

FACTS from IQVIA | February 2023

Delivering solutions to drive healthcare forward

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The following definitions are used in the existing IQVIA report

Disclaimer

TIME PERIOD



Analyzed period of this report:

- March 2022 – February 2023

We apply MAT (Moving Annual Total) for comparison analysis

YoY: year over year growth

CAGR: compound annual growth rate

VALUES



VALUE – Rubles

VOLUME – Packs

Trade price (sell-in to pharmacies and hospitals)

MARKET



Total pharma market (all product categories including Z98 food supplements)

Source (IQVIA audits):

- Retail audit of drugs in RF
- Public audit of drugs in RF (excluding DLO and RLO)
- RLO and DLO (excluding sales of ATC2 EphMRA2 groups T02, T03)

CHANNELS



Retail channel (out-of-pocket market)

State-funded channel (all products are reimbursed) covers Public, RLO, DLO

OTHERS

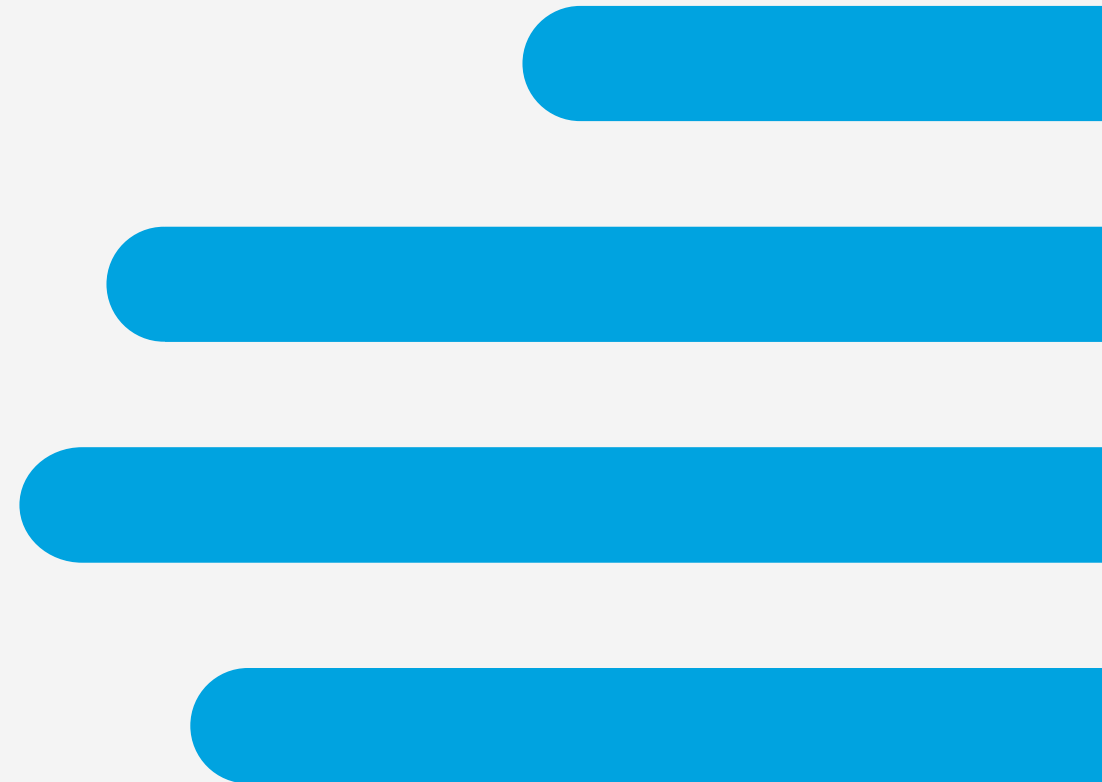


Ratings of pharma chains and distributors are updated on quarterly basis

Market forecast is derived from global IQVIA Market Prognosis which excludes Z98 category. Market Prognosis is updated twice per year – April and October

