REMEDIUM GROUP OF COMPANIES

AIPM Association of International Pharmaceutical Manufacturers / Ассоциация международных фармацевтических производителей

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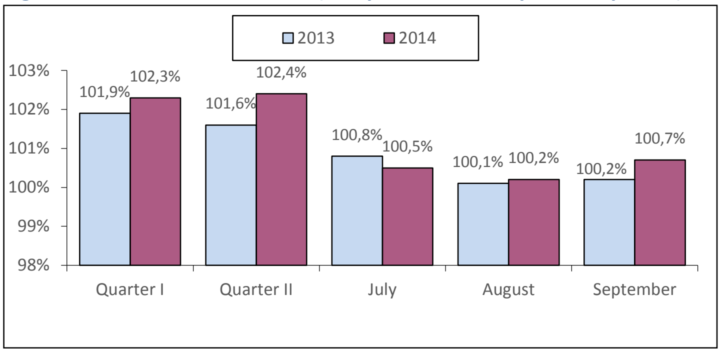
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, in September 2014, the Consumer Price Index was estimated as 100.7%, compared to the previous month, in September 2013 it was 100.2%.

In September this year, Industrial Producer Price Index was 99.2%, whereas in the month-earlier period it had amounted to 100.0%.

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



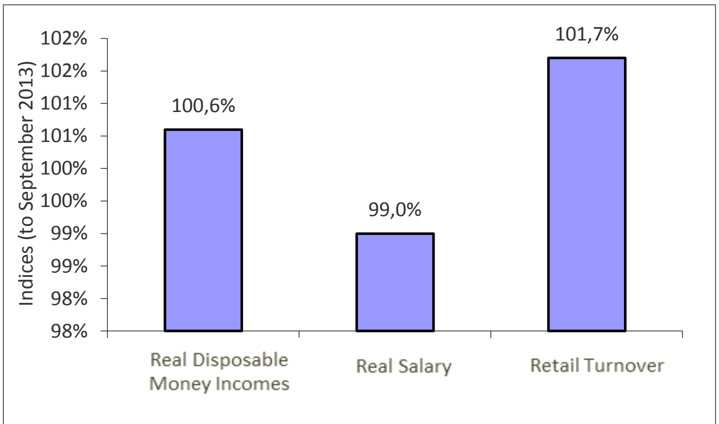
Living standard

According to preliminary Federal State Statistics Service's data, in September 2014 a gross monthly average salary per worker reached RUR 31,071 (USD 820.46) which accounted for 101% compared to the previous month and 106.9% compared to September 2013. The real wages in September 2014 accounted for 99% as compared with the same period in 2013. In September 2014, the real value of disposable cash incomes accounted for 100.6% as compared with the same period of 2013 (Fig. 2).

Retail turnover

In September 2014, the retail turnover was equal to RUB 2,221.3 bln, which in comparable prices accounted for 101.7% compared to the same period a year ago, in January-September 2014 - RUB 18,559.0 bln and 102.3% (Fig. 2).

Figure 2. Real values of cash incomes, salary and retail turnover in September 2014



Source: Rosstat

Manufacture of Industrial Products

According to Federal State Statistics Service's data, in September 2014 Industrial Production Index accounted for 102.8% compared to the same period in 2013, and in January - September of 2014 - 101,5%.

Domestic production

The top 10 domestic pharmaceutical manufacturers by production volume at September-end 2014 are shown in Table 1. The total production volume of top ten manufacturers was estimated at USD 168.51 mln.

Table 1. Top ten chemical and pharmaceutical manufacturers by production volume in September 2014

Rank	Manufacturer	Production volume, $mln
1	Otcpharm	36.47
2	Valenta	21.16
3	Pharmstandart	20.00
4	Stada	17.57
5	Materia Medica	14.44
6	Nearmedic	13.51
7	Sotex	12.98
8	Veropharm	11.35
9	Ozon Pharmacevtika	10.81
10	Pharm-Center	10.21

Source - Remedium according to IMS Health's data

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In August compared to July 2014, pharmaceutical sales continued on an upward trend (in terms of roubles) in half of analysed regions. The highest performance was observed in Krasnodarsky Krai (+13%), the lowest one in Tatarstan and Tyumen (+1% each). Five regions showed reduction in sales, with the most perceptible one in Voronezh Region (-9%).

Table 2. Pharmacy sales in the regions, 2014

Region	Pharmacy sales, $mn (whole-sale prices)			Growth gain, % (roubles)		
	June 2014	July 2014	August 2014	June/ May 2014	July/ June 2014	August/July 2014
Moscow	159.0	161.7	147.4	-5%	2%	-5%
St Petersburg	44.8	43.2	39.0	-7%	-3%	-6%
Krasnodar Krai	36.6	42.2	45.7	12%	16%	13%
Novosibirsk Oblast	21.6	20.7	20.4	-5%	-3%	3%
Tatarstan	23.6	23.5	22.8	-8%	1%	1%
Krasnoyarsk Krai	18.4	17.8	17.7	-8%	-3%	4%
Rostov Oblast	25.1	26.1	25.0	1%	5%	-0,1%
Voronezh Oblast	14.4	15.9	13.9	-7%	11%	-9%
Perm	6.3	6.7	6.1	-4%	7%	-6%
Tyumen	6.9	6.5	6.3	5%	-5%	1%

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. Top five advertisers in mass media in September 2014

Rank	Company*	Quantity of broadcasts
1	Novartis	12,719
2	Otcpharm	12,455
3	Bayer AG	6,293
4	Sanofi Aventis	5,818
5	Berlin-Chemie Menarini Group	5,602

Source - Remedium according to TNS Russia's data

Table 4. Top five brand names in mass media in September, 2014

Rank	Brand*	Quantity of broadcasts
1	Theraflu	2,363
2	Panangin	2,284
3	Grippferon	2,228
4	Supradin	2,166
5	Afobazol	1,957

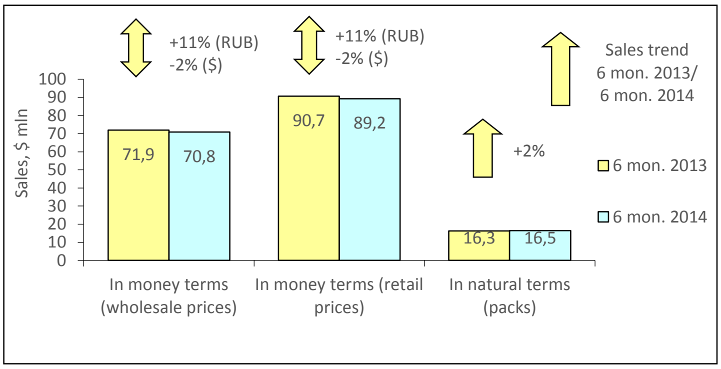
Source - Remedium according to TNS Russia's data

* Only products registered with State Register of Medicines were considered

KAZAN PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 the population of Kazan was estimated as 1.191 mln, which accounted for 0.8% of the total Russian Federation population and 4.0% of Povolzhskiy FO (PFO). According to Federal State Statistics Service's data, based on the results for 6 months of 2014 the average wages in the region was RUB 27,215 (USD 778.02), which was 14% lower than the average wages in Russia (RUB 31,509). According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first six months of 2014 the sales of OTC drugs in natural terms in Kazan saw a 2% increase to 16.542 mln packs. In money terms, the market saw a 11% increase in roubles equivalent, whereas it showed a negative decline (-2%) in dollars equivalent due to significant drop in the exchange rate of rouble. The market reached RUB 2.476 bln (USD 70.798 mln) in wholesale prices (Fig.1). The average cost of an OTC pack reduced as compared to a year earlier period (USD 5.57) and reached USD 5.39 at retail prices. The region's share accounted for 1% of the total volume of all-Russia pharmacy market. At the end of the first half of 2014, the average amount spent by residents of Kazan for OTC drugs in pharmacies amounted to USD 74.94.

Figure 1. Kazan pharmacy market for 6 months of 2013 – 6 months of 2014



On the basis of the results for six months of 2014, the top ten drug manufacturers dominating in the regional market didn't change in composition, and most of them succeeded in holding their previous ranks (Table 1). As before, SANOFI-AVENTIS (+17%[1]), BAYER (+2%), SERVIER (+11%) and TEVA (+15%), held the first four ranks, and SERVIER (+12%) and NOVARTIS (+12%) and STADA (+2%) maintained their ranks seven and ten. The other four drug manufacturers changed their ranks. In so doing, the more dynamic SANDOZ (+18%) and MENARINI (+11%) moved up one rank, coming in at ranks five and eight, while ABBOTT and MERCK SHARP saw a 1% increase in sales and moved down to ranks 6 and 9. The total share of the top 10 drug manufacturers decreased by almost 0.5 p.p. to 35%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	6.2	5.8
2	2	**BAYER HEALTHCARE**	3.9	4.3
3	3	**SERVIER**	3.7	3.7
4	4	**TEVA**	3.7	3.6
5	6	**SANDOZ GROUP**	3.5	3.3
6	5	**ABBOTT**	3.0	3.3
7	7	**NOVARTIS**	3.0	3.0
8	9	**MENARINI**	2.9	2.9
9	8	**MERCK SHARP DOHME**	2.6	2.9
10	10	**STADA**	2.5	2.7
Total			35.0	35.5

*AIPM members are in bold

Three newcomers broke into the ranks of the top ten brands ranking (table 2). Antiviral product INGAVIRIN (2.5-fold increase in sales), antifungal EXODERIL (+49%) and blood-thinner CLEXANE (+109%) moved up to ranks four, five and ten, respectively. The other three brands moved up to the higher positions. KAGOCEL (+8%), ACTOVEGIN and MEXIDOL (+9% each) moved up to ranks two, six and eight. The other brand names of the top ten showed the negative growth in sales. In so doing, three of them fell in the ranks. ALFLUTOP (-1%), HEPTRAL (-10%) and VIAGRA (-9%) moved down to ranks three, seven and nine, respectively. The hepatoprotective product ESSENTIALE N (-1%) held its rank one. The total share of the top 10 brands increased from 7.7% to 7.9%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.5	1.6
2	3	KAGOCEL	1.0	1.0
3	2	ALFLUTOP	1.0	1.1
4	38	INGAVIRIN	0.7	0.3
5	13	EXODERIL	0.7	0.5
6	7	ACTOVEGIN	0.7	0.7
7	4	HEPTRAL	0.6	0.8
8	10	MEXIDOL	0.6	0.6
9	5	VIAGRA	0.6	0.8
10	48	CLEXANE	0.6	0.3
Total			7.9	7.7

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

INN PHOSPHOLIPIDS (+2%) remained the leader of the top 10 INN and group names ranking (Table 3). On top of that, KAGOCEL (+8%) and SILDENAFIL (+2%) held their previous ranks three and nine. Half of INNs from the top 10 rose in the ranks. XYLOMETAZOLINE (+24%) moved up to rank two from five and PANCREATIN (+10%) from rank five to six. The newcomers CHONDROITINSULFURIC ACID (+41%) and NIMESULIDE (+22%), and the composition AMOXICILLIN + CLAVULANIC ACID (+18%) entered the top ten INNs and group names ranking for the first time, coming in at numbers seven, eight and ten. At the same time, INNs FISH (-1%) and AZITHROMYCIN (+2%) moved down two ranks, to numbers four and six, respectively. The total share of the analysed top 10 ranking remained unchanged and amounted to 9.8%.

