (+5%) and Servier/Egis (+22%), which remained on 6th, 9th and 10th positions, accordingly. Due to the highest growth rates among the leaders, Bayer Healthcare (+38%) rose from 5th to 2nd place. At that, Sanofi-Aventis (-1%), Nycomed (+3%) and Berlin-Chemie (+6%) ranked down by one position in the top 10 list of manufacturers. In spite of the fact half of the participants enlarged their market shares, the cumulative share of the top 10 producers slightly reduced and accounted for 32%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	**Novartis (incl. Lek-Sandoz)**	6.1	5.5
2	5	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	4.8	4.0
3	2	**Sanofi-Aventis**	4.3	4.9
4	3	**Nycomed**	4.2	4.6
5	4	**Berlin-Chemie/ Menarini Pharma GmbH**	3.9	4.2
6	6	**Solvay Pharmaceuticals**	3.7	3.4
7	8	**Gedeon Richter**	3.5	3.1
8	7	Ratiopharm GmbH	2.7	3.3
9	9	**GlaxoSmithKline**	2.5	2.7
10	10	**Servier/Egis**	2.5	2.3
Total			**32.0**	**32.5**

* AIPM members are in bold

By the results of the analyzed period the ranking of the leading trade names was joined by three new preparations (Table 2). The new comers are: Cefazolin (+47%),which demonstrated high positive dynamics and ranked from 16th to 6th place, Duphaston (+30%) – from 11th to 7th position, and Kreon 10000 (+47%) – from 20th to 10th position. In spite of negative dynamics and share reduction, Actovegin retained its leadership. Linex (+44%) rose from 6th to 2nd place. Cerebrolysin (-33%) which occupied 2nd place in 2007, considerably weakened its positions in the analyzed period and ranked below the top 10 list, as well as Xenycal (-19%) and Prostamol Uno (-14%). Only the leader of the list slightly decreased its market share, while other participants retained or increased it and as a result the cumulative share of the top trade names enlarged – from 8% to 8.2%.

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Actovegin	1.6	1.9
2	6	Linex	0.9	0.7
3	5	Essentiale N	0.8	0.8
4	3	Mezym forte	0.8	0.8
5	7	Viagra	0.7	0.7
6	16	Cefazolin	0.7	0.6
7	11	Duphaston	0.7	0.6
8	10	Sumamed	0.7	0.7
9	9	Hylak forte	0.7	0.7
10	20	Kreon 10000	0.6	0.5
Total			**8.2**	**8.0**

All participants of the top 10 ranking of INNs and combinations remained on the positions occupied in the previous year. Advanced growth allowed Pancreatin (+27%) to become the leader of the list, leaving behind less dynamic group Multivitamine+Multimineral (+5%). Two INNs weakened their positions – Ambroxol (-5%) and Ciprofloxacinи (-3%), demonstration negative sales dynamics. At the same time six INNs registered ranking progress, most considerable by Ketoprofen (+29%) and Xylomethazolin (+24%), which rose from 11th to 7 and from 13th to 10 places, respectively.

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

Rank		INN/ Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Pancreatin	1.7	1.6
2	1	Multivitamine+Multimineral	1.7	1.8
3	4	Diclofenac	1.3	1.3
4	5	Fluconazole	1.1	1.1
5	3	Ambroxol	1.1	1.3
6	9	Azithromycin	1.0	0.8
7	11	Ketoprofen	0.9	0.8
8	10	Cefazolin	0.9	0.8
9	6	Ciprofloxacinи	0.9	1.0
10	13	Xylomethazolin	0.8	0.8
Total			**11.5**	**11.3**

As against the previous ranking the upper part of the top 10 list of ATC groups remained unchanged (Table 4). Four groups retained the positions occupied earlier, though their shares decreased. The leader of the pharmacy market J01 Antibacterials for systemic use (+9%) remained on the same position, accumulating 10.3% of the total pharmacy sales value. Due to the most considerable dynamics among the leaders, G03 Sex hormones and modulators of the genital system (+34%) improved from 8th to 5th place in the analyzed period. At that, three groups which were located on 5th, 6th and 7th places ranked down by one position in the op 10 list. A05 Bile and liver therapy (+21%) strengthened by one position – from 10th to 9th place – outstripping ATC group N06 Psychoanaleptics (+15%) by sales value growth rates. The six participants of the ranking reduced their shares, which conditioned decrease of the cumulative share by 1%.

Table 4. Top 10 ATC groups by pharmacy sale value

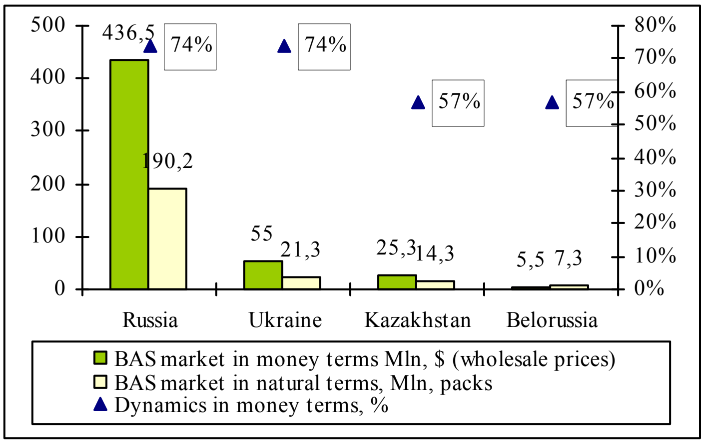
Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	J01	Antibacterials for Systemic Use	10.3	10.8
2	2	N02	Analgesics	5.3	5.4
3	3	A11	Vitamins	4.3	4.7
4	4	R05	Cough and Cold Preparations	4.0	4.6
5	8	G03	Sex Hormones and Modulators of the Genital System	4.0	3.4
6	5	M01	Antiinflammatory and Antirheumatic Products	3.7	3.5
7	6	G04	Urologicals	3.3	3.4
8	7	L03	Immunomodulating Agents	3.1	3.4
9	10	A05	Bile and Liver Therapy	3.0	2.9
10	9	N06	Psychoanaleptics	2.9	2.9
Total				**44.0**	**45.0**

