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Association of International Pharmaceutical Manufacturers
Ассоциация международных фармацевтических производителей

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

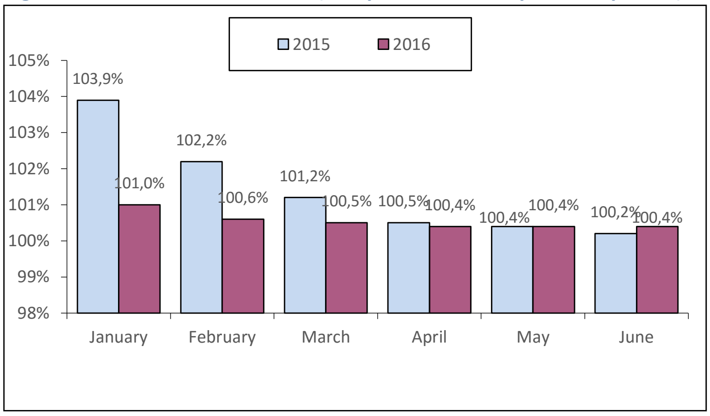
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, in June 2016, the Consumer Price Index was estimated at 100.4% compared to the previous month, and 103.3% since the beginning of the year.

In June this year, Industrial Producer Price Index (for goods intended for sale on the domestic market) was 102.7%, whereas in the month-earlier period it had amounted to 101%. The index accounted for 106.4% against December of the previous year.

Figure 1. Consumer Price Index (compared with the previous period)



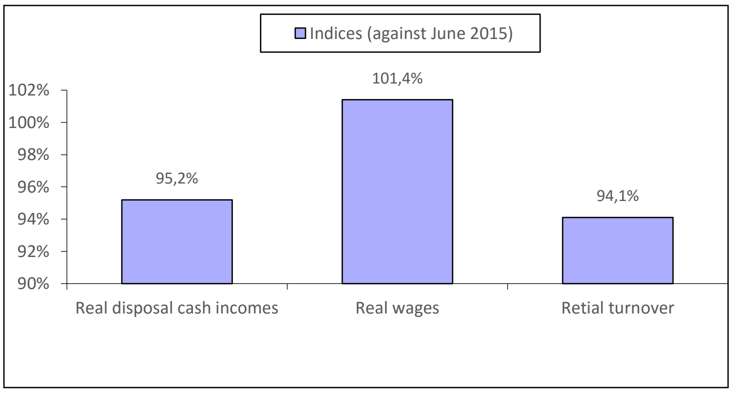
Living standard

According to preliminary Federal State Statistics Service's data, in June 2016 the gross monthly average wages per worker reached RUB 38,590 (USD 590.87) which accounted for 103.5% compared to the previous month and 109% compared to June 2015. The real wage in June 2016 accounted for 101.4% compared to June in 2015. In June 2016, the real value of disposable cash incomes accounted for 95.2% compared to the same period of 2015 (Fig. 2).

Retail turnover

In June 2016, the retail turnover was equal to RUB 2,262.0 bil., which in comparable prices accounted for 94.1% compared to the same period a year ago, in the first half of 2016 - RUB 13,156.9 bil. or 94.3% (Fig. 2).

Figure 2. Real values of cash income, wage and retail turnover in June 2016



Industrial Production

According to Federal State Statistics Service's data, in June 2016 Industrial Production Index accounted for 101.7% compared to the same period a year ago, and in the first half of 2016 - 100.4%.

According to Federal State Statistics Service's data, Industrial Production Index in June 2016 accounted for 106.2% compared to the relevant period of the previous year, and 98.9% compared to the previous month.

Domestic production

The top 10 domestic pharmaceutical manufacturers according to their volumes of sales in all segments of the market based on the results for June 2016 is shown in Table 1.

Table 1. The top ten Russian chemical and pharmaceutical manufacturers by sales volume in June 2016

Rank	Manufacturer	RUB mil.
1	F-Sintez	1817.82
2	Otcpharm	1029.38
3	Pharmstandart	914.89
4	Stada	843.65
5	Servier	661.28
6	Veropharm	598.87
7	Pharm-sintez	564.65
8	Sotex	563.16
9	Biocard	507.77
10	Ozon	483.58

Source - Remedium according to IMS Health's data

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In May 2016 compared to April, negative growth rates in pharmacy sales (in terms of roubles) were observed in almost all regions. The highest sales rates were observed in Moscow and Perm (-16% each), the lowest one in Rostov Region (-0.1%). Increase in sales was shown in Krasnodar Krai (+0.3%).

Table 2. Pharmacy sales in the regions, 2016

Region	Pharmacy sales, $mil. (wholesale prices)			Growth gain, % (roubles)		
	March 2016	April 2016	May 2016	March / February 16	April/ March 16	May/ April 16
Moscow	131.0	132.9	113.0	16%	-4%	-16%
St. Petersburg	49.4	47.5	41.6	16%	-9%	-14%
Krasnodar Krai	28.8	29.0	29.6	10%	-5%	0.3%
Novosibirsk Region	16.7	16.3	15.5	-11%	-8%	-6%
Tatarstan	16.1	16.9	15.5	-7%	-1%	-10%
Krasnoyarsk Krai	18.6	19.2	18.6	7%	-3%	-5%
Rostov Region	17.9	17.2	17.5	12%	-9%	-0.1%
Voronezh Region	12.1	12.1	11.8	6%	-5%	-4%
Perm	6.9	7.4	6.4	9%	1%	-16%
Tyumen	4.7	5.0	4.9	7%	3%	-4%

Advertising

The largest advertisers and pharmaceutical brand names highly publicized in mass media (TV, radio, press, outdoor advertising) are shown in Tables 3 & 4.

Table 3. The top five advertisers in mass media in June, 2016

Rank	Company*	Quantity of broadcasts
1	Otcpharm	8,105
2	Bayer AG	5,571
3	GSK Consumer Healthcare	5,382
4	Sandoz	5,099
5	Berlin-Chemie Menarini Group	4,315

Source - Remedium according to TNS Russia's data

Table 4. The top five brands in mass media in June, 2016

Rank	Brand*	Quantity of broadcasts
1	Exoderil	3,260
2	Basiron	2,822
3	Fenistil	2,229
4	Diflucan	1,894
5	Aerius	1,842

Source - Remedium according to TNS Russia's data

* Only products registered with State Register of Medicines were considered

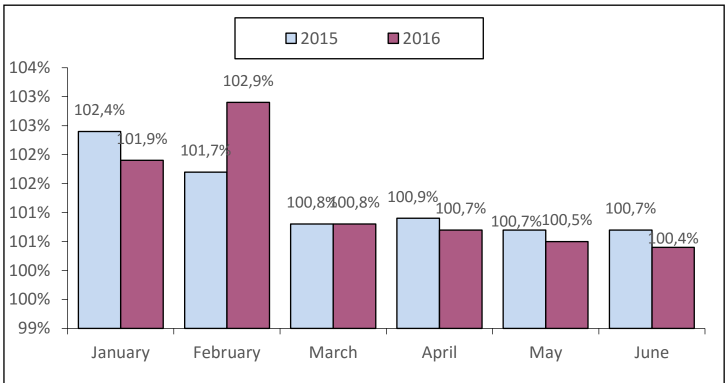
MACROECONOMIC INDICES OF THE REPUBLIC OF BELARUS

Inflation

According to data of National Statistical Committee of the Republic of Belarus, in June 2016 the Consumer Price Index was estimated at 100.4%, compared to the previous month, 112.1% to June 2015. In the first half of 2016, the Consumer Price Index was 112.4% as compared to the same period of 2015.

In June 2016, Industrial Producer Price Index was 100.6% compared to May 2016, and 106.8% as compared to December 2015. In January-June 2016, the Industrial Producer Price Index was 114% as compared to January-June 2015.

Figure 1. Consumer Price Index (compared with the previous period)



Source: Belstat

Living standard

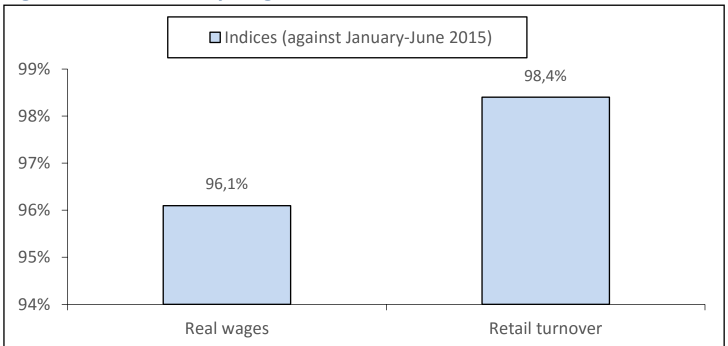
According to the preliminary Balstat's data, in June 2016 the average monthly nominal accrued wage of the workers of the Republic of Belarus was BYR 7,387,447 (USD 371.22[1]), in January-June 2016 - BYR 6,991,854 (USD 345.34). In June 2016, the real wage accounted for 95,5% as compared to the same period of 2015, in January-June 2016 – 96.1% (Fig. 2). According to Balstat's data, In January-May 2016, the real disposable cash income accounted for 93.0% to the 2015 January-May level.

Retail turnover

In June 2016, the retail turnover was estimated at RUB 31,019.3 bil., which accounted for 102.3% compared to the previous period and 99.1% compared to the same period of the last year.

In January-June 2016, it amounted to RUB 174,203.9 bil. or 98.4% to the same period of the last year (Fig. 2).

Figure 2. Real monthly wage and retail turnover in the first half of 2016



Source: Belstat

Industrial Production

According to Belstat's data, in January-June 2016 the industrial output by economic activities "Mining industry", "Processing Industry" and "Production and distribution of electricity, gas and water" at current prices amounted to BYR 386,921.7 bil. or 98.4% in comparable prices to the first half of 2015.

According to Belstat's data, in January-March 2016 the pharmaceutical production output was estimated at BYR 4,734.0 bil., which accounted for 106.9% to January-June 2015 in comparable prices.

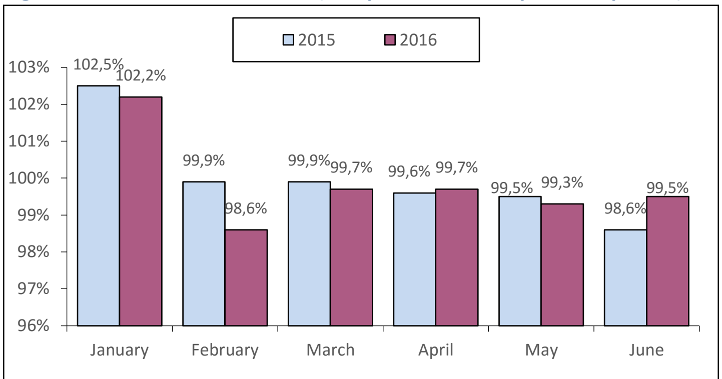
MACROECONOMIC INDICES OF THE REPUBLIC OF ARMENIA

Inflation

According to data of National Statistical Service of the Republic of Armenia, in June 2016 the Consumer Price Index was estimated at 99.5%, compared to June 2015 – 98.9%). The Consumer Price Index accounted for 98.5% since the beginning of the year compared to the previous period.