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

Rank		INNs/Group Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	PHOSPHOLIPIDS	1.6	1.8
2	5	XYLOMETAZOLINE	1.1	1.0
3	3	KAGOCEL	1.0	1.0
4	2	FISH	1.0	1.1
5	6	PANCREATIN	0.9	0.9
6	4	AZITHROMYCIN	0.9	1.0
7	17	CHONDROITINSULFURIC ACID	0.9	0.7
8	11	NIMESULIDE	0.8	0.7
9	9	SILDENAFIL	0.8	0.9
10	12	AMOXICILLIN + CLAVULANIC ACID	0.8	0.7
Total			9.8	9.8

The top four ATC groups of the regional market held their own in the ranking (table 4). They were M01 Anti-inflammatory and antirheumatic products (+18%), J01 Antibacterials for systemic use (+7%), J05 Antivirals for systemic use (+20%) and A05 Bile and liver therapy (+11%). Further, some shifts took place in the top ten ranking. On top of that, four of them rose in the ranks, and two fell in the ranks. C09 Agents acting on the rennin-angiotensin system (+21%) and R05 Cough and cold preparations (+11%) moved up two ranks, coming in at numbers five and eight. Two new ATC groups, B01 Antithrombotic agents (+33%) and R01 Nasal preparations (+18%) moved up to ranks seven and ten. Two groups with relatively low growth rates, G03 Sex hormones (+7%) and N02 Analgesics (+0.4%) moved down to ranks six and nine. The total share of the top ten ranking increased by 1 p.p. and accounted for 37.4%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	1	M01	ANTIINFLAM & ANTIRHEUM PROD	5.2	4.9
2	2	J01	ANTIBACTERIALS FOR SYST USE	4.5	4.7
3	3	J05	ANTIVIRALS FOR SYSTEMIC USE	4.2	4.0
4	4	A05	BILE AND LIVER THERAPY	3.8	3.8
5	7	C09	AG ACT RENIN-ANGIOTENS SYST	3.5	3.3
6	5	G03	SEX HORM&MODULAT GENITAL SYS	3.5	3.7
7	14	B01	ANTITHROMBOTIC AGENTS	3.2	2.6
8	10	R05	COUGH AND COLD PREPARATIONS	3.2	3.2
9	6	N02	ANALGESICS	3.2	3.5
10	12	R01	NASAL PREPARATIONS	3.1	2.9
Total				37.4	36.4

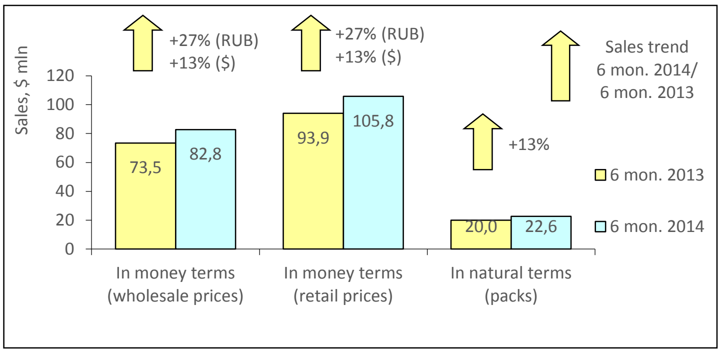
Conclusion. On the basis of the results for the first six months of 2014, the retail pharmacy market of Kazan reached RUB 3.122 bln (USD 89.241 mln) in retail prices. It was 11% more in terms of roubles and 2% less in terms of dollars than during the same period in 2013. In natural terms, the market showed the positive growth rates (+2%) and brought in 16.542 mln packs. Based on the results for the first half of 2014, the average cost of OTC pack in the pharmacies of Russia was USD 5.39, which was lower than in 2013 (USD 5.57), but higher than the national average (USD 4.15). Per capita expenses of Kazan residents for purchase of OTC medicines in the city pharmacies were also higher than the national average (USD 74.94 vs. USD 60.80).

NIZHNY NOVGOROD PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 the population of Nizhny Novgorod was estimated as 1.264 mln, which accounted for 0.9% of the total Russian Federation population and 4.2% of Povolzhskiy FO (PFO). According to Federal State Statistics Service's data, based on the results for 6 months of 2014 the average salary in the Nizhny Novgorod Region was RUB 24,871 (USD 711.01), which was 21% lower than the average wages in Russia (RUB 31,509).

According to the results of the Retail Audit of OTC drugs in Russian Federation™, in the first six months of 2014 the Nizhny Novgorod pharmacy market volume in natural terms increased by 13% and amounted to 22.639 million packs (Fig. 1). In wholesale prices, the market showed the positive performance both in terms of roubles (+27%) and in terms of dollars (+13%) and reached 2.895 billion roubles (USD 82.762 mln). A region's share in the total pharmacy sales in Russia accounted for 1.2%. The average cost of OTC pack in the Nizhny Novgorod pharmacies based on the results for the first half of 2014 was USD 4.67 (during the same period in 2013 - USD 4.70). In the analysed period, per capita expenses of the Nizhny Novgorod residents for purchase of medicines in pharmacies amounted to USD 83.74.

Figure 1. Nizhny Novgorod pharmacy market for 6 months of 2013 – 6 months of 2014



Based on the results for the first six months of 2014, SANOFI-AVENTIS (+38%) held and strengthened its dominating position in the Nizhny Novgorod market (Table 1). The following drug manufacturers held their own in the ranking: NYCOMED/TAKEDA (+29%) maintained rank four, and ABBOTT (+24%), NOVARTIS (+16%), OTCPHARM (+15%) and PFIZER (+26%) rounded out the top ten. The other four of the top 10 manufacturers changed their positions. The manufacturers SANDOZ (+34%) and TEVA (+25%) moved up one rank to numbers two and five, displacing the less dynamic SERVIER (+26%) and BAYER (+22%) down one rank. The cumulative share of the top 10 drug manufacturers didn't virtually change and accounted for 37.3%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	6.6	6.1
2	3	**SANDOZ GROUP**	4.0	3.8
3	2	**SERVIER**	3.9	3.9
4	4	**NYCOMED/TAKEDA**	3.8	3.7
5	6	**TEVA**	3.6	3.7
6	5	**BAYER HEALTHCARE**	3.6	3.7
7	7	**ABBOTT**	3.3	3.4
8	8	**NOVARTIS**	3.1	3.3
9	9	OTCPHARM	2.8	3.1
10	10	**PFIZER**	2.5	2.6
Total			37.3	37.4

*AIPM members are in bold

The leader of top 10 brand names didn't change either, the hepatoprotective product ESSENTIALE N (+42%) kept the first rank (table 2). INGAVIRIN (+59%) moved up to rank two from three, displacing CONCOR (+27%) to rank two from three. KETONAL improved its position by one rank, moving up to number nine. KAGOCEL (+53%) moved up two ranks, to number 4, displacing the less dynamic ACTOVEGIN (+20%). The newcomers PENTALGIN (+56%), EXODERIL (+88%) and DETRALEX (+36%) broke into the ranks of the top ten, coming in at numbers six, seven and ten. In total, the top ten brand names accumulated 7.9% of sales, which was higher than in the year-earlier period (7.1%).

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.3	1.2
2	3	INGAVIRIN	1.1	0.9
3	2	CONCOR	0.9	0.9
4	6	KAGOCEL	0.8	0.7
5	4	ACTOVEGIN	0.8	0.8
6	11	PENTALGIN	0.7	0.6
7	20	EXODERIL	0.7	0.5
8	8	LINEX	0.6	0.6
9	10	KETONAL	0.6	0.6
10	16	DETRALEX	0.5	0.5
Total			7.9	7.1

Only one newcomer broke into the ranks of the top ten INN and Group Names ranking - INN KAGOCEL (+53%), moving up from rank 14 to nine (Table 3). Another six INNs from the top ten, placed at the top six ranks, showed the outperformance rates. At the same time, XYLOMETAZOLINE (+43%) and PANCREATIN (+38%) held their previous ranks one and four. INNs PHOSPHOLIPIDS (+40%), IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+59%) and KETOPROFEN (+30%) rose in the ranks, moving up to numbers two, five and six. At the same time, the former displaced BISOPROLOL (+28%) down one rank. The composition AMOXICILLIN + CLAVULANIC ACID (+24%) moved up one rank, though its growth rates were slightly behind the market average. Two INNs with yet more lagging growth rates, BLOOD (+19%) and AMBROXOL (+7%), moved down to ranks eight and ten, respectively. The total share of the top ten increased by 0.5 p.p. and accounted for 10.6%.

