Russian pharmaceutical market: 2016 vs 2017

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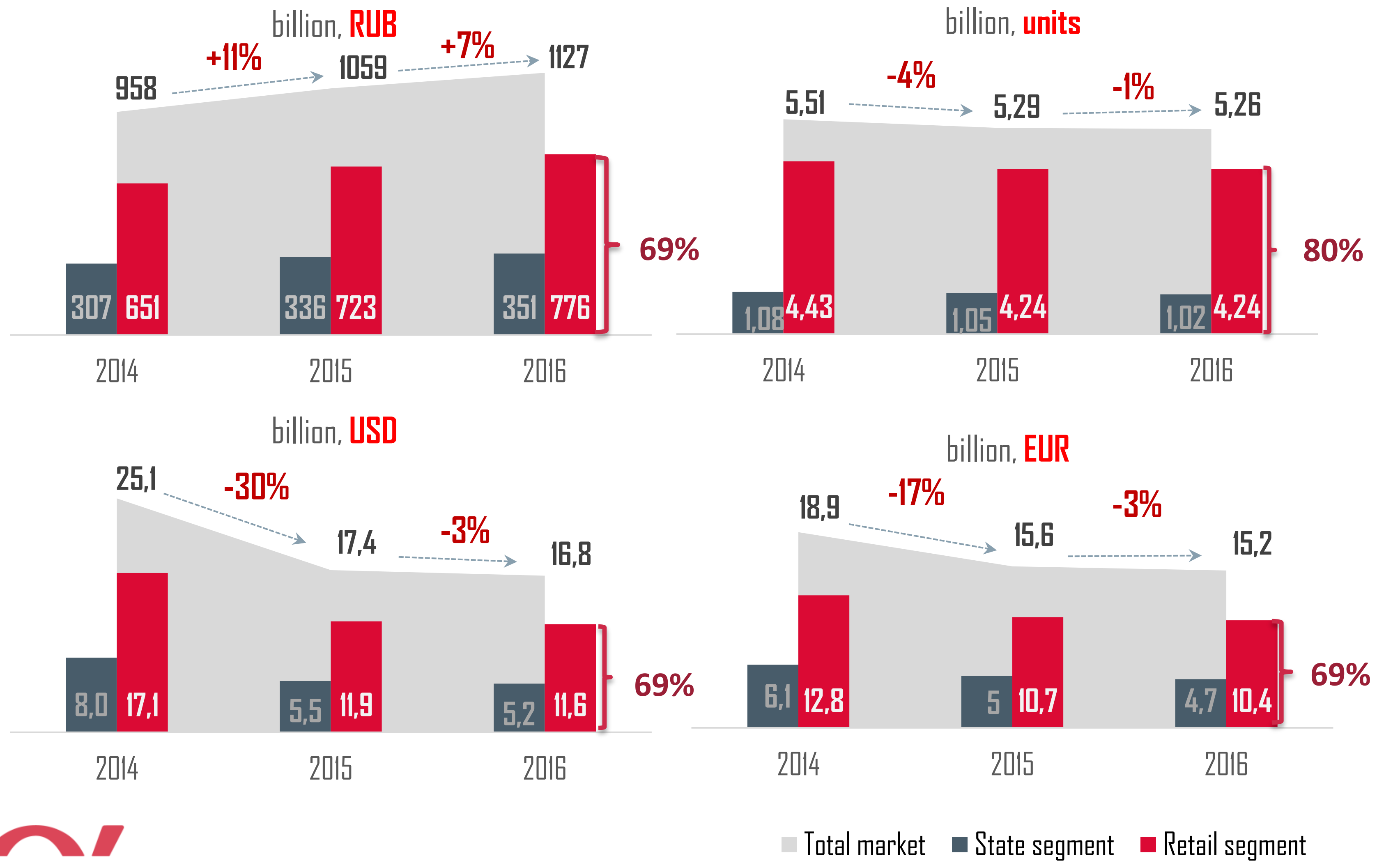
Russian pharmaceutical market volume '16 ~1,13 (trln, RUB)* & ~5,3 (bln, units)

Including Food Supplements (FS), Medical Devises (MD) and others ~1,4 trln, RUB and 7,7 billion, units



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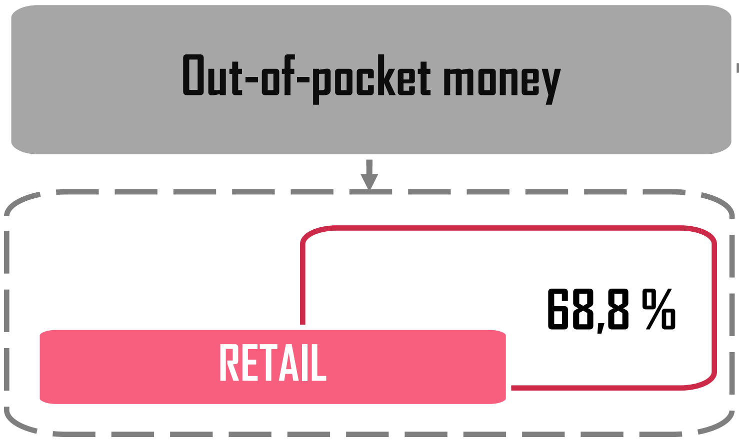
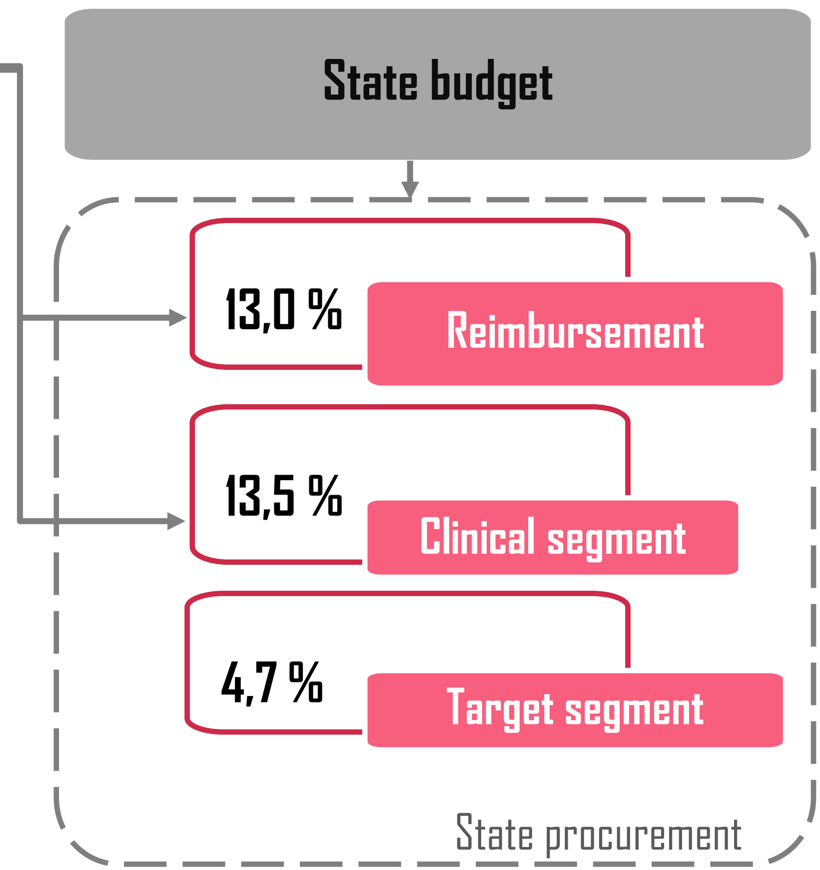
**Excluding Food Supplements (FS), Medical Devises (MD) and others*