Conclusion. Pharmacy market of Kazakhstan grew by 16% in national currency and reached $527 Mln at final consumption prices. Though, pharmacy segment in natural terms slightly reduced. In total, it was outstripped by Russian retail market dynamics. Such figures as average price per drug pack ($1.7 against $2.84) and per capita drug consumption ($33.9 against $57.8) remained considerably lower. The analysis of the observed rankings confirms the stability of the pharmacy market, especially in terms of the top manufacturers and pharmaceutical groups.

PHARMACY MARKET OF BIOLOGICALLY ACTIVE SUPPLEMENTS IN CIS COUNTRIES IN THE FIRST NINE MONTHS OF 2008

According to Retail Audit of BAS in CIS countries in the first nine months of 2008 the pharmacy market of BAS in Russia 5-fold exceeded the cumulative value in Ukraine, Kazakhstan and Belorussia in money terms and 4.4-fold – in natural terms (Diagram 1).

Diagram 1. Pharmacy market of biologically active supplements in CIS countries in the first nine months of 2008



All the markets in the analyzed periods demonstrated high positive dynamics in money terms: Russia and Ukraine - +74%, Kazakhstan and Belorussia - +57%. It is to note that the figures exceed the respective indices in 2007: growth of the Russian BAS market in the first nine months of 2008 accounted for 21%, the Ukrainian market – 51%, the Kazakh market – 53% and the Belarus market – 31%.

As in the previous year in all the analyzed countries except Belorussia average price per BAS pack was above the average price per drug pack (Table 1). The highest price per BAS pack was typical for Ukraine ($3.57) and the lowest for Belorussia ($1.07). It is to note that the three countries (except Belorussia) demonstrated growth of average price per BAS pack, where Ukraine registered the most significant increase (by 59%). Average retail mark-up for BAS in Russia, Ukraine and Belorussia was above the mark-up for drugs and only in Kazakhstan this figure remained unchanged – 24%. The highest mark-up was registered in Belorussia (42%).

Table 1. Average retail mark-up and the level of mark-up for BAS and drugs *

	Russia		Ukraine		Kazakhstan		Belorussia	
	BAS	Drug	BAS	Drug	BAS	Drug	BAS	Drug
Average retail mark-up, $	3.04	2.84	3.57	2.27	2.21	1.69	1.07	1.69
Average retail mark-up, %	33	29	38	25	24	24	42	27

* Source: Retail Audit of Drugs in RF™, Retail Audit of Drugs in Ukraine™, Retail Audit of Drugs in Kazakhstan™ and Retail Audit of Drugs in Belorussia™

Top 10 list of BAS manufacturers in Russia, Ukraine, Belorussia and Kazakhstan differ in structure (Table 2). However it is to mention high ranking positions occupied by Evalar in all the observed lists. It captured the leadership in Russia, Belorussia and Kazakhstan and 2nd place in Ukraine, where by the results of the analyzed period the leading position was occupied by Dali (China). In the first nine months of 2008 we can observe the Danish company Ferrosan AG, the Norwegian corporation Nycomed and the Russia manufacturer Akvion, presented in the top 10 lists of three countries. The Russian producers Natur Product, Dio and Vis, as well as Czekh corporation Walmark can be observed in the top 10 rankings of two countries.

Table 2. Top 10 BAS manufacturers by pharmacy sales value

Rank 2008	RF		Ukraine		Belorussia		Kazakhstan	
	Rank 2007	Manufacturer	Rank 2007	Manufacturer	Rank 2007	Manufacturer	Rank 2007	Manufacturer
1	1	Evalar ZAO	3	Dali	3	Evalar ZAO	1	Evalar ZAO
2	2	Diod	1	Evalar 3AO	2	Ekzon Belorusskoe Maloe GP	5	**Nycomed**
3	3	**Ferrosan AG**	4	Bausch & Lomb	1	Malkut ZAO	3	Walmark
4	4	Akvion ZAO	2	**Ferrosan AG**	8	Natur Product	14	Vis OOO
5	31	Newman Rus	25	Walmark	4	Akvion	2	Kyzylmay PK
6	5	**Nycomed**	8	Planeta Zdorovya 2000	7	Elanda	4	Diod
7	7	Ekomir OOO	6	Beijing Trade Centre Zhuydemen	6	**Nycomed**	9	Zerde NPO
8	8	Vis OOO	5	Ekomed ZAO	5	Lekpharma Adonis	7	Akvion ZAO
9	13	V-MIN OOO	7	Elit-Pharm	26	Leros	18	**Ferrosan AG**
10	9	Natur Product	58	Ecosorb	30	Lisi HP	8	KRKA D.D.