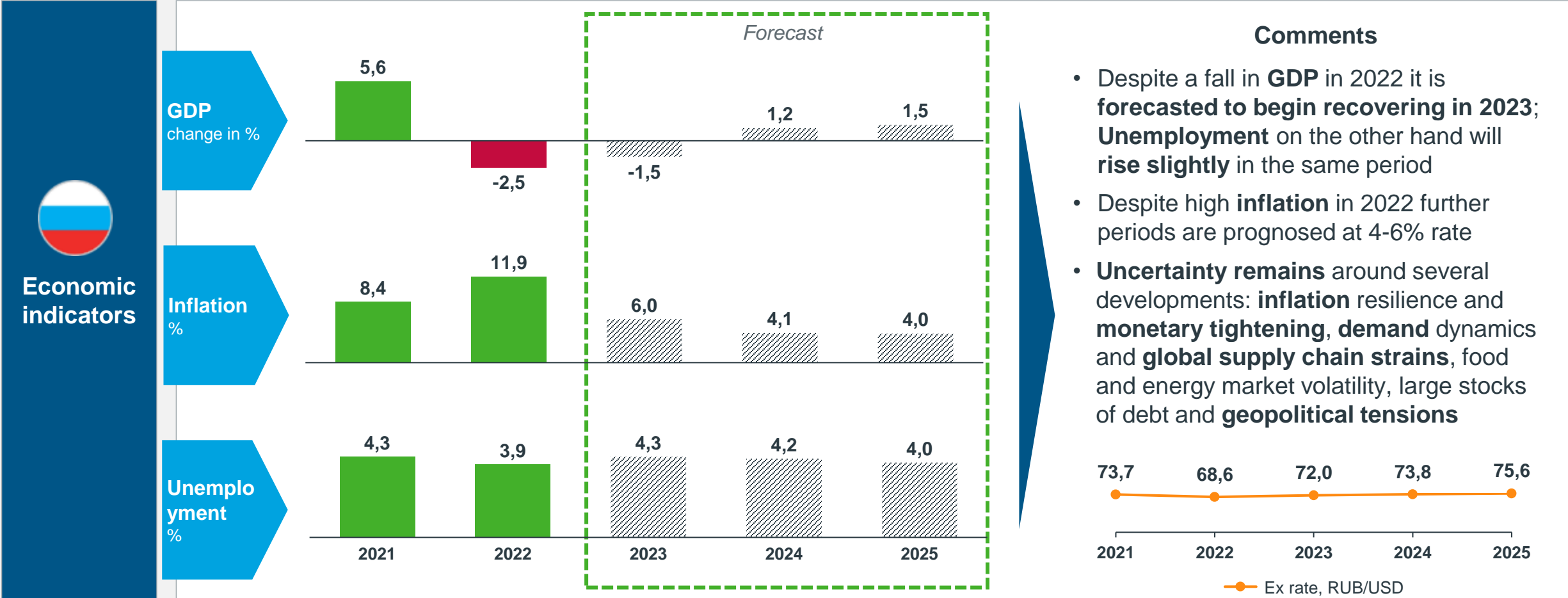
01

Economy & key regulatory changes



Russian GDP is forecasted at -1.5% level in 2023; inflation is likely to be stabilized with 72 RUB per 1 US\$ on annual average

Key economic indicators



- Comments**
- Despite a fall in **GDP** in 2022 it is **forecasted to begin recovering in 2023**; **Unemployment** on the other hand will **rise slightly** in the same period
 - Despite high **inflation** in 2022 further periods are prognosed at 4-6% rate
 - **Uncertainty remains** around several developments: **inflation** resilience and **monetary tightening**, **demand** dynamics and **global supply chain strains**, food and energy market volatility, large stocks of debt and **geopolitical tensions**

Source: IQVIA analysis, [Макроэкономический опрос Банка России](#) | [Банк России \(cbr.ru\)](#)
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Focus on domestic production is one of the key state topics; Food Supplements labelling is likely to be introduced from 01.10.2023

Key regulatory changes

Domestic pharma production must be increased to ensure Russia's pharmaceutical independence – Putin

The Russian pharmaceutical industry will work further to **increase the share of domestic drugs on the market** and to break Russia's dependency on imports.

"We have a **big stake in expanding the production of domestic pharmaceutical ingredients**, in increasing the share of domestic drugs on the market and in strengthening the country's independence from foreign suppliers, especially those who cause us trouble sometimes," President Vladimir Putin said in a video linkup to inaugurate new pharmaceutical factories.

"The government will do all it can to ensure that your plans be carried through to the end," Putin said in conclusion.

Government wants medical device production localized

The federal government is pressing ahead with a medical device localization plan.

"**Whatever can be made in Russia must be made in Russia.** Each VAT kopeck generated in Russia contributes to import-substitution and to the country's technological and economic sovereignty," Prime Minister Mikhail Mishustin said.

"We must have no hesitation. **We can manufacture innovative consoles and make oxygen and vacuum.** What matters most is components and quality maintenance services," the prime minister said.

"We readily provide subsidies to give advantages to Russian manufacturers, especially manufacturers of new products," Mishustin said.

Mandatory food supplements labeling could be introduced in Russia from October 1, 2023

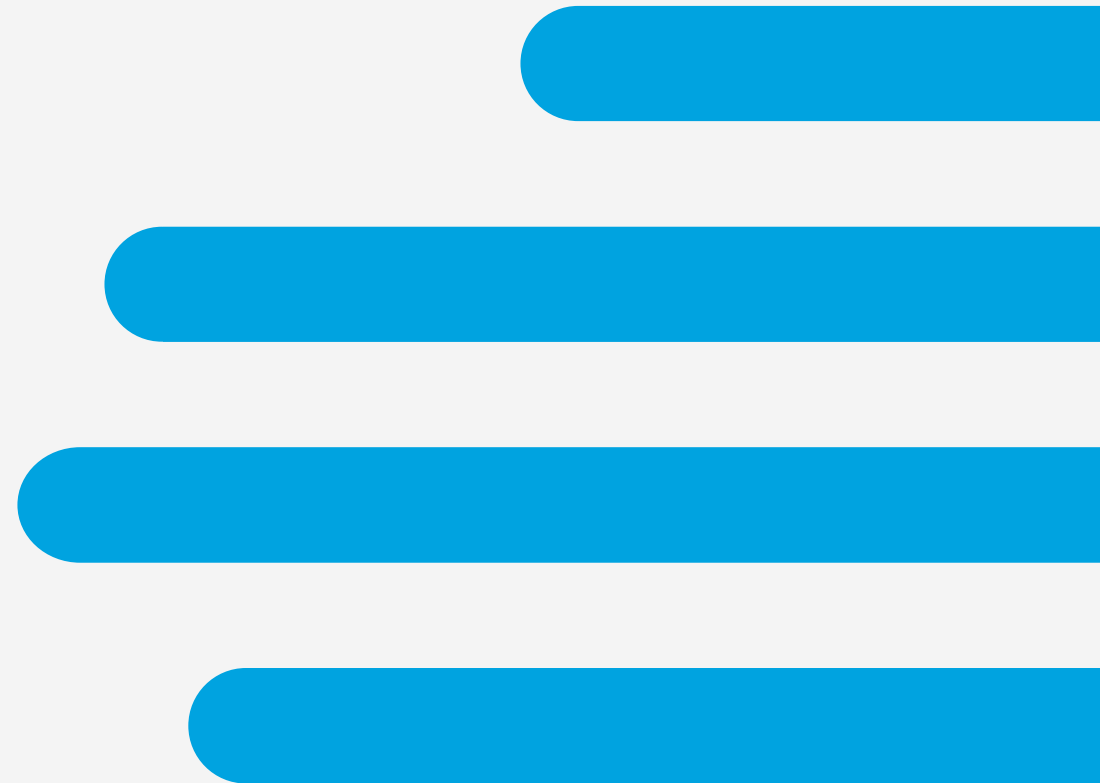
The Industry and Trade Ministry has proposed **introducing step-by-step mandatory food supplements** labeling in the coming couple of years, starting October 2023.

