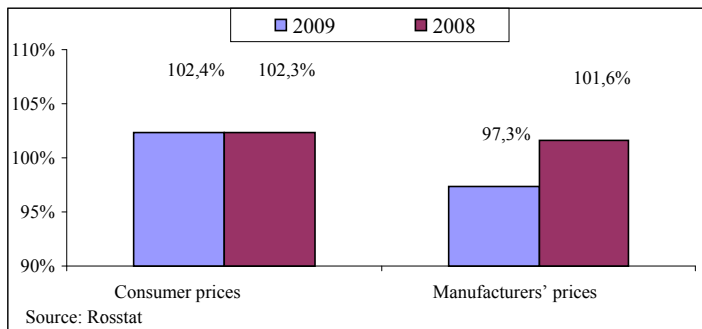


MACROECONOMIC INDICATORS

Inflation

According to Rosstat, inflation rate on the consumer market in January 2009 amounted to 2.4%, while in December 2008 this figure accounted for 0.7%. Consumer prices equaled the same index in the respective period of 2008 and reached 113.4%. Rate of manufacturers' prices draw-down slowed in January and accounted for 97.3% against December 2008 – 92.3%. During the period of January 2008 – January 2009 the prices decreased by 9.2%.

Diagram 1. Consumer prices manufacturers' prices (January against December)



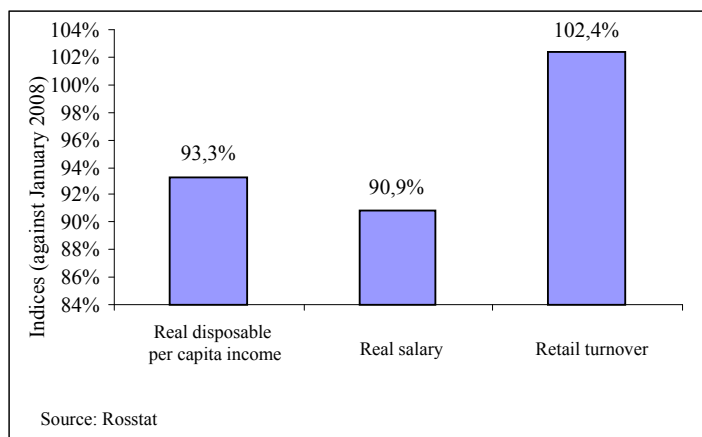
Living standards of the population

According to preliminary Rosstat data, in January 2009 the average salary for one worker equaled Rbl 15200 (\$429). Real salary in January 2009 amounted to 90.9% as compared to the respective period in 2008, and the real disposable per capita income – 93.3% (Diagram 2).

Retail turnover

Retail turnover in January 2009 grew by 2.4% against the same figure in the previous year period and accounted for Rbl 10716 Bln (Diagram 2).

Diagram 2. Real disposable per capita income, real salary, retail turnover in January 2009



Industrial output

According to Rosstat, in January 2009 industrial output equaled 80.1% against December 2008, and 84.0% - against January 2008.

Domestic production

According to Rosstat, production value of the domestic pharmaceutical companies in January 2009 reached \$121.6 Mln, what is 40% below the respective figure in 2008, and 47% below the index in December 2008. The top 10 list of the domestic drug manufacturers by the results of January 2009 is represented in Table 1. The cumulative industrial output of the ten leading producers is estimated at \$80.0 Mln (66% of the total production value of pharmaceutical industry in the analyzed period).

Table 1. Top 10 domestic pharmaceutical manufacturers by production value in January 2009

Rank	Manufacturer	Production value, \$Mln.
1	Pharmstandart	21.2
2	Nizhpharm	16.6
3	Veropharm	10.2
4	Pharm-Centr	9.3
5	Biosintez	4.9
6	Materia Medica	4.4
7	Microgen	4.2
8	Valenta	3.5
9	Dalkhimpharm	2.9
10	Vifitex	2.7

Table 2 contains data on pharmacy sales in 10 RF regions. In December 2008 in all the analyzed regions was registered pharmacy sales increase, the most considerable – in Krasnoyarsk Territory (+23%). The most insignificant positive dynamics was observed in Voronezh region (+9%).

Table 2. Pharmacy sales in regions in 2008

Region	Pharmacy sales value, \$Mln. (Wholesale prices)			Growth, % (in rubles)		
	October 2008	November 2008	December 2008	October/September 2008	November/October 2008	December/November 2008
Moscow	115.7	107.0	117.3	5%	-4%	17%
Saint Petersburg	45.0	40.4	41.6	22%	-7%	10%
Krasnodar Territory	22.4	19.1	21.8	1%	-11%	21%
Novosibirsk region	20.1	17.9	20.1	-1%	-7%	19%
Tatarstan	17.9	15.4	16.8	4%	-10%	16%
Krasnoyarsk Territory	13.5	12.7	14.7	-2%	-2%	23%
Rostov region	19.3	16.2	17.3	3%	-13%	14%
Voronezh region	11.1	10.1	10.4	-1%	-5%	9%
Perm	6.3	5.8	6.3	-12%	-5%	16%
Tyumen	5.0	4.6	4.9	4%	-4%	14%

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 January 2009

Rank	Company*	Number of advertisements
1	GlaxoSmithKline	7 775
2	Johnson & Johnson	4 753
3	Reckitt Benckiser	3 604
4	Novartis	3 160
5	Bayer AG	1 879

Source – TNS Gallup AdFact

Table 4. Top 5 trade names advertised in Mass Media in January 2009

Rank	Trade name*	Number of advertisements
1	Coldrex	3 811
2	Nurofen	2 187
3	Zovirax	1 619
4	Evalar	1 619
5	Tyzine	1 610

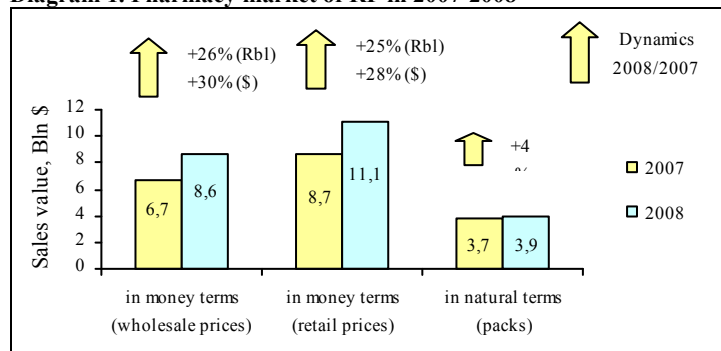
Source – TNS Gallup AdFact

* Only the drugs registered in Gosreestr are considered

PHARMACY MARKET IN RF IN 2008

According to Retail Audit of Drugs in RF™, by the results of 2008 pharmacy market value of the country (DLO is not included) grew by 26% in rubles and accounted for \$8.6 Bln (Rbl 214.8 Bln) at wholesale prices and \$11.1 Bln (Rbl 276.4 Bln) – at retail prices (Diagram 1). Drug realization volume in natural terms increased by 4% and equaled 3.9 Bln packs. Average price per drug pack at retail prices grew from \$2.31 to \$2.85. Average retail mark-up amounted to 29% in rubles, what is slightly below the same index in the previous year (30%). The Russian consumer spent about \$78.2 on drugs in pharmacies in 2008, what is considerably above the respective figure in 2007 (\$60).

Diagram 1. Pharmacy market of RF in 2007-2008



Novartis remains the leader of the top 10 list of pharmaceutical manufacturers by retail sales value (Table 1). Due to advanced growth dynamics (+31%¹), the corporation not only retained the leading position but also strengthened on the market, enlarging its share from 6.6% to 6.8%. More noticeable growth of pharmacy sales value was demonstrated by the Russian producer Pharmstandart (+53%), which ranked up from 4th to 2nd place. Sanofi-Aventis which was located on 2nd position in 2007, showed the most insignificant progress among the leaders (+15%), and as a result reduced its market share and dropped to 4th place. One more participant of the top 10 list weakened its ranking position - Gedeon Richter (+29%). The four companies Servier/Egis, Bayer Healthcare, Berlin-Chemie and Solvay Pharmaceuticals remained on the same positions, while Nycomed (+37%) and the newcomer of the list KRKA (+31%) improved by one position in the analyzed period. By the results of 2008 the leading 10 companies accumulated approximately 39% of the total pharmacy sales value, what is almost 1% above the previous year figure.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank	Manufacturer*	Share in total pharmacy sales value, %	
		2008	2007
1	Novartis (incl. Lek-Sandoz)	6.8	6.6
2	Pharmstandart	5.1	4.2
3	Servier/Egis	4.4	4.6
4	Sanofi-Aventis	4.2	4.7
5	Bayer Healthcare (incl. Bayer Schering Pharma AG)	4.0	3.8
6	Berlin-Chemie/ Menarini Pharma GmbH	3.6	3.6
7	Nycomed	3.0	2.8
8	Gedeon Richter	3.0	2.9
9	Solvay Pharmaceuticals	2.3	2.4
10	KRKA D.D.	2.1	2.1
Total		38.6	37.7

* AIPM members are in bold

The top 10 list of trade names of 2008 is represented in table 2. Antiviral preparation Arbidol which demonstrated the most noticeable increase of sales value among the leaders (+47%), retained its leadership. The new participants of the ranking antiepileptic Terpincode (+41%) and hepatoprotector Heptral (+36%) were close to the leader by growth rates and ranked up from 12th to 7th and from 11th to 9th place, correspondingly. Ranking progress was also demonstrated by Viagra (+25%) and Xenycal (+28%) – both trade names raised in the list by one position and captured 2nd and 8th places. Due to comparatively low sales dynamics, Preductal (+17%) and No-spa (+12%) left the ranking in the analyzed period.