Table 3. Top 10 BAS trade names by pharmacy sales value

Rank 2008	RF		Ukraine		Belorussia		Kazakhstan	
	Rank 2007	Trade name	Rank 2007	Trade name	Rank 2007	Trade name	Rank 2007	Trade name
1	1	Capilar	1	Lida (for weight los)	3	Chernika forte	1	Chernika forte
2	8	Ovesol	2	Okuwayt lyutein	1	Hematogen with prune	7	Troychatka Evalar
3	2	Chernika forte	4	Tsygapal	7	Silybum marianum oil	30	Turboslim Kofe
4	15	Troychatka Evalar	3	Ideal	683	Hematogen with dried pitted and halved apricot	9	Belight
5	4670	Turboslim drenazh	1863	Sorbeks	23	BAS Hematogen	54	Ovesol
6	4671	Slim Cod	5	Chernika forte	2	Vitus M	1443	Turboslim drenazh
7	18	Turboslim den	9	Striks	4	Hematogen-iodine	17	Turboslim noch
8	7	Indinol	8	Badger fat	17	Hematogen with peanut	52	Sealex
9	3	Laktofiltrum	10	Lyutein-complex	58	Gerimax Energy	13	Turboslim den
10	20	Turboslim noch	6	Tee Klyuchi Zdorovya №1 fito ananas for weight los	81	Turboslim den	3	Capilar

The rankings of the top BAS trade names by pharmacy sales value in the first nine months of 2008 in CIS states are presented in Table 3. It is to note that top 10 ranking of all the observed countries revealed significant changes and new participants appeared. At that, the lists of the leading BAS trade names in Russia and Kazakhstan half renewed.

Capilar is the leader of the RF market as in the previous year. In Kazakhstan this BAS slightly weakened its position and occupied only 10th place against 3rd position in 2007. The Ukrainian market is captured by Lida for weight los (Dali), the second place is occupied by Okuwayt lyutein (Bausch & Lomb). The leader of the Belorussian and Kazakh markets is Chernika forte. The observed BAS demonstrates high ranking results on the Russian (3rd place) and the Ukrainian pharmacy market (5th position). As in 2007 only Chernika forte participates in all the lists.

Table 4. Top 10 BAS groups by pharmacy sales value

Rank 2008	RF		Ukraine		Belorussia		Kazakhstan	
	Rank 2007	BAS group	Rank 2007	BAS group	Rank 2007	BAS group	Rank 2007	BAS group
1	1	Food BAS acting mainly on tissue metabolism processes	1	Food BAS acting mainly on tissue metabolism processes	1	Food BAS acting mainly on tissue metabolism processes	1	Food BAS acting mainly on tissue metabolism processes
2	2	Food BAS – source of mineral substances	2	Food BAS for people controlling body weight	2	Food BAS – source of mineral substances	2	Food BAS for people controlling body weight
3	3	Food BAS for people controlling body weight	3	Food BAS supporting functions of digestive apparatus	3	Food BAS for people controlling body weight	3	Food BAS supporting functions of digestive apparatus
4	4	Food BAS supporting functions of digestive apparatus	4	Food BAS acting on humoral factors of metabolic control	4	Food BAS supporting functions of digestive apparatus	4	Food BAS acting on humoral factors of metabolic control
5	6	Food BAS – source of agents with antioxidant effect and agents acting on energy metabolism	5	Food BAS acting on cerebrospinal axis	6	Food BAS – source of agents with antioxidant effect and agents acting on energy metabolism	5	Food BAS reducing the risk of diseases of urinogenital system
6	5	Food BAS acting on cerebrospinal axis	6	Food BAS acting on detaxication process and promoting egestion of esthetic and harmful substances from the organism	5	Food BAS acting on cerebrospinal axis	8	Food BAS – source of mineral substances
7	8	Food BAS acting on humoral factors of metabolic control	10	Food BAS supporting function of locomotor apparatus	8	Food BAS acting on humoral factors of metabolic control	7	Food BAS supporting function of locomotor apparatus
8	9	Food BAS supporting function of locomotor apparatus	9	Food BAS reducing the risk of diseases of urinogenital system	9	Food BAS supporting function of locomotor apparatus	6	Food BAS – source of agents with antioxidant effect and agents acting on energy metabolism
9	7	BAS of various groups	8	BAS of various groups	7	BAS of various groups	12	Food BAS acting on function of heart-vascular system
10	12	Food BAS acting on function of heart-vascular system	7	Food BAS acting on function of heart-vascular system	12	Food BAS acting on function of heart-vascular system	9	Food BAS acting on cerebrospinal axis

The top 10 list of BAS groups is shown in Table 4. The BAS segment is represented by 15 groups of products, that is why the structures of the rankings insignificantly differ. The most popular group in all the observed countries is “Food BAS acting mainly on tissue metabolism processes”. Considerable sales value may be also registered by “Food BAS for people controlling body weight” (the participant occupies 2nd position in Ukraine, and Kazakhstan and 3rd place in Russia and Belorussia). 2nd position in the Russian and Belorussian pharmacy markets is captured by “Food BAS – source of mineral substances”.

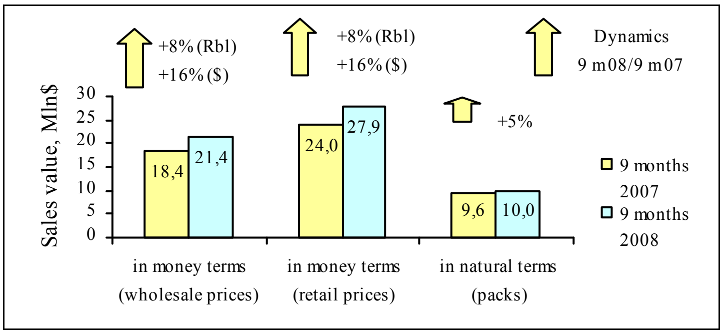
Conclusion. By the results of the first nine months of 2008 the cumulative BAS market of Russia, Ukraine, Belorussia and Kazakhstan is considerably (17-fold) outstripped by the pharmacy market of drugs. However as compared to the previous year the gap slightly reduced. The most significant differences between the values of the drug and BAS markets are registered in Belorussia. It is the only country where average price per BAS is lower than per the drug pack. The analyzed rankings confirm that BAS consumption in the observed states has similar structure at that is characterized by a number of peculiarities.