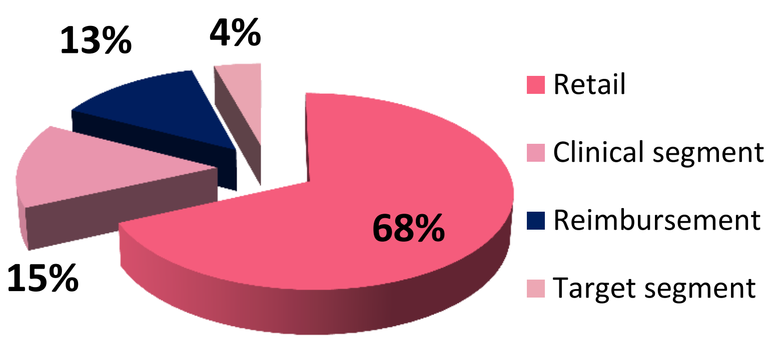
Consumer price

Russian Pharmaceutical Market Structure

2016, national currency, consumer price





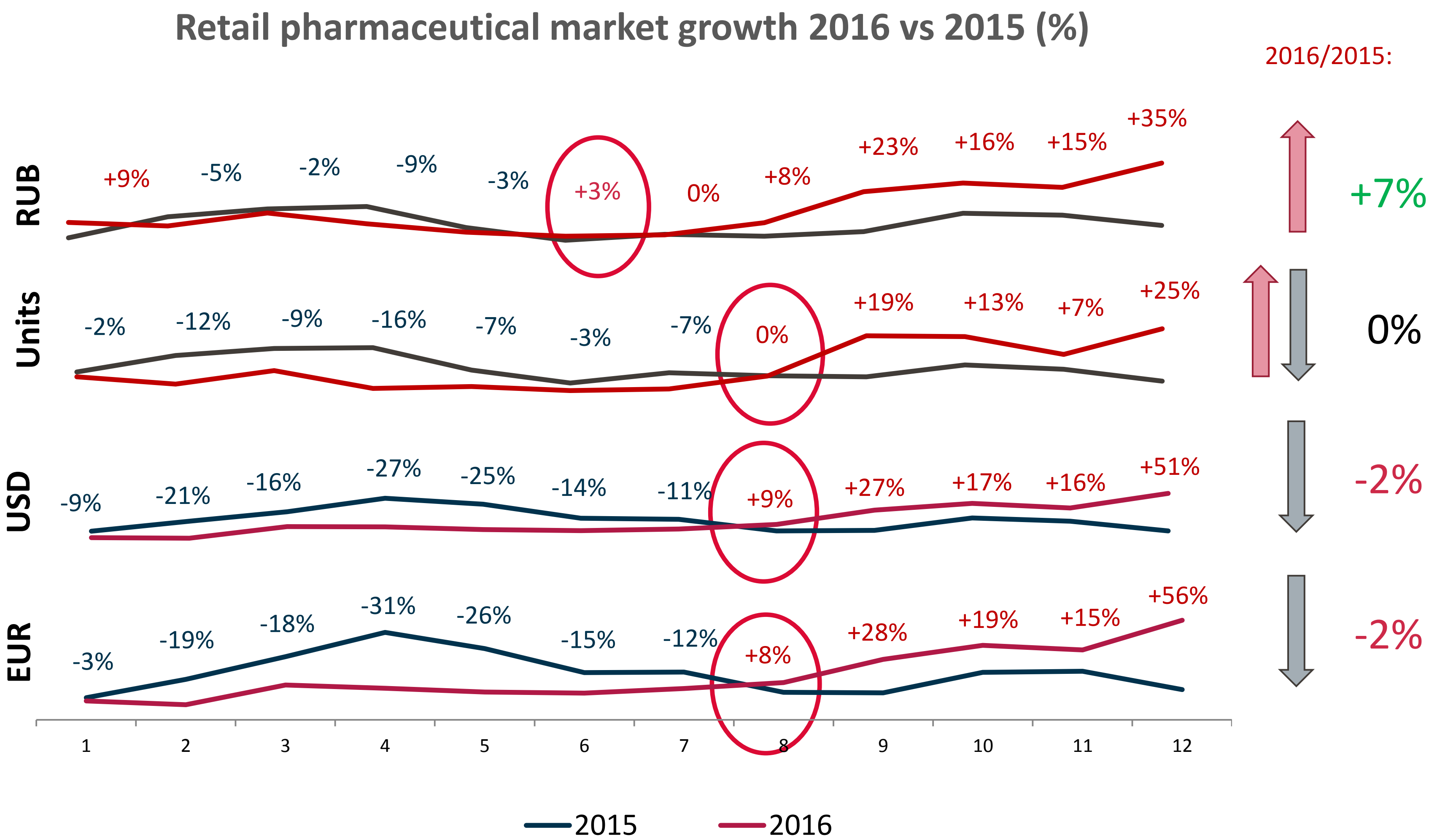


2015

According to AlphaRM's analytical data

*Excluding Food Supplements (FS), Medical Devises (MD) and others

Retail Pharmaceutical Market Started Growing In The Second Half of '16

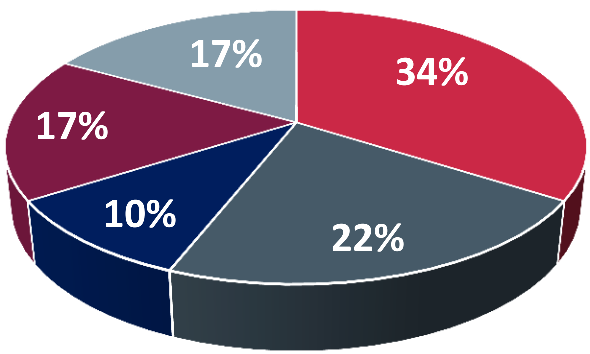


According to AlphaRM's analytical data (Sell-out)

There are more than 60 K pharmacies in Russia

Segmentation by No. of pharmacies:

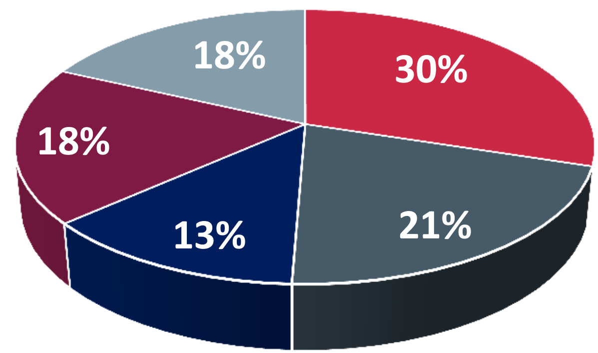
2015г. - 57,7 K Pharmacies



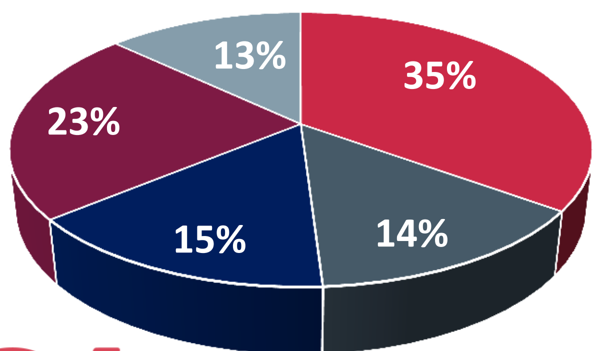
+ 4 %

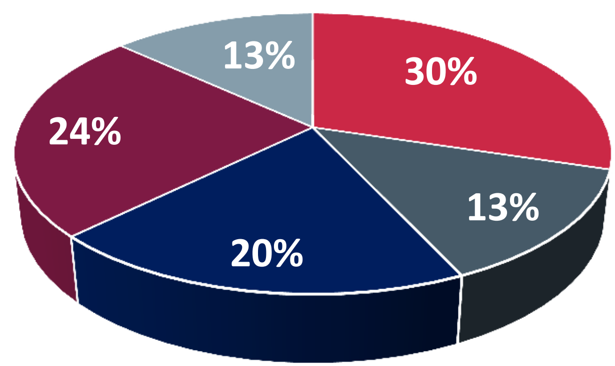
- Local chains
- Small local chains
- Regional chains
- Federal chains
- Independent pharmacies

2016г. - 60,2 K Pharmacies



Segmentation by revenue (sell-out), (%) RUB:





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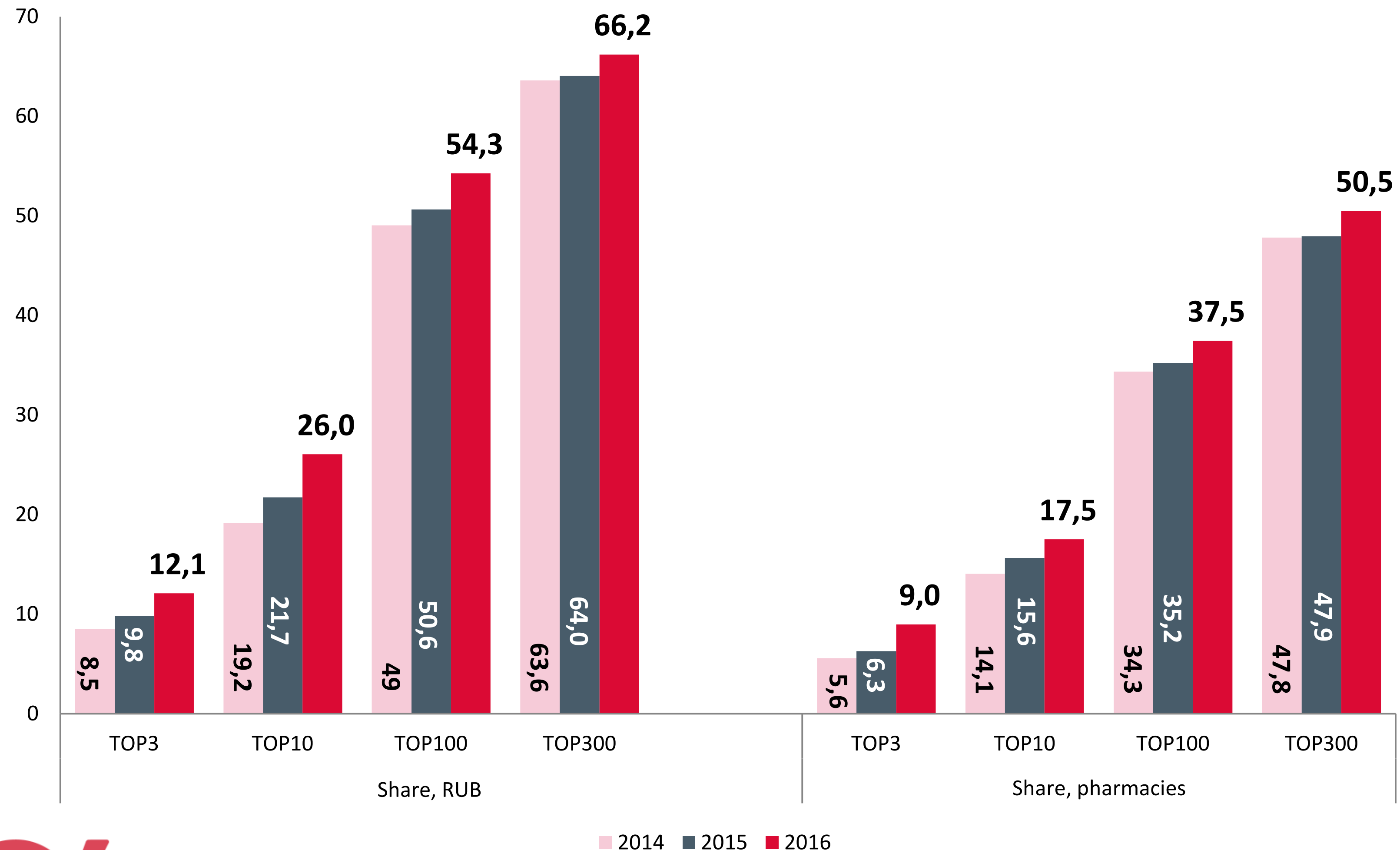
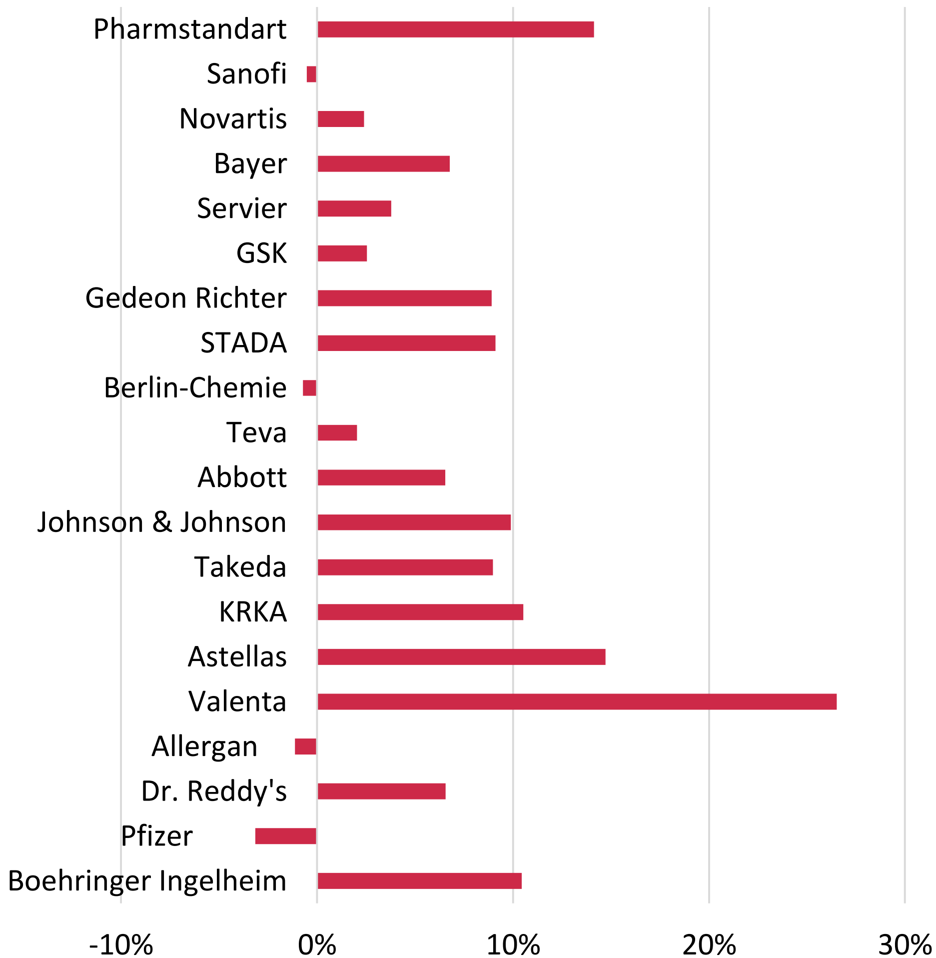
Dynamics of aggregate market shares among largest retailers

Share of biggest players (by sales value, included in the TOP 100 pharmacy chains) is more than 50% of the retail commercial market. Consolidation continues...



According to AlphaRM's analytical data

TOP-20 Manufactures in the Retail Segment ’16 (sell-out)



Growth 2016/2015, RUB

Corporation	Share (%, RUB)
Pharmstandart	5,48%
Sanofi	4,32%
Novartis	4,04%
Bayer	3,92%
Servier	3,25%
GSK	3,21%
Gedeon Richter	2,91%
STADA	2,83%
Berlin-Chemie	2,81%
Teva	2,69%
Abbott	2,53%
Johnson & Johnson	2,50%
Takeda	2,21%
KRKA	2,06%
Astellas	1,92%
Valenta	1,73%
Allergan	1,69%
Dr. Reddy's	1,68%
Pfizer	1,49%
Boehringer Ingelheim	1,37%

55%

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Russian Pharmaceutical Retail Market includes > 8 000 brands

~ 600 Brands account about 80% of sales

TOP10 Brands	*Sales Growth (RUB)*	*Share (RUB)*	*Variation 2016 vs.2015*
Cardiomagnyl	**18,93%**	**0,82%**	**+4**
Kagocel	**0,11%**	**0,77%**	**0**
Theraflu	**14,86%**	**0,74%**	**+3**
Nurofen	5,53%	0,73%	0
Actovegin	1,60%	0,73%	-2
Ingavirin	46,18%	0,72%	+4
Essentiale N	-16,11%	0,70%	-6
Concor	9,23%	0,70%	-1
Pentalgin	19,96%	0,69%	0
Detralex	35,28%	0,63%	+6