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

Rank		INNs/Group Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	XYLOMETAZOLINE	1.5	1.4
2	3	PHOSPHOLIPIDS	1.4	1.3
3	2	BISOPROLOL	1.3	1.3
4	4	PANCREATIN	1.1	1.0
5	9	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	1.1	0.9
6	7	KETOPROFEN	0.9	0.9
7	8	AMOXICILLIN + CLAVULANIC ACID	0.8	0.9
8	5	BLOOD	0.8	0.9
9	14	KAGOCEL	0.8	0.7
10	6	AMBROXOL	0.8	0.9
Total			10.6	10.1

The top ten ATC groups ranking didn't change its leader either. The group C09 Agents acting on the rennin-angiotensin system (+31%) held and strengthened its previous rank one (Table 4). Due to high growth rates, M01 Anti-inflammatory and antirheumatic products (+29%) and J05 Antivirals for systemic use (+25%) moved up to ranks two and three, displacing the less dynamic group J01 Antibacterials for systemic use (+14%) to rank four. Another three ATC groups from the top ten showed growth in sales. R01 Nasal preparations (+29%) and A07 Antidiarrheals, intestinal antiinflammatory/antiinfective agents (+38%) moved up two ranks, to numbers 5 and 8, and the newcomer A05 Bile and liver therapy broke into the ranks of the top ten for the first time. At the same time, the groups N02 Analgesics and R05 Cough and cold preparations (+18% each) and A11 Vitamins (+20%) moved down to the lower ranks six, seven and ten, respectively. The cumulative share of the top-ten increased by 0.3 p.p. and achieved 37.3%.

Table 4. The top ten ATC Groups by pharmacy sales

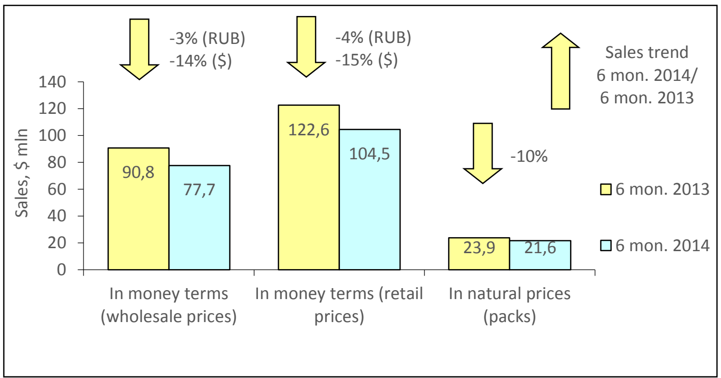
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	1	C09	AG ACT RENIN-ANGIOTENS SYST	4.5	4.4
2	3	M01	ANTIINFLAM & ANTIRHEUM PROD	4.4	4.3
3	4	J05	ANTIVIRALS FOR SYSTEMIC USE	3.9	4.0
4	2	J01	ANTIBACTERIALS FOR SYST USE	3.9	4.4
5	7	R01	NASAL PREPARATIONS	3.8	3.8
6	5	N02	ANALGESICS	3.7	3.9
7	6	R05	COUGH AND COLD PREPARATIONS	3.5	3.8
8	10	A07	INTESTINAL ANTIINFECTIVES	3.3	3.0
9	12	A05	BILE AND LIVER THERAPY	3.2	2.7
10	8	A11	VITAMINS	3.1	3.3
Total				37.3	37.6

Conclusion. In the first half of 2014, the pharmacy market in Nizhny Novgorod was estimated at RUB 3.702 bln (USD 105.837 mln) in final consumer prices. At the same time, the market behaviour was positive both in rouble (+27%) and dollar (+13%) terms. In natural terms, the sales increased by 13% and amounted to 22.639 mln packs. The average cost of an OTC pack (USD 4.67) in the pharmacies reduced as compared to a year earlier (USD 4.70), but was higher than the average value in Russia (USD 4.15). The average expenses of Nizhny Novgorod residents for purchase of OTC drugs in the pharmacies also were considerably higher than the Russia average expenses (USD 83.74 vs. USD 60.80).

SAMARA PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 the population of Samara was estimated as 1.172 mln, which accounted for 0.8% of the total Russian Federation population and 3.9% of Povolzhsky FO (PFO). According to Federal State Statistics Service's data, in the first half of 2014 the average salary in Samara Region was RUB 24,923 (USD 712.49), which was 21% lower than the average wages in Russia (RUB 31,509). According to the results of the Retail Audit of OTC drugs in Russian Federation™, in the first six months of 2014 the pharmacy market volume in natural terms reduced by 10% and amounted to 21.649 million packs (Fig. 1) In wholesale prices, the market also showed the negative performance both in terms of roubles (-3%) and in terms of dollars (-14%) and reached RUB 2.719 billion (USD 77.734 mln). The city's share in the total volume of all-Russia pharmacy market accounted for 1.2%. The average cost of OTC pack in the Samara pharmacies based on the results for the first half of 2014 was USD 4.83 (during the same period in 2013 - USD 5.12). The average sum spent by residents of Samara on purchase of medicines reached USD 89.16

Figure 1. Samara pharmacy market for 6 months of 2013 – 6 months of 2014



Based on the results for the first half of 2014, the drug manufacturers, which moved up from the lower ranks despite the negative sales rates, came in at ranks one through five in the top ten drug manufacturers ranking in the Samara market (Table 1). The drug manufacturers SANOFI-AVENTIS (-2%) and OTCPHARM (-15%) improved their positions by one rank, moving up to number one and two, while TEVA (-3%), SERVIER (-5%) and SANDOZ (-3%) moved up two ranks, to numbers three through five. Due to strong reduction in sales, BAYER (-37%) and NOVARTIS (-30%) moved down from ranks one and four to ranks six and nine, respectively. The other drug manufacturers from the top ten showed positive growth rates and rose in the ranks. The manufacturers ABBOTT (+4%), NYCOMED/TAKEDA (+11%) and PFIZER (+0,1%) moved up to ranks seven, eight and ten. On top of that, the latter became the only newcomer of the top 10 ranking. The total share of the top drug manufacturers reduced by 3 p.p. and accounted for 37.0%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	2	**SANOFI-AVENTIS**	5.6	5.5
2	3	OTCPHARM	4.3	4.9
3	5	**TEVA**	3.9	3.9
4	6	**SERVIER**	3.7	3.8
5	7	**SANDOZ GROUP**	3.6	3.6
6	1	**BAYER HEALTHCARE**	3.6	5.5
7	8	**ABBOTT**	3.5	3.3
8	9	**NYCOMED/TAKEDA**	3.1	2.7
9	4	**NOVARTIS**	3.0	4.2
10	11	**PFIZER**	2.7	2.6
Total			37.0	39.9

*AIPM members are in bold

Three newcomers entered the top ten brand names ranking (table 2). HEPTRAL (+11%), ACTOVEGIN (+10%) and MEXIDOL (+17%) moved up to ranks 6 through 8, respectively. The other two brand names showed positive growth rates and rose in the ranks. LINEX (+24%) and INGAVIRIN (+11%) moved up to ranks 2 and 3. The other five brand names from the ranking saw a reduction in sales. ESSENTIALE N (-17%) kept its leading position, VIAGRA (-14%) held its previous rank five, and the brand names ARBIDOL (-23%), HYLAK FORTE (-17%) and KAGOCEL (-34%) moved down to the lower ranks. The total share of the top-10 reduced from 8.9% to 8.6%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.5	1.7
2	4	LINEX	1.1	0.9
3	6	INGAVIRIN	1.0	0.9
4	2	ARBIDOL	1.0	1.2
5	5	VIAGRA	0.8	0.9
6	15	HEPTRAL	0.7	0.6
7	16	ACTOVEGIN	0.7	0.6
8	19	MEXIDOL	0.6	0.5
9	7	HYLAK FORTE	0.6	0.7
10	3	KAGOCEL	0.6	0.9
Total			8.6	8.9

XYLOMETAZOLINE (+9%) moved up to rank one, displacing PHOSPHOLIPIDS (-19%) to rank two in the top ten INNs and group names ranking (Table 3). Note that another five INNs from the top ten and its leader rose in the ranks. PANCREATIN (+11%) and BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (+24%) moved up to ranks three and four. The newcomers MIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+11%), ADEMETIONINE (+19%) and BLOOD (+11%) broke into the ranks of the top ten, coming in at numbers six, eight and nine. At the same time, SILDENAFIL (-0.4%) with low negative growth rates held its previous rank 7, and UMIFENOVIR and AMBROXOL reduced their sales by 22% and moved down to ranks five and ten. The total share of the top ten INNs and group names increased by 0.3 p.p. and achieved 10.9%.

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

Rank		INNs/Group Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	2	XYLOMETAZOLINE	1.8	1.6
2	1	PHOSPHOLIPIDS	1.6	1.8
3	5	PANCREATIN	1.1	1.0
4	10	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	1.1	0.9
5	3	UMIFENOVIR	1.0	1.2
6	11	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	1.0	0.9
7	7	SILDENAFIL	1.0	0.9
8	17	ADEMETIONINE	0.8	0.7
9	22	BLOOD	0.7	0.6
10	9	AMBROXOL	0.7	0.9
Total			10.9	10.6

One newcomer broke into the ranks of the top ten ATC groups. C09 Agents acting on the rennin-angiotensin system (+10%) moved up to rank nine from eleven (Table 4). The groups A07 Antidiarrheals, intestinal anti-inflammatory/antiinfective agents (+14%), M01 Anti-inflammatory and antirheumatic products (+3%) and R01 Nasal preparations (+0.5%) also showed positive growth rates, moving up to ranks one, three and five, respectively. Most of the top ten ATC groups cut their sales against the backdrop of the regional market. However, two of them J05 Antivirals for systemic use (-10%) and A11 Vitamins (-19%) held their previous ranks two and eight. The other four ATC groups from the top 10 fell in the ranks: N02 Analgesics (-25%), R05 Cough and Cold Preparations (-19%), J01 Antibacterials for systemic use (-15%) and A05 Bile and liver therapy. The total share of the top 10 ATC groups reduced more than 2 p.p. and accounted for 39.2%.