PHARMACY MARKET OF SMOLENSK IN THE FIRST NINE MONTHS OF 2008

The population of Smolensk is estimated at 317.7 thousand people, what is 0.2% of the total population of RF and 0.9% of the population of Central Federal District. According to Rosstat, average salary in Smolensk in January-September 2008 accounted for Rbl 11482.9 ($455), what is 31% below the national average (Rbl 16639.3) in the same reporting period.

According to Retail Audit of Drugs in RFTM, in the first nine months of 2008 pharmacy market of the city in rubles grew by 8% as compared to the respective period of the previous year and amounted to $21.4 Mln (Rbl 516 Mln) at wholesale prices (DLO is not included). The same figure in natural terms increased by 5% against 2007 and reached 10 Mln packs. The average price per drug pack amounted to $2.77 ($2.5 in 2007), average retail mark-up - $30 (31% in 2007). The share of the city in total RF retail market equaled 0.3%.

Diagram 1. Pharmacy market of Smolensk in the 1st nine months of 2007 – 1st nine months of 2008



The top 10 list of pharmaceutical manufacturers by retail sales value did not change in structure, though revealed significant inner shifts (Table 1). Only Bayer Healthcare (0%) and Gedeon Richter (+11%) retained the positions occupied earlier (6th and 8th places, accordingly). Novartis (+12%) captured leadership, leaving behind Servier/Egis, which stagnated in the analyzed period. Due to considerable sales value reduction, Sanofi-Aventis (-14%) weakened by two ranking position in the top 10 list (from 3rd to 5th place). The corporation was outstripped by two participants with average sales dynamics Nycomed (+7%) and Berlin-Chemie (+8%). The most progressive manufacturer in the region was the domestic company Pharmstandart (+52%), which ranked from 10th to 7th position. Most participants of the top 10 list registered market share decrease, which conditioned reduction of the cumulative share from 44.4% to 42.5%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	**Novartis (incl. Lek-Sandoz)**	6.4	6.2
2	1	**Servier/Egis**	5.8	6.3
3	4	**Nycomed**	4.6	4.7
4	5	**Berlin-Chemie/ Menarini Pharma GmbH**	4.3	4.3
5	3	**Sanofi-Aventis**	4.1	5.1
6	6	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	4.0	4.3
7	10	Pharmstandart	3.9	2.8
8	8	**Gedeon Richter**	3.6	3.5
9	7	**GlaxoSmithKline**	3.2	4.2
10	9	KRKA D.D.	2.7	3.1
Total			**42.5**	**44.4**

* AIPM members are in bold

The top 10 ranking of trade names was joined by two new preparations (Table 2). The newcomers are: Arbidol (+70%) and Prestarium (+29%), which rose from 17th to 5th position and from 11th to 8th position, respectively. Inner shifts also took place.

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Actovegin	1.7	1.7
2	3	Preducal	1.2	1.2
3	4	Viagra	1.0	0.9
4	7	Mexidol	0.9	0.7
5	17	Arbidol	0.9	0.6
6	5	Essentiale N	0.9	0.9
7	2	Seretide	0.8	1.4
8	11	Prestarium	0.8	0.7
9	6	Concor	0.8	0.9
10	10	Amoksiklav	0.7	0.7
Total			**9.7**	**9.7**

Only the leader of the list Actovegin (+8%) and Amoksiklav (+4%) which was located on 10th place retained their positions. It is to note that three preparations of the ranking improved in the list, and the most considerable progress was demonstrated by Mexidol (from 7th to 4th position). Three preparations weakened in the analyzed period – the most significant decline (from 2nd to 7th place) was showed by Seretide (-35%). The cumulative share of the top trade names remained the same – 9.7%.

The list of the leading INNs and combinations experienced more noticeable changes in the reporting period (Table 3). As in the previous list two participants – Bisoprolol (+2%) and Ketoprofen (+12%) – remained on the same positions. Three new participants appeared in the ranking - Ethylmethylhydroxypyridine succinate (+38%), Multivitamin (+29%) and Enalapril (+14%). The leader of the top 10 ranking has changed: due to the notable negative dynamics (-29%), Salmeterol+Fluticasone ranked down to 3rd place, being outstripped by Multivitamin+Multimineral and Trimetazidine, whose sales grew by 19%. In spite of numerous shifts, the cumulative share of the leaders stagnated and equaled 10.9%.

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

Rank		INN/Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Multivitamine+Multimineral	1.5	1.3
2	3	Trimetazidine	1.4	1.2
3	1	Salmeterol+Fluticasone	1.2	1.8
4	4	Bisoprolol	1.2	1.2
5	7	Sildenafil	1.0	0.9
6	6	Ketoprofen	1.0	1.0
7	16	Ethylmethylhydroxypyridine succinate	1.0	0.8
8	15	Multivitamin	0.9	0.8
9	5	Fluconazole	0.9	1.0
10	11	Enalapril	0.9	0.9
Total			**10.9**	**10.9**

The top 10 list of ATC groups also registered instability (Table 4). Only the previous year leader J01 Antibacterials for systemic use (+4%) remained on the leading position, while other participants of the ranking changed the positions. The top 10 list was joined by two newcomers: A11 Vitamins (+22%) ranked from 11th to 8th place, N05 Psycholeptics (+12%) rose from 12th to 10th position. It is to mention that the five groups represented in the ranking earlier improved in the analyzed period, the most considerable progress - from 9th to 3rd position – was demonstrated by C09 Agents acting on the renin-angiotensin system (+28%).