Table 2. Top 10 trade names by pharmacy sales value

Rank	Trade name	Share in total pharmacy sales value, %	
		2008	2007
1	Arbidol	1.4	1.2
2	Viagra	0.9	0.9
3	Actovegin	0.9	0.9
4	Essentiale N	0.9	0.8
5	LInex	0.8	0.8
6	Mezym forte	0.6	0.7

¹ Hereinafter growth is specified in rubles

Rank	Trade name	Share in total pharmacy sales value, %	
		2008	2007
7	Terpincode	0.6	0.5
8	Xenycal	0.6	0.6
9	Heptral	0.6	0.6
10	TeraFlu against cold and fever	0.6	0.6
Total		7.8	7.6

The top 10 list of INNs and combinations was joined by only one new participant – Multivitamin, which increased its sales value by 40%. The observed participant occupied 9th position, leaving behind Ambroxol (+26%), which left the ranking by the results of 2008 (Table 3). The combination Multivitamine+Multimineral (+28%) and Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+47%) retained their leading positions in the top 10 list. The most considerable growth rates were registered by Xylomethazolin (+53%), and as a result the participant ranked up from 4th to 3rd place, outstripping less dynamic Pancreatin (+24%). Enalapril (+12%) demonstrated the lowest dynamics among the leaders, what conditioned its drop down by two positions. The top 10 INNs accumulated 10.9% of the market, exceeding the index of the previous year.

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

Rank	INN/Combination	Share in total pharmacy sales value, %	
		2008	2007
1	Multivitamine+Multimineral	1.9	1.9
2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.4	1.2
3	Xylomethazolin	1.2	1.0
4	Pancreatin	1.1	1.1
5	Fluconazole	0.9	1.0
6	Sildenafil	0.9	0.9
7	Enalapril	0.9	1.0
8	Phospholipides	0.9	0.8
9	Multivitamin	0.8	0.7
10	Ketoprofen	0.8	0.8
Total		10.9	10.5

The ranking of the leading ATC groups remained stable by structure (Table 4). The four participants retained the positions occupied earlier: L03 Immunomodulating agents, A11 Vitamins, R05 Cough and cold preparations and C09 Agents acting on the renin-angiotensin system (are place on 3rd, 4th, 7th and 8th positions, accordingly). N02 Analgesics (+25%) is the leader of the top 10 list in the analyzed period. It outstripped the former leader by pharmacy sales value growth - J01 Antibacterials for systemic use (+15%), reduced its market share and ranked to the 2nd place. The similar rotation was observed by the groups occupying 5th-6th and 9th-10th positions. The cumulative share of the 10 ATC groups slightly increased (by 0.2%) and amounted to 40.1%.

Table 4. Top 10 ATC groups by pharmacy sales value

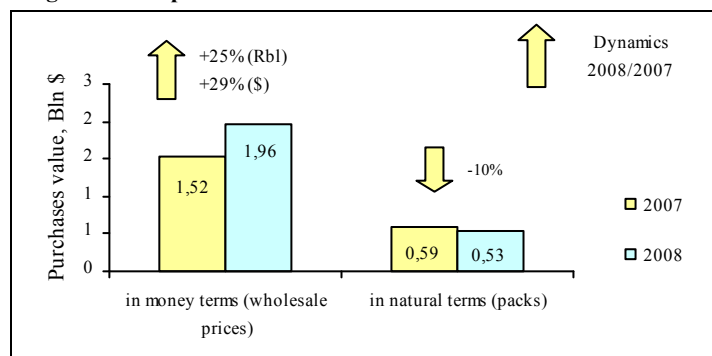
Rank	ATC code	ATC group	Share in total pharmacy sales value, %	
			2008	2007
1	N02	Analgesics	5.5	5.5
2	J01	Antibacterials for Systemic Use	5.4	5.9
3	L03	Immunomodulating Agents	4.3	4.3
4	A11	Vitamins	4.1	4.0
5	M01	Antiinflammatory and Antirheumatic Products	3.8	3.7
6	G03	Sex Hormones and Modulators of the Genital System	3.8	3.7
7	R05	Cough and Cold Preparations	3.7	3.5
8	C09	Agents Acting on the Renin-Angiotensin System	3.4	3.2
9	R01	Nasal Preparations	3.2	2.9
10	N06	Psychoanaleptics	3.0	3.2
Total			40.1	39.9

Conclusion. By the results of 2008 the retail pharmacy market of Russia increased by ¼ and reached \$11.1 Bln. Growth rates in natural terms remained on the level of 2008. At the same time the negative dynamics of retail sales in natural terms (-2% in 2007) observed earlier was replaced by pharmacy sales volume growth (+4%). Per capita drug consumption significantly increased (\$78.2 against \$60 in 2007). The structure of the RF pharmacy market demonstrated relative stability, what is confirmed by minor changes in the analyzed rankings. At that, concentration is growing.

HOSPITAL MARKET OF RF IN 2008

According to Hospital Audit of Drugs in RFTM, the hospital purchases value of Russia in 2008 reached \$1.96 Bln (Rbl 48.8 Bln) at wholesale prices. The growth against 2007 accounted for +25% in rubles (+29% in dollars). Purchases volume in natural terms reduced by 10% and accounted for 531 Mln packs. The shares of Moscow and Saint Petersburg in the total RF purchases value equaled 18.6% and 5.4%, respectively.

Diagram 1. Hospital market value in 2007-2008



By the results of 2008 the top 3 list of manufacturers by hospital purchases value remained the same (Table 1). However, if Novartis and AstraZeneca, positioned on 2nd and 3rd places, increased their shares, the leader - Sanofi-Aventis, demonstrated share reduction. It is to note that five more participants of the ranking decreased their market shares. At that, three corporations - Nycomed, Abolmed and GlaxoSmithKline - dropped down by one position, Gedeon Richter retained its position, while Medochemie improved by two positions (from 12th to 10th place). Due to increase of hospital purchases value in 1.6 times, Bayer Healthcare, entered the list and captured 7th place against 11th position in 2007. Due to the insignificant and even negative dynamics, Servier/Egis (+9%) and Pfizer (-5%) left the top 10 list in the analyzed period.

Table 1. Top 10 manufacturers by hospital purchases value

Rank		Manufacturer*	Share in total purchases value, %	
2008	2007		2008	2007
1	1	Sanofi-Aventis	5.8	5.9
2	2	Novartis (incl. Sandoz-Lek)	4.9	4.6
3	3	AstraZeneca	4.6	4.4
4	5	F. Hoffmann-La Roche Ltd	3.6	3.3
5	4	Nycomed	3.5	3.7
6	6	Gedeon Richter Ltd.	2.7	3.3
7	11	Bayer Healthcare (incl. Bayer Schering Pharma AG)	2.5	1.9
8	7	Abolmed	2.2	2.5
9	8	GlaxoSmithKline	2.2	2.3
10	12	Medochemie	1.7	1.8
Total			33.7	33.8

* AIPM members are in bold

As in the previous ranking the top 3 list of trade names demonstrated stability (Table 2). The traditional hospital trade name Sodium chloride (+9%) retained its leadership, though insignificant purchases value dynamics conditioned share reduction. Antibiotic Meronem (+23%) is place on 2nd position, while Glucose (+18%) is located on 3rd place. Anticoagulating agent Clexane which occupied 4th position in 2007 demonstrated the lowest growth among the leaders (+7%) and weakened by two positions in the top 10 ranking. Due to that Actovegin (+18%) and Tienam (+25%) ranked up to 4th and 5th places. Two more trade names raised in the list: Cefotaxime (+26%), which ranked from 10th to 7th place and the newcomer Albumin which captured 10th position against 12th. The latter is the only participant which demonstrated share increase. At the same time the shares of the five trade names decreased, what conditioned the cumulative share reduction from 14.3% to 13.4%.

Table 2. Top 10 trade names by hospital purchases value

Rank		Trade name	Share in total purchases value, %	
2008	2007		2008	2007
1	1	Sodium chloride	3.0	3.4
2	2	Meronem	2.4	2.4
3	3	Glucose	1.4	1.5
4	5	Actovegin	1.1	1.2
5	6	Tienam	1.1	1.1
6	4	Clexane	1.0	1.2
7	10	Cefotaxime	0.9	0.9
8	7	Cefazolin	0.9	0.9
9	9	Amoksiklav	0.8	0.9

Rank		Trade name	Share in total purchases value, %	
2008	2007		2008	2007
10	12	Albumin	0.8	0.7
Total			13.4	14.3

Ceftriaxone (+27%) outstripped the former leader Sodium chloride (+9%), which due to market share reduction weakened on 2nd position in the top 10 list (Table 3). Meropenem, Cefotaxime, Dextrose and Cefazolin still occupy from 3rd to 6th positions. The growth rates of purchases value of Imipenem+Cilastatin (+25%) exceeded the dynamics demonstrated by Enoxaparin sodium (+7%), and as a result the former ranked to 7th place. The new participants of the ranking are located on 9th and 10th positions: Albumin (+48%) and Docetaxel which increased hospital purchases value 2-fold. Due to insignificant purchases dynamics, Aprotinin and Hydroxyethyl starch (each by 14%) dropped behind the list. The cumulative share of the ranking participants slightly reduced and accounted for 17.3%.