Table 4. The top ten ATC Groups by pharmacy sales

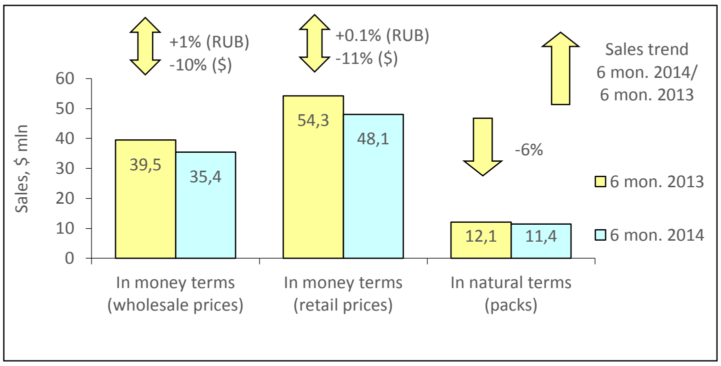
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	5	A07	INTESTINAL ANTIINFECTIVES	4.8	4.1
2	2	J05	ANTIVIRALS FOR SYSTEMIC USE	4.5	4.9
3	4	M01	ANTIINFLAM & ANTIRHEUM PROD	4.4	4.1
4	1	N02	ANALGESICS	4.3	5.6
5	7	R01	NASAL PREPARATIONS	4.2	4.1
6	3	R05	COUGH AND COLD PREPARATIONS	3.7	4.5
7	6	J01	ANTIBACTERIALS FOR SYST USE	3.6	4.1
8	8	A11	VITAMINS	3.3	4.0
9	11	C09	AG ACT RENIN-ANGIOTENS SYST	3.2	2.8
10	9	A05	BILE AND LIVER THERAPY	3.1	3.2
Total				39.2	41.3

Conclusion. In the first half of 2014, the pharmacy market in Samara was estimated at RUB 3.657 bln (USD 104.530 mln) in final consumer prices. Note that the market performance was negative both in rouble terms and in dollar terms (-4% and -15%, respectively). In pack terms, the market also reduced (-10%) and amounted to 21.649 mln packs. The average cost of an OTC pack (USD 4.83) in the city pharmacies slightly reduced as compared to a year earlier (USD 5.12), but was higher than the average value in Russia (USD 4.15). Expenses of residents for purchase of medicines in the city pharmacies also proved to be higher than the average expenses in Russia (USD 89.16 vs. USD 60.80).

TOLYATTI PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Tolyatti 's estimated population was 718.1 thousand, which accounted for 0.5% of the total Russian Federation population and 2.4% of Povolzhskiy FO (PFO). According to Federal State Statistics Service's data, in the first half of 2014 the average salary in Samara Region was RUB 24,923 (USD 712.49), which was 21% lower than the average wages in Russia (RUB 31,509). According to the results of the Retail Audit of OTC drugs in Russian Federation™, in the first six months of 2014 the Tolyatti pharmacy market volume reduced by 6% in natural terms and amounted to 11.428 million packs (Fig. 1) In wholesale prices, the market performance in terms of roubles was positive (+1%), but in terms of dollars it was negative (-10%) and reached RUB 1.239 bln (USD 35.425 mln). The region's share accounted for 0.6% of the total volume of all-Russia pharmacy market. The average cost of OTC pack in the Tolyatti pharmacies based on the results for the first half of 2014 was USD 4.21 (during the same period in 2013 - USD 4.48). In the analysed period, per capita expenses of the city residents for purchase of medicines in pharmacies amounted to USD 66.95.

Figure 1. Tolyatti pharmacy market for 6 months of 2013 – 6 months of 2014



Based on the results of the first half of 2014, the top ten drug manufacturers ranking in the region didn't change in composition (table 1). Apart from that, four of its participants held their own in the ranking. As before, the manufacturer SANOFI-AVENTIS (+6%) held its previous rank one, and TEVA (+3%), ABBOTT and PFIZER (+1% each) maintained their ranks six, seven and ten respectively. The other drug manufacturers from the top ten swapped places by pairs. The drug manufacturers NYCOMED/TAKEDA (+8%) and SERVIER (-2%) moved up one rank, to numbers two and four, displacing BAYER (-13%) and OTCPHARM (-8%) down one rank. In the lower part of the ranking, SANDOZ (+6%) with increased sales rates moved up from rank ten to eight. In contrast, NOVARTIS (-11%) which used to take that position earlier reduced its sales and moved down to rank ten. The total share of the top 10 drug manufacturers reduced by 0.8 p.p. and accounted for 36.8%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	6.3	6.1
2	3	**NYCOMED/TAKEDA**	4.3	4.1
3	2	**BAYER HEALTHCARE**	3.9	4.5
4	5	**SERVIER**	3.7	3.8
5	4	OTCPHARM	3.5	3.9
6	6	**TEVA**	3.4	3.3
7	7	**ABBOTT**	3.2	3.2
8	10	**SANDOZ GROUP**	2.9	2.8
9	9	**PFIZER**	2.8	2.8
10	8	**NOVARTIS**	2.7	3.1
Total			36.8	37.6

*AIPM members are in bold

The hepatoprotective product ESSENTIALE N (+2%) remained the best-selling drug in the regional market, holding rank number one in the top ten brand names ranking (Table 2). ACTOVEGIN (+11%) moved up to rank two from four, while CONCOR (+0.5%) held its previous rank three. Antiviral product ARBIDOL reduced its sales and moved down from rank two to four. The products VIAGRA (-11%) and INGAVIRIN (-9%) also showed negative growth rates, however they held their previous ranks five and six. The brand names which showed high growth rates moved up to four bottom ranks of the top ten. LINEX (+22%) moved up from rank ten to seven, and the newcomers THERAFLU (+23%), CARDIOMAGNIL (+5%) and HEPTRAL (-1%) broke into the ranks of the top ten ranking, coming in at numbers 8 through 10. The total share of the top-10 reduced from 8% to 7.7%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.3	1.3
2	4	ACTOVEGIN	0.9	0.8
3	3	CONCOR	0.9	0.9
4	2	ARBIDOL	0.7	1.2
5	5	VIAGRA	0.7	0.8
6	6	INGAVIRIN	0.7	0.8
7	10	LINEX	0.7	0.6
8	15	THERAFLU	0.6	0.5
9	12	CARDIOMAGNIL	0.6	0.5
10	11	HEPTRAL	0.5	0.5
Total			7.7	8.0

One newcomer broke into the ranks of the top ten INNs and group names ranking. the composition PARACETAMOL + ASCORBIC ACID + PHENIRAMINE + PHENYLEPHRINE (+7%) moved up from rank 13 to seven (Table 3). Most of INNs from the top ten held their own in the ranking. XYLOMETAZOLINE (+11%), PHOSPHOLIPIDS (+1%) and BISOPROLOL (+6%) held their previous ranks one, two and three, and SILDENAFIL (+7%), IBUPROFEN (-8%) and IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (-9%) maintained their ranks six, nine and then. INNs PANCREATIN (+18%) and BLOOD (+14%) moved up to ranks four and five, while UMIFENOVIR (-31%) reduced its sales and moved down from rank four to seven. The cumulative share of the top 10 didn't change and accounted for 10.6%.

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

Rank		INNs/Group Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	XYLOMETAZOLINE	1.7	1.5
2	2	PHOSPHOLIPIDS	1.4	1.4
3	3	BISOPROLOL	1.4	1.3
4	7	PANCREATIN	1.1	0.9
5	8	BLOOD	1.0	0.9
6	6	SILDENAFIL	1.0	0.9
7	4	UMIFENOVIR	0.8	1.2
8	13	PARACETAMOL + ASCORBIC ACID + PHENIRAMINE + PHENYLEPHRINE	0.7	0.7
9	9	IBUPROFEN	0.7	0.8
10	10	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	0.7	0.8
Total			10.6	10.6

In contrast to the above rankings, the top ten ATC groups changed their leader – the group M01 Anti-inflammatory and antirheumatic products (+11%) moved up from rank five to one (table 4). R01 Nasal preparations (+2%) moved up to rank two from six, while N02 Analgesics (-9%) held their previous rank three. Apart from the leaders, another two INNs from the top ten showed signs of growth. The groups C09 Agents acting on the rennin-angiotensin system (+12%) and A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+18%) moved up to ranks 4 and 5. The ATC groups with negative growth rates moved down to ranks six through nine: the last year leader J01 Antibacterials for systemic use (-19%), and J05 Antivirals for systemic use (-13%), A11 Vitamins (-3%) and R05 Cough and cold preparations (-26%). G03 Sex hormones (+6%) kept its previous rank ten. The cumulative share of the top-ten increased by 2 p.p. and achieved 37.6%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	5	M01	ANTIINFLAM & ANTIRHEUM PROD	4.5	4.1
2	6	R01	NASAL PREPARATIONS	4.0	4.0
3	3	N02	ANALGESICS	4.0	4.4
4	8	C09	AG ACT RENIN-ANGIOTENS SYST	4.0	3.6
5	9	A07	INTESTINAL ANTIINFECTIVES	3.8	3.3
6	1	J01	ANTIBACTERIALS FOR SYST USE	3.7	4.6
7	4	J05	ANTIVIRALS FOR SYSTEMIC USE	3.5	4.1
8	7	A11	VITAMINS	3.5	3.6
9	2	R05	COUGH AND COLD PREPARATIONS	3.4	4.6
10	10	G03	SEX HORM&MODULAT GENITAL SYS	3.3	3.1
Total				37.6	39.6

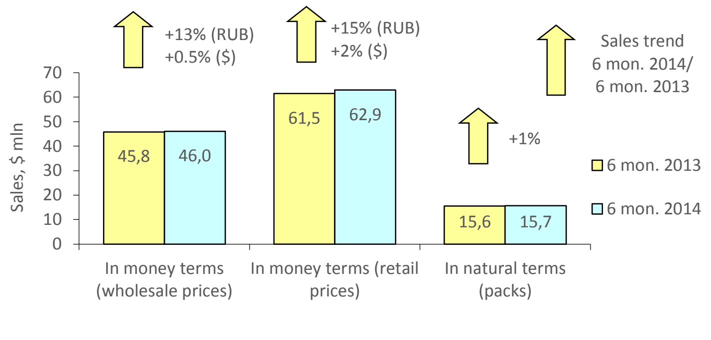
Conclusion. In the first half of 2014, the pharmacy market in Tolyatti was estimated at RUB 1.682 bln (USD 48.082 mln) in final consumer prices. At the same time, the regional market performance was virtually nil in rouble terms (+0.1%), whereas in dollar terms it was negative (-11%). In natural terms, the sales decreased by 6% to 11.428 mln packs. The average cost of an OTC pack (USD 4.21) in the pharmacies reduced as compared to a year earlier (USD 4.48), but was slightly higher than the average value in Russia (USD 4.15). Per capita expenses of Tolyatti residents for purchase of medicines in the city pharmacies were also higher than the national average figures (USD 66.95 vs. USD 60.80).