In June 2016, the Industrial Producer Price Index was 100.1%, as compared to the previous month, while as against June 2015 – 101.3%). The index accounted for 97.6% since the beginning of 2016, as compared to 2015.

Figure 1. Consumer Price Index (compared with the previous period)



Source: National Statistical Service of RA

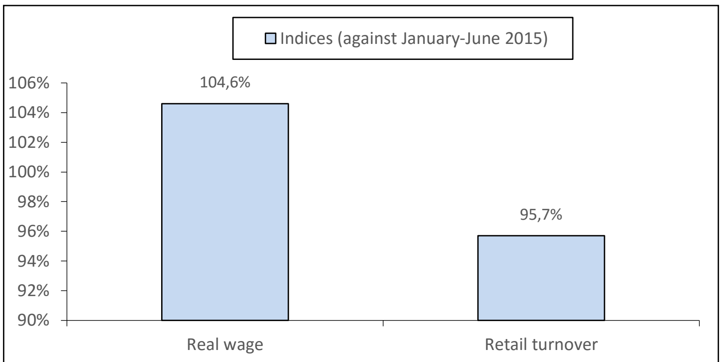
Living standard

According to the preliminary data of the National Statistical Service of RA, in June 2016 the average monthly nominal accrued wage of the workers of the Republic of Armenia was Dram 185506 (USD 388.47), which accounted for 102.5% to the same period of the last year. In January-June 2016, the average monthly nominal wage per worker was Dram 183,582 (USD 379.41) or 103.0% to the same period of 2015 (Fig.2). In June 2016 against June 2015, the real wage accounted for 103,6%, In January-June 2016 it accounted for 104.6% as compared to January-June 2015. Calculation of real disposable income in accordance with State Statistical Efforts Program for 2008 has not been performed in the Republic of Armenia since January 1, 2008.

Retail turnover

The retail turnover amounted to Dram 106391.6 mil. in June 2016, and Dram 546011.3 mil. since the start of the year, which accounted for 96.2% and 95.7% respectively, as compared to the same period of the previous year (Fig. 2).

Figure 2. Real monthly wage and retail turnover in the first quarter of 2016



Source: National Statistical Service of RA

Industrial Production

According to the preliminary data of the National Statistical Service of RA, in December 2015 the industrial output by economic activities "Mining industry", "Processing Industry" and "Supply (service) of electricity, gas, steam and conditioned air" and "Water supply, sewage water, management and disposal of waste" at current prices amounted to Dram 126229.4 mil., from the start of the year - Dram 659,703.0 mil. or 108.9% each to the same period of 2015.

According to the National Statistical Service of RA, in June 2016 the pharmaceutical production output was estimated at Dram 717.8 mil., and from the start of the year - Dram 3,721.2 mil., which accounted for 96.6% and 98.6% respectively against the same periods of the previous year.

[1] The average exchange rate to calculate the above indices was used from the official website of the National Bank of Belarus www.nbrb.

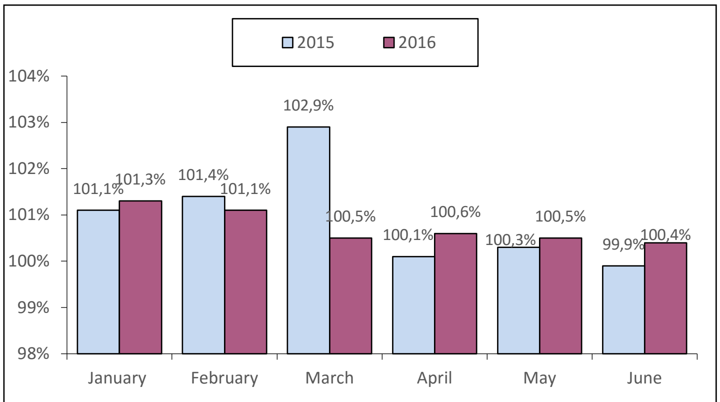
MACROECONOMIC INDICES OF THE REPUBLIC OF KAZAKHSTAN

Inflation

According to data of the Committee of the Ministry of National Economy for Statistics of the Republic of Kazakhstan, in June 2016 the Consumer Price Index was estimated at 100.4% compared to the previous month, as against to June 2015 – 117.3%). In January-June of 2016, the Index reached 115.9% as compared to the same period of 2015.

In June 2016, the industrial producer price index (with due account for the production services) accounted for 104.9% as compared to May 2016, as against June 2015 – 118.7%). In January-June 2016, the prices of producers of industrial products increased by 11.9% as compared to January-June 2015.

Figure 1. Consumer Price Index (compared with the previous period)



Source: National Statistical Service of the RK

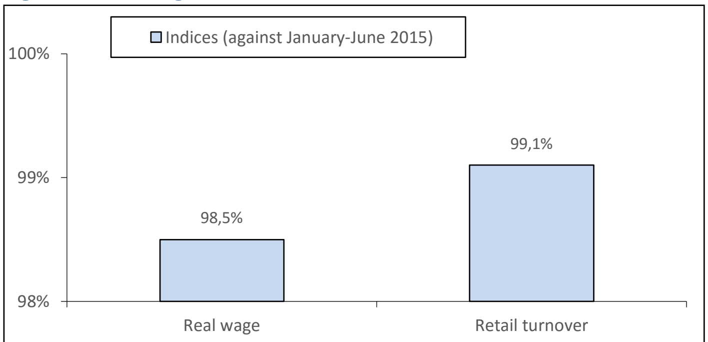
Living standard

According to the preliminary data of the National Statistical Service of RK, in June 2016 the average monthly nominal wage per worker was KZT 131,769, in the first half of 2016 - KZT 133,504 (USD 385.73[2]). In June 2016, the Nominal Wage Index against the respective period of 2015 accounted for 101.5%, in January-June of 2016 - 109.9%, the Real Wage Index – 99% and 98.5% respectively. In January-June 2016, the Real Cash Income Index was 94.4% compared to the same period of the previous year (Fig. 2).

Retail turnover

In January-June 2016, the retail turnover was KZT 662.45 bil., in January-June 2016 it amounted to KZT 3,371.9 bil. or 100.3% and 99.1% compared to the same period in 2015 (in comparable prices) (Fig. 2).

Figure 2. Real wage index and retail turnover in the first half of 2016



Source: National Statistical Service of the RK

Industrial Production

According to data of the Committee for Statistics of RK, in June 2016 the industrial output was KZT 1,570.22 bil., in January-June of the last year KZT 8,512 bil. As compared to the same period of 2015, the indices accounted for 100.1% and 98.4%, respectively.

According to data of the Committee for Statistics of RK, in June 2016 the essential pharmaceuticals output amounted to KZT 3,079 mil., in January-June 2016 it was KZT 18,693 mil. At the end of June 2016, the Physical Index of Industrial Production for Pharmaceuticals was 49.9% against the previous month, compared to June 2015 - 103.4%.

[2] The average exchange rate to calculate the above indices was used from the official website of the National Bank of Kazakhstan www.nationalbank.kz

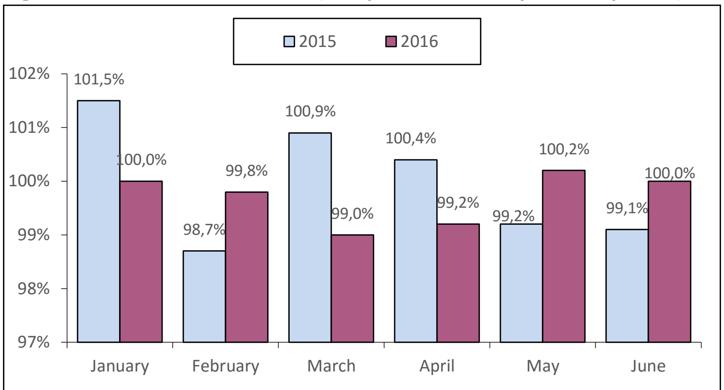
MACROECONOMIC INDICES OF THE KYRGYZ REPUBLIC

Inflation

According to data of the Committee for Statistics of the National Statistical Committee of the Kyrgyz Republic, in June 2016 the Consumer Price Index was estimated at 100.0%, as against December 2015 – 98.2%). In January-June of 2016, the Index reached 100.8% as compared to the same period of 2015.

In June 2016, the Industrial Producer Price Index was 99.7% as compared to the previous month. Throughout the republic, the prices of industrial manufacturers have increased by 8.8% since the beginning of 2016.

Figure 1. Consumer Price Index (compared with the previous period)



Source: Committee for Statistics of the Kyrgyz Republic

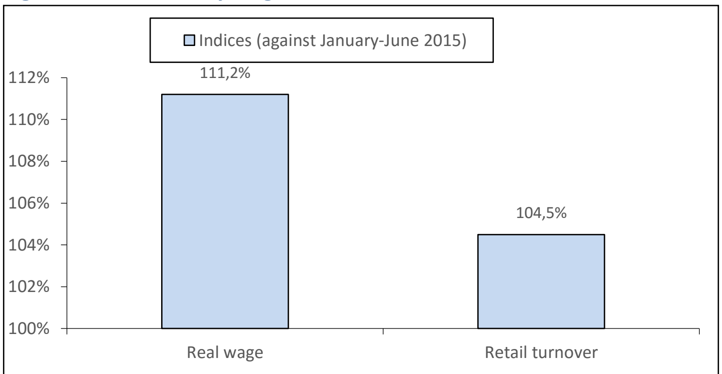
Living standard

According to data of the Committee for Statistics of the Kyrgyz Republic, in May 2016 the average monthly nominal wage per worker was KGS 13,888 (USD 203.28 [3]), in January-May of 2016 - KGS 13,649 (USD 191.43), which is 10.3% and 12.0% more than in the same period of 2015, respectively. In January-May 2016, the real wage accounted for 111.2% as compared to 2015 (Fig. 2).

Retail turnover

In June 2016, the retail turnover (without cars and motorcycles sales) amounted to KGS 16,883.8 mil, in January-June 2016 - KGS 87,824.2 mil. The Volume of Retail Turnover Index accounted for 105.7% and 104.5% to the same period of the previous year (Fig.2).