Number of brands in the Russian market grew in 2016 by 5% to exceed 8 000 items

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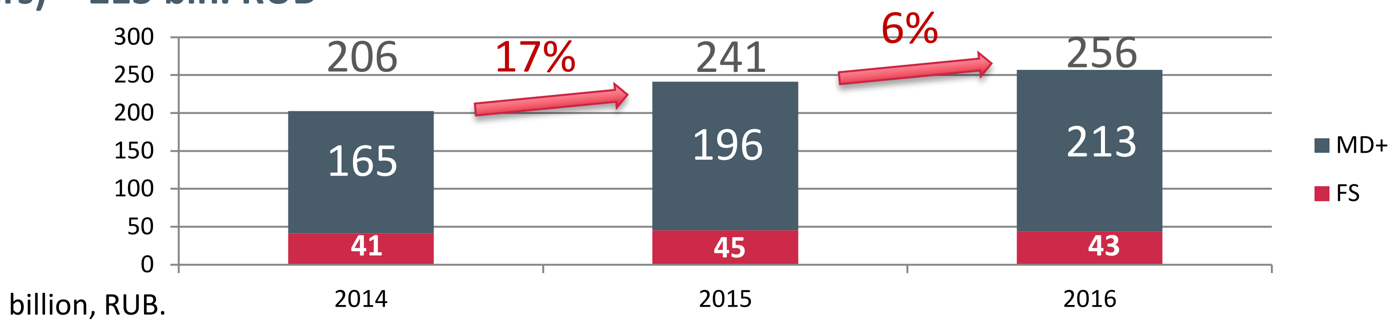
Evalar - FS market leader

Value of FS market ‘16 reached 43 bln. RUB, other product categories (MD, cosmetics and others) – 213 bln. RUB



TOP10 FS MANUFACTURERS	Value (bln, RUB)	Share (RUB)	Growth, ‘16/’15, (%)
Evalar	7,97	18,29%	13,33%
Pharmstandart	2,40	5,50%	38,53%
Pharmamed	2,20	5,05%	-7,12%
Valeant	1,96	3,84%	-3,46%
VIS	1,65	3,77%	-50,60%
Queisser	1,45	3,32%	5,44%
Solgar	1,44	3,31%	37,96%
Dr Reddy’s	1,41	3,24%	18,58%
Obnovlenie	0,92	2,11%	50,87%
Polpharma	0,86	1,98%	13,33%

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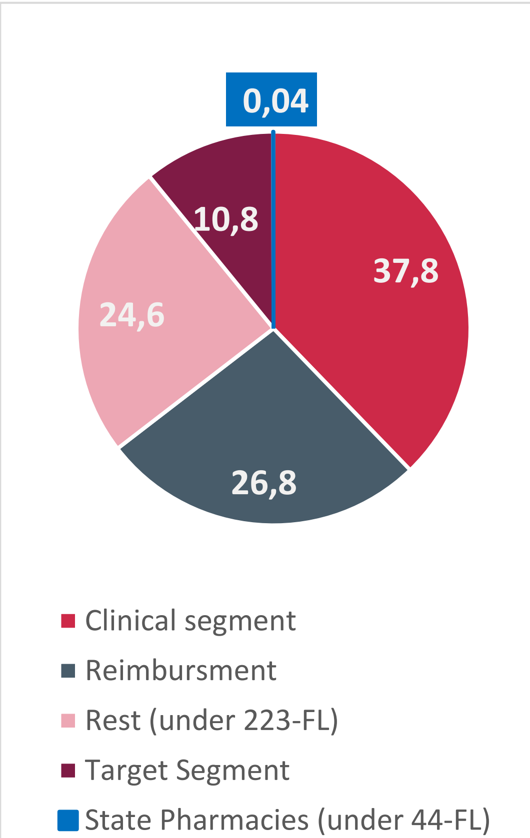
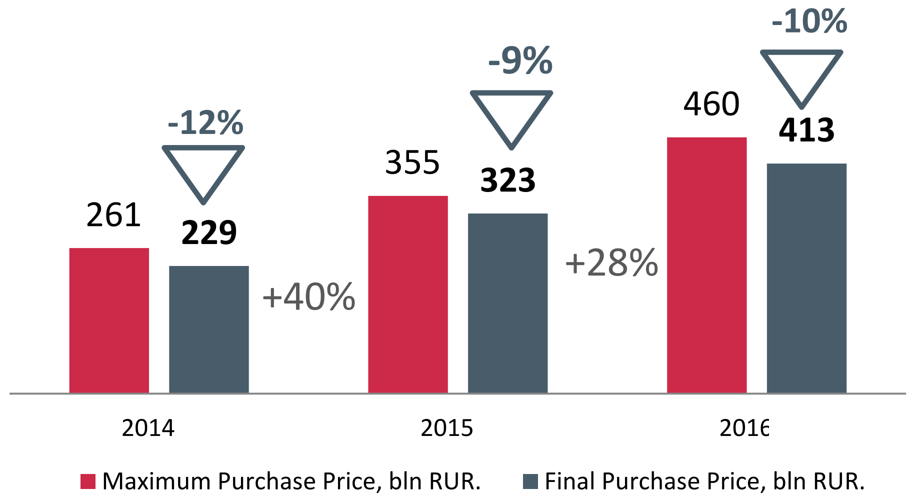
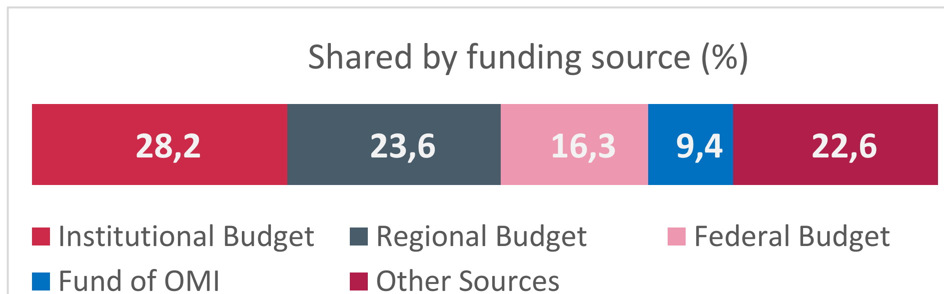
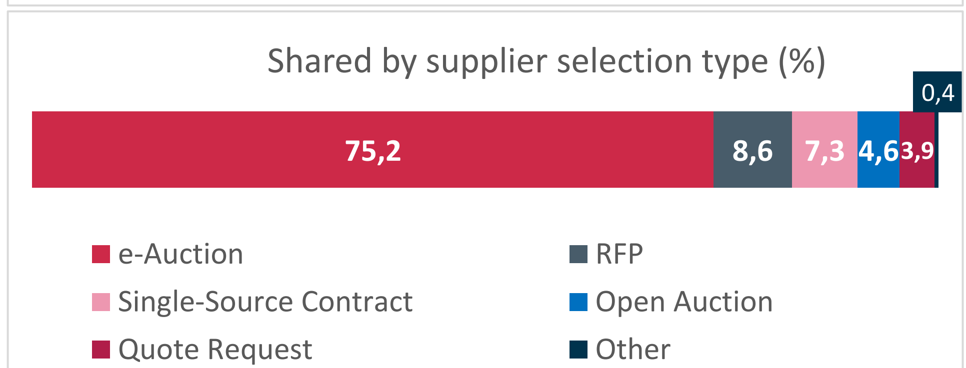
Structure of State Purchases (by auction date)

Shared by purchase type (%)









According to AlphaRM's analytical data

TOP10 Suppliers of MS Tender Purchase (RUB, in bidding winner price) ‘16

	Supplier	Share (%)	Value, RUB (mln)
1	R-Pharm	8,72	36 077
2	Pharmstandart	6,48	26 825
3	Pharmimex	3,78	15 621
4	Lancet	2,70	11 184
5	Pharmastor	2,45	10 133
6	Protek	2,19	9 079
7	Euroservice	1,95	8 062
8	Katren	1,91	7 901
9	Medipal-Onco	1,81	7 482
10	Irvin-2	1,77	7 312
TOP10		**33,76**	**139 679**