SARATOV PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Saratov's estimated population was 840.8 thousand, which accounted for 0.6% of the total Russian Federation population and 2.8% of Povolzhskiy FO (PFO). According to Federal State Statistics Service's data, based on the results for 6 months of 2014 the average salary in the Saratov Region was RUB 21,282 (USD 608.40), which was 32% lower than the average wages in Russia (RUB 31,509).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first six months of 2014 the sales of OTC drugs in natural terms in pharmacies of Samara saw a 1% increase to 15.675 mln packs. In value terms, the OTC drugs market increased by 13% in rouble terms and by 0.5% in dollar terms and reached RUB 1.610 billion (USD 46.019 million) in wholesale prices (Fig. 1). The city share in the total volume of all-Russia pharmacy market accounted for 0.7%. The average cost of an OTC pack based on the results for 6 months of 2014 amounted to USD 4.01 at retail prices, which was slightly higher than in a year-earlier period (USD 3.94). For the first half of 2014, the average amount spent by residents of Saratov for medications amounted to USD 74.80.

Figure 1. Saratov pharmacy market for 6 months of 2013 – 6 months of 2014



At first half-end 2014, one newcomer broke into the top ten manufacturers ranking by pharmacy sales in the Saratov retail market: the manufacturer NYCOMED/TAKEDA (+15%) moved up to rank eight from eleven (Table 1). Apart from it, the other two drug manufacturers moved up to yet higher ranks. The most dynamic drug manufacturer OTCPHARM (+24%) moved up to rank two from five, ABBOTT (+13%) moved up to rank six from eight. At the same time, two manufacturers BAYER (+7%) and TEVA (+6%) moved down one rank, coming in at numbers three and seven, respectively. The drug manufacturers SANDOZ (+6%) and STADA (+3%) lost two ranks each and moved down to numbers five and nine. The drug manufacturers SANOFI-AVENTIS (+19%), SERVIER (+9%) and MENARINI (+10%) held their previous ranks one, four and ten, respectively. The cumulative share of the top 10 drug manufacturers reduced from 36.3% to 35.7%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	5.5	5.2
2	5	OTCPHARM	3.9	3.6
3	2	**BAYER HEALTHCARE**	3.8	4.0
4	4	**SERVIER**	3.6	3.7
5	3	**SANDOZ GROUP**	3.5	3.7
6	8	**ABBOTT**	3.2	3.2
7	6	**TEVA**	3.2	3.4
8	11	**NYCOMED/TAKEDA**	3.1	3.0
9	7	**STADA**	3.0	3.3
10	10	**MENARINI**	3.0	3.1
Total			35.7	36.3

*AIPM members are in bold

The leader of the top ten brand names ESSENTIALE N (+16%) was the only brand that held its own in the ranking (Table 2). On top of that, five of brands showed high growth rates. MEXIDOL (+20%), ACTOVEGIN (+15%) and INGAVIRIN (+50%) moved up to ranks two through four, respectively. LINEX (+35%) moved up to rank six from nine, and HEPTRAL (+17%) moved up to rank seven from 8. In contrast, the other four drug manufacturers from the top 10 fell in the ranks. They were ARBIDOL (0%), KAGOCEL (-12%), VIAGRA (+14%) and CARDIOMAGNIL (+2%) which moved down to ranks five and three bottom ranks of the top ten. The total share of the analysed top 10 trade names virtually remained unchanged and accounted for 7.4%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.2	1.2
2	3	MEXIDOL	0.9	0.8
3	5	ACTOVEGIN	0.8	0.8
4	10	INGAVIRIN	0.7	0.6
5	2	ARBIDOL	0.7	0.8
6	9	LINEX	0.7	0.6
7	8	HEPTRAL	0.6	0.6
8	4	KAGOCEL	0.6	0.8
9	7	VIAGRA	0.6	0.6
10	6	CARDIOMAGNIL	0.6	0.6
Total			7.4	7.3

Two newcomers broke into the ranks of the top ten INN and group names ranking (table 3). SILDENAFIL (+44%) and ADEMETIONINE (+21%) moved up to ranks seven and ten. Another three INNs from the top ten managed to rise in the ranks. XYLOMETAZOLINE (+25%), ETHYLMETHYLHYDROXYPYRIDINE (+24%) and BLOOD (+18%) moved up to ranks three, six and eight, respectively. At the same time, the former displaced INN NIMESULIDE (+18%) down one rank, to number four. Due to reduction in sales, AZITHROMYCIN (-1%) fell in the ranks, moving down from rank 6 to 9. PHOSPHOLIPIDS (+15%) and PANCREATIN (+16%) kept their leading ranks, and BISOPROLOL (+15%) as before held its previous rank five. The total share of the top 10 brand names increased from 9.7% to 10.1%.

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

Rank		INNs/Group Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	PHOSPHOLIPIDS	1.3	1.3
2	2	PANCREATIN	1.3	1.3
3	4	XYLOMETAZOLINE	1.2	1.1
4	3	NIMESULIDE	1.1	1.1
5	5	BISOPROLOL	1.0	1.0
6	8	ETHYLMETHYLHYDROXYPYRIDINE	0.9	0.9
7	16	SILDENAFIL	0.9	0.7
8	10	BLOOD	0.9	0.8
9	6	AZITHROMYCIN	0.8	1.0
10	15	ADEMETIONINE	0.8	0.7
Total			10.1	9.7

Based on the results for the first half of 2014, M01 Anti-inflammatory and antirheumatic products (+17%) remained the best selling ATC group in the regional pharmacies (Table 4). J01 Antibacterials for systemic use reduced its sales by 3% and moved down to rank two. The group R05 Cough and cold preparations (-4%) also showed negative growth rates and moved down from rank four to 9. The other ATC groups from the top ten showed positive growth rates. Four of them moved up to the higher positions. The group J05 Antivirals for systemic use (+19%) moved up to rank three from five, C09 Agents acting on the rennin-angiotenzin system (+15%) moved up to rank five from six, and G03 Sex hormones (+28%) moved up to rank 6 from 10. The only newcomer, A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+30%), broke into the ranks of the top ten, coming in at number eight. At the same time, two ATC groups of the ranking, N02 Analgesics (+2%) and R01 Nasal preparations (+18%) moved down to rank four and ten. A11 Vitamins (+13%) held its previous rank 7. The total share of the top ten reduced by 0.4 p.p. and achieved 37%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	2	M01	ANTIINFLAM & ANTIRHEUM PROD	4.9	4.7
2	1	J01	ANTIBACTERIALS FOR SYST USE	4.2	4.9
3	5	J05	ANTIVIRALS FOR SYSTEMIC USE	3.9	3.8
4	3	N02	ANALGESICS	3.7	4.1
5	6	C09	AG ACT RENIN-ANGIOTENS SYST	3.7	3.6
6	10	G03	SEX HORM&MODULAT GENITAL SYS	3.4	3.0
7	7	A11	VITAMINS	3.4	3.4
8	11	A07	INTESTINAL ANTIINFECTIVES	3.4	2.9
9	4	R05	COUGH AND COLD PREPARATIONS	3.3	3.9
10	9	R01	NASAL PREPARATIONS	3.2	3.1
Total				37.0	37.4

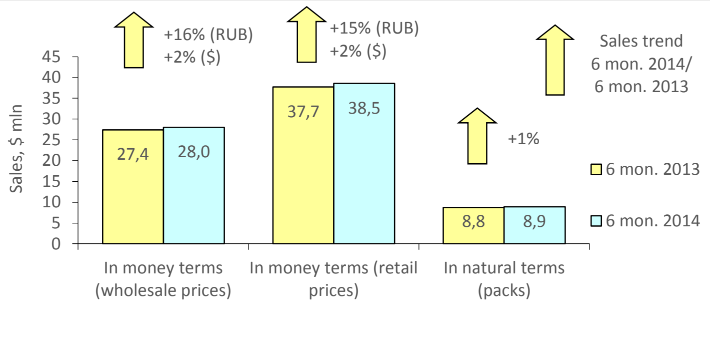
Conclusion. On the basis of the results for the first half of 2014, the pharmacy market of Saratov brought in RUB 2.2 bln (USD 62.89 mln). At the same time, the market increased 15% in terms of roubles and 2% in terms of dollars. In natural terms, the market increased by 1% to 15.675 mln packs. Based on the results for six months of 2014, the average cost of an OTC pack was slightly higher than in the year-earlier period (USD 4.01 vs. USD 3.94), but lower than the national average figures (USD 4.15). Per capita expenses for purchase of medicines in the Saratov pharmacies amounted to USD 74.80 which is higher than the national average (USD 60.80).

ULYANOVSK PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service as of January 1, 2014, Ulyanovsk's estimated population was 616.7 thousand, which accounted for 0.4% of the total Russian Federation population and 2.1% of Povolzhskiy FO (PFO). According to Federal State Statistics Service's data, in the first half of 2014 the average salary in Ulyanovsk Region was RUB 20,363 (USD 582.13), which was 35% lower than the average wages in Russia (RUB 31,509).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first six months of 2014 the sales of OTC drugs in natural terms in Ulyanovsk saw a 1% increase to 8.863 mln packs. In money terms, the market also showed the positive growth rates: 16% in rouble terms and 2% in dollar terms and reached RUB 980.795 mln (USD 28.039 mln) in wholesale prices (Fig. 1). The regional market share accounted for 0.4% of the Russian pharmacy sales. The average cost of an OTC pack slightly increased as compared to a year earlier period (USD 4.30) and reached USD 4.35 at retail prices. For 6 months of 2014, the average amount spent by residents of Ulyanovsk for medications amounted to USD 62.5.