"The Industry and Trade Ministry is eyeing the following schedule: registration with the nutraceutical product database starting September 1, 2023, and the launch of mandatory labeling by manufacturers and importers starting October 1," Deputy Industry and Trade Minister Yekaterina Priyetzheva said, addressing the Federation Council's conference on consumer rights protection practice.

"Item-by-item monitoring is expected to begin from September 1, 2025," she said.

02

Total pharma market

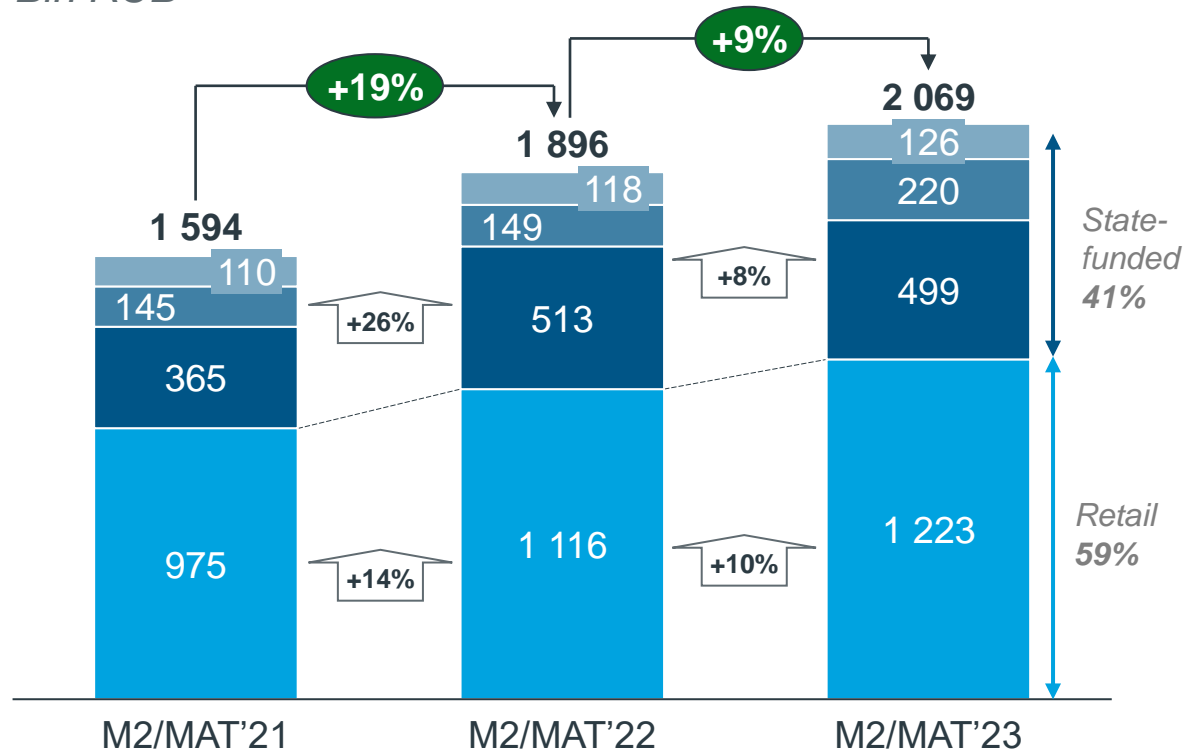


Value growth of the Russian pharma market is subsiding both in state and retail segments due to lack of significant drivers