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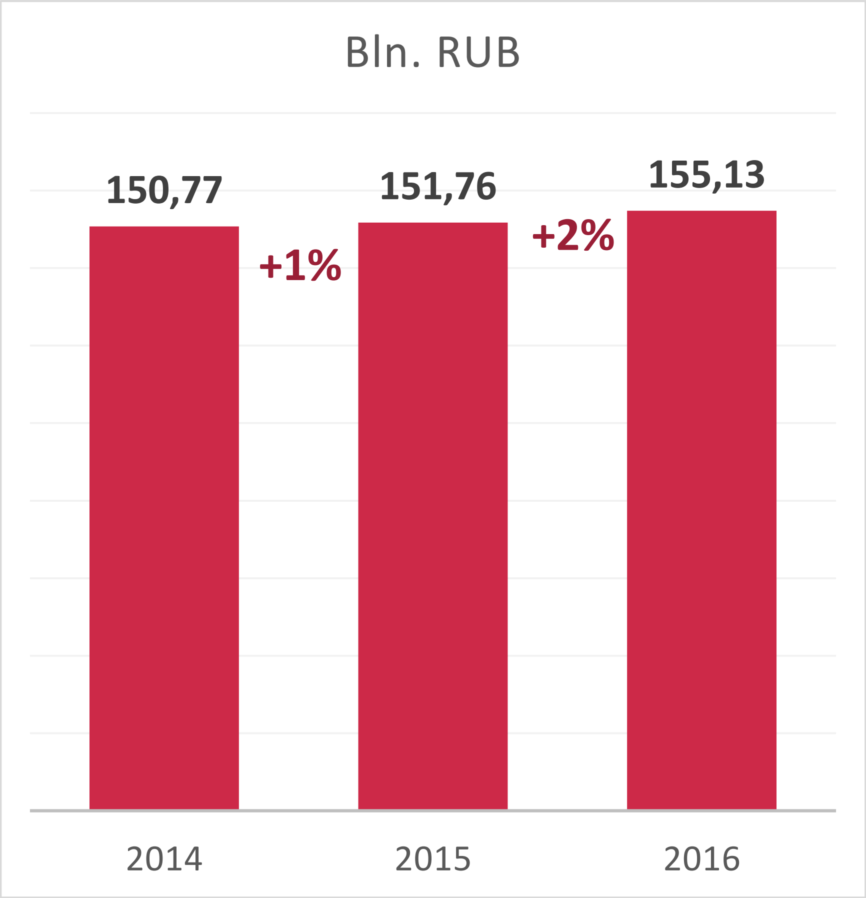
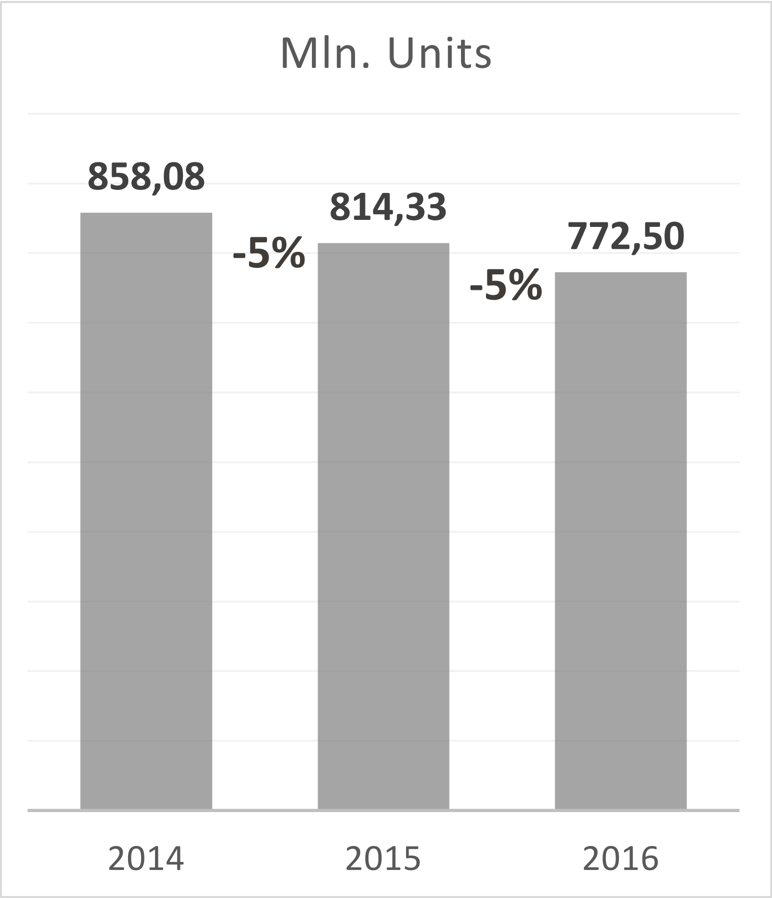
According to AlphaRM’s analytical data

Clinical Segment

Clinical Segment Dynamics, '14-'16





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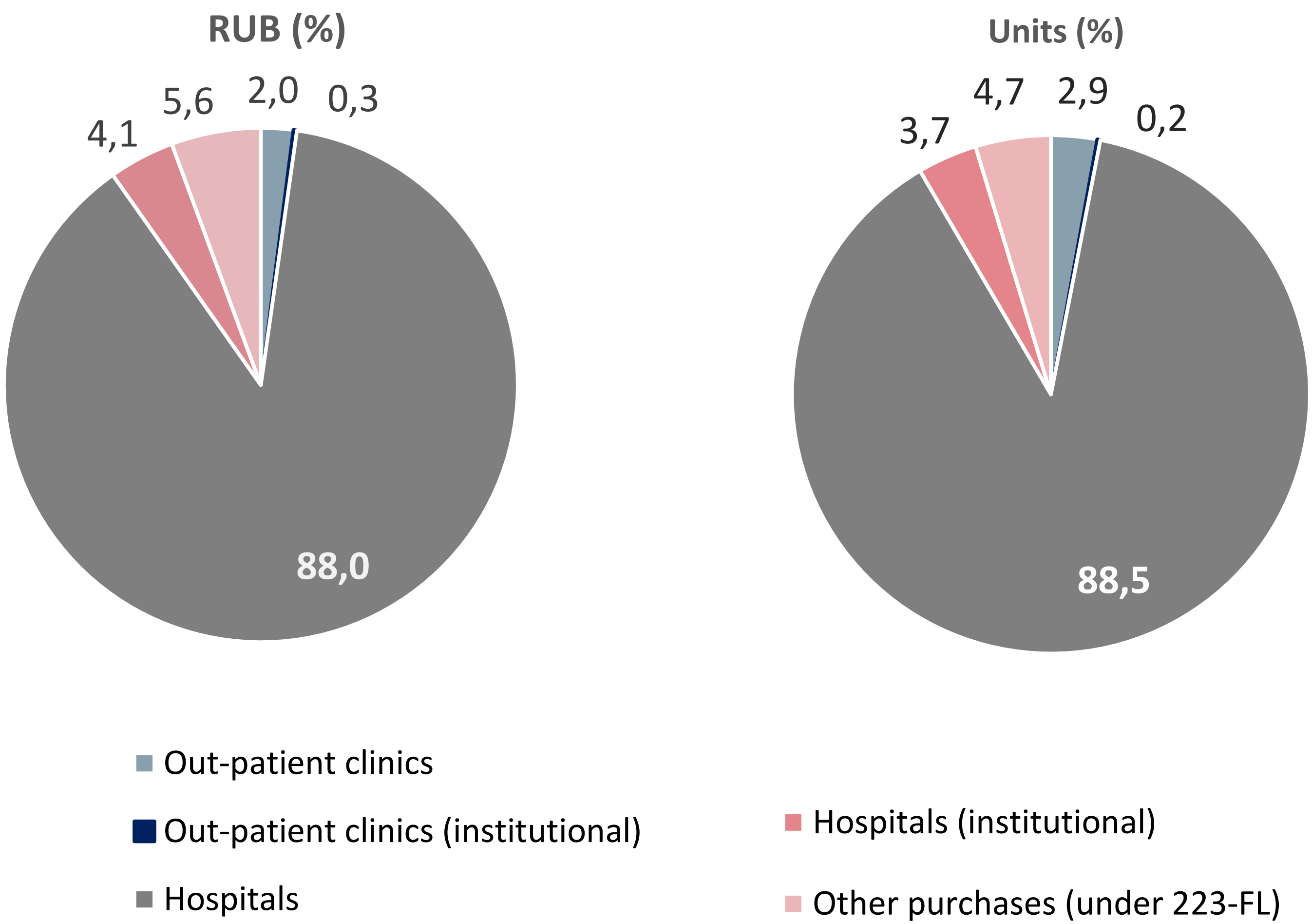
Recipients share (%) by type of medical institution in clinical segment ’16