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

Rank		INN/ Combination	Share in total purchases value, %	
2008	2007		2008	2007
1	2	Ceftriaxone	3.3	3.3
2	1	Sodium chloride	3.0	3.4
3	3	Meropenem	2.4	2.4
4	4	Cefotaxime	1.7	1.9
5	5	Dextrose	1.4	1.5
6	6	Cefazolin	1.3	1.4
7	8	Imipenem+Cilastatin	1.1	1.1
8	7	Enoxaparin sodium	1.0	1.2
9	17	Albumin	1.0	0.9
10	39	Docetaxel	1.0	0.6
Total			17.3	17.7

ATC list demonstrated stability by the results of 2008 - changes took place only in the lower part of the ranking (Table 4). The groups occupying places from 1st to 7th retained their positions, though the five participants reduced their market shares. J01 Antibacterials for systemic use (+21%) remained on the leading position, accumulating 20.6% of the total purchases value. 2nd place is captured by B05 Plasma substitutes and perfusion solutions (+20%), 3rd position is occupied by L01 Antineoplastic agents (+90%). The new participant of the list J06 Immune sera and immunoglobulins (+88%) also showed advanced growth and as a result raised to 10th position against 15th in 2007. The cumulative share of the 10 leading ATC groups accounts for almost 60% of the market.

Table 4. Top 10 ATC groups by hospital purchases value

Rank		ATC code	ATC group	Share in total purchases value, %	
2008	2007			2008	2007
1	1	J01	Antibacterials For Systemic Use	20.6	21.5
2	2	B05	Plasma Substitutes And Perfusion Solutions	9.7	10.2
3	3	L01	Antineoplastic Agents	9.1	6.0
4	4	B01	Antithrombotic Agents	3.9	4.0
5	5	N05	Psycholeptics	3.7	3.5
6	6	N01	Anesthetics	3.3	3.4
7	7	C01	Cardiac Therapy	2.5	2.6
8	9	V08	Contrast Media	2.3	2.5
9	8	N06	Psychoanaleptics	2.2	2.5
10	15	J06	Immune Sera and Immunoglobulins	2.1	1.4
Total				59.4	57.6

Conclusion. Hospital market of Russia in 2008 demonstrated high positive dynamics almost equal the market growth rates. However, the hospital segment in natural terms considerably reduced (by 10%) what is the proceeding of the earlier observed processes (-4% in 2007). It total, definite shifts in the rankings of trade names and drug manufacturers take place, while the consumption structure by pharmacotherapeutic groups registers stability.

DLO IN RF IN 2008

In 2007 the information on supplies within the DLO program represented the distributors' data on the value of drugs dispensed by prescription in pharmacies. Supply values were presented at regional prices (registration price of the manufacturer, including differential regional mark-up). In 2008 the DLO system transformed and the information represents the data on shipping at contract prices (reimbursement prices). In this respect, comparison of natural figures of 2007 and 2008 is appropriate, while comparison of absolute money indices of two years is incorrect.

According to DLO Analysis of RFTM, by the results 2008 drug supply value within the DLO program accounted for Rbl 74.28 Bln (\$3.012 Bln) at contract prices. Drug supply volume in natural terms reduced by 8% as compared to 2007 and equaled 116.4 Mkn packs. Average price per drug pack accounted for \$25.86 at contract prices.

By the results of 2008 the top 10 list of drug manufacturers was joined by one new participant – the German corporation Biotest Pharma which improved from 11th to 9th place (Table 1). Besides, the top 10 ranking experienced several inner shifts. Octapharma raised by four positions (from 9th to 5th place). Due to considerable market share increase, Janssen-Cilag captured leadership. The former leader Novartis, on the contrary, decreased its share in the market and dropped down by one position. Besides Novartis only one corporation – AstraZeneca – weakened in the top 10 list. The five companies retained their positions; at that, only one producer – Sanofi-Aventis (10th place) – decreased its share in the segment. This conditioned significant growth of the cumulative share of the 10 leaders – from 59.4% to 67.5%.

Table 1. Top 10 DLO manufacturers

Rank		Manufacturer*	Share in total DLO value, %	
2008	2007		2008	2007
1	2	Janssen-Cilag AG	13.4	9.6
2	1	Novartis (incl. Lek-Sandoz)	10.8	12.2
3	3	F. Hoffmann-La Roche Ltd	10.3	9.4
4	4	Novo Nordisk	7.9	7.2
5	9	Octapharma AG	7.2	3.3
6	6	Bayer Healthcare (incl. Bayer Schering Pharma AG)	5.3	3.9
7	7	Teva	4.2	3.8
8	5	AstraZeneca	2.8	4.3
9	11	Biotest Pharma	2.8	2.7
10	10	Sanofi-Aventis	2.8	3.1
Total			67.5	59.4

* AIPM members are in bold

Anticancer agent Velcade produced by Janssen-Cilag appeared in the top 10 list of trade names. The share of this preparation grew almost 3-fold and amounted to 9.3% of the total DLO segment. Haemostatic Octanate raised from 6th to 2nd place. In spite of share increase, the leader of the previous year Glivec ranked down to 3rd place. 4th, 8th and 9th positions are occupied by the newcomers – Mabthera, NovoSeven and Cerezyme, which earlier were located on 11th, 17th and 18th places. Besides the mentioned preparations only Copaxone-Teva demonstrated ranking progress and captured 6th position against 7th in 2007. At the same time, Betaferon, Haemoctin SDH and Eprex ranked down in the list, at that, the latter was the only participant of the list which reduced its share in the market. As a result the cumulative share of the 10 leaders was considerably enlarged – from 26.4% to 41.8%.

Table 2. Top 10 DLO trade names

Rank		Trade name	Share in total DLO value, %	
2008	2007		2008	2007
1	2	Velcade	9.3	3.2
2	6	Octanate	6.1	2.6
3	1	Glivec	5.9	5.3
4	11	Mabthera	4.3	1.6
5	3	Betaferon	3.6	3.1
6	7	Copaxone-Teva	3.5	2.6
7	5	Haemoctin SDH	2.8	2.6
8	17	NovoSeven	2.4	1.2
9	18	Cerezyme	2.1	1.2
10	4	Eprex	1.8	3.0
Total			41.8	26.4

Original preparations prevail in the top 10 list of trade names in DLO segment, and as a result the changes taking place in it conditioned the shifts in the ranking of the leading INNs and combinations (Table 3). Thus, due to significant supplies of Mabthera, NovoSeven and Cerezyme we may observe considerable ranking improvement by the respective INNs: Rituximab, Eptacog alfa and Imiglucerase, which entered the top 10 list in the analyzed period. Growth of supplies and leadership of Velcade allowed Bortezomib to raise from 3rd to 2nd position. Mainly due to Octanate growth dynamics, Coagulation factor VIII remained on the leading position. Glatinamer acetate also revealed the earlier occupied 6th place, while Interferon beta-1b, Epoetin alfa and Insulin glargine weakened their presence in the top 10 list.

As in the previous ranking the most participants demonstrated market share increase what conditioned noticeable growth of the cumulative share – from 30% to 45.1%.

Table 3. Top 10 INNs and combinations within the DLO program

Rank		INN/ Combination	Share in total DLO value, %	
2008	2007		2008	2007
1	1	Coagulation factor VIII	10.3	6.7
2	3	Bortezomib	9.3	3.2
3	2	Imatinib	5.9	5.3
4	12	Rituximab	4.3	1.6
5	4	Interferon beta-1b	3.6	3.1
6	6	Glatinamer acetate	3.5	2.6
7	19	Eptacog alfa (activated)	2.4	1.2
8	20	Imiglucerase	2.1	1.2
9	5	Epoetin alfa	2.0	3.1
10	8	Insulin glargine	1.7	2.0
Total			45.1	30.0

Comparatively insignificant changes took place in the ranking of the top ATC groups (Table 4). H01 Pituitary and hypothalamic hormones and analogues became the only new participant of the list in the analyzed period and captured 9th position with the market share of 2.7%. L01 Antineoplastic agents is still located on the leading position, demonstrating 1.5-fold share enlargement. B02 Antihemorrhagics raised on 2nd position, leaving behind A10 Drugs used in diabetes on 3rd place. One more ATC group showed ranking progress: L04 Immunosuppressive Agents raised from 9th to 6th position. At the same time, B03 Antianemic preparations and C09 Agents acting on the renin-angiotensin system reduced their shares in the segment and dropped in the top 10 list. The cumulative share of the 10 leaders increased and accounted for 79.2%.

Table 4. Top 10 ATC groups within the DLO program

Rank		ATC code	ATC group	Share in total DLO value, %	
2008	2007			2008	2007
1	1	L01	Antineoplastic Agents	25.0	16.8
2	3	B02	Antihemorrhagics	14.9	9.0
3	2	A10	Drugs Used in Diabetes	10.8	12.9
4	4	L03	Immunomodulating Agents	9.2	7.3
5	5	R03	Drugs for Obstructive Airway Diseases	3.9	4.9
6	9	L04	Immunosuppressive Agents	3.7	3.6
7	6	B03	Antianemic Preparations	3.5	4.8
8	8	L02	Endocrine Therapy	3.0	4.2
9	12	H01	Pituitary and Hypothalamic Hormones and Analogues	2.7	2.4
10	7	C09	Agents Acting on the Renin-Angiotensin System	2.5	4.3
Total				79.2	70.1

The data on the average price per drug pack within the DLO program in RF regions is represented in Table 5. The cumulative share of the top 10 regions by DLO drug supplies grew by 3% as compared to 2007. Moscow revealed its leadership (22.1%), Saint Petersburg ranked up by one position (5.0%) leaving behind Moscow region (4.9%). Republic of Tatarstan entered the list in the analyzed period (2.1%).