Total pharma market by channels

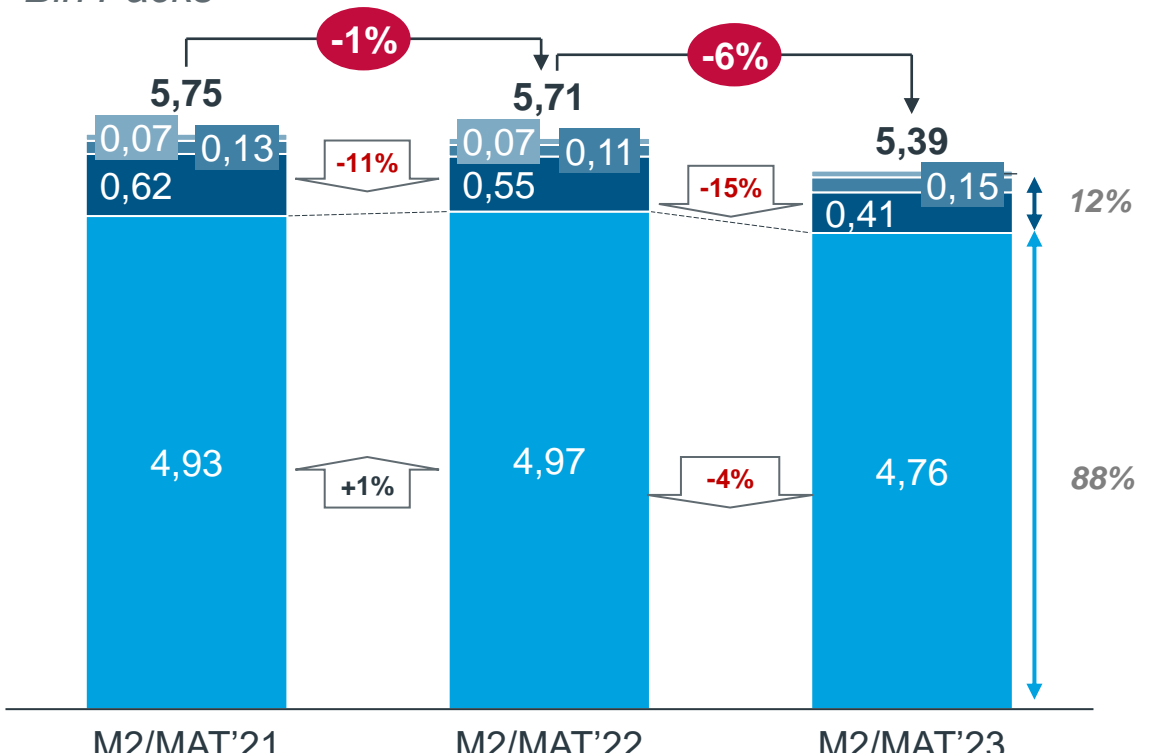
Total Sales by Value

Bln RUB



Total Sales by Volume

Bln Packs



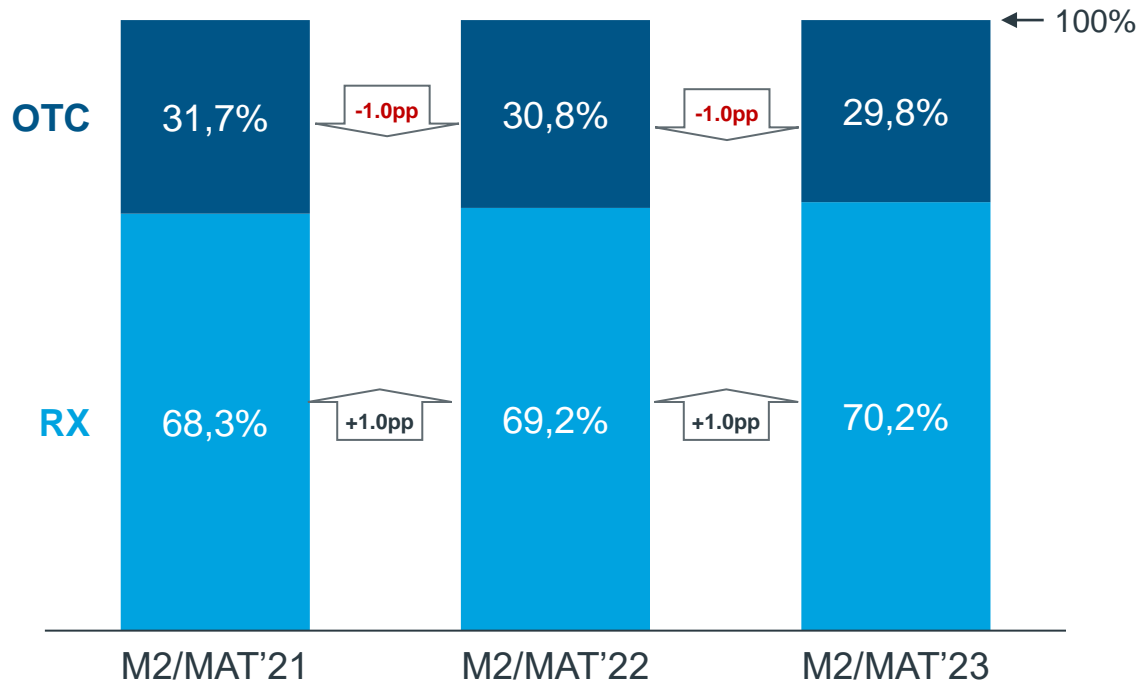
■ Retail
 ■ Public
 ■ Federal Reimbursement
 ■ Regional Reimbursement

Indicator	RUB	USD	EURO	Packs	SU
Value MAT'02'23, Bln	2 068,7	31,1	29,9	5,4	218,5
Growth 23/22, %	9%	21%	36%	-6%	-1,7%

The market is dominated by Rx medicines; share of non-generic drugs is the highest as those products are usually high price