Figure 2. Real monthly wage and retail turnover in the first half of 2016



Source: Committee for Statistics of the Kyrgyz Republic

* data for January-February 2016

Industrial Production

According to data of the National Committee for Statistics of the Kyrgyz Republic, in June 2016 the industrial output was KGS 15,046.6 mil., and in January-June 2016 it was KGS 78,905.5 mil. (USD mil.) In the first half of 2016, the Volume of Industrial Products index accounted for 80.5% as compared to the same period of 2015 (in June 2016 as compared to June 2015 – 107.2%).

According to data of the National Committee for Statistics of the Kyrgyz Republic, in June of 2016 the essential pharmaceuticals output amounted to KGS 11.0 mil., in January - June of the last year - KGS 83.5 mil. At the end of June 2016, the Physical Index of Industrial Production for Pharmaceuticals was 62.8% compared to the same period of the last year, and in January-June 2016 it was 85.9% compared to January-June 2015.

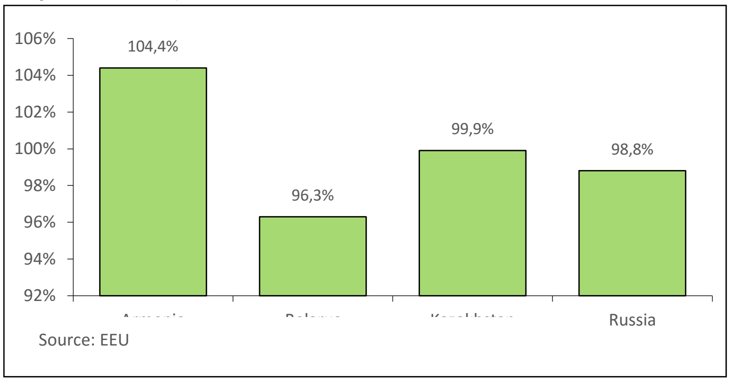
[3] The average exchange rate to calculate the above indices was used from the official website of the National Bank of the Kyrgyz Republic http://www.nbkr.kg/

COMPARATIVE MACROECONOMIC INDICES OF THE EURASIAN ECONOMIC UNION (EAEU)

GDP

According to Eurasian Economic Commission's data (EAEU), at the end of January-March 2016 GDP of EAEU member-states amounted to USD 288.0 bil. and reduced by 1.1% as compared to 2015 in fixed prices. GDP growth was only reported in Armenia (+4.4%). In Russia (-1.8%), Belarus (-3.7%) and Kazakhstan (-0.1%) GDP reduced as compared to the same period of 2015 (Fig. 1). According to preliminary estimates, in January-December of 2015 the Kyrgyz Republic GDP Index accounted for 95.1%.

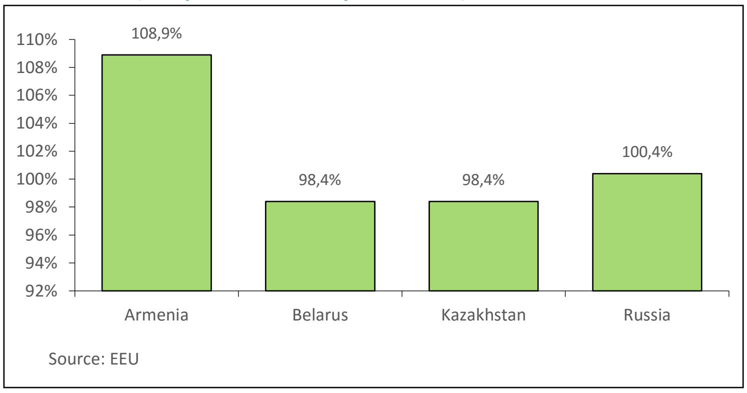
Figure 1. GDP growth of EEU member-states (January-March 2016 to January-March 2015)



Industrial Production

According to preliminary ECE data, in January-June 2016 the volume of industrial production (in fixed prices) of the EAEU Member States amounted to USD 379.0 bil., increasing by 0.1% as compared with the same period of 2015. In individual countries, the Industrial Production Index accounted for: Armenia – 108.9%, Belarus – 98.4%, Kazakhstan – 98.4% and Russia – 100.4% (Fig. 2). In the Kyrgys Republic, in January-June of 2016 the volume of industrial production accounted for 80.5%.

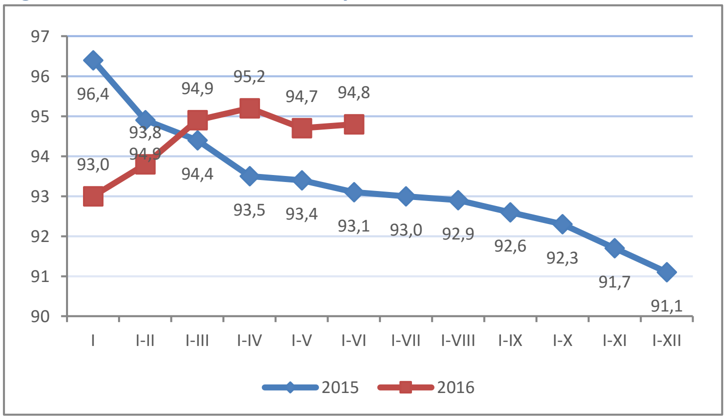
Figure 2. Industrial production in the EAEU member-states in January-June of 2016 (compared to January-June 2015)



Retail turnover

According to the EEC, the retail trade turnover (through all sales channels) of EAEU member-states in January-June 2016 amounted to USD 208.4 bil. Compared with the same period of 2015, the volume of retail sales (in comparative prices) decreased by 5.2%. The main reason for the overall decline was the noticeable reduction in retail turnover in Russia (94.3%) and Armenia (95.9%), and in Belarus (98.4%) and Kazakhstan (99.1%). Only in the Kyrgyz Republic, the retail turnover grew by 4.5%.

Figure 3. Retail turnover in January-March 2016



Nominal and real wage

According to the EEC, in January-June 2016 the average monthly nominal wage accrued on the average in January -June increased by 3.0% in Armenia , 8.0% in Belarus, 13.0% in Kazakhstan, 12.0% in the Kyrgyz Republic (in January– May 2016), 7.8% in Russia, as compared with the same period of the last year. Given the increase in consumer prices for goods and services, the real wage in the respective period increased by 4.6% in Armenia, 11.2% in the Kyrgyz Republic (in January–May 2016), reduced by 3.9% in Belarus, 2.5% in Kazakhstan, and was held at the same level in Russia.

Table 1. Nominal and real wage in January-June 2016

Country	Real wage, as % to the same period of 2015	Nominal wage, USD
Armenia	104.6	379
Belarus	96.1	344
Kazakhstan	97.5	437
Russia	100	510
Kyrgyzstan[1]	111.2	190

[1] January-May 2016

Budget performance

According to the EEC, in January-March of 2016, the republican budget in Armenia, Kazakhstan, and Russia was performed with a deficit, only in the Kyrgyz Republic and in Belarus it was performed with surplus. The state budget revenues only reduced in Armenia and Russia as compared to the same period of the last year.

The budget expenditures grew in all the member-states of the Eurasian Economic Union, except for Russia. At the same time, the rate of growth of budget expenditures reduced in Armenia and grew considerably in Belarus, Kazakhstan and Kyrgyz Republic and Russia showed considerable reduction and optimization of the budget expenditures.

.Table 2. Republican budget in January-March 2016

Country	USD bln		
	Income	Expenditure	Deficit (surplus)
Armenia	0.5	0.6	-0.1
Belarus	1.8	1.7	0.2
Kazakhstan	4.1	5.6	-1.6
Russia	39.0	48.5	-9.5
Kyrgyzstan	0.4	0.4	0.0
EAEU	**45.8**	**55.8**	**-10**

Mutual trade of EAEU member-states in January-February 2016

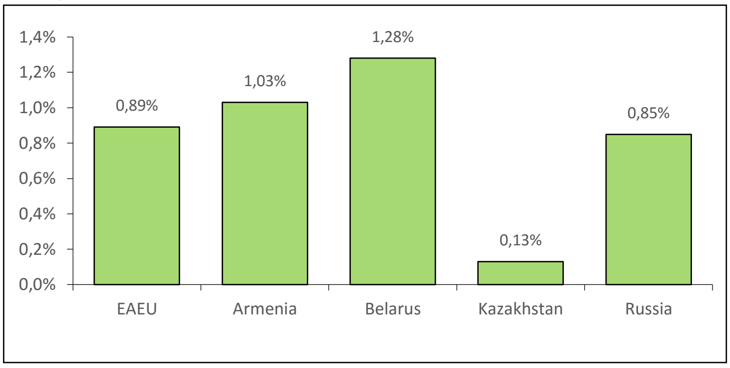
The volume of mutual trade in commodities of EAEU member-states in January-May 2016 amounted to USD 15.3 bil. or 82.1% as against the same period of 2015.

Table 3. Volumes of mutual trade in commodities of EAEU member-states in January-February 2016

Countries	USD bil.	As % to January-May 2015	As percentage of total
EAEU	15,289.4	82.1	100.0
Armenia - Belarus	11.2	77.7	0.07
Armenia - Kazakhstan	1.9	60.1	0.01
Armenia - Russia	453.8	92.7	2.97
Belarus - Kazakhstan	128.4	54.3	0.84
Kazakhstan - Russia	4582.0	71.2	29.97
Belarus - Russia	9482.9	90.8	62.02

Pharmaceutical products account for a small share in the structure of mutual trade (less than 1%) (Figure 4).

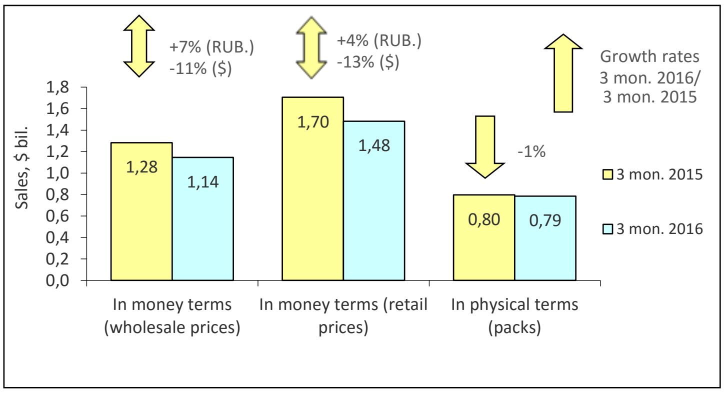
Table 4. The structure of mutual trade between EAEU member-states within the EAEU Customs Commodity Code Group "Pharmaceutical Products" in January-May 2016 (as percentage of the total volume of mutual trade)



PHARMACY OTC MARKET IN RUSSIA: 2016 FIRST 3 MONTHS RESULTS

According to the results of the Retail Audit of Finished Pharma Product (FPP) in Russian Federation™, at the end of the first three months of 2016 the sales of OTC drugs in physical terms in the pharmacies of Russia saw a 1% decrease to 785.824 mil. packs. In money terms, the OTC drugs market increased by 7% in rouble terms and reduced by 11% in dollar terms and reached RUB 85.984 bil. (USD 1.144 bil.) at wholesale prices (Fig. 1). The share of Over-the-Counter (OTC) drugs accounted for 69.3% of sales in physical terms and 54% in retail prices. The average cost of an OTC pack reduced as compared to Quarter I 2015 and reached USD 1.89 (vs. USD 2.14) in retail prices. At the end of the first three months of 2016, the average amount spent by the residents of Russia for OTC drugs in pharmacies amounted to USD 10.12.