Table 5. Top 10 RF regions by sales value within the DLO program

Rank		Region	Share in total DLO value, %	
2008	2007		2008	2007
1	1	Moscow	22.1	19.6
2	3	Saint Petersburg	5.0	4.6
3	2	Moscow region	4.9	4.7
4	8	Sverdlovsk region	2.7	2.3
5	4	Novosibirsk region	2.7	2.8
6	10	Bashkortostan Republic	2.4	2.2
7	7	Rostov region	2.3	2.3
8	6	Nizhniy Novgorod	2.3	2.5
9	12	Republic of Tatarstan	2.1	2.1
10	5	Krasnodar Territory	2.1	2.5
Total			48.6	45.6

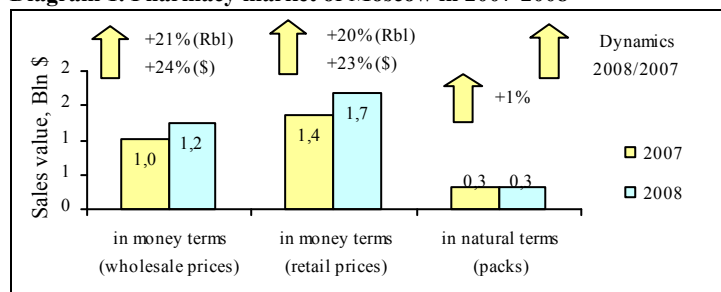
Conclusion. By the results of 2008 DLO supplies in natural terms reduced by 8% against the previous year. Structural changes leading to further concentration increase which has reached high level, are still taking place in DLO segment. It is confirmed by the cumulative shares in the top 10 lists, which notably exceed the respective indices in other pharmaceutical market segments.

PHARMACY MARKET OF MOSCOW IN 2008

The population of Moscow on 01.01.2008 was estimated at 10 470 Mln people, what is 28.2% of the population of the Central Federal District and 7.4% of the total population of Russian Federation. According to Rosstat, average salary in Moscow in 2008 accounted for Rbl 30109,5 (\$1205), what is 75% above the national average, equaling Rbl 17226,3 (\$689,6).

According to Retail Audit of Drugs in RF™, by the results of the 2008 pharmacy market value in rubles grew by 21% as compared to the respective period in 2007 and reached \$1.248 Bln (Rbl 31.1 Bln) at wholesale prices (DLO is not included). The pharmacy market in natural terms increased by 1% and amounted to 330.7 Mln packs. The share of the city in the pharmacy segment amounted to 14.5%. Average retail mark-up equaled 35% (36% in 2007), while the average price per drug pack accounted for \$5.11 (\$4.18 in 2007).

Diagram 1. Pharmacy market of Moscow in 2007-2008



By the results of 2008 the top 10 list of pharmaceutical manufacturers by pharmacy sales value did not change by its structure but revealed numerous inner shifts (Table 1). Only three companies retained the positions occupied earlier. The leader of the ranking - Novartis (+29%), as well as Bayer Healthcare (+34%) located on 3rd place and GlaxoSmithKline (+21%) placed 6th. Three corporations improved their positions, among which the Russian company Pharmstandart demonstrated the most considerable progress among the leaders (+61%) and ranked up from 5th to 2nd position. Berlin-Chemie (+17%) and Nycomed (+30%) improved by one position and occupied 7th and 9th places, correspondingly. Other four participants reduced their shares and weakened in the top 10 list. Despite this decrease the cumulative share of the 10 leaders grew from 40.8% to 41.5%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
2008	2007		2008	2007
1	1	Novartis (incl. Lek-Sandoz)	8.0	7.6
2	5	Pharmstandart	5.7	4.4
3	3	Bayer Healthcare (incl. Bayer Schering Pharma AG)	5.0	4.5
4	2	Sanofi-Aventis	4.8	5.5
5	4	Servier/Egis	3.9	4.4
6	6	GlaxoSmithKline	3.3	3.3
7	8	Berlin-Chemie/ Menarini Pharma GmbH	2.7	2.8
8	7	Pfizer International Inc.	2.7	3.1
9	10	Nycomed	2.7	2.5
10	9	Solvay Pharmaceuticals	2.6	2.8
Total			41.5	40.8

* AIPM members are in bold

The top 10 ranking of trade names was joined by two new participants (Table 2). The newcomers are: Terpincode and Yarina which demonstrated sales value growth in 1.9 and 1.5 times and ranked from 14th to 4th and from 20th to 10th positions, accordingly. The top 3 list remained unchanged. At that, the leader of the list Arbidol (+30%) strengthened its presence due to share increase, while the market of Linex (+21%) did not change and Viagra (+2%) showed share decrease.

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade names	Share in total pharmacy sales value, %	
2008	2007		2008	2007
1	1	Arbidol	1.9	1.7
2	2	Linex	1.2	1.2
3	3	Viagra	1.0	1.2
4	14	Terpincode	0.9	0.6
5	4	Xenical	0.9	1.1
6	5	Essentiale N	0.9	1.0
7	7	Cialis	0.8	0.9
8	8	Pariet	0.8	0.8
9	6	Wobenzym	0.8	0.9
10	20	Yarina	0.7	0.6
Total			9.8	10.0

It is to note that four more participants reduced their shares in the retail segment, while three of them (except Cialis) dropped in the top 10 list. The cumulative share of the 10 leaders slightly declined and equaled 9.8%.

Due to the above mentioned growth of Terpincode sales, INN Codeine+Sodium Hydrocarbonate+Therpinhydrate entered the top 10 list of INNs and combinations and captured 7th position (Table 3). Besides Terpincode the most considerable positive dynamics was registered by Xylometazoline (+56%) and Multivitamin+Multimineral (+40%). This growth allowed them to enlarge their market shares and in the first case – to improve ranking and in the second case – to retain leadership. Due to advanced sales value growth rates of Arbidol, Methylphenylthiomethyl-dimethylaminomethyl-hydroxybromindol carbonic acid ethyl ester (+30%) remained on 2nd place and increased its share on the pharmacy market. It is to note that only four mentioned INNs strengthened their presence in the segment. Other participants of the ranking demonstrated share reduction or remained on the level of 2007 as Amoxicillin+Clavulanic acid (+17%). The cumulative share of top 10 list INNs and combinations grew by 0.5% and reached 12.7%.

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

Rank		INN/ Combination	Share in total pharmacy sales value, %	
2008	2007		2008	2007
1	1	Multivitamin+Multimineral	2.1	1.8
2	2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxybromindol carbonic acid ethyl ester	1.9	1.7
3	4	Xylometazoline	1.7	1.3
4	3	Fluconazole	1.3	1.4
5	6	Pancreatin	1.0	1.1
6	5	Sildenafil	1.0	1.2
7	24	Codeine+Sodium Hydrocarbonate+Therpinhydrate	0.9	0.6
8	7	Orlistat	0.9	1.1
9	9	Amoxicillin+Clavulanic acid	0.9	0.9
10	8	Phospholipides	0.9	1.0
Total			12.7	12.2

By the results of 2008 the leadership in the top 10 ATC list was captured by L03 Immunomodulating agents, though it did not demonstrate the highest growth (+19%) and even slightly reduced its share (Table 4). However sales value increase of the former leader J01 Antibacterials for systemic use was lower (+9%), what conditioned share decrease and loss of leadership. ATC group N02 Analgesics (+29%) not only retained 3rd place but also consolidated on the market. The most considerable progress (+49%) was registered by R05 Cough and cold preparations, which occupied 8th position against 10th place in 2007. A11 Vitamins and R01 Nasal Preparations also showed considerable growth (+40% each) and rose from 5th to 4th and from 9th to 6th position in the analyzed period. The cumulative share of the 10 leading ATC groups grew from 40.1% to 41%.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
2008	2007			2008	2007
1	2	L03	Immunomodulating Agents	5.6	5.7
2	1	J01	Antibacterials for Systemic Use	5.2	5.7
3	3	N02	Analgesics	4.7	4.4
4	5	A11	Vitamins	4.3	3.7
5	4	G03	Sex Hormones and Modulators of the Genital System	3.9	3.8
6	9	R01	Nasal Preparations	3.8	3.3
7	7	A07	Antidiarrheals, Intestinal Anti-inflammatory Antiinfective Agents	3.6	3.4
8	10	R05	Cough and Cold Preparations	3.5	2.8
9	6	G04	Urologicals	3.4	3.7
10	8	N06	Psychoanaleptics	3.0	3.4
Total				41.0	40.1

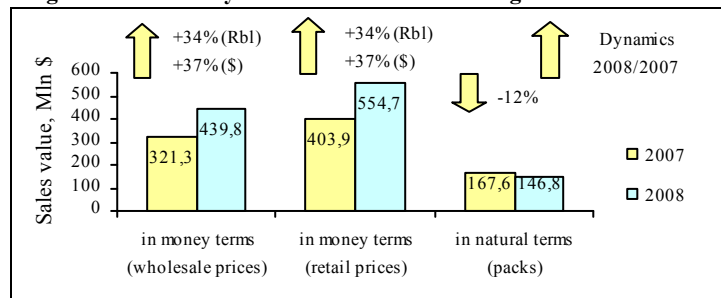
Conclusion. By the results of 2008 pharmacy market of Moscow is estimated at \$1.7 Bln at final consumption prices, being slightly outstripped by the Russian market by growth dynamics (+20% against +25% in rubles). Average price per drug pack almost 2-fold exceeded the respective figure on the RF market. Retail mark-up is also considerably higher (+35% against +29%) as well as the spending of the Moscow citizens on drugs in pharmacies, accounting for \$161.3 (the national average - \$78.2).