Figure 1. Ulyanovsk pharmacy market for 6 months of 2013 – 6 months of 2014



As of the first half of 2014, SANOFI-AVENTIS (+20%) and OTCPHARM (+5%) remained the best selling drugs in the Ulyanovsk pharmacy market, holding the first two leading positions in the top ten ranking (Table 1). If however the former manufacturer reinforced its positions due to high growth rates, the latter weakened its position due to lagging behind the growth rates. Another two drug manufacturers TEVA (+7%) and BAYER (+33%) showed low and negative growth rates, which resulted in the loss of ranks, and moved down to ranks five and nine, respectively. In contrast, the other drug manufacturers from the top 10 showed positive growth rates. NYCOMED/TAKEDA (+37%) and ABBOTT (+32%) moved up to ranks three and four, and SANDOZ (+17 %) and SERVIER (+16%) - to ranks six and eight. Two newcomers of the top ten, MENARINI (+26%) and GEDEON RICHTER (+32%), moved up to ranks seven and ten, respectively. The cumulative share of the top 10 drug manufacturers reduced from 39% to 38.2%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	5.8	5.6
2	2	OTCPHARM	4.8	5.3
3	5	**NYCOMED/TAKEDA**	4.5	3.8
4	8	**ABBOTT**	3.9	3.4
5	4	**TEVA**	3.8	4.1
6	7	**SANDOZ GROUP**	3.5	3.4
7	11	**MENARINI**	3.1	2.8
8	9	**SERVIER**	3.1	3.1
9	3	**BAYER HEALTHCARE**	2.9	5.0
10	12	GEDEON RICHTER	2.9	2.5
Total			38.2	39.0

*AIPM members are in bold

Despite 9% reduction in sales, ESSENTIALE N remained the leader of the top ten brand names (Table 2). ACTOVEGIN (+56%) moved up to rank two from six, displacing ARBIDOL (-5%) down one rank. The brands LINEX (+43%), INGAVIRIN (+30%) and CARDIOMAGNIL (+21%) moved up to ranks four through six, respectively. PENTALGIN (+14%) and HEPTRAL (+25%) broke into the ranks of the top ten, coming in at numbers eight and ten. At the same time, VIAGRA (-16%) and KAGOCEL (-17%) reduced their sales and moved down to ranks seven and nine. The total share of the top ten brands reduced by 0.4 p.p. to 8.6%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.2	1.5
2	6	ACTOVEGIN	1.1	0.8
3	2	ARBIDOL	1.1	1.3
4	5	LINEX	1.0	0.8
5	7	INGAVIRIN	0.8	0.7
6	10	CARDIOMAGNIL	0.8	0.7
7	3	VIAGRA	0.7	1.0
8	12	PENTALGIN	0.6	0.7
9	4	KAGOCEL	0.6	0.9
10	15	HEPTRAL	0.6	0.6
Total			8.6	9.0

In contrast to the above rankings, the top ten INNs and group names leader changed (table 3). Due to 19%-fold growth in sales, INN XYLOMETAZOLINE moved up to rank one from 2, displacing the less dynamic PHOSPHOLIPIDS (-9%) to rank 2. PANCREATIN (+35%) moved up to rank three from seven, displacing UMIFENOVIR (+5%) down one rank. In addition, INNs BISOPROLOL (+31%) and NIMESULIDE (+27%) improved their positions in the ranking of sales, moving up to ranks six and eight. INNs BLOOD (+56%) and MELOXICAM (+51%), and the composition BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (+43%) broke into the ranks of the top ten, coming in at numbers five, nine and seven, respectively. SILDENAFIL (+7%) moved down to rank ten from seven. The cumulative share of the top10 increased from 10.9% to 11.5%.

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

Rank		INNs/Group Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	2	XYLOMETAZOLINE	1.6	1.6
2	1	PHOSPHOLIPIDS	1.4	1.7
3	7	PANCREATIN	1.2	1.0
4	3	UMIFENOVIR	1.2	1.3
5	13	BLOOD	1.2	0.9
6	9	BISOPROLOL	1.1	1.0
7	14	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	1.0	0.8
8	10	NIMESULIDE	1.0	0.9
9	17	MELOXICAM	1.0	0.7
10	6	SILDENAFIL	0.9	1.0
Total			11.5	10.9

M01 Anti-inflammatory and antirheumatic products (+26%), J05 Antivirals for systemic use (+18%) and A07 Antidiarrheals, intestinal anti-inflammatory/ anti-infective agents (+35%) moved up to the leading positions in the top ten ATC groups of the regional ranking (Table 4). The last year leader N02 Analgesics (-16%) moved down to rank four, and R05 Cough and cold preparations (-12%) moved down from rank two to six. Another two groups fell in the ranks. J01 Antibacterials for systemic use and A11 Vitamins (+1% each) moved down to ranks 7 and 9. In contrast, two ATC groups managed to move up one rank. R01 Nasal preparations (+15%) and C09 Agents acting on the rennin-angiotensin were placed at numbers five and eight. As before, G03 Sex hormones (+30%) held its rank ten in the ranking. The total share of the top ten reduced by almost 2 p.p. and accounted for 40.3%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	3	M01	ANTIINFLAM & ANTIRHEUM PROD	5.3	4.8
2	4	J05	ANTIVIRALS FOR SYSTEMIC USE	4.5	4.4
3	8	A07	INTESTINAL ANTIINFECTIVES	4.4	3.7
4	1	N02	ANALGESICS	4.2	5.8
5	6	R01	NASAL PREPARATIONS	4.0	4.0
6	2	R05	COUGH AND COLD PREPARATIONS	3.8	5.0
7	5	J01	ANTIBACTERIALS FOR SYST USE	3.8	4.4
8	9	C09	AG ACT RENIN-ANGIOTENS SYST	3.8	3.2
9	7	A11	VITAMINS	3.4	3.9
10	10	G03	SEX HORM&MODULAT GENITAL SYS	3.2	2.9
Total				40.3	42.1

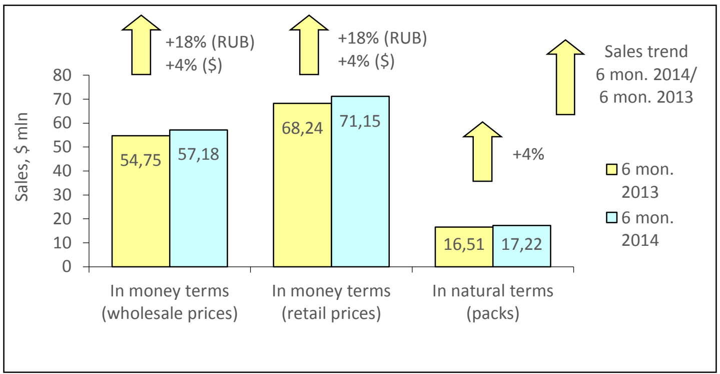
Conclusion. On the basis of the results for the first half of 2014, the pharmacy market of Ulyanovsk brought in RUB 1.348 bln (USD 38.541 mln) in retail prices. The sales increased 15% in terms of roubles and 2% in terms of dollars. In pack terms, the market also showed positive growth rates (+1%) and achieved 8.863 mln packs. The average cost of OTC pack in the Ulyanovsk pharmacies according to the results for the first six months of 2014 was USD 4.35 which was a bit higher than the last year figures (USD 4.30), and higher than the national average (USD 4.15). The average expenses of city residents for medications in the pharmacies also slightly exceeded the national average (USD 62.5 vs. USD 60.80).

VOLGOGRAD PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 the population of Volgograd was estimated as 1.018 mln, which accounted for 0.7% of the total Russian Federation population and 7.3% of Southern FO (SFO). According to Federal State Statistics Service's data, in the first half of 2014 the average salary in Volgograd Region was RUB 22,907 (USD 654.689), which was 27% lower than the average wages in Russia (RUB 31,509).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, in the first half of 2014 the sales of OTC drugs in natural terms in the pharmacies of Volgograd saw a 4% increase to 17.224 mln packs. In value terms, the city pharmacy market (exclusive of State Reimbursement Program) saw a +18% increase in terms of roubles and +4% increase in terms of dollars compared to the same period a year ago and reached RUB 2.0 bln (USD 57.178 mln) in wholesale prices (Fig.1). The city share in the total volume of all-Russia pharmacy market accounted for 0.8%. The average cost of an OTC pack in Volgograd pharmacies was USD 4.13 which is as much as in the year-earlier period. For the first six months of the current year, the average amount spent by residents of the city on OTC drugs amounted to USD 69.89.

Figure 1. Volgograd pharmacy market for 6 months of 2013 – 6 months of 2014



Based on the results for the first half of 2014, SANOFI-AVENTIS (+17%) remained the leader of the top ten drug manufacturers in the region (table 1). BAYER (+19%) moved up to rank two from three, displacing SERVIER (+17%) down to rank three. NYCOMED/TAKEDA held its rank four, and TEVA (+17% each) kept its previous rank six. GEDEON RICHTER (+21%) and ABBOTT (+29%) showing the outstripping sales rates moved up to ranks five and seven, respectively. On top of that, the latter became the only newcomer of the top 10. The less dynamic SANDOZ (+13%) and STADA (+12%), as well as OTCPHARM (-2%) with reduced sales moved up to the bottom three ranks. The total share of the top 10 drug manufacturers reduced by 0.6 p.p. and accounted for 35.3%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank in the top ten		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	4.4	4.4
2	3	**BAYER HEALTHCARE**	4.3	4.3
3	2	**SERVIER**	4.3	4.3
4	4	**NYCOMED/TAKEDA**	3.7	3.7
5	8	GEDEON RICHTER	3.3	3.2
6	6	**TEVA**	3.3	3.3
7	11	**ABBOTT**	3.2	2.9
8	7	**SANDOZ GROUP**	3.1	3.2
9	5	OTCPHARM	2.9	3.5
10	9	**STADA**	2.8	2.9
Total			35.3	35.9

*AIPM members are in bold

ACTOVEGIN (+17%) moved up to rank number one from two in the top ten brand names, displacing the less dynamic ESSENTIALE N (+12%) down one rank (Table 2). One of the newcomers of the top ten, LASOLVAN (+51%) moved up to rank three. Two more newcomers of the top ten LYRICA (+89%) and LINEX (+25%) moved up to ranks seven and nine, respectively. On top of that, OTC INGAVIRIN, CONCOR (+19% each) and ALFLUTOP (+20%) moved up one rank, coming in at numbers four, five and eight, respectively. In contrast, KAGOCEL (-10%) reduced sales and moved down to rank six. CARDIOMAGNIL (+10%) moved down to rank ten from eight. The cumulative share of the top 10 didn't virtually change and accounted for 6.8%.