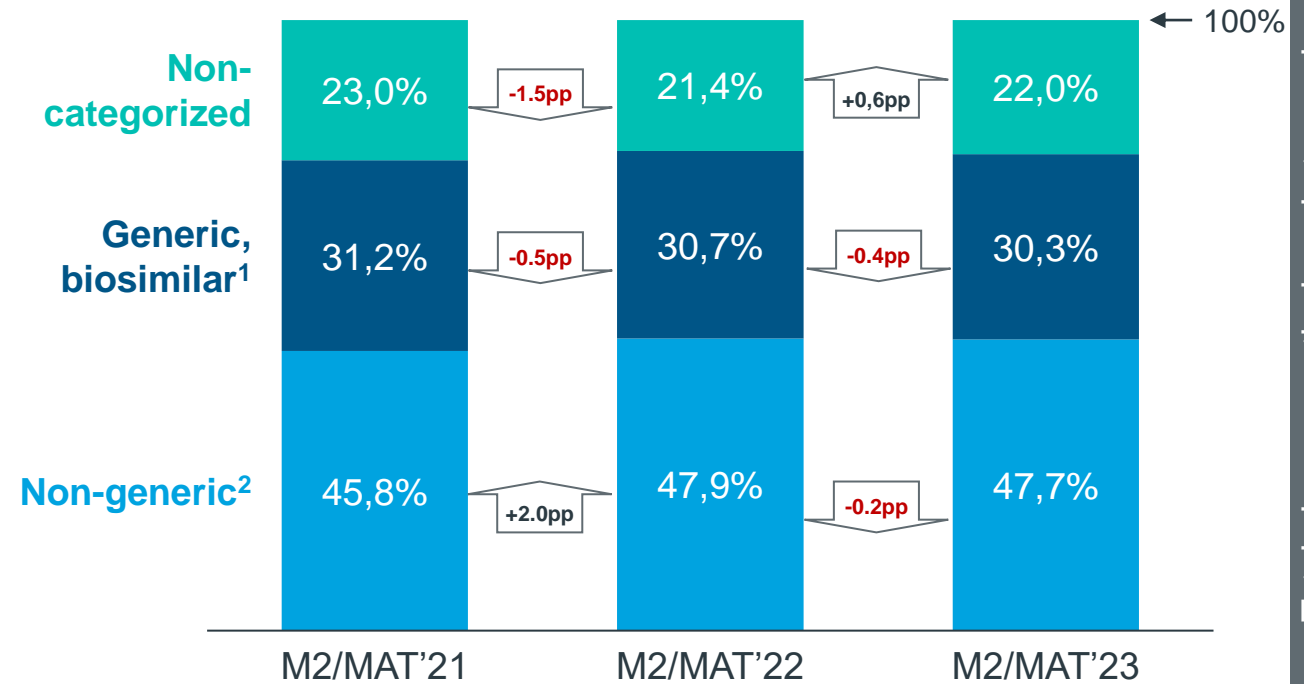
Total pharma market by structure

Prescription status
RUB



	Rx / OTC, %		
Retail	49 / 51	49 / 51	50 / 50
State	98 / 2	98 / 2	99 / 1

Non-generic vs generic biosimilar drugs
RUB

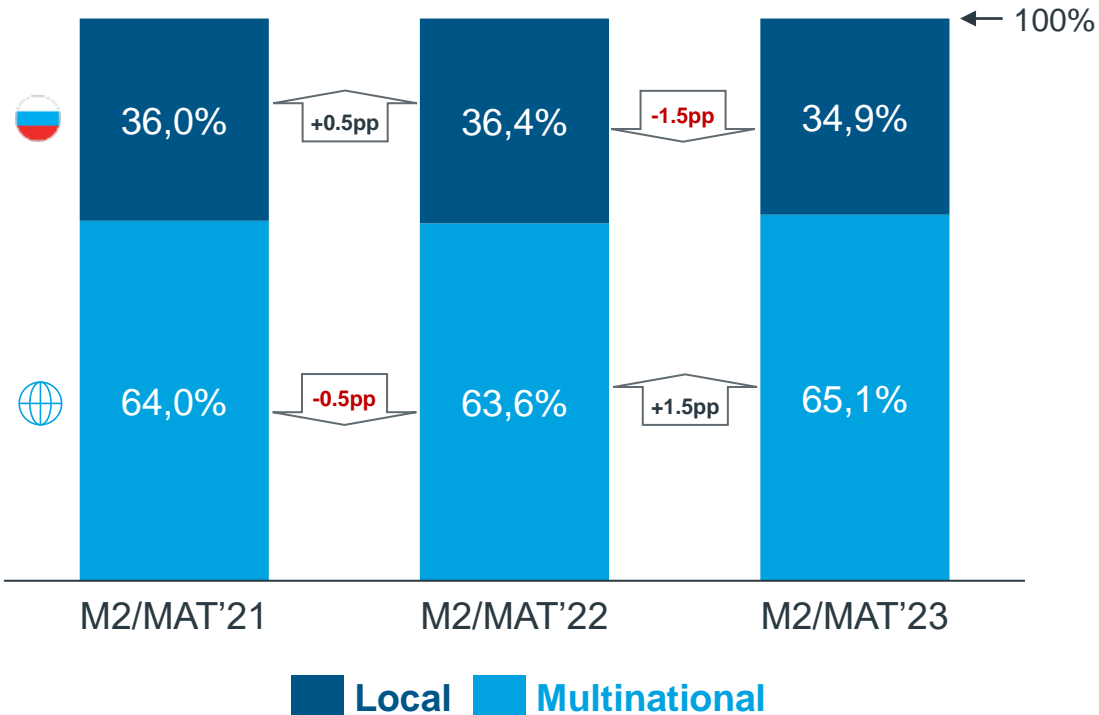


	Non-generic ² / Generic, biosimilar ¹ / Non-categorized ¹ , %		
Retail	34 / 37 / 28	34 / 37 / 28	32 / 39 / 29
State	64 / 22 / 15	68 / 21 / 11	70 / 18 / 12

Local companies have 35% of market share in value and 61% in volume terms which is still far behind Pharma 2030 objectives

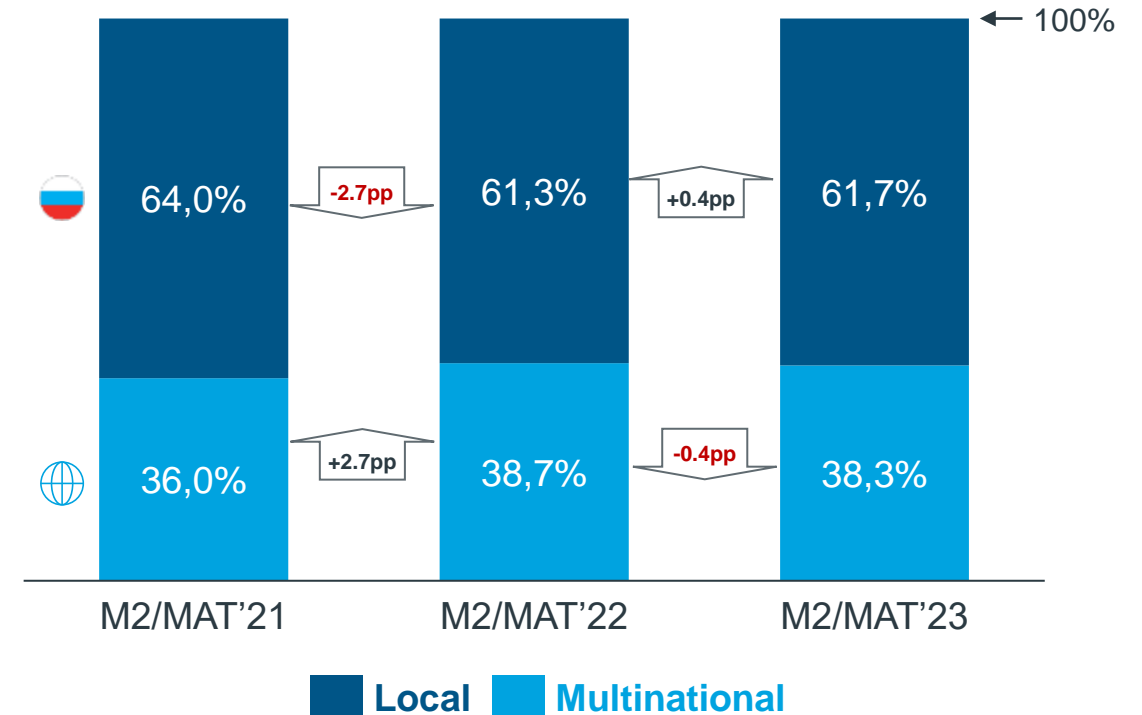
Total pharma market by corporation nationality