Figure 1. Russian pharmacy OTC market for 3 months of 2015 – 6 months of 2016



In the first three months of 2016, the top three pharmaceutical manufacturers of the top ten manufacturers in the Russian market didn't change in composition (Table As before, the drug manufacturers OTCPHARM (+26%[4]), BAYER (+10%) and SANOFI-AVENTIS (-3%) maintained their first three ranks in the top ten ranking (table 1). The manufacturer JOHNSON & JOHNSON (+9%) also held its previous rank eight in the ranking. SANDOZ reduced its sales by 15% and moved down two ranks, to number six, giving way to GLAXOSMITHKLINE (-1%) and STADA (+13%). The manufacturer MENARINI (+1%) also moved down two ranks, coming at number nine from seven. The Russia-based manufacturers VALENTA (+68%) and MATERIA MEDICA (+41%) showed high positive growth rates and broke into the ranks of the top ten drug manufacturers, coming in at number seven and ten, respectively. The cumulative share of the top ten manufacturers increased from 38.2% to 39.8%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2016	3 mon. 2015		3 mon. 2016	3 mon. 2015
1	1	OTCPHARM	6.8	5.8
2	2	**BAYER HEALTHCARE**	5.1	5.0
3	3	**SANOFI-AVENTIS**	4.3	4.7
4	5	**GLAXOSMITHKLINE**	4.1	4.4
5	6	STADA	3.9	3.7
6	4	**SANDOZ**	3.6	4.6
7	12	VALENTA	3.6	2.3
8	8	**JOHNSON & JOHNSON**	2.9	2.9
9	7	**MENARINI**	2.8	3.0
10	14	MATERIA MEDICA	2.7	2.0
Total			39.8	38.2

*AIPM members are in bold

Three newcomers broke into the ranks of the top ten brands ranking (table 2). The drugs AMIXIN (+51%), DETRALEX (+38%) and VIFERON (+15%) moved up to ranks seven, eight and ten respectively. In addition, another three brand names managed to improve their positions. The most dynamic among leaders drug INGAVIRIN (+97%) moved up to rank one from three, displacing KAGOCEL (+15%) and ESSENTIALE N (-8%) down one rank. FPPs ARBIDOL (+26%) and ERGOFERON (+68%) moved up to ranks four and five, respectively. At the same time, CARDIOMAGNYL (-5%) and ACC (-10%), in contrast, reduced their sales and moved down to ranks six and nine. The total share of the top ten brand names increased by almost 2 p.p. and accounted for 13.9%.

Table 2. The top ten brand names by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
3 mon. 2016	3 mon. 2015		3 mon. 2016	3 mon. 2015
1	3	INGAVIRIN	2.7	1.4
2	1	KAGOCEL	2.3	2.2
3	2	ESSENTIALE N	1.5	1.7
4	5	ARBIDOL	1.3	1.1
5	9	ERGOFERON	1.3	0.8
6	4	CARDIOMAGNYL	1.1	1.3
7	16	AMIXIN	1.0	0.7
8	12	DETRALEX	1.0	0.8
9	7	ACC	0.9	1.1
10	11	VIFERON	0.8	0.8
Total			13.9	11.9

[4] Hereinafter, unless otherwise stated, growth gains are stated in the rouble equivalent or national currency.

Despite the negative growth rates, XYLOMETAZOLINE (-3%) held its leading position in the top ten INNs and group names ranking (Table 3). IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+97%) moved up to rank two from six, displacing KAGOCEL (+15%) down one rank. PANCREATIN (+3%) and IBUPROFEN (-0.3%) retained their ranks four and five. In the bottom part of the top ten, almost all INNs showed high growth rates and as a consequence of this rose in the ranks. UMIFENOVIR (+36%) move up from rank 8 to six, INTERFERON ALFA-2B (+35%) moved up from rank nine to ten. The newcomers TILORONE (+59%) and DIOSMIN*HESPERIDIN (+41%) broke into the ranks of the top ten, coming in at numbers eight and ten. In contrast, INNs PHOSPHOLIPIDS (-10%) showed negative growth rates and moved down to rank seven from three. The total share of the top ten increased by 2.1 p.p. and accounted for 19.2%.

Table 3. The top 10 INNs and group names by pharmacy sales

Rank		INNs/Group Names	Share in total pharmacy sales, %	
3 mon. 2016	3 mon. 2015		3 mon. 2016	3 mon. 2015
1	1	XYLOMETAZOLINE	3.0	3.3
2	6	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	2.7	1.4
3	2	KAGOCEL	2.3	2.2
4	4	PANCREATIN	1.8	1.9
5	5	IBUPROFEN	1.7	1.8
6	8	UMIFENOVIR	1.7	1.3
7	3	PHOSPHOLIPIDS	1.6	1.9
8	15	TILORONE	1.6	1.0
9	10	INTERFERON ALFA-2B	1.5	1.2
10	14	DIOSMIN*HESPERIDIN	1.4	1.0
Total			19.2	17.1

Four of the top 10 brand names held their own in the ranking (table 4). The groups A11 Vitamins (+15%), A07 Antidiarrheals, intestinal anti-inflammatory/antiinfective agents (+2%), R02 Throat preparations (+14%) and M01 Anti-inflammatory and antirheumatic products (-0.3%) held their previous ranks 5 and 6, and two bottom ranks. Three ATC groups rose in the ranks. Among them was the group J05 Antivirals for systemic use (+51%) which took the lead in the top ten ranking. The groups R01 Nasal preparations (+2%) and L03 Immunostimulants (+22%) moved up one rank, coming in at number three and seven. At the same time, R05 Cough and cold preparations (-15%), N02 Analgesics (-5%) and C05 Vasoprotectives (+17%) moved down one rank. The consolidated share of the top 10 under review expanded from 53.4% to 54.6%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2016	3 mon. 2015			3 mon. 2016	3 mon. 2015
1	2	J05	ANTIVIRALS FOR SYSTEMIC USE	9.9	7.0
2	1	R05	COUGH AND COLD PREPARATIONS	6.4	8.0
3	4	R01	NASAL PREPARATIONS	6.2	6.5
4	3	N02	ANALGESICS	5.9	6.7
5	5	A11	VITAMINS	5.9	5.4
6	6	A07	ANTIDIARR.,INTEST. ANTI-INFL./ANTIINFECT. AGENTS	4.7	4.9
7	8	L03	IMMUNOSTIMULANTS	4.4	3.8
8	7	C05	VASOPROTECTIVES	4.2	3.9
9	9	R02	THROAT PREPARATIONS	3.9	3.7
10	10	M01	ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS	3.3	3.5
Total				54.6	53.4

Conclusion. On the basis of the results for three months of 2016, the OTC retail market of Russia achieved RUB 110.812 bil. (USD 1.483 bil.). That was 4% more in terms of roubles and 13% less in terms of dollars than during the same period a year ago. In pack terms, the market also showed the negative growth rates (-1%) and brought in 785.823 mil. packs. The average cost of OTC-pack in the Russian pharmacies based on the results for Quarter I of 2016 was USD 1.89 which was more than in the year-earlier period (USD 2.14). The average expenses of Russian residents for the purchase of OTC drugs in pharmacies also reduced (USD 10.12 vs. USD 11.65).

ANALYSIS OF PRICES IN THE OUT-PATIENT SECTOR KEY PERFORMANCE INDICATORS

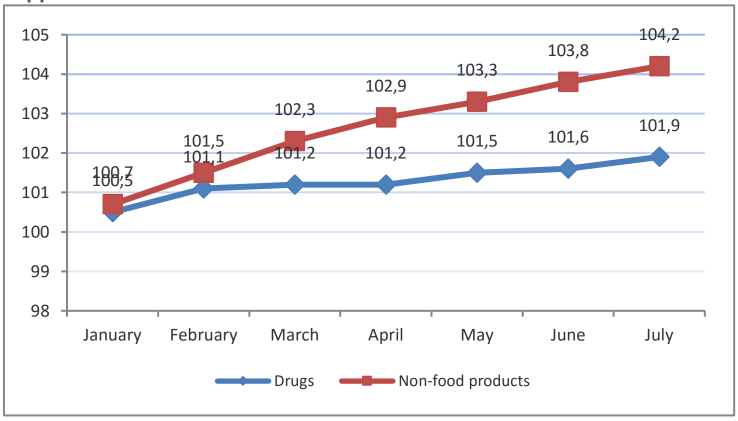
Price Indices

Table 1. Inflation rates in the Russian Federation, July 2016

	July 2016 to December 2015	January-July 2016 vs. January-July 2015
CPI	103.9	107.8
CPI for non-food products	104.2	109.0
CPI for medications	101.9	106.8

Rosstat data

Figure 1. Dynamics of the price index for non-food items and medicines supplies to December 2015



Rosstat data

Indicators of dynamics of prices and retail margins (according to retail audit data)

Figure 2. Dynamics of weighted average prices and retail margins in Q 1-2, 2015 — Q 1-2, 2016

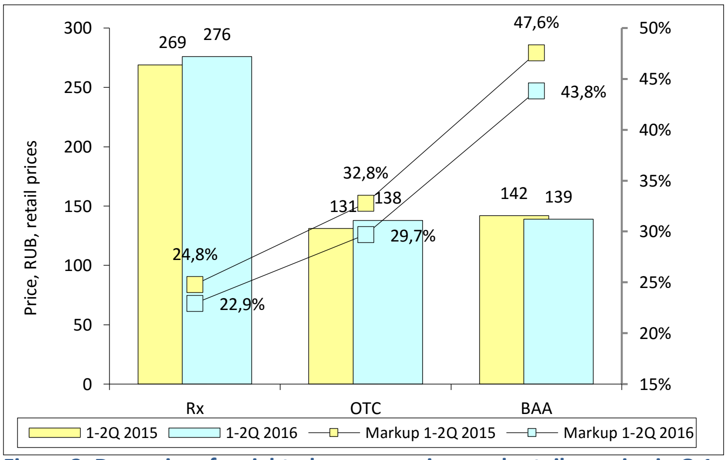


Figure 3. Dynamics of weighted average prices and retail margins in Q 1-2, 2015 — Q 1-2, 2016