PHARMACY MARKET OF SAINT PETERSBURG IN 2008

The population of Saint Petersburg on 01.01.2008 was estimated at 4 568 Mln people, what is 33.3% of the population of the North-Western Federal District and 3.2% of the total population of Russian Federation. According to Rosstat, average salary in the city in 2008 accounted for Rbl 22075,3 (\$883), what is 28% above the national average, equaling Rbl 17226,3 (\$689,6).

According to Retail Audit of Drugs in RF™, by the results of the 2008 pharmacy market value of Saint Petersburg in rubles grew by 34% as compared to the respective period in 2007 and reached \$439.8 Mln (Rbl 11.0 Bln) at wholesale prices (DLO is not included). The pharmacy market in natural terms decreased by 12% and amounted to 147 Mln packs. The share of the city in the RF pharmacy segment amounted to 5.1%. Average retail mark-up did not change and equaled the level of 2007 (26%), while the average price per drug pack accounted for \$3.78 (\$2.41 in 2007).

Diagram 1. Pharmacy market of Saint Petersburg in 2007-2008



The top 10 ranking of drug manufacturers by pharmacy sales value revealed noticeable changes in 2008 (Table 1). It was joined by one new participant - KRKA (10th place). Besides the new corporation three more manufacturers demonstrated ranking progress. Pharmstandart and Bayer Healthcare improved by two positions, occupying 2nd and 3rd places, while Pfizer ranked up by three positions (from 10th to 7th place). Only two drug producers retained the positions captured earlier – the leader of the list Novartis (+37%) and Berlin-Chemie (+30%) located on 6th position. The four companies dropped to the lower places, at that only two of them demonstrated share reduction. The cumulative share of the top 10 list considerably increased and reached 41.1% (37.7% in 2007).

Table 1. Top 10 manufacturers by pharmacy sales value

Rank	Manufacturer*		Share in total pharmacy sales value, %	
	2008	2007	2008	2007
1	1	Novartis (incl. Lek-Sandoz)	7.0	6.9
2	4	Pharmstandart	7.0	4.5
3	5	Bayer Healthcare (incl. Bayer Schering Pharma AG)	5.0	4.4
4	3	Servier/Egis	4.4	4.6
5	2	Sanofi-Aventis	4.3	4.7
6	6	Berlin-Chemie/ Menarini Pharma GmbH	3.0	3.1
7	10	Pfizer International Inc.	2.7	2.3
8	7	Nycomed	2.7	2.6
9	8	Solvay Pharmaceuticals	2.6	2.6
10	12	KRKA D.D.	2.4	2.0
Total			41.1	37.7

* AIPM members are in bold

The upper part of Top 10 ranking of trade names remained the same (Table 2). Due to advanced dynamics, Arbidol (+83%), Viagra (+54%), Essentiale N (+44%) and Linex (+43%), occupying the places from 1st to 4th, not only retained their positions but also strengthened their presence on the market. It is to note that the four ranking participants demonstrated more noticeable positive dynamics and enlarged their share.

Table 2. Top 10 trade names by pharmacy sales value

Rank	Trade names		Share in total pharmacy sales value, %	
	2008	2007	2008	2007
1	1	Arbidol	2.2	1.6
2	2	Viagra	1.1	1.0
3	3	Essentiale N	1.0	0.9
4	4	Linex	0.9	0.9
5	7	Terpincode	0.9	0.6
6	20	Yarina	0.8	0.4
7	8	Xenycal	0.8	0.6
8	11	Heptral	0.8	0.5
9	5	Actovegin	0.6	0.7
10	6	Preductal	0.6	0.6
Total			9.7	7.8

These trade names are the newcomers of the list: Yarina (+141%) and Heptral (+98%), as well as Terpincode (+108%) and Xenycal (+87%), which captured from 5th to 7th positions, correspondingly. Due to insignificant sales dynamics, Actovegin and Preductal dropped from 5th and 6th places to the lower positions, while No-Spa and TeraFlu against cold and fever left the ranking in 2008. The cumulative share of 10 leaders increased from 7.8% to 9.7%.

As in the previous ranking the top 4 list of INNs and combinations did not experience any changes (Table 3). Multivitamin+Multimineral (+32%) is the leader in the analyzed period, while 2nd position is captured by Methylphenylthiomethyl-dimethylaminomethyl-hydroxybromindol carbonic acid ethyl ester (+83%). Xylometazoline (+62%) and Sildenafil (+54%) are located on 3rd and 4th places. Multivitamin (+29%) also retained 6th position occupied earlier. The four of the rest ranking participants demonstrated positive sales dynamics, more notable by the newcomers. Due to high growth rates by retail sales value, Codeine+Sodium

Hydrocarbonate+Therpinhydrate (+108%), Ademetionine (+101%) and Fluconazole (+52%) entered the top 10 list of INNs and combinations. The cumulative share of the leaders notably grew and amounted to 12.5% (10.9% in 2007).

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

Rank	INN/ Combination	Share in total pharmacy sales value, %		
		2008	2007	
1	1	Multivitamin+Multimineral	2.6	2.6
2	2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxybromindol carbonic acid ethyl ester	2.2	1.6
3	3	Xylometazoline	1.3	1.1
4	4	Sildenafil	1.1	1.0
5	8	Phospholipide	1.0	0.9
6	6	Multivitamin	0.9	1.0
7	18	Codeine+Sodium Hydrocarbonate+Therpinhydrate	0.9	0.6
8	5	Pancreatin	0.9	1.0
9	23	Ademetionine	0.8	0.5
10	12	Fluconazole	0.8	0.7
Total			12.5	10.9

L03 Immunomodulating agents (+51%) became the leader of the top 10 list of ATC groups in 2008. The more considerable growth of sales value was registered by G03 Sex hormones and modulators of the genital system (+53%), what conditioned its ranking improvement from 6th to 5th place, while R05 Caught and cold preparations (+46%) was outstripped to lower position. It is to note that one more group in the list ranked down – the leader of the previous year N02 Analgesics (+19%), which in the analyzed period occupied 4th place. The four ATC groups retained their positions, at that, the two besides the earlier mentioned participants increased sales value. The list was joined by A07 Antidiarrheals, intestinal antiinflammatory antiinfective agents, while N06 Psychoanaleptics, on the contrary, left the ranking. The cumulative share of top ATC groups grew by 1% - from 39.2% to 40.2%.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank	ATC code	ATC group	Share in total pharmacy sales value, %	
			2008	2007
1	4	L03 Immunomodulating Agents	5.1	4.6
2	2	A11 Vitamins	4.9	4.9
3	3	J01 Antibacterials for Systemic Use	4.6	4.9
4	1	N02 Analgesics	4.5	5.1
5	6	G03 Sex Hormones and Modulators of the Genital System	4.1	3.6
6	5	R05 Caught and Cold Preparations	4.1	3.8
7	7	R01 Nasal Preparations	3.3	3.2
8	8	C09 Agents Acting on the Renin-Angiotensin System	3.2	3.1
9	10	M01 Antiinflammatory and Antirheumatic Products	3.1	3.1
10	11	A07 Antidiarrheals, Intestinal Antiinflammatory Antiinfective Agents	3.1	3.0
Total			40.2	39.2

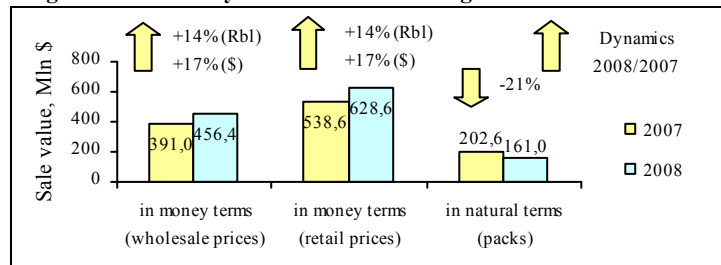
Conclusion. By the results of the analyzed period the pharmacy market of Saint Petersburg is estimated at \$554.7 Mln at final consumption prices, leaving behind the national growth rates (+34% against +25% in rubles). Average price per drug pack (\$3.78) and per capita drug consumption (\$121.4) were higher than the respective figures on the national level, while average retail mark-up was lower: +26% against +29%.

PHARMACY MARKET OF MOSCOW REGION IN 2008

The population of Moscow region on 01.01.2008 was estimated at 6 673 Mln people, what is 18% of the population of the Central Federal District and 4.7 % of the total population of Russian Federation. According to Rosstat, average salary in Moscow region in 2008 accounted for Rbl 20820,9 (\$833), what is 21% above the national average, equaling Rbl 17226,3 (\$689,6).

According to Retail Audit of Drugs in RF™, by the results of the 2008 pharmacy market value of Moscow region in rubles grew by 14% as compared to the respective period in 2007 and reached \$456.4 Mln (Rbl 11.37 Bln) at wholesale prices (DLO is not included). The pharmacy market in natural terms decreased by 21% and amounted to 161 Mln packs. The share of the region in the RF pharmacy segment amounted to 5.3%. Average retail mark-up did not change and equaled the level of 2007 (38%), while the average price per drug pack grew from \$2.66 to \$3.91.