Total Sales value
RUB



	Multinational / Local, %		
Retail	63 / 37	63 / 37	62 / 38
State	65 / 35	64 / 36	69 / 31

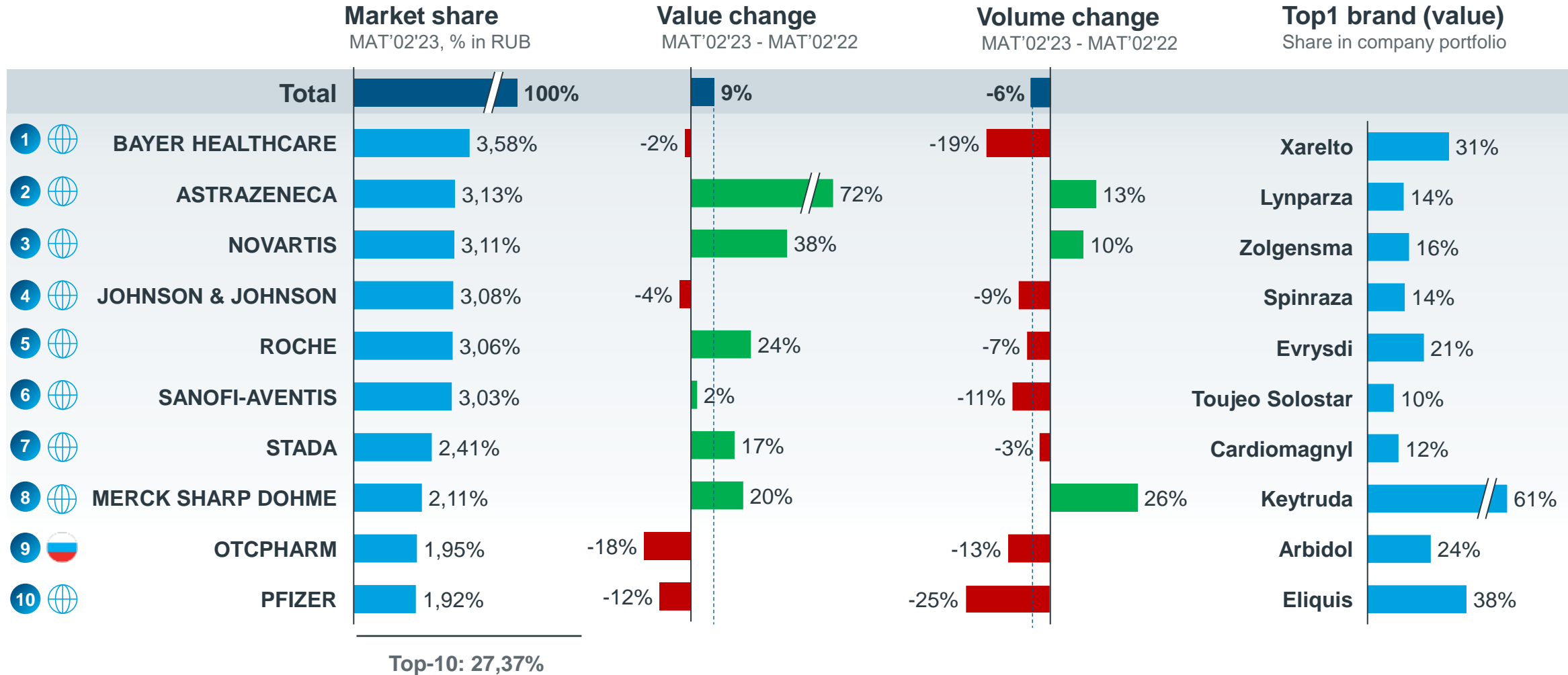
Total Sales volume
Packs



	Multinational / Local, %		
Retail	38 / 62	41 / 59	41 / 59
State	21 / 79	21 / 79	21 / 79

Top-10 companies show a versatile trend where some demonstrate a significant growth (AZ, Novartis, MSD) and others decline