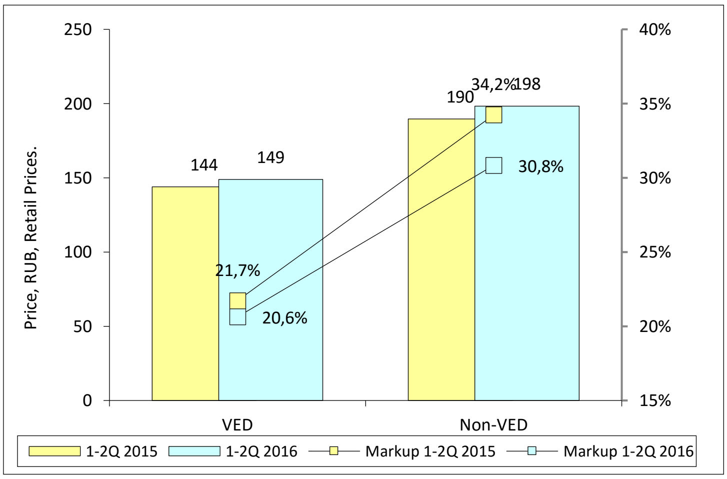
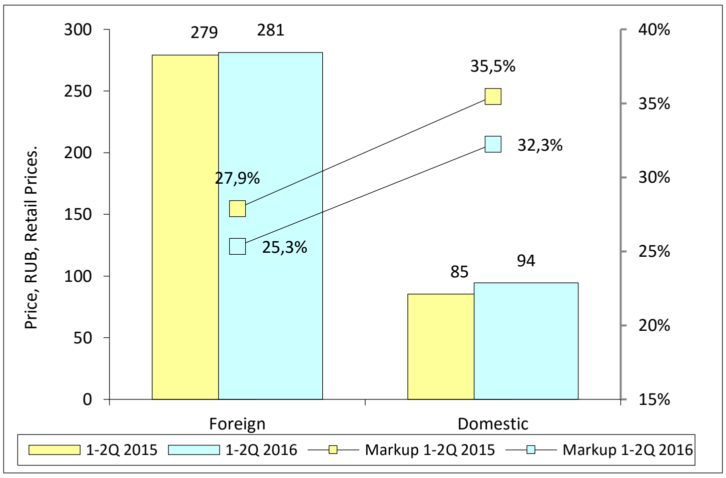


Figure 4. Dynamics of weighted average prices and retail margins in Q 1-2, 2015 — Q 1-2, 2016

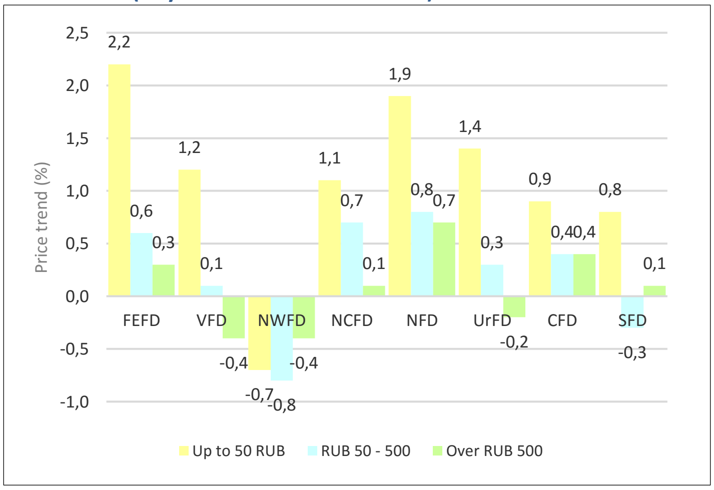


Indicators of dynamics of prices for vital and essential drugs (VED)

Table 2. Results of the VED price monitoring conducted by Roszdravnadzor in the Russian Federation

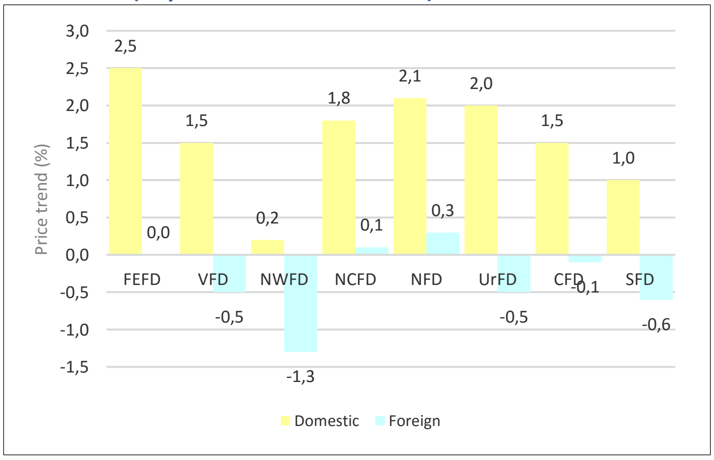
	Price dynamics in July 2016 vs. December 2015 (%)		
	Retail prices	Wholesale prices	Manufacturers' prices
VED total	0.4	0.7	0.9
Up to RUB 50	1.1		
From RUB 50 to 500	0.2		
Over RUB 500	0.1		
Domestic	1.6		
Foreign	-0.3		

Figure 5. Dynamics of retail VED prices within various price ranges by federal districts (July 2016 vs. December 2015)



Roszdravnadzor data

Figure 6. Dynamics of retail prices for domestic and foreign VED by federal districts (July 2016 vs. December 2015)



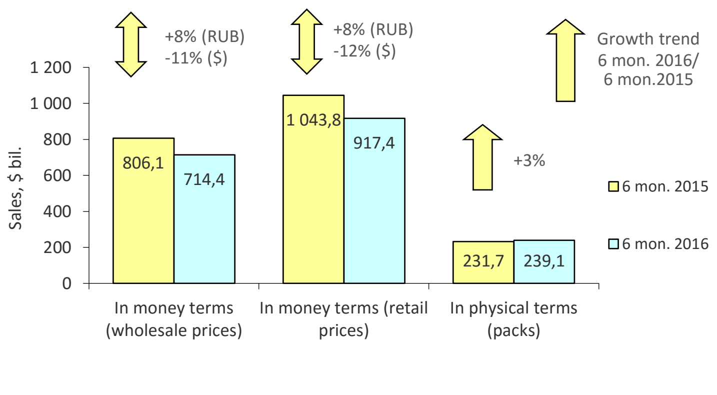
Roszdravnadzor data

MOSCOW CITY PHARMACY MARKET: 2016 FIRST SIX MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2016 Moscow's estimated population was 12.330 mln, which accounted for 8.4% of the total Russian Federation population and 31.5% of Central FO (CFO). According to Federal State Statistics Service's data, based on the results for January-May of 2016 the average salary in Moscow was RUB 68,462 (USD 960.74), which was 95% higher than the average wage in Russia (RUB 35,160).

According to the results of the Retail Audit of Finished Pharma Products (FPP) in Russian Federation™, at the end of the first half of 2016 the sales of drugs in physical terms in the pharmacies of Moscow saw a 3% increase to 239.105 mil. packs. In money terms, the market saw a 8% increase in terms of roubles, whereas it showed a negative decline (-11%) in terms of dollars. The market reached RUB 50.058 bil. (USD 714.416 mil.) in wholesale prices (Fig.1). The region market share accounted for 15.3% of the Russian pharmacy retail sales. The average cost of an OTC pack reduced as compared to a year earlier period (USD 4.50) and reached USD 3.84 at retail prices. At the end of six months of 2016, the average amount spent by the residents of the region for drugs in pharmacies amounted to USD 74.40.

Figure 1. Moscow city pharmacy market for 6 months of 2015 – 6 months of 2016



Based on the results for six months of 2016, BAYER (+15%) took the lead in the top ten manufacturers ranking in the Moscow pharmacy market, displacing SANOFI-AVENTIS (+3%) down one rank (Table 1). SERVIER (+6%) moved up to rank three from five, displacing the Russia-based GLAXOSMITHKLINE (+1%) down one rank. The same shifts took place in this ranking two more times. The more dynamic ABBOTT(+15%) and OTCPHARM (+28%) moved up to ranks five and seven. At the same time, the latter became one of two newcomers of the top ten. In contrast, the manufacturers SANDOZ (-13%) and PFIZER (-3%) moved down to ranks six and eight, respectively. The second newcomer of the top ten JOHNSON & JOHNSON (+23%) moved up to rank nine, while the manufacturer MENARINI (+8%) held its rank ten. The total share of the top 10 drug manufacturers reduced by almost 0.3 p.p. and accounted for 33.0%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2016	6 mon. 2015		3 mon. 2016	3 mon. 2015
1	2	**BAYER HEALTHCARE**	5.4	5.1
2	1	**SANOFI-AVENTIS**	5.1	5.4
3	5	**SERVIER**	3.2	3.3
4	3	**GLAXOSMITHKLINE**	3.2	3.4
5	6	**ABBOTT**	3.2	3.0
6	4	**SANDOZ**	2.7	3.4
7	11	OTCPHARM	2.7	2.3
8	7	**PFIZER**	2.6	2.9
9	12	**JOHNSON & JOHNSON**	2.5	2.2
10	10	**MENARINI**	2.5	2.4
Total			33.0	33.3

*AIPM members are in bold

INGAVIRIN, which sales increased 54%, became the best-selling drug on the regional market (Table 2). At the same time, the last year leader ESSENTIALE N (-1%) moved down one rank. In addition, KAGOCEL (-6%) which moved from rank two to nine also showed negative growth rates. Almost all of the remaining top ten brand names showed outperformance rates. CRESTOR (+35%) and CIALIS (+30%) moved up two ranks, coming in at numbers four and six. AMIXIN (+29%) moved up from rank ten to seven, and MIRAMISTIN (+24%) moved up from rank nine to 8. The newcomers XARELTO (+70%) and HEPTRAL (+29%) broke into the ranks of the top ten, moving up to ranks five and ten. The brand name DETRALEX (+67%) held its previous rank three. The total share of the top 10 brand names expanded from 6.0% to 7.1%.