Diagram 1. Pharmacy market of Moscow region in 2007-2008



By the results of 2008 Novartis (+27%) still holds the leadership in the top 10 list by pharmacy sales value (Table 1). Due to one of the most considerable growth, the domestic manufacturer Pharmstandart (+38%) ranked from 4th to 2nd place. At the same time the most significant increase was registered by Bayer Healthcare (+40%) which rose from 6th to 4th position. Besides the above mentioned corporations two more producers demonstrated ranking improvement - GlaxoSmithKline (+16%) and Nycomed (+27%), which captured 7th and 8th places, respectively. The five participants of the top 10 list dropped to the lower positions and four of them reduced their shares in the segment. Despite this, the cumulative share of the 10 leading pharmaceutical companies increased by 1% and reached 40.5%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
2008	2007		2008	2007
1	1	Novartis (incl. Lek-Sandoz)	7.9	7.1
2	4	Pharmstandart	5.4	4.5
3	2	Sanofi-Aventis	4.8	5.1
4	6	Bayer Healthcare (incl. Bayer Schering Pharma AG)	4.4	3.6
5	3	Servier/Egis	4.3	5.0
6	5	Berlin-Chemie/Menarini Pharma GmbH	3.4	3.8
7	8	GlaxoSmithKline	2.7	2.7
8	10	Nycomed	2.6	2.3
9	7	Gedeon Richter	2.5	2.9
10	9	Solvay Pharmaceuticals	2.5	2.5
Total			40.5	39.5

* AIPM members are in bold

As against the previous ranking the top 10 list of trade names was joined by three new preparations (Table 2). Xenical enlarged pharmacy sales value 1.5-fold and ranked from 11th to 5th place. Other newcomers are: Viferon (+17%) and Actovegin (+5%); the former rose from 14th to 9th place, the latter – from 12th to 10th position. Ranking progress was also registered by Terpincode (+40%), which due to considerable positive dynamics ranked from 8th to 6th position. The upper part of the top 10 list trade names did not reveal any shifts. Arbidol, Linex, Essentiale N and Viagra, which occupy from 1st to 4th positions not only retained their positions but also strengthened their presence on the market. The cumulative share of the top preparations grew and amounted to 8.9%.

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade names	Share in total pharmacy sales value, %	
2008	2007		2008	2007
1	1	Arbidol	1.6	1.3
2	2	Linex	1.1	1.0
3	3	Essentiale N	1.0	0.9
4	4	Viagra	0.9	0.7
5	11	Xenical	0.9	0.7
6	8	Terpincode	0.9	0.7
7	5	Mezym forte	0.7	0.7
8	6	Mexidol	0.6	0.7
9	14	Viferon	0.6	0.6

Rank		Trade names	Share in total pharmacy sales value, %	
2008	2007		2008	2007
10	12	Actovegin	0.6	0.6
Total			8.9	8.0

Due to the above mentioned substantial growth demonstrated by Xenical, Viagra and Terpincode, the respective INNs – Orlistat, Sildenafil and Codeine+Sodium Hydrocarbonate+Terpinhydrate appeared in the top 10 list of INNs and combinations (Table 3). More significant positive dynamics was demonstrated by Xylometazoline (+52%), which occupied 2nd position instead of 4th place in 2007. At that, Methylphenylthiomethyl-dimethylaminomethyl-hydroxybromindol carbonic acid ethyl ester and Pancreatin which were located on 2nd and 3rd places, dropped down by one position. One more INN Amoxicillin+Clavulanic acid (+16%) showed insignificant dynamics and as a result ranked down from 8th to 9th position. The leader of the ranking Multivitamin+Multimineral (+37%) and Fluconazole (+40%) occupying 5th place retained their positions and consolidated the presence in the retail segment. It is to note that share enlargement demonstrated by the most ranking participants conditioned notable growth of the cumulative share (from 10.5% to 12.3%).

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

Rank		INN/ Combination	Share in total pharmacy sales value, %	
2008	2007		2008	2007
1	1	Multivitamin+Multimineral	2.0	1.7
2	4	Xylometazoline	1.7	1.3
3	2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxybromindol carbonic acid ethyl ester	1.6	1.3
4	3	Pancreatin	1.2	1.3
5	5	Fluconazole	1.1	1.0
6	7	Phospholipide	1.0	0.9
7	15	Sildenafil	0.9	0.7
8	20	Orlistat	0.9	0.7
9	8	Amoxicillin+Clavulanic acid	0.9	0.9
10	18	Codeine+Sodium Hydrocarbonate+Terpinhydrate	0.9	0.7
Total			12.3	10.5

Considerable changes took place in the top 10 ranking of ATC groups (Table 4). Only two groups - L03 Immunomodulating agents and A11 Vitamins – retained 3rd and 4th positions. N02 Analgesics (+12%) became the leader of the list in 2008, exceeding by growth rates the former leader J01 Antibacterials for systemic use (+2%), which notably reduced its share and dropped to 2nd position. The most substantial increase of sales value was demonstrated by R01 Nasal preparations (+34%) and the newcomer of the list - G03 Sex hormones and modulators of the genital system (+35%), which rose from 9th to 6th and from 11th to 9th places. Other two groups showed ranking progress - R05 Caught and cold preparations (+27%) and A07 Antidiarrheals, intestinal antiinflammatory antiinfective agents (+25%) occupied 5th and 8th positions. The cumulative share of the top 10 ATC groups grew by 1.4% and accounted for 40.9%.

Table 4. Top 10 ATC groups by pharmacy sales value

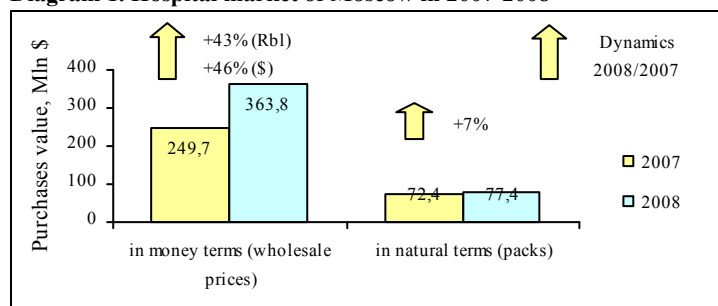
Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
2008	2007			2008	2007
1	2	N02	Analgesics	5.5	5.6
2	1	J01	Antibacterials for Systemic Use	5.3	5.9
3	3	L03	Immunomodulating Agents	4.8	4.3
4	4	A11	Vitamins	4.1	3.7
5	6	R05	Caught and Cold Preparations	4.0	3.6
6	9	R01	Nasal Preparations	3.8	3.3
7	5	M01	Antiinflammatory and Antirheumatic Products	3.4	3.7
8	10	A07	Antidiarrheals, Intestinal Antiinflammatory Antiinfective Agents	3.4	3.1
9	11	G03	Sex Hormones and Modulators of the Genital System	3.4	2.9
10	7	C09	Agents Acting on the Renin-Angiotensin System	3.1	3.5
Total				40.9	39.5

Conclusion. By the results of 2008 the pharmacy market of Moscow region equals \$628.6 Mln at final consumption prices, what is by 14% exceeds the respective figure of the previous year. Growth rates of sales volume in natural terms were outstripped by RF figure. At that, notable reduction (-21%) of regional pharmacy sales volume was observed. Average price per drug pack (\$3.91), retail mark-up (38%), per capita drug consumption (\$94.2) in Moscow region were higher than the national indices (\$2.85, +29% and \$78.17).

HOSPITAL MARKET OF MOSCOW IN 2008

According to Hospital Audit of Drugs in RFTM in 2008 hospital market value of Moscow in rubles grew by 43% against 2007 and accounted for \$363.8 Mln (Rbl 9.1 Bln) at wholesale prices. Hospital purchases volume in natural terms equaled 77.4 Mln packs, what is by 7% more than the previous year figure. Average price per drug pack in the Moscow region hospitals amounted to \$4.7 (\$3.45 in 2007).

Diagram 1. Hospital market of Moscow in 2007-2008



By the results of 2008 the hospital market of Moscow revealed noticeable changes (Table 1). Only the leader of the top 10 list of drug manufacturers - Sanofi-Aventis (+64%) retained and even strengthened its position. AstraZeneca (+54%) rose from 3rd to 2nd place, while F. Hoffmann-La Roche (+28%) demonstrated less considerable positive dynamics and as a result dropped to 3rd place. Ranking progress was also registered by five more companies, including the newcomers - Bayer Healthcare (+75%), Boehringer Ingelheim (+214%) and Pfizer (+63%), which occupied 7th, 9th and 10th positions, correspondingly. The only domestic drug producer Abolmed (+11%) and Norwegian Nycomed (-11%) showed insignificant and even negative purchases dynamics and ranked down to the lower positions. Though Gedeon Richter (+22%), Merck Sharp & Dohme (+37%) increased their purchases value, it was not enough and the companies as well Servier/Egis (-3%) left the list in 2008. The cumulative share of the ten leading corporations grew and accounted for 38.7%.

Table 1. Top 10 manufacturers by hospital purchases value

Rank		Manufacturer*	Share in total hospital purchases value, %	
2008	2007		2008	2007
1	1	Sanofi-Aventis	7.1	6.2
2	3	AstraZeneca	6.0	5.6
3	2	F. Hoffmann-La Roche Ltd	5.3	5.8
4	5	Novartis (incl. Lek-Sandoz)	4.4	3.7
5	6	GlaxoSmithKline	3.4	3.5
6	4	Nycomed	3.3	5.3
7	11	Bayer Healthcare (incl. Bayer Schering Pharma AG)	2.4	2.0
8	7	Abolmed	2.4	3.1
9	19	Boehringer Ingelheim Pharma	2.2	1.0
10	12	Pfizer International Inc.	2.2	1.9
Total			38.7	38.0

* AIPM members are in bold

The top 10 list of trade names by hospital purchases value was more than half renewed (Table 2). The ranking was joined by six new participants, which occupied from 5th to 10th positions. It is to note that the newcomers demonstrated substantial growth of purchases: from 1.5-fold increase by Avastin to 21-fold growth by Octagam. Significant positive dynamics was also shown by the two previous participants of the list - Sodium chloride and Taxotere, which increased purchases in 1.6 and 2.6 times. Both drugs strengthened in the list: the former rose from 3rd to 2nd place and the latter - from 7th to 4th position. The two participants retained their positions - Meronem (+42%) and Tienam (+26%) occupying 1st and 4th places. The cumulative share of the top 10 list considerably increased mainly due to positive dynamics of the newcomers (from 10.8% to 15.1%).