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	J01	Antibacterials for Systemic Use	5.4	5.6
2	4	N02	Analgesics	4.9	4.4
3	9	C09	Agents Acting On The Renin-Angiotensin System	3.8	3.2
4	5	G03	Sex Hormones and Modulators of the Genital System	3.7	4.0
5	6	C01	Cardiac Therapy	3.7	3.6
6	8	M01	Antiinflammatory and Antirheumatic Products	3.5	3.3
7	3	R03	Drugs For Obstructive Airway Diseases	3.5	4.4
8	11	A11	Vitamins	3.4	3.0
9	2	A10	Drugs Used In Diabetes	3.2	4.8
10	12	N05	Psycholeptics	3.0	2.9
Total				**38.2**	**39.2**

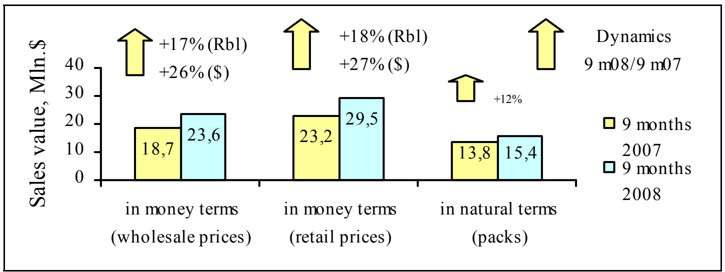
Conclusion. By the results of the first nine months of 2008 the pharmacy market value of Smolensk accounted for $27.9 Mln at retail prices. The growth of retail market of the city is notably lower than the national average (+26% in rubles). Average price per drug pack ($2.77 against $2.84) is lower, while average retail mark-up is, on the contrary, higher (30% as compared to 29%) than the national average. Per capita drug consumption is considerably higher: $87.7 against $57.75.

PHARMACY MARKET OF TWER IN THE FIRST NINE MONTHS OF 2008

Twer – is the administrative centre of Twer region, belonging to the Central Federal District of RF. The population of Twer is estimated at 405.5 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 Twer region in January-September 2008 accounted for Rbl 12861.0 ($509.3), what considerably below (by 23%) the national average (Rbl 16639.3 ($659)).

According to Retail Audit of Drugs in RF™, in the first nine months of 2008 pharmacy market of the city in rubles grew by 17% in rubles and amounted to $23.6 Mln Rbl 568 Mln) at wholesale prices (DLO is not included). The growth in natural terms accounted for 12%, while the market volume – 15.4 Mln packs. The average price per drug pack reached $1.92 (in the respective period of 2007 - $1.69), the average retail markup – 25% (24% in 2007). The share of the city in total RF retail market equaled 0.4%.

Diagram 1. Pharmacy market of Twer in the 1st nine months of 2007 – 1st nine months of 2008



By the results of the analyzed period the top 10 ranking of the pharmaceutical manufacturers has the new leader - Novartis (+48%), which earlier occupied 3rd position (Table 1). Due to the most significant dynamics of sales value, Pharmstandart (+55%) ranked from 4th to 2nd place, leaving behind Servier/Egis (-3%). Other domestic corporation - Valenta (+10%) – remained on the 10th position. The leader of the previous year Berlin-Chemie (-22%), as well as Bayer Healthcare (+2%) and Sanofi-Aventis (-4%) lost some ranking positions. It is to note that six participants reduced their market shares and as a result the cumulative share of the top 10 leaders also decreased 39.5% to 38%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	3	**Novartis (incl. Lek-Sandoz)**	6.0	4.8
2	4	Pharmstandart	5.3	4.0
3	2	**Servier/Egis**	4.2	5.1
4	5	**Nycomed**	4.1	3.9
5	1	**Berlin-Chemie/ Menarini Pharma GmbH**	3.8	5.6
6	7	**Gedeon Richter**	3.4	3.7
7	6	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	3.3	3.8
8	9	KRKA D.D.	3.2	2.9
9	8	**Sanofi-Aventis**	3.0	3.6
10	10	Valenta (Otechestvennye lekarstva)	1.8	2.0
Total			**38.0**	**39.5**

* AIPM members are in bold

As against the previous ranking the list of the top trade names was half renewed (Table 2). Arbidol (+118%) improved from 18th to 2nd place, Linex (+146%) - from 34th to 6th place, Terpincode (+120%) - from 29th to 8th position, Milgamma (+75%) – from 20th to 9th place, Movalis (+38%) – from 16th to 10th position.

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Actovegin	1.4	1.7
2	18	Arbidol	1.0	0.5
3	9	Crataegi tincture	1.0	0.8
4	3	Mexidol	1.0	0.9
5	6	Diroton	0.9	0.8
6	34	Linex	0.9	0.4
7	4	Mildronate	0.8	0.9
8	29	Terpincode	0.8	0.4
9	20	Milgamma	0.8	0.5
10	16	Movalis	0.7	0.6
Total			**9.2**	**7.5**

Crataegi tincture (+53%) moved from 9th to 3rd place in the analyzed period. At the same time negative dynamics of Theraflex (-66%), Prestarium (-30%), Concor (-7%), Predical (-20%) and Enap (-3%) did not allow the observed participants to remain in the list. The leader of the ranking Actovegin (-2%) also demonstrated negative sales, though the trade name retained its leadership. The cumulative share of the top 10 list increased from 7.5% to 9.2%. Considerable changes which took place in the previous ranking conditioned the respective changes in the top 10 list of INNs and combinations (Table 3). The ranking was joined by three new participants: Crataegi fructus (+53%), Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+118%) and Xylomethazolin (+63%). The leader of the list was also changed: the leadership was captured by Multivitamine+Multimineral (-2%), leaving behind Enalapril (-11%). Multivitamin (+40%) ranked up from 8th to 3rd place, Lisinopril (+33%) – from 10th to 4th position. The cumulative share of the leaders slightly grew and equaled 10.6%.