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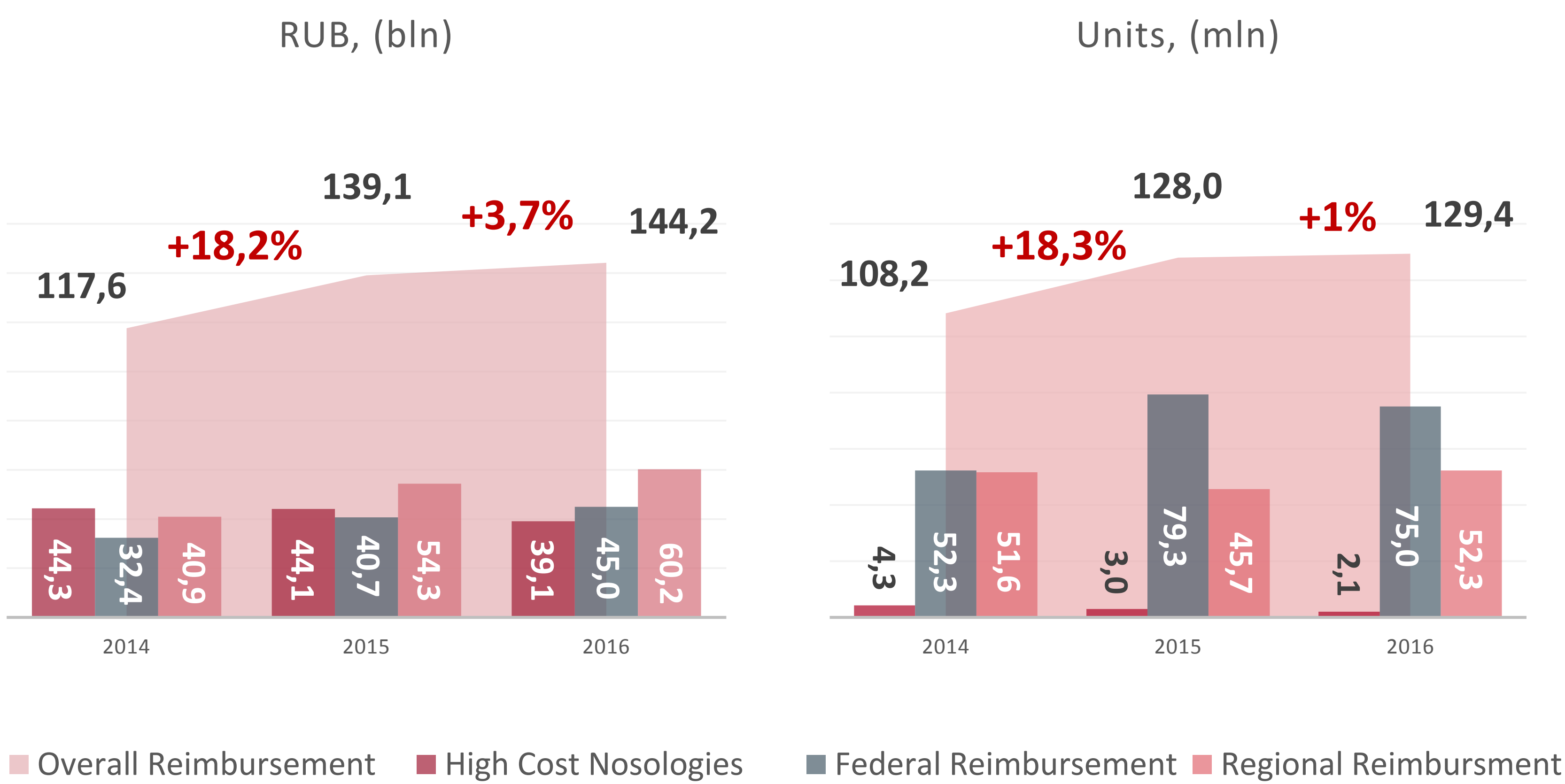
TOP 10 Clinical Segment Manufactures ‘16

Rate	Variation	Manufacturer	Value (bln, RUB)	Volume (mln, units)	Share (%, RUB)	Growth, ‘16/’15, (%)
1	8	Biocad	5,26	0,82	3,34	78
2	-	Roche	4,45	1,13	2,87	-22
3	-	Sanofi	4,39	4,69	2,83	-17
4	3	Pfizer	3,43	1,82	2,22	5
5	-2	AstraZeneca	3,21	1,44	2,07	-15
6	1	Bayer	2,93	1,39	1,89	-6
7	2	Abbott	2,67	2,25	1,72	10
8	2	MSD	2,67	0,57	1,72	7
9	-2	Novartis	2,66	0,62	1,58	-18
10	3	Johnson & Johnson	2,27	0,73	1,47	12
		TOP10	**33,94**	**15,46**	**21,71**	

According to AlphaRM’s analytical data

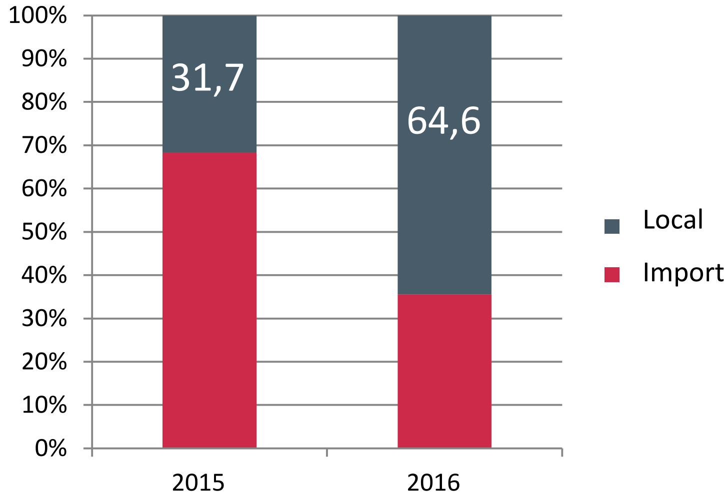
Dynamics of reimbursement segment, ’14 -’16



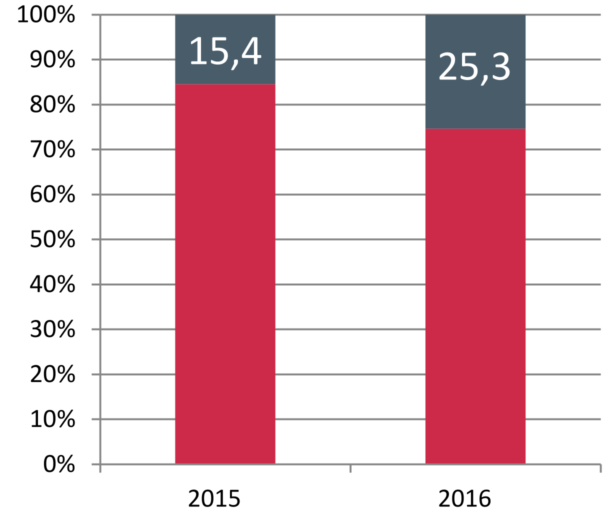
According to AlphaRM’s analytical data

Dynamics of Reimbursement Share (%) by localization

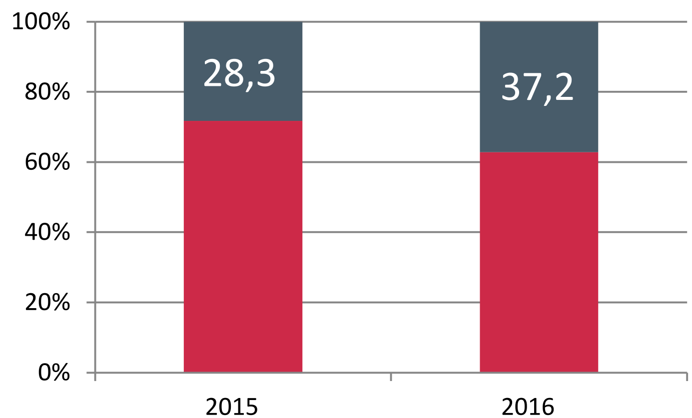
High cost nosologies



Regional Reimbursement



Federal Reimbursement



RUB

According to AlphaRM's analytical data

TOP10 Manufacturers in Reimbursement Segment ‘16 (RUB)

Rate	Variation	Manufacturer	Value (bln, RUB)	Volume (mln, units)	Share (%)	Growth ‘16/’15, (%)
1	9	Nativa	10,23	1,67	7,09	144
2	-	Celgene	9,86	0,03	6,84	11
3	1	Sanofi	7,72	4,04	5,35	11
4	-1	Biocad	7,58	0,47	5,26	8
5	- 4	Roche	6,72	0,68	4,66	-43
6	-	Novo Nordisk	6,08	3,46	4,22	14
7	-	AstraZeneca	5,52	1,84	3,82	5
8	- 3	Novartis	5,36	1,69	3,72	-11
9	5	Johnson & Johnson	5,24	0,51	3,63	64
10	- 2	Alexion	4,27	0,01	2,96	-17
		TOP10	**68,58**	**14,4**	**47,55**	