Table 2. The top ten brand names by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	5	INGAVIRIN	0.9	0.6
2	1	ESSENTIALE N	0.8	0.9
3	3	DETRALEX	0.8	0.7
4	6	CRESTOR	0.7	0.6
5	15	XARELTO	0.7	0.5
6	8	CIALIS	0.7	0.6
7	10	AMIXIN	0.7	0.6
8	9	MIRAMISTIN	0.7	0.6
9	2	KAGOCEL	0.6	0.7
10	16	HEPTRAL	0.5	0.4
Total			7.1	6.0

Three names of the top-ten INN and group names ranking managed to keep their previous ranks unchanged (table 3). They were the leader of top ten XYLOMETAZOLINE (+2%), as well as IBUPROFEN (+16%) and NIMESULIDE (+19%) placed at ranks seven and ten. Five ATC groups rose in the ranks. The composition DIOSMIN*HESPERIDIN (+33%) and INN ROSUVASTATIN (+32%) moved up to ranks two and three, and the newcomers IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+56%), TILORONE (+34%) and RIVAROXABAN (+70%) broke into the ranks of the top ten, coming in at numbers 4, 9 and 10. In contrast, PHOSPHOLIPIDS (-1%), which reduced their sales, and PANCREATIN (+3%), which showed low growth rates, moved down to the lower ranks five and six. The cumulative share of the top 10 under review increased 1 p.p. to 9.2%.

Table 3. The top 10 INNs and group names by pharmacy sales

Rank		INNs/Group Names	Share in total pharmacy sales, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	1	XYLOMETAZOLINE	1.5	1.6
2	5	DIOSMIN*HESPERIDIN	1.0	0.8
3	6	ROSUVASTATIN	1.0	0.8
4	16	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	0.9	0.6
5	2	PHOSPHOLIPIDS	0.9	0.9
6	3	PANCREATIN	0.9	0.9
7	7	IBUPROFEN	0.8	0.8
8	11	TILORONE	0.8	0.6
9	33	RIVAROXABAN	0.7	0.5
10	10	NIMESULIDE	0.7	0.7
Total			9.2	8.2

Noticeable shifts also took place in the top-10 ATC groups ranking (Table 4). As in the above rankings, the leader also changed: J05 Antivirals for systemic use (+29%) moved up to rank number one from two, displacing R01 Nasal preparations (+6%) down one rank. The groups C09 Agents acting on the rennin-angiotenzin system (+11%), A11 Vitamines (+13%), G03 Sex hormones (+10%) and B01 Antithrombotic agents (+19%) only moved up by one rank, coming in at ranks 4, 5, 7 and 9, respectively. The last position in the ranking was taken by its new representative – G04 Drugs to treat urologic diseases (+20%). As before, the group M01 Anti-inflammatory and antirheumatic products (+7%) held its previous rank three. The groups J01 Antibacterials for systemic use (+5%) and A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (-1%), in contrast, fell in the ranks, moving down to ranks five and eight, respectively. In total, the top ten ATC groups accumulated 33.6% of the regional market, 32.7% - in the year-earlier period.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2016	6 mon. 2015			6 mon. 2016	6 mon. 2015
1	2	J05	ANTIVIRALS FOR SYSTEMIC USE	4.4	3.7
2	1	R01	NASAL PREPARATIONS	3.7	3.8
3	3	M01	ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS	3.6	3.7
4	5	C09	AGENTS ACTING ON THE RENIN-ANGIOTENSIN SYSTEM	3.4	3.3
5	4	J01	ANTIBACTERIALS FOR SYST USE	3.4	3.5
6	7	A11	VITAMINS	3.2	3.1
7	8	G03	SEX HORMONES AND MODULATORS OF THE GENITAL SYSTEM	3.1	3.1
8	6	A07	ANTIDIARR.,INTEST. ANTIINFL./ ANTIINFECT. AGENTS	3.0	3.3
9	10	B01	ANTITHROMBOTIC AGENTS	3.0	2.7
10	12	G04	UROLOGICALS	2.8	2.6
Total				33.6	32.7

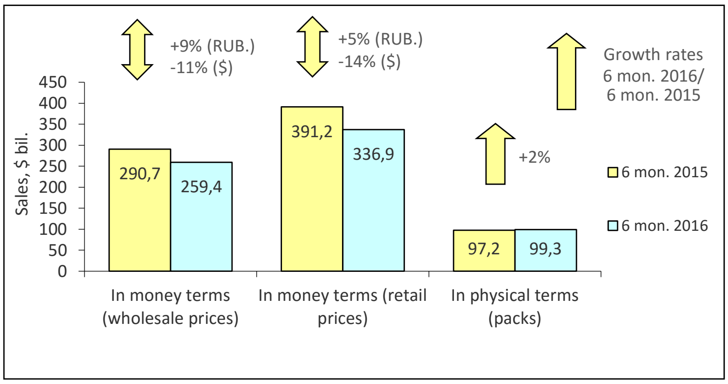
Conclusion. On the basis of the results for the first half of 2016, the retail pharmacy market of Moscow brought in RUB 64.287 bil. (USD 917.360 mil). which is by 8% in terms of roubles and 12% in terms of dollars less than in 2015. In pack terms, the market increased by 3% and amounted to 239.105 mil. packs. According to the results for six months of 2016, the average cost of an FPP pack in the regional pharmacies was USD 3.84 which was lower than in the year-earlier period (USD 4.50), and less than the national average (USD 2.55). However, the average medicine expenses of the CFD residents were higher than the national average expenses in Russia (USD 74.4 vs. USD 40.79).

SAINT PETERSBURG PHARMACY MARKET: 2016 FIRST SIX MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2016 St. Petersburg's estimated population was 5.226 mln, which accounted for 3.6% of the total Russian Federation population and 37.7% of North West FO (NWFO). According to Federal State Statistics Service's data, based on the results for January-May of 2016 the average salary in St. Petersburg was RUB 46,144 (USD 647.54), which was 31% higher than the average wage in Russia (RUB 35,160).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federationтм, at the end of six months of 2016 the sales of OTC drugs in physical terms in pharmacies of St. Petersburg saw a 2% increase to 99.274 mil. packs. In money terms, the market saw a 9% increase in terms of roubles, whereas it showed a negative decline (-11%) in terms of dollars. The market reached RUB 18.224 bil. (USD 259.390 mil.) in wholesale prices (Fig.1). The regional market share accounted for 5.6% of the Russian pharmacy sales. The average cost of an OTC pack reduced as compared to a year earlier period (USD 4.02) and reached USD 3.39 at retail prices. At the end of the first half of 2016, the average amount spent by the residents of the region for drugs in pharmacies amounted to USD 64.48.

Figure 1. St. Petersburg pharmacy market for 6 months of 2015 – 6 months of 2016



At the end of the first half of 2016, the top ten drug manufacturers on the pharmacy market of the St. Petersburg demonstrated high stability: six drug manufacturers from the top ten held their own in the ranking (Table 1). The drug manufacturers BAYER (+24%), SANOFI-AVENTIS (+10%), SANDOZ (+9%), SERVIER (+3%), GLAXOSMITHKLINE (+7%) and ABBOTT (+14%) held their previous ranks in the top part of the ranking. Three manufacturers of the top 10 managed to rise in the ranks. The manufacturers TEVA (+14%) and OTCPHARM (+12%) moved up to ranks seven and eight, and the only newcomer STADA (+23%) broke into the ranks of the top ten, coming in at number ten. Due to -11% reductions in sales, PFIZER moved down from rank seven to nine. The total share of the top 10 drug manufacturers increased by 0.5 p.p. and accounted for 35.0%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	1	**BAYER HEALTHCARE**	6.0	5.3
2	2	**SANOFI-AVENTIS**	5.0	5.0
3	3	**SANDOZ**	4.0	4.0
4	4	**SERVIER**	3.5	3.7
5	5	**GLAXOSMITHKLINE**	3.5	3.5
6	6	**ABBOTT**	3.3	3.2
7	9	**TEVA**	2.6	2.5
8	10	OTCPHARM	2.5	2.5
9	7	**PFIZER**	2.4	2.9
10	14	STADA	2.3	2.1
Total			35.0	34.5

*AIPM members are in bold

The leader of the top 10 brand names ranking was changed: the most dynamic of the leaders XARELTO (+60%) moved up to rank number one from seven, displacing KAGOCEL (+3%) down one rank (table 2). Another five brand names showed outperformance. Moreover, four of them rose in the ranks. INGAVIRIN (+36%) moved up from rank four to three, and the newcomers of the top ten HEPTRAL (+12%), CRESTOR (+49%) and SUPRADYN (+32%) moved up to ranks seven through nine, respectively. The drug DETRALEX (+13%) held its own rank 5 in the top ten. ESSENTIALE N (+1%), which showed low growth rates, and EXODERIL (-10%) and VIAGRA (-1%), which reduced their rates, moved down to the lower ranks. The total share of the top 10 brand names expanded from 6.2% to 6.6%.

Table 2. The top ten brand names by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	7	XARELTO	0.9	0.6
2	1	KAGOCEL	0.9	0.9
3	4	INGAVIRIN	0.8	0.7
4	2	ESSENTIALE N	0.8	0.8
5	5	DETRALEX	0.6	0.6
6	3	EXODERIL	0.6	0.7
7	13	HEPTRAL	0.5	0.5
8	27	CRESTOR	0.5	0.4
9	21	SUPRADYN	0.5	0.4
10	9	VIAGRA	0.5	0.5
Total			6.6	6.2

Despite lagging behind the growth rates, INN XYLOMETAZOLINE (+3%) remained the leader of the top 10 INN and group names ranking (Table 3). KAGOCEL (+3%), which showed the same growth rates, moved down from rank two to five, giving way to the more dynamic IBUPROFEN (+39%), RIVAROXABAN (+60%) and DIOSMIN*HESPERIDIN (+25%). At the same time, the latter became one of three newcomers of the top ten. In addition, INN ROSUVASTATIN (+42%) and IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+36%) also broke into the ranks of the top ten, coming in at numbers 6 and 9, respectively. In contrast, INNs PANCREATIN (+4%), ATORVASTATIN (+12%) and PHOSPHOLIPIDS (+1%) moved down to the lower ranks seven, eight and ten, respectively. The cumulative share of the top10 increased from 8.6% to 9.3%.