Table 2. Top 10 trade names by hospital purchases value

Rank		Trade name	Share in total hospital purchases value, %	
2008	2007		2008	2007
1	1	Meronem	3.1	3.1
2	3	Sodium chloride	2.4	2.3
3	7	Taxotere	2.0	1.2
4	4	Tienam	1.5	1.7
5	260	Octagam	1.2	0.1
6	43	Actilyse	1.2	0.4
7	33	Vasaprostan	1.1	0.5
8	51	Naropin	0.9	0.4

Rank		Trade name	Share in total hospital purchases value, %	
2008	2007		2008	2007
9	27	Gemzar	0.9	0.5
10	15	Avastin	0.8	0.7
Total			15.1	10.8

Considerable changes which took place in the previous ranking conditioned numerous shifts in the top 10 list of INNs and combinations (Table 3). Only the leader of the top 10 list Meronem (+42%) remained on the same position. The new INNs captured 3rd, 4th, 9th and 10th positions in the list: Docetaxel, Immunoglobulin human normal, Alteplase and Alprostadil, which enlarged hospital purchases value in 3-4 times. INNs which were placed from 4th to 7th positions demonstrated not as notable dynamics and ranked down by one position being outstripped by the new participants. The cumulative share of the ten leading INNs and combinations significantly grew - from 14.9% to 18%.

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

Rank		INN/ Combination	Share in total hospital purchases value, %	
2008	2007		2008	2007
1	1	Meropenem	3.1	3.1
2	3	Sodium chloride	2.4	2.3
3	10	Docetaxel	2.3	1.2
4	17	Immunoglobulin human normal	2.0	1.0
5	4	Ceftriaxone	1.8	1.7
6	5	Impipenem+Cilastatin	1.5	1.7
7	6	Cefazolin	1.3	1.6
8	7	Filgrastim	1.2	1.4
9	52	Alteplase	1.2	0.4
10	40	Alprostadil	1.2	0.5
Total			18.0	14.9

By the results of 2008 the top 10 ranking of ATC groups showed relative stability as against the previous lists (Table 4). The top 3 list remained the same, at that the two groups consolidated their presence in the hospital segment enlarging their shares. The five participants of the ranking improved their positions. The most notable progress was demonstrated by the newcomer - J06 Immune sera and immunoglobulins, which due to almost 3-fold growth of purchases value ranked from 13th to 8th place. At the same time, insignificant and even negative dynamics of N05 Psycholeptics (+16%) and V08 Contrast media (-33%) conditioned loss of positions in the list (5th and 10th places). N06 Psychoanaesthetics (-16%) dropped behind the top 10 ranking.

Table 4. Top 10 ATC groups by hospital purchases value

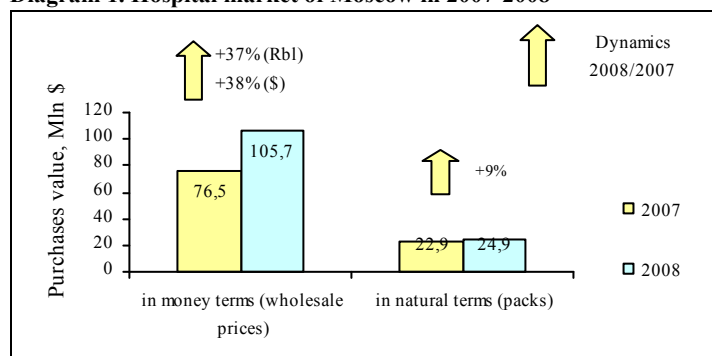
Rank		ATC code	ATC group	Share in total hospital purchases value, %	
2008	2007			2008	2007
1	1	J01	Antibacterials for Systemic Use	17.6	18.3
2	2	L01	Antineoplastic Agents	12.8	7.6
3	3	B05	Plasma Substitutes and Perfusion Solutions	7.4	6.1
4	6	B01	Antithrombotic Agents	4.6	4.1
5	4	N05	Psycholeptics	4.1	5.0
6	7	N01	Anesthetics	3.7	4.0
7	9	C01	Cardiac Therapy	3.1	2.7
8	13	J06	Immune Sera and Immunoglobulins	3.1	1.6
9	10	L03	Immunomodulating Agents	2.6	2.1
10	5	V08	Contrast Media	2.4	5.0
Total				61.4	56.5

Conclusion. Hospital market of Moscow in the analyzed period accounted for \$364 Mln at wholesale prices and 77.4 Mln packs. Growth of the regional market was above the RF figure (+43% against +25% - at wholesale prices and +7% against -10% - in natural terms). Average price per drug pack also exceeded the regional market dynamics (\$4.7 against \$3.7). The regional hospital segment experienced considerable structural changes accompanied by noticeable sales concentration increase by the leading trade names and groups.

HOSPITAL MARKET OF SAINT PETERSBURG IN 2008

According to Hospital Audit of Drugs in RF™ in 2008 hospital market value of Saint Petersburg accounted for \$105.7 Mln (Rbl 2.7 Bln) at wholesale prices. The growth compared to 2007 amounted to +37% in rubles (+38% in dollars). Hospital purchases volume in natural terms equaled 25 Mln packs, what is by 9% more than the previous year figure. Average price per drug pack purchased by the hospitals of Saint Petersburg amounted to \$4.24 (\$3.34 in 2007). The share of the regional market in the total RF hospital segment equals 5.4%.

Diagram 1. Hospital market of Moscow in 2007-2008



The top 10 list of drug manufacturers by hospital purchases value revealed noticeable changes in the lower part by the results of 2008 (Table 1). As in 2007 Novartis (0%), AstraZeneca (+31%) and Sanofi-Aventis (+49%) are the leaders of the list, though only the third one enlarged its share. Due to 2-fold growth of purchases value, Nycomed и Janssen-Cilag demonstrated significant share increase and rose to 4th and 5th places. Two more manufacturers: Gedeon Richter and the newcomer - Bayer Healthcare improved their rankings, occupying 7th against 8th position and 9th against 12th place. At the same time, due to reduction of hospital purchases, Medochemie (-9%) and Merck Sharp & Dohme (-5%) lost several positions and are located on 8th and 10th places, while Pfizer (-37%) left the list in the analyzed period. The cumulative share of the leading trade manufacturers notably declined - from 39.6% to 38.9%.

Table 1. Top 10 manufacturers by hospital purchases value

Rank	Manufacturer*	Share in total hospital purchases value, %	
		2008	2007
1	Novartis (incl. Sandoz-Lek)	6.2	8.5
2	AstraZeneca	5.4	5.6
3	Sanofi-Aventis	5.2	4.8
4	Nycomed	4.0	2.4
5	Janssen-Cilag AG	3.5	2.1
6	F. Hoffmann-La Roche Ltd	3.4	3.7
7	Gedeon Richter	3.3	2.9
8	Medochemie	3.0	4.5
9	Bayer Healthcare (incl. Bayer Schering Pharma AG)	2.4	1.8
10	Merck Sharp & Dohme	2.3	3.3
Total		38.9	39.6

* AIPM members are in bold

Considerable changes took place in the top 10 ranking of trade names (Table 2). By the results of 2008 the list was joined by four new participants, which captured places from 5th to 7th and 10th. The new preparations are: Curosurf (+234%), Glucose (+54%), Clexane (+35%) and Omnipaque (+107%). The four trade names which demonstrated negative purchases dynamics left the list in the analyzed period (Pentaglobin, Cansidas, Medocef and Mabthera). The two ranking participants lost several positions - Glivec (-41%) and the leader of the previous year Meronem (+38%). The traditional hospital trade names Sodium chloride became the leader of the top 10 ranking, showing 1.5-fold growth of purchases value. Albumin, Tienam and Cefotaxime demonstrated ranking improvement in 2008. The cumulative share of the top preparations in the hospital segment amounted to 16.4%.

Table 2. Top 10 trade names by hospital purchases value

Rank	Trade name	Share in total hospital purchases value, %	
		2008	2007
1	Sodium chloride	3.1	2.9
2	Meronem	3.1	3.0
3	Albumin	1.9	1.6
4	Tienam	1.5	1.5
5	Curosurf	1.4	0.6
6	Glucose	1.4	1.2
7	Clexane	1.1	1.1
8	Cefotaxime	1.0	1.5

Rank		Trade name	Share in total hospital purchases value, %	
2008	2007		2008	2007
9	3	Glivec	1.0	2.2
10	33	Omnipaque	0.9	0.6
Total			16.4	16.3

The changes which took place in the top 10 list of trade names effected shifts in the ranking of the leading INNs and combinations (Table 3). Considerable growth of purchases value showed by the newcomers of the previous ranking (Curosurf and Glucose) allowed Poractant alfa and Dextrose to enter the top 10 list of INNs and occupy 8th and 9th positions. Besides them two other participants appeared in the ranking in 2008. The newcomers are: Immunoglobulin human normal (7-fold growth) and Imipenem+Cilastatin (+39%), which captured 6th and 7th places, accordingly. Albumin and Risperidon (rose from 6th to 4th and from 10th to 5th positions, respectively) also improved in the list. Sodium chloride (1.5-fold increase) occupied the leadership in the analyzed period, while the former leader Ceftriaxone dropped to 3rd place due to insignificant positive dynamics. Cefotaxime (-5%) also weakened its presence in the segment and ranked down to 10th position.