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TOP10 Brands in Reimbursement Segment '16

Rate	Variation	Brand	Manufacturer	Value (bln, RUB)	Volume (mln, units)	Share (%)	Growth (%)
1	-	Revlimid	Celgene	9,42	0,02	6,53	7
2	2	Lantus	Sanofi	4,49	1,36	3,11	-
3	-	Soliris	Alexion	4,27	0,01	2,96	-17
4	new	Aksoglatitan FS	Nativa	3,92	0,19	2,72	new
5	1	Boramilan	Nativa	3,25	0,10	2,25	-
6	- 4	Acellbija	Biocad	2,71	0,66	1,88	-52
7	5	Symbicort	AstraZeneca	2,04	1,06	1,41	-
8	6	Levemir	Novo Nordisk	2,01	0,82	1,39	30
9	-	Remicade	MSD	1,84	0,04	1,28	-18
10	7	Novorapid	Novo Nordisk	1,83	1,07	1,26	26
			TOP10	**35,78**	**5,33**	**24,79**	

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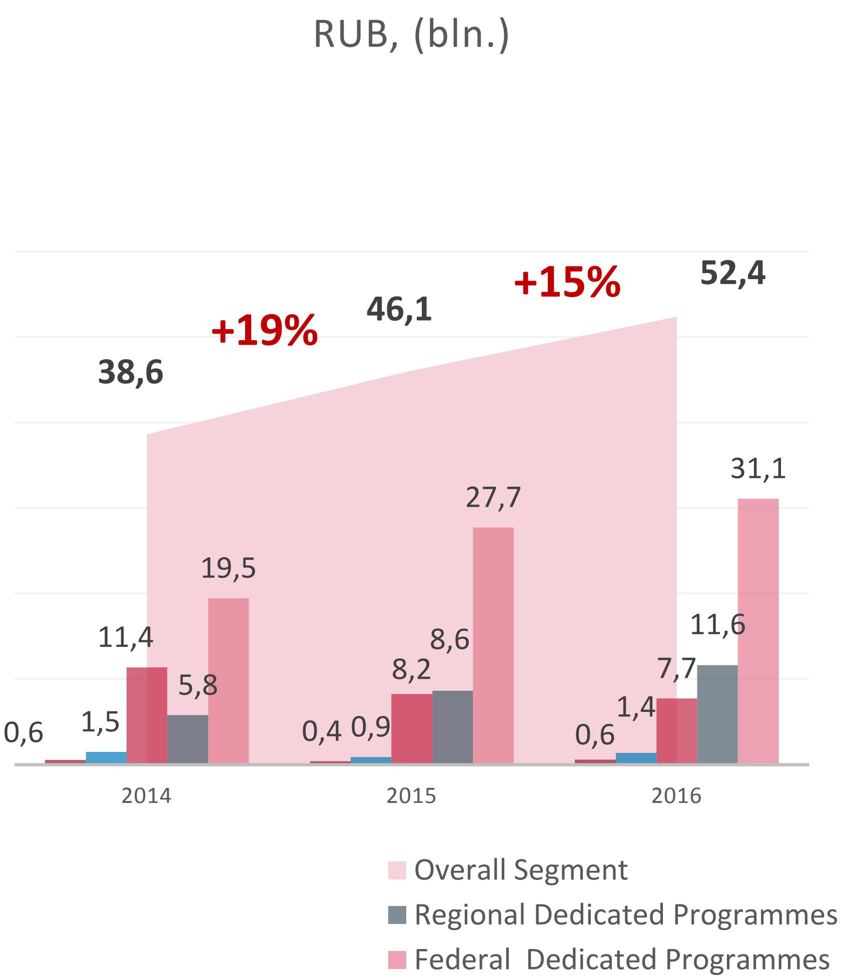
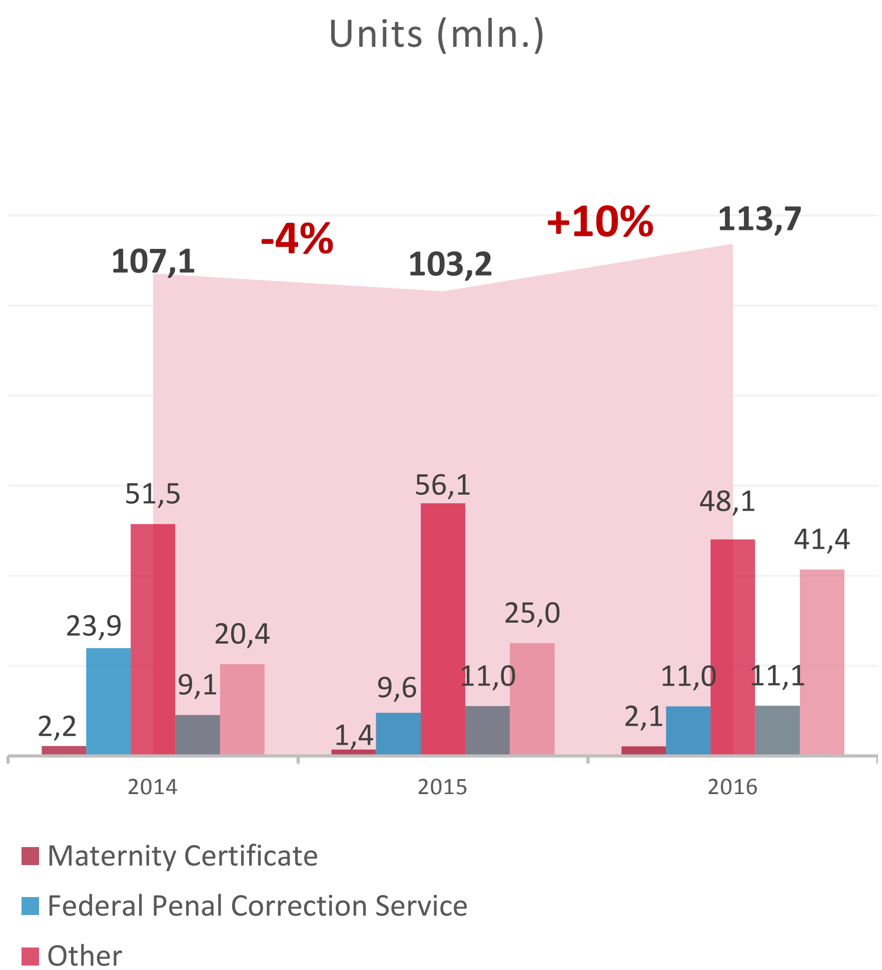
Dynamics of Target Segment ‘14-’16





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TOP10 Manufactures in Target Segment '16

Rate	Variation	Manufacturer	Value (bln, RUB)	Volume (mln, units)	Share (%)	Growth (%)
1	-	AbbVie	6,74	0,83	12,74	30
2	1	Pharmasyntez	4,61	4,75	8,71	40
3	-1	Pfizer	4,56	3,60	8,62	-5
4	3	Microgen	2,96	10,54	5,31	58
5	2	Bristol-Myers Squibb	2,33	0,32	4,33	16
6	-1	MSD	2,21	0,22	4,17	-3
7	-1	Johnson & Johnson	2,03	0,20	3,84	-9
8	4	Petrovax	1,96	8,33	3,71	169
9	-	ViiV	1,42	0,36	2,68	-6
10	17	Biocad	0,89	0,46	1,68	250
		TOP10	**29,71**	**29,61**	**55,79**	

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TOP10 Brand in Target Segment ‘16

Rate	Variation	Brand	Manufacturer	Value (bln, RUB)	Volume (mln, units)	Share (%)	Growth (%)
1	-	Kaletra	AbbVie	5,79	0,80	10,94	15
2	-	Prevenar	Pfizer	4,27	3,48	8,07	-6
3	-	Isentress	MSD	2,00	0,15	3,78	-
4	7	Grippol	Petrovax Pharm	1,94	8,27	3,67	174
5	-	Sovigripp	Microgen	1,79	7,94	3,38	64
6	-2	Reyataz	Bristol-Myers Squibb	1,77	0,23	3,33	4
7	3	Intelence	Johnson & Johnson	1,42	0,13	2,68	64
8	-	Kemeruvir	Pharmasyntez	1,32	0,07	2,49	31
9	-2	Olitid	Pharmasyntez	0,80	0,28	1,51	-20
10	-2	Kivexa	ViiV	0,68	0,15	1,29	-27
TOP10				**21,78**	**21,5**	**41,14**	