Table 3. The top 10 INNs and group names by pharmacy sales

Rank		INNs/Group Names	Share in total pharmacy sales, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	1	XYLOMETAZOLINE	1.6	1.7
2	7	IBUPROFEN	1.0	0.8
3	18	RIVAROXABAN	0.9	0.6
4	8	DIOSMIN*HESPERIDIN	0.9	0.8
5	2	KAGOCEL	0.9	0.9
6	14	ROSUVASTATIN	0.8	0.7
7	5	PANCREATIN	0.8	0.9
8	6	ATORVASTATIN	0.8	0.8
9	15	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	0.8	0.7
10	3	PHOSPHOLIPIDS	0.8	0.9
Total			9.3	8.6

Numerous shifts took place in the top ten ATC groups ranking as well (table 4). Only two ATC groups of the top 10 ranking retained their earlier ranks: as before A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents and G03 Sex hormones (+9% each) held their previous ranks eight and nine. Five INNs from the top ten rose in the ranks. Among them were the leaders of the top ten J05 Antivirals for systemic use (+24%) and M01 Anti-inflammatory and antirheumatic products (+15%). A11 Vitamines (+18%) and J01 Antibacterials for systemic use (+6%) moved up one rank, coming in at numbers 6 and 7. Its only newcomer B01 Antithrombotic agents (+18%) moved up to rank seven in the top 10 ranking. In contrast, the remaining three ATC groups from the top 10 moved down to the lower ranks. The groups C09 Agents acting on the rennin-angiotenzin system (+12%), R01 Nasal preparations (+9%) and R05 Cough and cold preparations (-7%) moved down to ranks 3, 4 and 10. The total share of the top ten ATC groups accumulated 35.9% of the regional market.

Table 4. The top ten ATC Groups by pharmacy sales

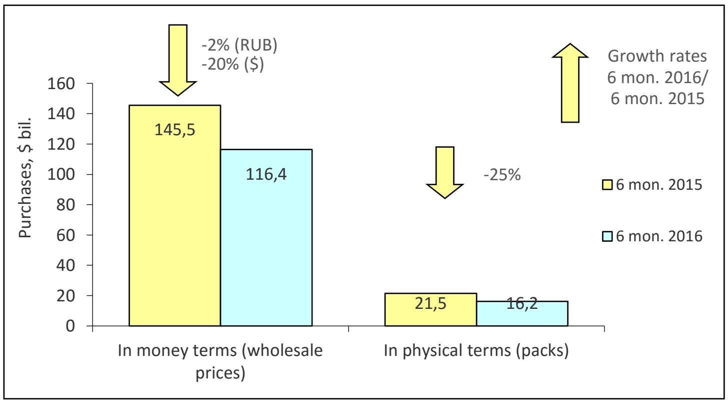
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2016	6 mon. 2015			6 mon. 2016	6 mon. 2015
1	4	J05	ANTIVIRALS FOR SYSTEMIC USE	4.2	3.7
2	3	M01	ANTIINFLAMMATORY AND ANTIRHEUMATIC PRODUCTS	4.1	3.9
3	1	C09	AGENTS ACTING ON THE RENIN-ANGIOTENSIN SYSTEM	4.1	4.0
4	2	R01	NASAL PREPARATIONS	3.9	4.0
5	6	A11	VITAMINS	3.8	3.5
6	7	J01	ANTIBACTERIALS FOR SYST USE	3.2	3.3
7	11	B01	ANTITHROMBOTIC AGENTS	3.2	3.0
8	8	A07	ANTIDIARR.,INTEST. ANTI-INFL./ANTIINFECT. AGENTS	3.2	3.2
9	9	G03	SEX HORMONES AND MODULATORS OF THE GENITAL SYSTEM	3.2	3.2
10	5	R05	COUGH AND COLD PREPARATIONS	3.1	3.6
Total				35.9	35.3

Conclusion. On the basis of the results for the first half of 2016, the retail pharmacy market of St. Petersburg brought in RUB 23.663 bil. (USD 336.928 mil). It was 5% more in terms of roubles and 14% less in terms of dollars than in 2015. In physical terms, the market saw a 2% increase and was equal to 99.274 mil. packs. In the first six months of 2016, the average cost of FPP pack in the city pharmacies was lower than in the year-earlier period and the national average (USD 4.50 vs. USD 2.55). The average medicine expenses of the St.Petersburg residents in the pharmacies were higher than the national average expenses in Russia (USD 64.48 vs. USD 40.79).

MOSCOW CITY HOSPITAL MARKET: 2016 FIRST SIX MONTHS RESULTS

According to the results of the Budget Audit of Finished Pharma Products (FFP) in the Russian Federation, in the first half of 2016 the Moscow hospital market in physical terms reduced by 25% compared to the previous year and amounted to 16.163 mil. packs. In money terms, the market showed negative growth rates both in terms of roubles (-2%) and in terms of dollars (-20%) and reached RUB 8.029 bil. (USD 116,381 mil.) in wholesale prices. At the end of six months of 2016, the average cost of FPP pack in the hospital sector of Moscow was USD 7.20, whereas in the year-earlier period its cost was USD 6.78. The metropolitan market share accounted for 14.9% of the Russian hospital market in money (rouble) terms.

Figure 1. Moscow hospital market for 6 months of 2015 – 6 months of 2016



At the end of the first half of 2016, the significant structural shifts took place among the top ten manufacturers in the hospital market of Moscow (Table 1). The leader of the ranking changed - the manufacturer ABBVIE (+82%) moved up to rank number one from seven. The newcomers of the top 10 ranking moved up to ranks two, eight and ten respectively. They were the Russian manufacturers PHARMASYNTEZ (3.3-fold growth in sales), BIOCAD (3-fold growth), and ASTELLAS (+22%) which showed high growth rates. Apart from that, JOHNSON & JOHNSON (+18%) moved up from rank five to three. The manufacturers MERCK SHARP DOHME (-7%) and ASTRAZENECA (+2%) succeeded in holding the previous ranks four and nine. SANOFI-AVENTIS (-29%), ROCHE (-17%) and PFIZER (-14%) showing strong negative growth trends fell in the ranks, moving down from rank five through seven respectively. The total share of the top ten trade names expanded by over 7 p.p. and accounted for 39%.

Table 1. The top 10 drug manufacturers by hospital purchases

Rank in the top ten		Manufacturer*	Share in total hospital purchases, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	7	**ABBVIE**	6.5	3.5
2	19	PHARMASYNTEZ	4.8	1.4
3	5	**JOHNSON & JOHNSON**	4.6	3.8
4	4	**MERCK SHARP DOHME**	3.9	4.1
5	1	**SANOFI-AVENTIS**	3.7	5.1
6	3	**ROCHE**	3.7	4.3
7	6	**PFIZER**	3.3	3.7
8	25	BIOCAD RF	3.2	1.0
9	9	**ASTRAZENECA**	2.7	2.6
10	12	**ASTELLAS PHARMA**	2.6	2.1
Total			39.0	31.8

*AIPM members are in bold

The top ten brand names ranking on the hospital metropolitan market was half updated - five newcomers broke into the ranks of the top ten ranking (Table 2). On top of them, antiviral agents to treat HIV-infections KEMERUVIR and INTELENCE, as well as the combination antiviral product VIKEYRA PAK moved up to high ranks in the ranking - from two through four respectively. At the same time, the newcomers of the top ten ranking AVASTIN (+37%) and ERBITUX, which sales increased 3.3 times, moved up to ranks seven and eight. The markets of the leaders of the ranking KALETRA (+85%) and REYATAZ (+33%), which moved up to rank five, also developed at fast pace. In contrast, SEVORAN (+0.4%), MYCAMINE (+6%) and CUROSURF (-6%), which showed low and negative growth rates, moved down to the lower ranks six, nine and ten. In large part because of newcomers, the total share of the top ten brand names increased significantly - from 8.6% to 16.6%.

Table 2. The top 10 brand names by hospital purchases

Rank in the top ten		Brand	Share in total hospital purchases, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	1	KALETRA	3.2	1.7
2	46	KEMERUVIR	2.2	0.0
3	20	INTELENCE	1.8	0.6
4	46	VIKEYRA PAK	1.6	0.0
5	7	REYATAZ	1.5	1.1
6	2	SEVORAN	1.4	1.4
7	13	AVASTIN	1.3	0.9
8	32	ERBITUX	1.2	0.4
9	6	MYCAMINE	1.2	1.1
10	3	CUROSURF	1.2	1.2
Total			16.6	8.5

The top ten INNs and generic names ranking was updates even more significant than the previous one. Six newcomers broke into the ranks of the top ten INN and group names ranking (Table 3). DARUNAVIR (4.5-fold growth in sales), ETRAVIRINE (2.9-fold growth), PROPOFOL (+54%), DASABUVIR*OMBITASVIR*PARITAPREVIR*RITONAVIR, ATAZANAVIR (+33%) and BEVACIZUMAB (+43%) moved up to ranks 2 and 3, ranks 5 through 7 respectively and the last rank in the top ten. The top-10 INN and group names ranking was headed by the composition LOPINAVIR*RITONAVIR (+85%), whereas the past year leader IMMUNOGLOBULIN BASE (-36%), which reduced its sales, moved down to rank four. In addition, another two INNs with negative growth rates SEVOFLURANE (-1%) and MEROPENEM (-13%) moved down to ranks eight and nine. The total share of the analysed ranking, as well as of the above ranking, increased considerably - in this context from 11.8% to 18.5%.

Table 3. The top 10 INNs and Group Names by hospital purchases

Rank		INNs/Group Names	Share in total hospital purchases, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	2	LOPINAVIR*RITONAVIR	3.2	1.7
2	29	DARUNAVIR	2.7	0.6
3	25	ETRAVIRINE	1.8	0.6
4	1	IMMUNOGLOBULIN BASE	1.7	2.7
5	14	PROPOFOL	1.7	1.1
6	48	DASABUVIR*OMBITASVIR* PARITAPREVIR*RITONAVIR	1.6	0.0
7	12	ATAZANAVIR	1.5	1.1
8	4	SEVOFLURANE	1.5	1.5
9	3	MEROPENEM	1.5	1.7
10	19	BEVACIZUMAB	1.4	0.9
Total			18.5	11.8

The leader of the top ten ATC group also changed. The most dynamic of the top ten ATC groups J05 Antivirals for systemic use (+93%) moved up to rank one from three (Table 4). L01 Antineoplastic agents (+29%) held their previous rank two, and J01 Antibacterials for systemic use (-22%) moved down to rank three from number one in the top ten ranking. Apart from the leader, another three ATC groups managed to rise in the ranks. N01 Anaesthetics (+15%) and J02 Antimycotics for systemic use (+22%) moved up to ranks four and six from seven and nine, respectively, and the newcomer N05 Psychoanaleptics (-7%), which broke into the ranks of the top ten for the first time, coming in at number nine, despite the negative growth rates. It was possible due to stronger reduction in purchases of drugs of the groups J06 Immune sera and immunoglobulins (-36%), which dropped out of the top ten, and J07 Vaccines (-14%) which held its previous rank ten. ATC groups B05 Blood substitutes and perfusion solutions (-34%), B01 Antithrombotic agents (-15%) and V08 Contrast media (-21%), which moved down to ranks 5, 7 and 8 respectively, also showed strong negative trends. The cumulative share of the top 10 under review increased by over 7 p.p. to 67.1%.