Table 2. The top ten brands by pharmacy sales

Rank in the top ten		Brand name	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	2	ACTOVEGIN	1.0	1.0
2	1	ESSENTIALE N	1.0	1.0
3	11	LASOLVAN	0.7	0.5
4	5	INGAVIRIN	0.7	0.7
5	6	CONCOR	0.6	0.6
6	4	KAGOCEL	0.6	0.8
7	27	LYRICA	0.6	0.4
8	9	ALFLUTOP	0.6	0.6
9	14	LINEX	0.5	0.5
10	8	CARDIOMAGNIL	0.5	0.6
Total			6.8	6.7

Two newcomers broke into the ranks of the top ten INN and group names ranking (table 3). The brand names NIMESULIDE (+21%) and IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+19%) moved up to ranks 8 and 9. Apart from them, another four INNs from the top ten showed signs of growth. PANCREATIN, BLOOD (+17% each) and AMBROXOL (+27%) improved their positions by one rank, moving up to ranks three, four and six, respectively. TRIMETAZIDINE (+16%) moved up two ranks, coming in at number seven. In contrast, due to lagging behind the market rates INN PHOSPHOLIPIDS (+12%) moved down to the lower rank five, and KAGOCEL (-10%) reduced its sales and moved down to rank ten. XYLOMETAZOLINE (+21%) and BISOPROLOL (+20%) remained the leaders of the top ten ranking.

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

Rank in the top ten		Brand name	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	XYLOMETAZOLINE	1.2	1.2
2	2	BISOPROLOL	1.2	1.1
3	4	PANCREATIN	1.1	1.1
4	5	BLOOD	1.1	1.1
5	3	PHOSPHOLIPIDS	1.1	1.1
6	7	AMBROXOL	0.9	0.9
7	9	TRIMETAZIDINE	0.7	0.7
8	12	NIMESULIDE	0.7	0.7
9	14	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	0.7	0.7
10	8	KAGOCEL	0.6	0.8
Total			9.4	9.5

The leader of the top-10 ATC groups ranking changed (table 4). The groups G03 Sex hormones (+27%) and M01 Anti-inflammatory and antirheumatic products (+24%) moved up one rank, to numbers one and two, and C09 Agents acting on the rennin-angiotenzin system (+24%) moved up to rank three from 5. J05 Antivirals for systemic use (-0.3%) moved up from rank one to 4, displacing the group J01 Antibacterials for systemic use (+4%) down to rank five. Apart from the above groups, another three ATC groups from the top ten managed to rise in the ranks. R01 Nasal preparations (+19%) moved up to rank six from 8, while the groups N06 Psychoanaleptics (+23%) and A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+22%) improved their positions by one rank, moving up to numbers nine and ten. On top of that, the latter broke into the ranks of the top 10 ranking for the first time. Due to lagging behind the growth rates, the groups R05 Cough and cold preparations (+5%) and N02 Analgesics (+2%) moved down to ranks seven and eight. The cumulative share of the top-ten reduced by 1 p.p. and achieved 35.8%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	2	G03	SEX HORM&MODULAT GENITAL SYS	4.5	4.1
2	3	M01	ANTIINFLAM & ANTIRHEUM PROD	4.3	4.1
3	5	C09	AG ACT RENIN-ANGIOTENS SYST	4.2	4.0
4	1	J05	ANTIVIRALS FOR SYSTEMIC USE	3.5	4.2
5	4	J01	ANTIBACTERIALS FOR SYST USE	3.5	4.0
6	8	R01	NASAL PREPARATIONS	3.5	3.5
7	6	R05	COUGH AND COLD PREPARATIONS	3.2	3.6
8	7	N02	ANALGESICS	3.1	3.5
9	10	N06	PSYCHOANALEPTICS	3.1	2.9
10	11	A07	INTESTINAL ANTIINFECTIVES	3.0	2.9
Total				35.8	36.8

Conclusion. On the basis of the results for the first half of 2014, the retail pharmacy market of Volgograd brought in RUB 2.489 bln (USD 71.145 mln). The market performance was positive both in rouble terms (+18%) and in dollar terms (+4%). In natural terms, the sales increased by 4% to 17.224 mln packs. The average cost of an OTC pack in the Volgograd pharmacies reduced as compared to the previous year (USD 4.13), and it was slightly lower than the national average (USD 4.15). Per capita expenses for purchase of medicines in pharmacies amounted to USD 69.89 which was higher than on the average in the country (USD 60.80).

RUSSIAN FEDERATION REGIONAL HOSPITAL MARKETS: 2014 FIRST 6 MONTHS RESULTS

According to the results of the Hospital Purchase Audit in Russian Federation™, following the results of the first six months of 2014, eleven regional markets taken individually accounted for 43.8% of the entire hospital sector of the Russian Federation. In the year-earlier period they accounted for 47.1%. The biggest market is the market of Moscow which share accounted for 14.5% of hospital purchases (Fig. 1). Further follow the markets of Saint Petersburg (7.1%), Sverdlovskaya Oblast (4.6%) and Krasnodarsky Krai (3.6%). The regional markets considerably differ by average cost of a hospital OTC pack. The highest average cost of a hospital pack was registered in St. Petersburg (USD 10). St. Petersburg was followed by Moscow (USD 9.03), Krasnoyarsk Krai (USD 7.92) and Nizhny Novgorod Region (USD 7.9). The lowest cost of a hospital pack was registered in Krasnodar Krai (USD 3.73).

Figure 1. Region's share in total hospital purchases in the Russian Federation at the end of 6 months of 2014

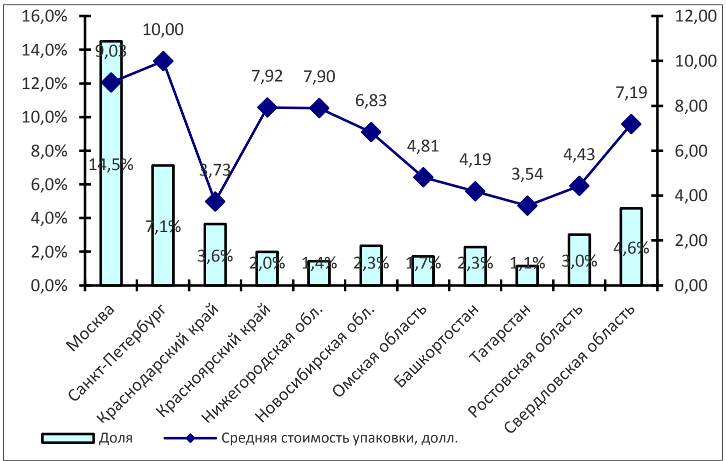


Table 1 provides information of the ranks of the All-Russia top drug manufacturers in the regional top ten rankings. At first half-end 2014, the largest share of the Russian hospital market was accounted for by the drugs made by Sanofi-Aventis. However, it was a leader only in two analyzed regions - in the Krasnodar Krai and Rostov Region. It ranked 2nd in Bashkortostan and 3rd in four regions. The leader of the Russian ranking moved down to rank 6 of the regional top ten in St. Petersburg and Nizhny Novgorod and rank nine in the Novosibirsk Region. The drug manufacturer GlaxoSmithKline ranked 2nd in the All-Russia ranking became a leader of the hospital markets of Moscow, Krasnoyarsk Krai and Omsk Region. It was ranked second in St. Petersburg and Sverdlovsk Region, and third in another two regions (Nizhny Novgorod and Novosibirsk Region). In the other four regions the drug manufacturer entered the top 20 rankings, and in Krasnodar Krai it was ranked only 37th. Rounding out the top three Roche was ranked fourth in Sverdlovsk, Nizhny Novgorod Regions and Krasnoyarsk Krai, and ranked 5th in Moscow, 6th in Bashkortostan, seventh in the market of St. Petersburg and eighth in Novosibirsk Region. In Rostov Region, the drug manufacturer rounded out the top 10, while in Krasnodar Krai and Tatarstan it was ranked 21st and 52nd, respectively. Note that the leader of the top 10 in Nizhny Novgorod (Menarini) didn't enter the All-Russia top ten. The maximum number of "crossings" with the regional and all-Russia rankings was observed in Moscow, St. Petersburg and Novosibirsk Region (8 positions each), the minimum number – in Krasnodar Krai, Tatarstan and Rostov Region (5 positions each).

Table 1. The top 10 drug manufacturers by hospital purchases (rank in the regional rankings)

Rank in RF ranking	Company	Rank in regional rankings										
		Moscow	St. Petersburg	Krasnodar Krai	Bashkortostan	Tatarstan	Sverdlovsk Oblast	Niizhny Novgorod Oblast	Rostov Oblast	Novosibirsk Oblast	Krasnoyarsk Krai	Omsk Oblast
1	Sanofi-Aventis	3	6	1	2	3	3	6	1	9	5	3
2	GlaxoSmith-Kline	1	2	37	5	17	2	3	16	3	1	1
3	Roche	5	7	21	6	52	4	4	10	8	4	10
4	Merck Sharp Dohme	2	1	3	11	7	5	10	6	5	6	6
5	Ny-comed/Takeda	8	11	4	9	1	8	23	2	1	2	18
6	Abbvie	12	4	83	4	86	1	8	47	7	18	46
7	SPB NII VAC I SIVO	25	14	20	1	80	49	2	8	2	51	27
8	Johnson & Johnson	6	3	6	64	113	18	7	14	6	7	7
9	AstraZeneca	10	8	2	7	9	11	25	13	13	11	2
10	Bayer Healthcare	9	9	11	16	2	7	19	25	11	8	9

Yet more significant deviations in the regional top 10 rankings were observed with a breakdown of individual brands (Table 2). However, the leader of All-Russia hospital market Sodium Chloride was ranked number one only in three regions under review. It was ranked 2nd in Bashkortostan, 3rd in Tatarstan and Sverdlovsk Regions, and fourth in St. Petersburg and Novosibirsk Region. However, this brand moved up to rank 7 in Moscow and rank 30 in Nizhny Novgorod Region. Tuberculin that was ranked second in the All-Russia ranking was a leader of the markets of Bashkortostan and Novosibirsk Region. It ranked 2nd in Nizhny Novgorod Region, 3rd in Rostov region, and fourth in Krasnodar Krai. Tuberculin entered the top ten in the other two regions, and the top twenty in Moscow. It moved down to much lower ranks in three regions. The brand Kaletra that was ranked 3rd in the All-Russia ranking became the leader of the top ten in Sverdlovsk Region and ranked 2nd in St. Petersburg. It was ranked 5th and 6th in Nizhny Novgorod Region and Novosibirsk Region respectively, while it moved to much higher ranks in the other regions. The maximum number of "crossings" with the all-Russia list of top brand names was observed in Krasnoyarsk Krai (7 positions), the minimum number is in Ulan-Ude (2 positions).