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

Rank		INN/Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Multivitamine+Multimineral	1.3	1.6
2	1	Enalapril	1.2	1.6
3	8	Multivitamin	1.1	0.9
4	10	Lisinopril	1.0	0.9
5	4	Bisoprolol	1.0	1.1
6	15	Crataegi fructus	1.0	0.8
7	34	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.0	0.5
8	9	Ethylmethylhydroxypyridine succinate	1.0	0.9
9	20	Xylomethazolin	1.0	0.7
10	6	Indapamide	1.0	1.0
Total			**10.6**	**10.0**

In spite of significant changes which occurred in the previous lists, the top 10 ranking of ATC groups demonstrated stability (Table 4). Shifts affected only last two positions of the list: N05 Psycholeptics (+62%) rose from 16th to 9th place, A07 Antidiarreals, Intestinal Antiinflammatory / Antiinfective Agents (+51%) – from 18th to 10th position. At that, G03 Sex hormones and modulators of the genital system (+4%) and A05 Bile and liver therapy (-11%) left the list in the analyzed period. It is to mention that five of ten ATC groups including the leader N02 Analgesics (+27%) enlarged their market shares and as a result the cumulative share of the top 10 list increased from 38.6% to 40.3%.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	N02	Analgesics	6.0	5.6
2	2	C09	Agents Acting on the Renin-Angiotensin System	4.6	5.0
3	3	J01	Antibacterials for Systemic Use	4.6	4.6
4	4	M01	Antiinflammatory and Antirheumatic Products	4.4	4.1
5	5	C01	Cardiac Therapy	3.7	4.0
6	6	N06	Psychoanaleptics	3.7	3.9
7	7	A11	Vitamins	3.7	3.7
8	8	R05	Cough and Cold Preparations	3.6	3.3
9	16	N05	Psycholeptics	3.1	2.3
10	18	A07	Antidiarreals, Intestinal Antiinflammatory / Antiinfective Agents	2.9	2.2
Total				**40.3**	**38.6**

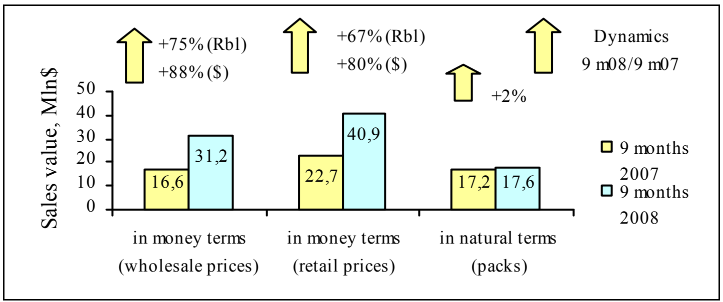
Conclusion. By the results of the first nine months of 2008 the pharmacy market value of Twer accounted for $29.5Mln at final consumption prices. The growth of retail market of the city is notably lower than the national average (+18% against +26% in rubles). Average price per drug pack is ($1.96 against $2.84) lower than the national average, as well as average retail mark-up (25% as compared to 29%). Per capita drug consumption is considerably higher: $72.8 against $57.75.

PHARMACY MARKET OF LIPETSK IN THE FIRS NIN MONTHS OF 2008

The population of Lipetsk is estimated at 502.6 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 Lipetsk region in January-September 2008 accounted for Rbl 13466.8 ($533.3), what is 19% below the national average (Rbl 16639.3).

According to Retail Audit of Drugs in RF™, in the first nine months of 2008 pharmacy market of the city grew by 75% in rubles as compared to 2007 and amounted to $31.2 Mln (Rbl 751 Mln) at wholesale prices (DLO is not included). Market growth in natural terms accounted only 2%. The average price per drug pack reached $2.32 (in the respective period of 2007 - $1.32), the average retail mark-up – 31%. The share of the city in total RF retail market equaled 0.5%.

Diagram 1. Pharmacy market of Lipetsk in the 1st nine months of 2007 – 1st nine months of 2008



The top 10 list of drug producers by pharmacy sales value was joined be only one new corporation (Table 1). Due to 2.7-fold growth of retail sales value, GlaxoSmithKline moved from 14th to 9th position in the analyzed period. Four companies demonstrated advanced growth rates and as result they strengthened their positions on the market. Sanofi-Aventis (+91%) (ranked up from 5th to 3rd place), Bayer Healthcare (+119%) (from 8th to 6th place), Nycomed (+126%) (from 9th to 8th place) and KRKA D.D. (+90%) (retained 10th position). Novartis (+71%) captured leadership in the ranking, leaving behind less dynamic leader of the previous year Berlin-Chemie (+46%). Servier/Egis (+51%) and the only domestic manufacturer Pharmstandart (+58%) lost one position (from 3rd to 4th place and from 4th to 5th place, correspondingly). Though both companies enlarged the sales value in more than 1.5 times, against the background of high dynamics of the top 10 corporations, their market shares decreased. The cumulative share of the leaders slightly reduced – from 37.3% to 37.1%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	**Novartis (incl. Lek-Sandoz)**	5.4	5.6
2	1	**Berlin-Chemie/ Menarini Pharma GmbH**	5.0	5.9
3	5	**Sanofi-Aventis**	4.6	4.2
4	3	**Servier/Egis**	4.5	5.1
5	4	Pharmstandart	4.4	4.8
6	8	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	3.1	2.5
7	6	**Gedeon Richter**	3.1	3.5
8	9	**Nycomed**	2.9	2.2
9	14	**GlaxoSmithKline**	2.1	1.5
10	10	KRKA D.D.	2.1	1.9
Total			**37.1**	**37.3**

*AIPM members are in bold

The top 10 ranking of the trade names was joined by five new preparations (Table 2). The newcomers are: Mexidol, Essentiale N, TeraFlu against cold and fever, Viferon and Milgamma. However, the most substantial growth was demonstrated by Actovegin, which due to 2.7-fold increase moved from 7th to 2nd position.