Table 4. The top ten ATC groups by hospital purchases

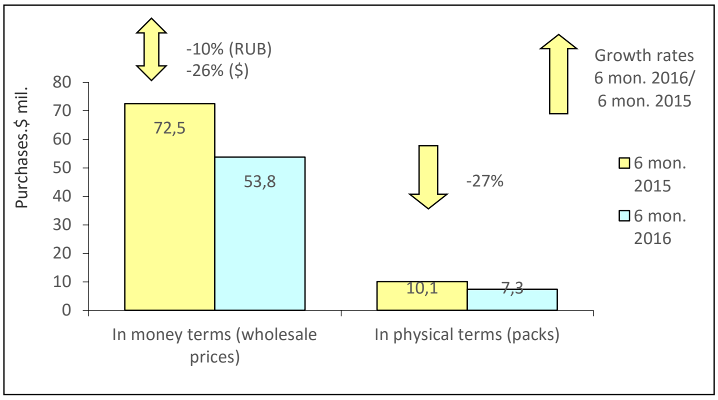
Rank		ATC code	ATC group	Share in total hospital purchases, %	
6 mon. 2016	6 mon. 2015			6 mon. 2016	6 mon. 2015
1	3	J05	ANTIVIRALS FOR SYSTEMIC USE	17.6	9.0
2	2	L01	ANTINEOPLASTIC AGENTS	14.3	10.9
3	1	J01	ANTIBACTERIALS FOR SYST USE	9.8	12.3
4	7	N01	ANESTHETICS	4.8	4.1
5	4	B05	PLASMA SUBSTITUTES AND PERFUSION SOLUTIONS	4.3	6.3
6	9	J02	ANTIMYCOTICS FOR SYSTEMIC USE	3.9	3.1
7	5	B01	ANTITHROMBOTIC AGENTS	3.8	4.4
8	6	V08	CONTRAST MEDIA	3.3	4.1
9	11	N05	PSYCHOLEPTICS	2.7	2.9
10	10	J07	VACCINES	2.6	3.0
Total				67.1	59.9

Conclusion. At the end of six months of 2016, the Moscow hospital market reduced by 2% in rouble terms and by 20% in dollar terms and brought in RUB 8.029 bil. (USD 116.381 mil.) In pack terms, the market reduced by more than one fourth and amounted to 16.163 mil. packs. The average cost of an FPP pack in the Moscow hospital market increased as compared to the previous year (USD 7.20 vs. USD 6.78).

SAINT PETERSBURG HOSPITAL MARKET: 2016 FIRST SIX MONTHS RESULTS

According to the results of the Budget Audit of FPPs in the Russian Federation (without DLO and regional benefit), in six months of 2016 the St. Petersburg hospital market reduced in physical terms by 27% and amounted to 7.343 mil. packs. In value terms, the purchases movement was negative both in rouble (-10%) and in dollar terms (-26%), and the volume amounted to RUB 3.675 bil. (USD 53.818 mil.) in wholesale prices. In the first half of 2016, the average cost of an FPP pack in the hospital sector of the city was USD 7.33, whereas in the year-earlier period its cost was USD 7.19. The St. Petersburg market share accounted for 6.8% of the Russian hospital market in rouble terms.

Figure 1. St. Petersburg hospital market for 6 months of 2015 – 6 months of 2016



Following the results of six months of 2016, the drug manufacturer JOHNSON & JOHNSON (+49%) took the lead in the top-ten drug manufacturers ranking in the St. Petersburg hospital market (Table 1). The newcomers of the top ten ABBVIE (3.3-fold growth in purchases), BRISTOL MYERS (2.3-fold growth in purchases) and PHARMASYNTEZ (3-fold growth) moved up to ranks two, four and nine respectively. Apart from them, another three drug manufacturers managed to rise in the ranks. NOVARTIS (+66%) moved up to rank three from eight, and PFIZER (-11%) and ASTRAZENECA (-9%) moved up to ranks six and seven from seven and nine despite the negative growth rates. Three drug manufacturers with more accentuated decrease in hospital purchases: MERCK SHARP DOHME (-25%), GLAXOSMITHKLINE (-30%) and ROCHE (-39%) reduced considerably their shares in the market and moved down to ranks five, eight and ten, respectively. However, the total share accumulated by the top 10 manufacturers increased by almost 14 p.p. and escalated to 47.9%.

Table 1. The top 10 drug manufacturers by hospital purchases

Rank in the top ten		Manufacturer*	Share in total hospital purchases, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	3	**JOHNSON & JOHNSON**	8.7	5.2
2	12	**ABBVIE**	7.8	2.1
3	8	**NOVARTIS**	5.9	3.2
4	13	**BRISTOL MYERS SQUIBB**	5.3	2.1
5	2	**MERCK SHARP DOHME**	4.9	5.8
6	7	**PFIZER**	3.4	3.4
7	9	**ASTRAZENECA**	3.2	3.2
8	5	**GLAXOSMITHKLINE**	3.2	4.1
9	30	PHARMASYNTEZ	2.8	0.8
10	6	**ROCHE**	2.7	4.1
Total			47.9	34.0

*AIPM members are in bold

The top ten brand names ranking has been almost completely updated in the hospital city market. Eight brand names entered it for the first time (Table 2). The antiviral agents to treat HIV-infections KALETRA (6.2-fold growth) and REYATAZ (4.1-fold growth), antineoplastic drug SPRYCEL (2.7-fold growth), the ophtalmological product LUCENTIS (3.8-fold growth) and the agent to treat HIV-infection ISENTRESS (50-fold growth) moved up the the upper ranks in the top ten, and the drugs ZIAGEN (3.8-fold growth), TASIGNA (+86%) and RISPOLEPT CONSTA (2.1-fold growth) moved up to the bottom three ranks of the top ten. The brand name XEPLION (+8%) held its previous rank six, while the traditional hospital drug NATRIUM CHLORIDUM (-28%) moved down from rank one to seven. The total share of the top 10 brands expanded from 8.1% to 23.5%.

Table 2. The top 10 brand names by hospital purchases

Rank		Brand	Share in total hospital purchases, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	11	KALETRA	6.4	0.9
2	18	REYATAZ	2.9	0.6
3	15	SPRYCEL	2.3	0.8
4	28	LUCENTIS	2.1	0.5
5	48	ISENTRESS	2.0	0.0
6	6	XEPLION	1.7	1.4
7	1	NATRIUM CHLORIDUM	1.7	2.1
8	34	ZIAGEN	1.5	0.4
9	16	TASIGNA	1.5	0.7
10	20	RISPOLEPT CONSTA	1.4	0.6
Total			23.5	8.1

Eight newcomers broke into the ranks of the top 10 INN and grouping names ranking (table 3). In addition, seven of them topped the ranking: LOPINAVIR*RITONAVIR (6.2-fold growth in purchases), ATAZANAVIR (4.1-fold growth), DASATINIB (2.7-fold growth), RANIBIZUMAB (3.8-fold growth), RALTEGRAVIR (50-fold growth), ABACAVIR (2.4-fold growth) and RISPERIDONE (+86%). One more newcomer NILOTINIB (+86%) moved up to rank ten in the top ten ranking. Following the respective brand name, the last year leader INN SODIUM (-28%) showed the strong negative trend and only moved down to rank eight. PALIPERIDONE PALMITATE (+8%) kept its previous rank nine. The total share of the top 10 has increased from 8.7% to 24.2%.

Table 3. The top 10 INNs and Group Names by hospital purchases

Rank		INNs/Group Names	Share in total hospital purchases, %	
6 mon. 2016	6 mon. 2015		6 mon. 2016	6 mon. 2015
1	14	LOPINAVIR*RITONAVIR	6.4	0.9
2	28	ATAZANAVIR	2.9	0.6
3	20	DASATINIB	2.3	0.8
4	34	RANIBIZUMAB	2.1	0.5
5	49	RALTEGRAVIR	2.0	0.0
6	22	ABACAVIR	1.9	0.7
7	17	RISPERIDONE	1.7	0.8
8	1	SODIUM	1.7	2.2
9	9	PALIPERIDONE PALMITATE	1.7	1.4
10	21	NILOTINIB	1.5	0.7
Total			24.2	8.7

In contrast to the previous ranks, the leader of the top ten ATC groups didn't change - despite 9% reduction in purchases the group L01 Antineoplastic agents held its previous rank number one (Table 4). In addition, another four ATC groups held their own in the ranking. J05 Antivirals for systemic use, which increased purchases 2.1 times, held and reinforced rank two, and ATC groups B05 Blood substitutes and perfusion solutions and V08 Contrast media (-36% each), and B01 Antithrombotic agents (-33%) held ranks five through seven respectively. Four INNs in the top ten rose in the ranks. The ATC group N05 Psychoanaleptics (+13%) moved up one rank, N01 Anaesthetics (-14%) moved up to rank eight from nine, and the newcomers J02 Antimycotics for systemic use (+6%) and S01 Ophthalmologicals (+101%) broke into the ranks of the top ten for the first time. And only J01 Antibacterials for systemic use (-29%) moved down one rank, coming in at rank four. The total share of the top 10 ATC groups increased from 63.3% to 71.6%.

Table 4. The top ten ATC groups by hospital purchases

Rank		ATC code	ATC group	Share in total hospital purchases, %	
6 mon. 2016	6 mon. 2015			6 mon. 2016	6 mon. 2015
1	1	L01	- ANTINEOPLASTIC AGENTS	20.6	20.4
2	2	J05	- ANTIVIRALS FOR SYSTEMIC USE	18.6	8.1
3	4	N05	- PSYCHOLEPTICS	8.7	6.9
4	3	J01	- ANTIBACTERIALS FOR SYSTEMIC USE	6.3	7.9
5	5	B05	- PLASMA SUBSTITUTES AND PERFUSION SOLUTIONS	3.7	5.2
6	6	V08	- CONTRAST MEDIA	3.6	5.0
7	7	B01	- ANTITHROMBOTIC AGENTS	3.1	4.1
8	10	N01	- ANESTHETICS	2.5	2.7
9	13	J02	- ANTIMYCOTICS FOR SYSTEMIC USE	2.3	2.0
10	23	S01	- OPHTHALMOLOGICALS	2.3	1.0
Total				71.6	63.3

Conclusion. At the end of six months of 2016, the St. Petersburg hospital market reduced by 10% in rouble terms and by 26% in dollar terms and brought in RUB 3.675 bil. (USD 53.818 mil.). In pack terms, the market also showed significant negative growth rates (-27%) and achieved 7.343 mil. packs. In the first half of 2016, the average cost of a FPP pack on the city hospital sector was lower than that in the year-earlier period (USD 7.33 vs. USD 7.19).