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Pharmaceutical Market. Key Trends '17

Retail Consolidation

'16/'15: Federal & Regional Pharmacy Chains share + 8%

Retention of Health Care Financing

'17/'16: +5,9%

Shift of State Pharmacy Chains to 44-FL Purchase

6 K Pharmacies

New Pharmacy sales channel — remote pharmaceuticals sales

«Reference price» System

QR-coding – Pilot Project

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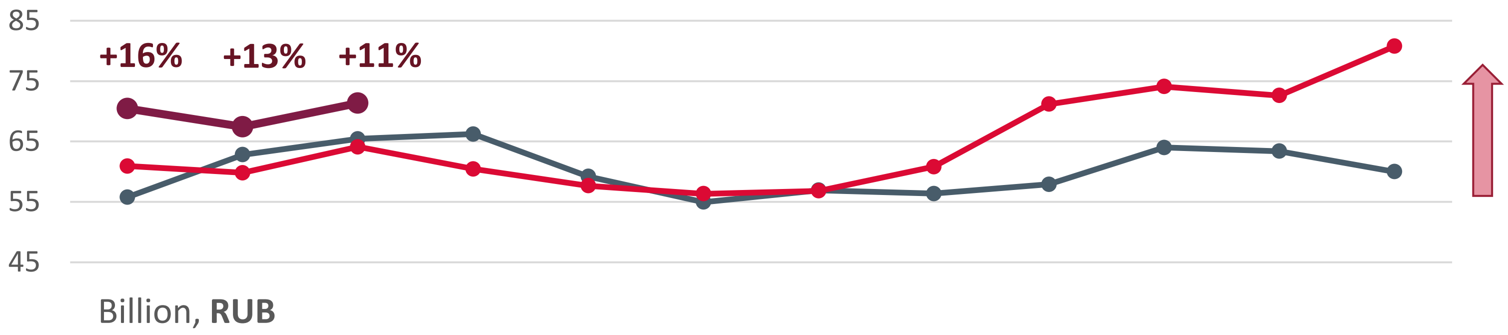
Pharmaceutical market growth, 2015'01 – 2017'03

Q1'16 vs Q1'17 total market growth is 10% (RUB), MAT 03'16 vs MAT 03'17 is 10%

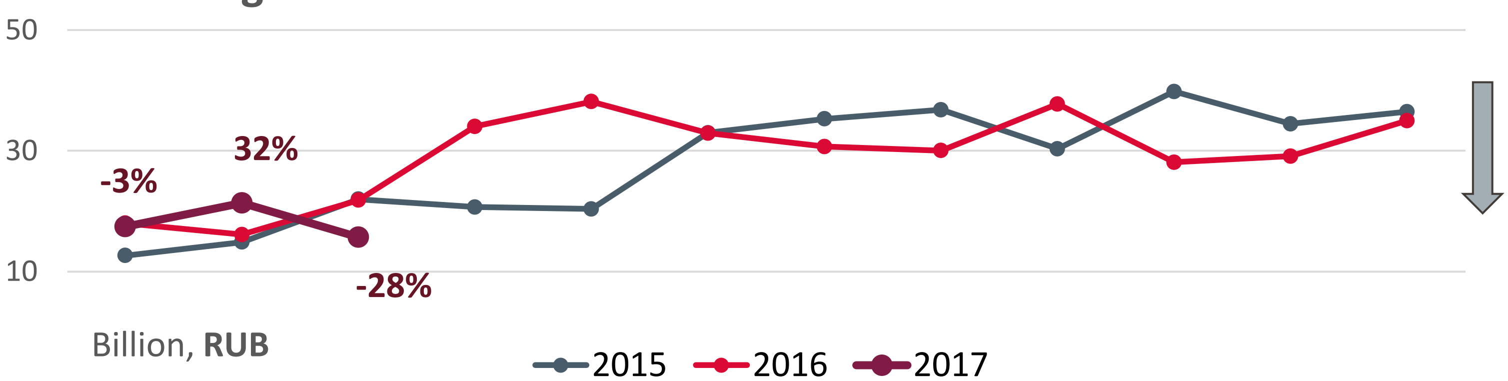
Retail segment



Q1'17/ Q1'16
+14%

MAT 03'16/
MAT 03'17
+13%

State segment

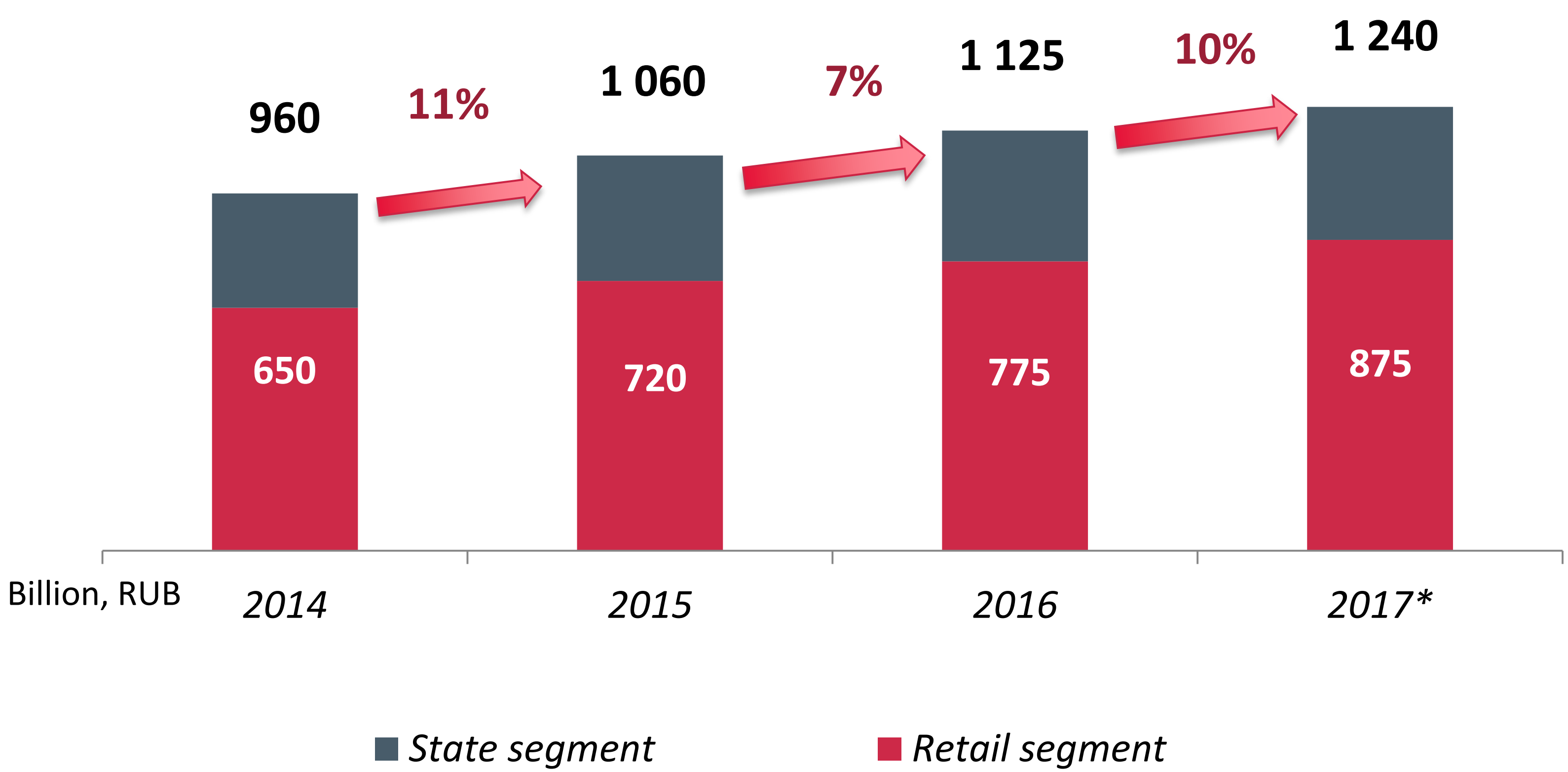


Q1'17/ Q1'16
-3%

MAT 03'16/
MAT 03'17
-3%

2017 - 10% Pharmaceutical Market Growth in RUB

Retail segment is expected to grow by more than 12%,
Pharmaceutical market growth will significantly exceed official inflation rate



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