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Arbidol	1.3	1.2
2	7	Actovegin	1.1	0.7
3	3	Chondrolon	0.9	1.1
4	11	Mexidol	0.9	0.6
5	1	Mezym forte	0.7	1.4
6	19	Essentiale N	0.7	0.5
7	5	No-spa	0.7	0.9
8	12	TeraFlu against cold and fever	0.6	0.6
9	44	Viferon	0.6	0.4
10	32	Milgamma	0.6	0.4
Total			**7.9**	**8.0**

The leadership in the pharmacy segment is captured by Arbidol (+97%), while the previous year leader Mezym forte (-12%) showed negative dynamics and ranked down to 5th position. It is to note that six list participants enlarged their shares on the market, but in spite of this the cumulative share of the top trade names reduced and accounted for 7.9%.

The list of the leading INNs and combinations was joined by three new participants, which increased their sales value in 2-2.5 times (table 3). The new INNs are: Multivitamin, Ethylmethylhydroxypyridine succinate and Fluconazole, occupying 6th, 7th and 8th positions. Not less considerable growth rates were registered by Multivitamine+Multimineral (+110%), which moved from 2nd to the lading position, and Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+97%) – from 7th to 2nd place. Due to slowdown in growth and significant share reduction, the previous year leader Pancreatin (+12%) moved to 3rd place. It is to note that five more list participants demonstrated decrease in share, what conditioned reduction of the cumulative share from 12.4% to 11%.

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

Rank		INN/Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Multivitamine+Multimineral	1.9	1.6
2	7	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.3	1.2
3	1	Pancreatin	1.2	1.9
4	3	Chondroitin sulfate	1.1	1.5
5	5	Xylomethazolin	1.1	1.3
6	14	Multivitamin	1.0	0.9
7	25	Ethylmethylhydroxypyridine succinate	0.9	0.6
8	15	Fluconazole	0.8	0.9
9	4	Caffeine+Codeine +Naproxen+ Metamizole sodium+Phenobarbital	0.8	1.4
10	10	Drotaverine	0.8	1.1
Total			**11.0**	**12.4**

Three newcomers also appeared in the list of the top ATC groups (Table 4). The new participants are: N06 Psychoanaleptics (+147%), G03 Sex hormones and modulators of the genital system (+109%) and N05 Psycholeptics (+94%), which occupied 7th, 8th and 10th place. In spite of relatively insignificant growth (+24%), N02 Анальгетики is still placed on the leading position. The most considerable dynamics of retail sales value (3-fold growth) was demonstrated by L03 Immunomodulating agents, which rose from 8th to 4th place. Ranking improvement was also registered by J01 Antibacterials for systemic use (+49%), while M01 Antiinflammatory and antirheumatic products (+38%), R05 Cough and cold preparations (+17%), R01 Nasal preparations (+41%) weakened in the list, occu[ying 3rd, 6th and 9th positions, respectively. The cumulative share of the top 10 ATC groups reduced from 42.7% to 39.5%.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	N02	Analgesics	5.7	8.0
2	3	J01	Antibacterials for Systemic Use	4.9	5.7
3	2	M01	Antiinflammatory and Antirheumatic Products	4.8	6.1
4	8	L03	Immunomodulating Agents	4.6	3.1
5	5	A11	Vitamins	4.0	3.8
6	4	R05	Cough and Cold Preparations	3.3	4.8
7	17	N06	Psychoanaleptics	3.2	2.2
8	12	G03	Sex Hormones and Modulators of the Genital System	3.1	2.6
9	6	R01	Nasal Preparations	3.0	3.7
10	13	N05	Psycholeptics	2.8	2.6
Total				**39.5**	**42.7**

Conclusion. By the results of the first nine months of 2008 the pharmacy market value of Lipetsk accounted for $40.9 Mln at retail prices. The growth of retail market of the city equaled 67% exceeding the national average (+26%), while in natural terms the dynamics of regional market was lower (+2% against +5%). Average price per drug pack is ($2.32 against $2.84) lower than the national average. At the same time average retail mark-up exceeded the same index on the national level (31% as compared to 29%). Per capita drug consumption was considerably higher: $81.45 against $57.75.

REGIONAL DIGEST

DLO/ONLC

08.12.2008, AMI-TASS

All RF regions will be included into the national oncological program in 2009-2015

The realization of the oncological program focused on early detection and treatment of diseases will be started in 2009 within the national project "Zdorovye" ("Health"). During the meeting with the representatives of the movement "Against cancer" and charitable program "Together against breast cancer" the Director of the Public Health Department of the Ministry of Health and Social Development of Russian Federation O. Krivonos stated that all Russian regions are planned to be covered by 2015. The ministers discussed governmental initiatives on preventative measures and treatment of oncological diseases.

According to O. Krivonos, the development of stage-by-stage approach to medical treatment will be the fundamental idea of the program. One of the main objectives of the program is to form oncological suspicion by the doctors in relation to their patients. Primary oncological consulting rooms are to be opened in all medical institutions.

It is expected that due to the program realization in 2012 mortality of oncological diseases will be reduced by 4%, detection of diseases at early stages will be more efficient, increase of longevity, improvement of living standards of patients and reduction of invalidity will be reached.