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

Rank	INN/Combination	Share in total hospital purchases value, %	
		2008	2007
1	Sodium chloride	3.1	2.9
2	Meropenem	3.1	3.0
3	Ceftriaxone	2.9	3.2
4	Albumin	2.1	1.7
5	Risperidon	1.7	1.7
6	Immunoglobulin human normal	1.5	0.3
7	Imipenem+Cilastatin	1.5	1.5
8	Poractant alfa	1.4	0.6
9	Dextrose	1.4	1.2
10	Cefotaxime	1.3	1.8
Total		20.1	17.9

Against the background of numerous changes in the two previous rankings, the top 10 list of ATC groups demonstrated relative stability (Table 4). It was not joined by the new participants, and the top 4 list did not revealed any shifts. J01 Antibacterials for systemic use (+31%) is the indisputable leader of ranking. The four groups showed ranking progress. N01 Anesthetics (+62%) ranked from 6th to 5th place, B01 Antithrombotic agents (+92%) is located on 6th place instead of 8th position in 2007. V08 Contrast media (+78%) and J06 Immune sera and immunoglobulins (+59%) occupied 7th and 8th positions against 9th and 10th places in the previous year. Despite the fact only that four participants reduced their market share, the cumulative share of the leading ATC groups declined from 67.3% to 63.9%.

Table 4. Top 10 ATC groups by hospital purchases value

Rank	ATC code	ATC group	Share in total hospital purchases value, %	
			2008	2007
1	J01	Antibacterials For Systemic Use	19.9	20.9
2	B05	Plasma Substitutes And Perfusion Solutions	10.9	9.9
3	N05	Psycholeptics	9.1	8.9
4	L01	Antineoplastic Agents	5.9	7.6
5	N01	Anesthetics	4.8	4.1
6	B01	Antithrombotic Agents	3.7	2.7
7	V08	Contrast Media	3.0	2.3
8	J06	Immune Sera And Immunoglobulins	2.6	2.2
9	J02	Antimycotics For Systemic Use	2.1	4.0
10	L04	Immunosuppressive Agents	2.0	4.8
Total			63.9	67.3

Conclusion. Hospital market of Saint Petersburg demonstrated notable positive dynamics, exceeding RF market growth. Besides significant increase in money terms in 2008, considerable growth in natural terms was also observed (+9%). As can be seen in the analyzed rankings the hospital market of the region shows noticeable structural changes which are, however, not accompanied by concentration growth in terms of the leading trade names. Average price per drug pack in Saint Petersburg was slightly outstripped by the same figure in Moscow (\$4.24 against \$4.7).

03.02.2009, *RBKdaily***The deputies consider the current purchasing system for drugs intended for beneficiaries ineffective**

The chairman of the Committee for Health Protection of the State Duma Olga Borzova reported that the procedure of state drug purchases will be changed. The Committee prepared the draft law which presumes withdrawal from tenders and return to the contest system. According to Borzova, the present system is inefficient and has loopholes for corrupt deals. The draft law is to oblige the authorities to focus not on the cost but on the quality of drugs by state purchases. The detailed requirements to the pharmaceutical suppliers will be directly specified in the competitive documentation but not in the draft law itself.

The draft law is already developed but not yet introduced to the State Dume. The document is being approved at various departments, including the Ministry of Economic Development and Trade, and will be discussed during the current session.

04.02.2009, *Gazeta (Moscow)***Roszdraznadzor formed another black list of drug manufacturers**

The Russian pharmaceutical producers operate 1.5-fold worse than the foreign manufacturers. It is confirmed by the results of Roszdraznadzor monitoring of quality of pharmaceutical products circulating on the domestic market in 2008. The share of Russian drugs in the total value of faulty preparations disposed from pharmacies and storehouses accounted for 60.8%, while the share of poor-quality foreign products amounted to 39.2%.

OOO "Iodnye tekhnologii i marketing" (45 lots of four preparations were excluded), "Tul'skaya farmatsevticheskaya fabrika" (26 lots of seven preparations), ZAO "Vifitekh" (22 lots of eight preparations) got most number of claims among the domestic manufacturers registered in the black list worked out by Roszdraznadzor.

Among the foreign importers the Indian companies are the leaders of the black list having the most number of product liability claims from Roszdraznadzor: "Plethiko Pharmaceuticals Ltd", "Shreya Life Science Pvt Ltd", and "Himalaya Drug Co".

Roszdraznadzor prepares such rankings quarterly and it is to note that for the year ended the participants of the black list did not change.

06.02.2009, *Pharmvestnik.ru***Roszdraznadzor enters into cooperation with FDA USA**

In January 2009 Roszdraznadzor official delegation first visited FDA – the organization administrating circulation of drugs and food in the USA. Visit pursued two objectives. For the first instance, to get acquainted with the US colleagues and to get an insight into the current principles and registration procedures for drugs, medical products and technologies, contract production, licensing, high-tech studies and pharmaceutical manufacture as well as methods of drug adulteration controlling applied in the USA. Secondly, to learn how the representatives of private segment observe the established procedures and the way the private-public partnerships promote increase of investment into healthcare and social services.

One of the essential results of the visit was the agreement between the Head of Roszdraznadzor N. Yurgel and the acting Head of FDA Frank Torti on signing "Memorandum of understanding and communication between Roszdraznadzor and FDA". Eventually, the document execution will take place in this year.

18.02.2009, *Interfax-Russia.ru***State purchases of drugs in the second half of the year will be oriented on the domestic drugs**

Ministry of Public Health and Social Development of Russian Federation will be oriented on the domestic preparations by state purchases of drugs in the second half of 2009. This idea was announced by the Head of the Ministry Tatyana Golikova on "government hour" at the State Duma on February 18.

Answering the question connected with the dominance of foreign drugs by state purchases of medicines intended for beneficiaries, the minister reported that the government has the opportunity to buy domestic drugs. According to Golikova, the Ministry of Public Health and Social Development jointly with the Ministry of Industry and Trade conducts the pharmaceutical market monitoring in order to direct state purchases on drugs manufactured in Russia.

NEWS OF COMPANIES06.02.2009, *Delovoy kvartal***"Protek" acquired "AS-Byuro" company**

CV "Protek" acquired the entire share capital of "AS-Byuro", Yekaterinburg-based wholesaler, which competed with national distributors head-to-head. The terms of the deal were not disclosed.

The pharmacies which were supplied by "AS-Byuro" say that the company had debts to CV "Protek" and business sale was partially compulsory measure. The terms of the deal were agreed in as far back as June, while the employees of "AS-Byuro" were informed about the business disposal in December 2008.

The specialized warehouse of "AS-Byuro" in area of 6 thousand sq.m. in Berezovskiy, unloading of which started in January, was one of the principle infrastructure acquisitions of CV "Protek".

12.02.2009, *Pharmvestnik.ru***Sverdlovsk-based facility "Medsintez" will participate in the first tenders on purchases of engineered insulin**

"Medsintez" makes preparations for the participation in the first tenders on purchases of engineered insulin which will take place in March 2009. The facility did not manufacture the products for almost a year because of legislative limitations. At the present time all the restrictions on insulin production are lifted and the decision on granting the registration certificate is already made.

After the facility was set up, Egypt, Serbia and CIS states began to order insulin produced by "Medsintez", currently, negotiations with UAE are in progress. At the moment the value of insulin warehoused at the plant is estimated at Rbl 250 Mln. The maximum output of the facility accounts for 10 Bln of international units annually, hereby, the plant is able to provide 140% of the Russian insulin market.

17.02.2009, *Kommersant (Voronezh)***"Veropharm" and the pharmacy chain "36.6" are marketed**

According to several investment bankers, 51.9% of OAO "Veropharm" shares are put for sale. Among the potential purchasers, proposing \$210-230 Mln, are direct investment funds Russia Partners Management LLC, Penta Investments, Capital Growth Asset Management, Invest AG and the German Stada Arzneimittel. According to the sources, all the intending purchasers are accomplishing due diligence of the company and prepare the final proposal. The preliminary price of the proposal ranges within \$210-230 Mln. The deal is planned to be closed by the end of March.

The main business of Artem Bektimirov and Sergey Krivosheev - the retail "Pharmacy chain 36.6" is also lifted for sale. Additional issue of the group was approved at special general meeting on January 9, hereby, 85.5 Mln of additional shares of common stock are intended to be placed by public subscription. "Russkiy standart" headed by Rustam Tariko as well as direct investment fund Marshall Capital Partners made a claim for the company's shares

PERSONNEL SHIFTS10.02.2009, *Vzglyad***The RF Prime Minister Vladimir Putin approved the board members of FOMIF**

The Prime Minister of Russian Federation V. Putin approved the board members of the Federal Obligatory Medical Insurance Fund (FOMIF). According to PRIME-TASS, the Minister of Public Health and Social Development Tatyana Golikova is the chairman of FOMIF board, and the president of the fund A.Yurin is the member of the board of directors by virtue of his position.

27.02.2009, *Kommersant***Ex-director of FOMIF Dmitriy Reihart was appointed an independent member of board of directors of "Valenta" holding**

As reported by the pharmaceutical holding "Valenta" (former "Otechestvennye lekarstva") Dmitriy Reihart who headed the Federal Obligatory Medical Insurance Fund was appointed an independent member of the board of directors of "Valenta" from March 2. D. Reihart will curate the innovative activity and scientific work of the holding.

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