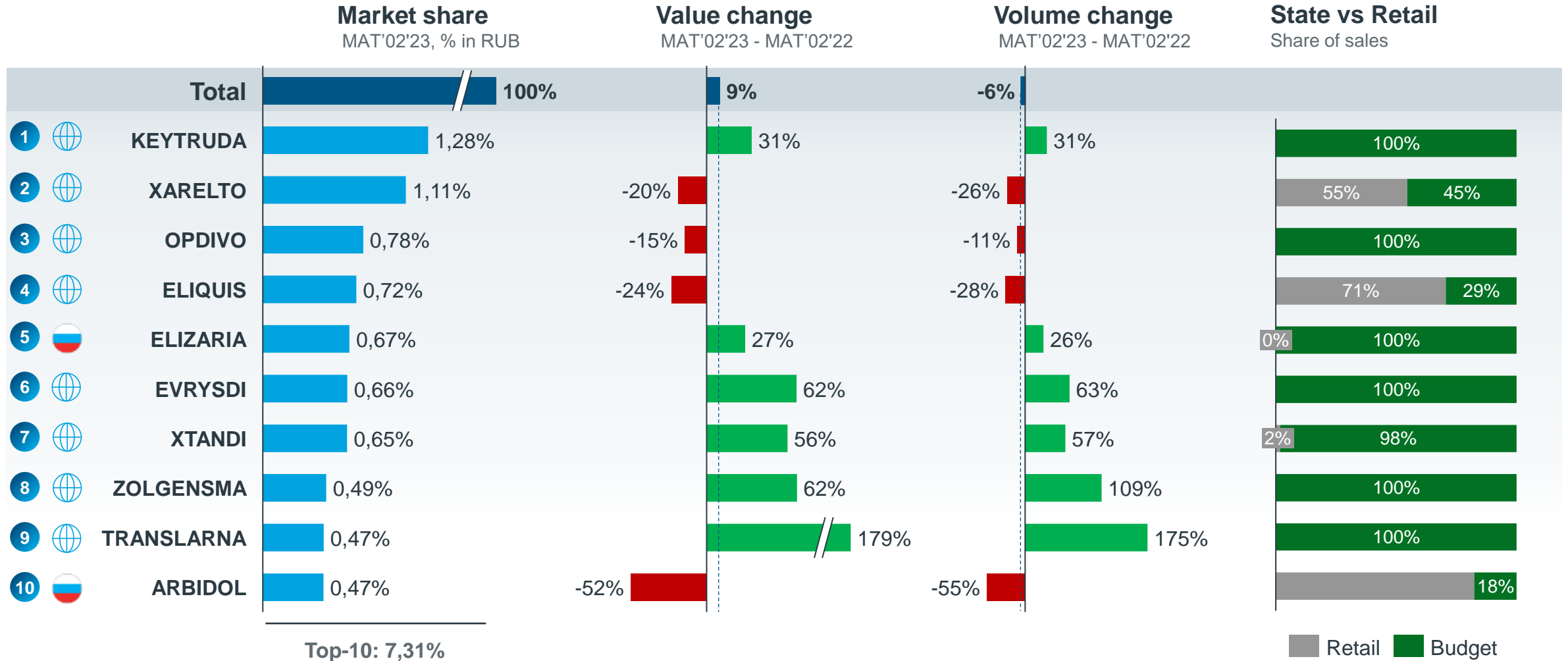
Top-10 overall ranking of companies by sales



Total pharmaceutical market overview

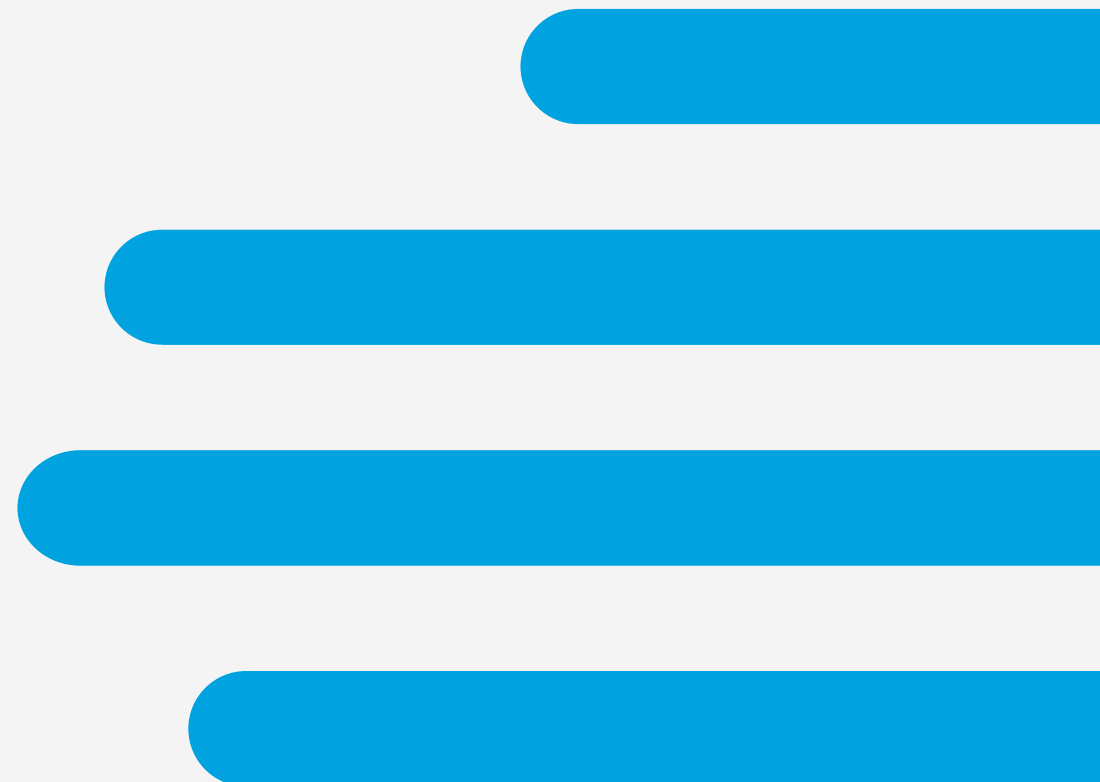
Most Top-10 brands generate their sales in the state-funded segment; there are only two local brand among Top-10