10.12.2008, Kommersant

Federal Treasury educed considerable underfunding of the Russian public health service

The data on expenditure side of the federal budget as of November 1, 2008 published by Federal Treasury makes clear the structure of federal part of "budget overhang" accounting for approximately Rbl 750 Bln. These budgetary assignments which are failed to be spent by administration by the end of the year primarily fall at costs for state government and healthcare. At that, expenditures on public health service amounted to 57% of the annual assignments. Almost all other expenditure groups including "Social policy" and "Education" were financed by less than 70%. RF regions spend money on healthcare more willingly – 61% of the plan for nine months of 2008.

10.12.2008, Vremya novostey

Roszdravnadzor intends to limit purchasing prices on drugs

According to the Head of Roszdravnadzor N. Yurgel, under the conditions of crisis the government requires the revision of purchasing standards of drugs intended for medical reimbursement programs, policlinics and hospitals. Speaking recently at the meeting of the State Duma Committee on health protection, Nikolay Yurgel asked the deputies to entrench the right to freeze purchasing prices and appoint the ceiling value after the government. As the Head of Roszdravnadzor stated, regarding the fact that the pharmaceutical manufacturers participating in national programs accustomed to get unreasonably high profit using all kinds of ruses such measure was necessary.

Experts in different ways estimate the initiative of Roszdravnadzor. Thus, the Director of the Institution of Public Healthcare Problems Y. Krestinskiy supported the proposal of N. Yurgel and expressed regret that it was not done earlier. However, according to the Director of Marketing Researches of the Centre of Marketing Researches "Pharmexpert" D. Melik-Guseynov, price freeze is an absolutely nonmarket measure. At that, he forecasts that this sanction will not primarily hit at the foreign pharmaceutical giants for which Russia is the market of third-rate importance, but will touch the interests of domestic manufacturers.

19.12.2008, Gazeta

The Ministry of Health and Social Development asks the government to allocate additional money on drugs intended for beneficiaries

As the Director of the Ministry Department D. Mikhaylova reported, the Ministry of Health and Social Development introduced draft regulations on extra Rbl 12.2 Bln for medical provision of beneficiaries in 2009 for consideration by the government. She particularly emphasized that it happens for the first time that finances on drug provision are allocated as additional. D. Mikhaylova mentioned that the document is already agreed upon with the Ministry of Finance and the Department of Justice and hopes that it will be soon approved by the government. She also reported that the RF regions were informed about additional financing in November. According to D. Mikhaylova, it was done in order that the regions could count on particular funds and conduct tenders for drug provision of beneficiaries.

22.12.2008, K2Kapital

The Russian manufacturers will receive 15%-preferences when participating in state purchases

The Ministry of Industry and Trade and the Ministry of Economic Development of Russian Federation approved the order providing 15%-price preference for the Russian pharmaceutical producers when participating in tenders on state purchases. It means that the distribution of state order on purchases of products ceteris paribus may be devoted to the foreign manufacturer only in case that its product will be by not less than 15% cheaper than the analogous domestic product. According to executive summit of the Ministry of Industry and Trade, the order extends to all foreign countries and covers practically all groups of commodities.

The innovation will extend the opportunities of Russian producers of drugs and medical equipment, which compete with foreign pharmaceutical manufacturers at drug provision of beneficiaries within the RF national program.

26.12.2008, Pharmvestnik.ru

The government released the list of enterprises which may reckon on state support

The governmental list of strategic organizations will particularly include 11 companies operating on the Russian pharmaceutical market: "36.6 pharmacy chain", OAO "Pharmstandart", "Veropharm", "SIA International", "Protek", "Khimrar", NPO "Microgen", MZ RF, "Moskhimpharmpreparaty", OAO "Otechestvennye lekarstva ("Valenta")", "Pharmcentr", ZAO "Pharmsintez".

NEWS OF COMPANIES

04.12.2008, Kommersant

"SIA International" closes the deal on 50%-sale of shares to the American fund TPG Capital

In spite of financial crisis, "SIA International", the second pharmaceutical distributor in Russia by rescue, closes the deal on 50%-sale of shares to the American fund TPG Capital for approximately $800 Mln. Federal Antimonopoly Service approved the premarket part of assets of ZAO "SIA International" – pharmaceutical facilities of the company (according to the experts' esteems, at a cost of more than $400 Mln) passed into the personal ownership of its main holder Igor Rudinskiy. TPG will receive option on their acquisition within half a year after the purchase of ZAO. According to Rudinskiy, TPG is also interested in SIA's productive assets. Under the terms of the concluded agreement the sale of the pharmaceutical facilities may take place in six months after the close of the deal on distribution business. But as Rudinskiy added, that will be other negotiations. The investment banker familiar with the structure of the deal confirmed availability of the option under the contract.

17.12.2008, Glazey.ru

The pharmaceutical company "Geropharm" reported on the construction of the new section of dosage forms for insulin production

The problem of insulin purchase and production was the main subject discussed during the round table which took place on December 12 in Obolensk. As explained by the head of OAO "Natsionalnye biotekhnologii" Alexey Stepanov, during the 10 years of operation within the program "Diabetes" the factory developed its own technologies of production of engineered human insulin, which are competitive with foreign manufacturers. Stepanov noted that its manufacturing capabilities are small in the Russian scale as the factory produces only thirty kilogram of insulin, though RF requires five hundred kilogram. Nevertheless, insulin manufactured in Obolensk is considered to be the preparation of good quality. It is used as standard for all insulins imported into Russia. The construction of section of drug products in Obolensk which will be set up by the pharmaceutical company "Geropharm" based in Saint Petersburg as well as the facility for drug packing in Nizhny Novgorod region will be a desirable support in the salvation of drug provision problem

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