Table 2. The top 10 brands by hospital purchases (rank in the regional rankings)

Rank in RF ranking	Brand	Rank in regional rankings										
		Moscow	St. Petersburg	Krasnodar Krai	Bashkortostan	Tatarstan	Sverdlovsk Region	Niizhny Novgorod Region	Rostov Region	Novosibirsk Region	Krasnoyarsk Krai	Omsk Region
1	Sodium Chloride	7	4	1	2	3	3	30	1	4	5	1
2	Tuberculin	14	5	4	1	84	41	2	3	1	53	9
3	Kaletra	N/A	2	N/A	N/A	N/A	1	5	101	6	23	N/A
4	Clexane	11	14	2	6	5	4	23	4	11	4	8
5	Herceptin	47	19	273	16	N/A	5	8	8	84	2	54
6	Curosurf	202	22	31	7	133	14	31	17	32	1	33
7	**Ultravist**	9	12	18	22	4	9	94	58	8	10	6
8	Glucose	55	59	3	10	7	43	69	14	20	33	4
9	Fraxiparine	18	80	149	30	N/A	368	62	35	12	3	13
10	Prezista	19	3	N/A	N/A	N/A	N/A	12	N/A	5	9	129

Considerable variance in the consumption structure of not only individual drugs, but also of pharmacotherapeutic groups is observed depending on the regions (table 3). However, it should be noted that the leader of all-Russia ranking – J01 Antibacterials for systemic use was ranked in the top three ATC groups in almost all regions. On top of that, this group was a leader of the regional top tens in six of above regions. It was ranked 6th only in Nizhny Novgorod Region. The second group of the All-Russia hospital ranking - L01 Antineoplastic agents headed the top ten ranking of St. Petersburg. It was ranked second in Sverdlovsk and Rostov regions, third - in another four regions, fourth in two regions and sixth in Novosibirsk region. However, it was ranked only 39th in Tatarstan. The group J05 Antivirals for systemic use, that was ranked third in the All-Russia ranking, was placed at rank number one in three regions, and rank two in one region. The group entered the regional top tens in another three regions, and it was ranked 19th and 26th in Rostov Region and Krasnodar Krai, respectively. The top-10 ATC groups of all-Russia hospital sector was reproduced to the maximum extent in Moscow (9 positions match) and to the minimum extent in Rostov Region (four positions).

Table 3. The top 10 ATC groups by hospital purchases (rank in the regional rankings)

Rank in RF ranking	ATC code	Rank in regional rankings										
		Moscow	St. Petersburg	Krasnodar Krai	Bashkortostan	Tatarstan	Sverdlovsk Region	Niizhny Novgorod Region	Rostov Region	Novosibirsk Region	Krasnoyarsk Krai	Omsk Region
1	J01	2	3	1	1	1	3	6	1	2	1	1
2	L01	3	1	3	4	39	2	4	2	6	3	3
3	J05	6	2	26	9	12	1	1	19	1	4	9
4	B05	4	4	2	3	2	4	13	3	4	62	2
5	B01	7	9	4	5	4	5	8	4	7	2	4
6	J07	1	11	14	24	27	6	18	24	21	15	6
7	V08	8	5	6	13	3	10	31	21	3	6	11
8	V04	26	15	15	2	41	33	3	11	5	32	18
9	J06	5	14	7	6	10	11	27	15	18	11	12
10	L04	9	8	12	40	5	9	14	35	14	18	17

Conclusion. As comparison of the main rankings shows, the Russian hospital sector was marked by the pronounced regional specificity of market profile. However, in most cases the leaders of all-Russia rankings got high ranks in the regional hospital markets as well.

REGIONAL DIGEST

Additional Pharmacological Support (DLO)/Essential Drug Reimbursement Program (ONLS), Government Control

October 3, 2014, Moscovskiy Komsomolets

Ministry of Health proposed to expand the list of Vital and Essential Drugs approved in December 2011 until a new list is adopted

The new amendments to the Federal Law "On Circulation of Medicines" prepared by the Ministry of Health of the Russian Federation will affect everybody. The draft law on introduction of changes and amendments submitted to the State Duma has already passed the first reading. The drug procurement system will also change. Until this year, the drugs were purchased according to the rules provided for in the Federal Law On Placing Orders for Goods, Works and Services for State and Municipal Needs" (using INNs in the open tenders in the electronic form). The tender winners were the firms who offered the lowest prices. There were many complaints from Moscow residents who failed to receive medications that benefit them. The Ministry of Health intends to change this system from 2015. The draft law provides for the possibility to procure drugs by brand names under the decision of the medical commission and for individual indications, as well as according to the list, which will be approved by the government order.

October 3, 2014, GMPnews.ru

The government to adopt differentiated preferences for domestic drug manufacturers

In the coming days, the working group on preferences for domestic manufacturers established under the guidance of the Vice-Premier O. Golodets may approve the Russian government's position on major issues of authorization of foreign manufacturers and preferences for domestic companies in the public procurement of medicines. This was announced by CEO of Generium D. Kudlai. According to him, in the near future discounts for the contract price may be extended: a 15% decrease will be provided for drugs packed in Russia, 30% - for the ready-made forms, 40% - for products containing substances produced in our country. In the mid of 2015, the medicines packed in Russia should lose the status of domestic and discount for the contract price will only be provided for finished products at the rate of 20% or 30%, and for substances at the rate of 40% or 50%.

October 7, 2014, Gazeta RBC

According to the survey, nearly 40% of public procurement of medicines accrues to ten companies

The survey conducted with the participation of the Alexei Kudrin's Committee of Civil Initiatives showed that approximately 40% of the budget funds allocated for the purchase of pharmaceutical products accrues to ten companies headed by R-Pharm owned by Alexey Repik. At the same time, imported products dominate both in the pharmaceutical market as a whole, and in the public contracts. The government spent RUB 719 bln (more than $ 20 bln) for the purchase of pharmaceutical products within three years - from 2011 to 2013. 14.487 thousand companies secured public contracts (677.13 thousand contracts) with more than a third of public contracts (37.1% in terms of roubles) divided between ten private organizations.

October 8, 2014, PRIME

Ministry of Industry proposed to extend the restrictions on access to public procurement to foreign manufacturers engaged only in packaging of drugs in the Russian Federation

This measure is included in the revised RF Government draft Resolution On the Establishment of Restrictions on the Admission of Drugs Originating from Foreign Countries for the Procurement for State and Municipal Needs prepared by the Ministry. Document is published on a unified portal for disclosure of legal information for anti-corruption expertise, which will last until 15.10.2014. Earlier on, the draft resolution suggested that if two or more manufacturers from the Customs Union submitted bids to the public tender for one drug name, they should be given priority over manufacturers from other countries. Now this provision is also added by the clause on the restrictions of access for foreign manufacturers engaged in Russia in exclusively 'primary and secondary packaging' to public procurement under the same conditions. It is assumed that this restriction will come into force on January 1, 2016.

October 22, 2014, Izvestia

Government and State Duma Committee on Public Health decided to regulate the prices for all medicines

Cabinet of Ministers and the State Duma Committee on Public Health agreed on the need for the government's participation in the pricing of medicines. The draft law On Circulation of Medicines (the second reading in the State Dumais scheduled for November) will be added by a new section dealing with the introduction of state regulation of prices for medicinal products. The State Duma Committee on Health and the Government of the Russian Federation develop an appropriate amendment. In the case of adoption of the amendment, the Russian government will monitor the drug prices abroad and, based on the results, set a price ceiling for medicines in Russia. According to the legislators, it will allow the government to avoid artificial inflating of prices for a particular drug in Russia. The law will provide the regulatory pricing principles, the procedure for price regulating will be developed by the government in the near future.

October 24, 2014, Kommersant

Parliamentarians have prepared amendments restricting the activities of Internet pharmacies

Online pharmacies operating without a license, as well as web-sites that sell medicines that are not authorized in Russia, narcotic and psychotropic substances will be closed without a court order. Draft amendments to the law On Circulation of Medicines, which is prepared in the State Duma for the second reading, provides closure of online pharmacies, web-sites, where the organizations sell medicines without a license for retail pharmacy services, in accordance with the pretrial procedure. The websites selling unauthorised medicines, narcotic and psychotropic substances and their precursors in Russia will also fall under the ban. The Ministry of Health also supported the initiative. At the same time, the pharmacy business does not want a total ban of e-commerce and offers to regulate distance selling of drugs, because some categories of population need such services, for example, single people, pensioners, parents with young children.

NEWS FROM COMPANIES

October 6, 2014, Kommersant.ru St. Petersburg

Most of AIPM performing "packaging" in the Russian Federation are ready to begin production of finished dosage forms in 2017-2018

Pharmaceutical manufacturers and experts are cautious about the outlook for restrictions on imported drugs, but note that such a scenario, at least in terms of public procurement, is not excluded. According to Executive Director of AIPM V. Shipkov, the current situation requires not restrictive, but incentive measures of public policy. According to AIPM, 59% of international pharmaceutical member-companies that perform the technological phase "packaging" in Russia, are ready to move to the next stage of localization which is the production of finished dosage forms including biologics in 2017-2018.

October 13, 2014, Kommersant

Oriola-KD confirmed that it may sell its business in Russia

Finland-based Oriola-KD explores the possibility of selling its business in Russia - the distributor Oriola and pharmacy chains Stary Lekar and 03. A potential buyer has been already found. Ave Group shows interest to the above assets, and is in the process of merging with the pharmacy chain 36.6. In the case of completing the transaction, A.v.e will be the largest pharmacy operator in Russia. On Friday, Oriola-KD reported that it hired a financial advisor to explore the conditions of sale of Russian assets and negotiations on this issue. The company stressed that the management of the company is not sure that the Russian business will be sold, as the final decision is still pending. Alternative options are also considered. Spokesmen for Oriola-KD refused to provide further comments.

October 30, 2014, Vedomosti

R-Pharm Group to buy a controlling stake of SIA International in connection with the death of its owner and president Igor Rudinsky

SIA International announced the death after a long illness of its owner, president and chairman of the board of directors Igor Rudinsky. During the year he has prepared a strategic plan for development of the distributor. It is about selling a 51% stake in SIA International to R-Pharm Group. The deal is estimated at $ 550-600 million. SIA is a co-owner of three Russian plants, but the shares in these plants will not be included into a deal with R-Pharm and will remain within the Rudinsky family. Previously it was assumed that the plants will be sold and the money will be provided for the capitalization of SIA to regain the leading position in the market.

If you have questions or comments, please contact:
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