Top-10 overall ranking of brands by sales



03

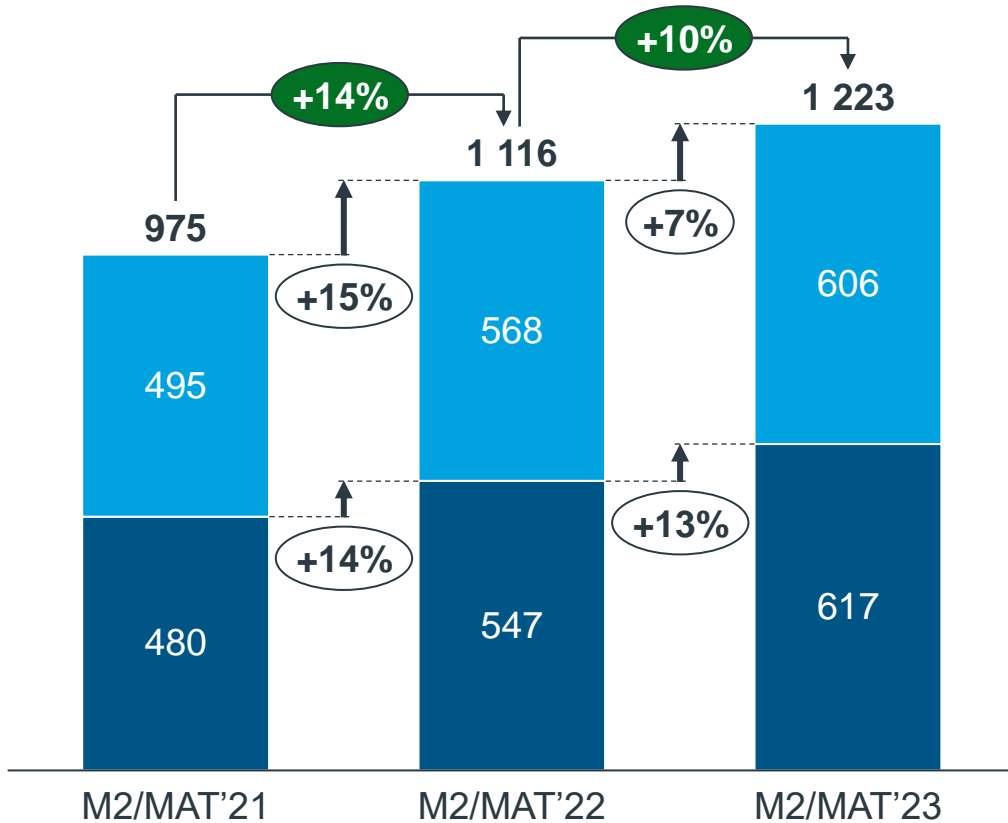
Retail segment



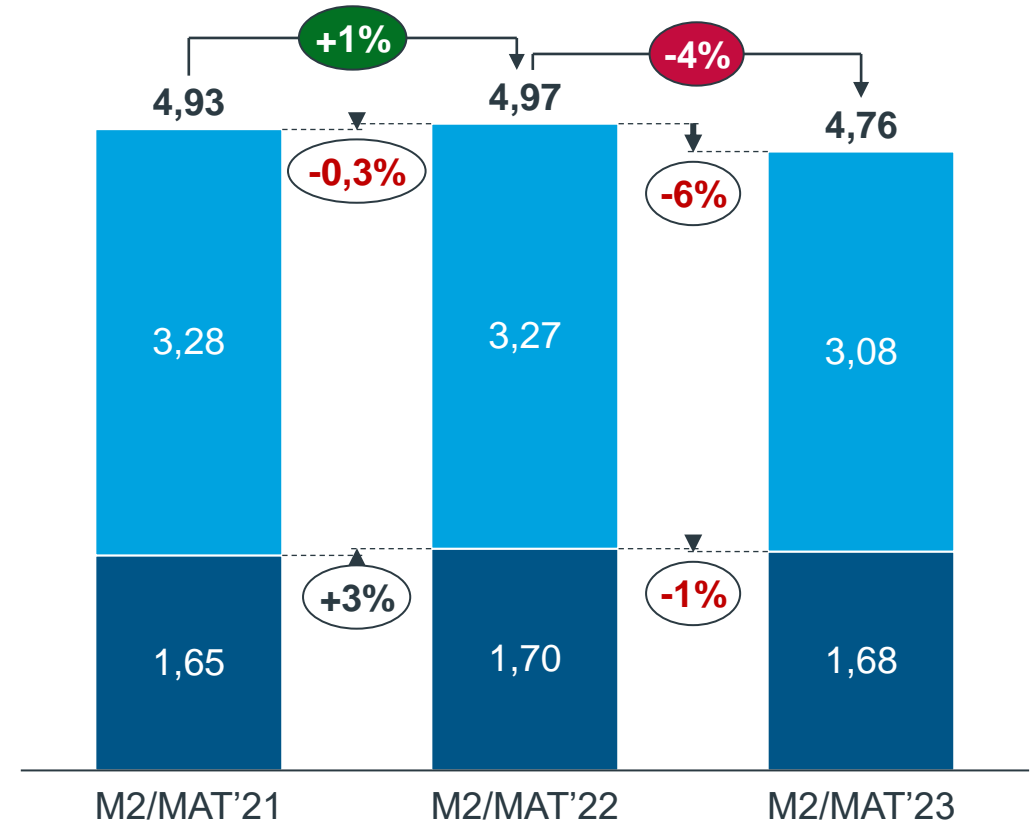
RX segment shows the quickest growth dynamic compared to OTC that reflects consumers' preference for «must have RX medicines»

Total Retail segment dynamics by OTC/Rx

Total Retail Sales by Value
Bln RUB



Total Retail Sales by Volume
Bln Packs



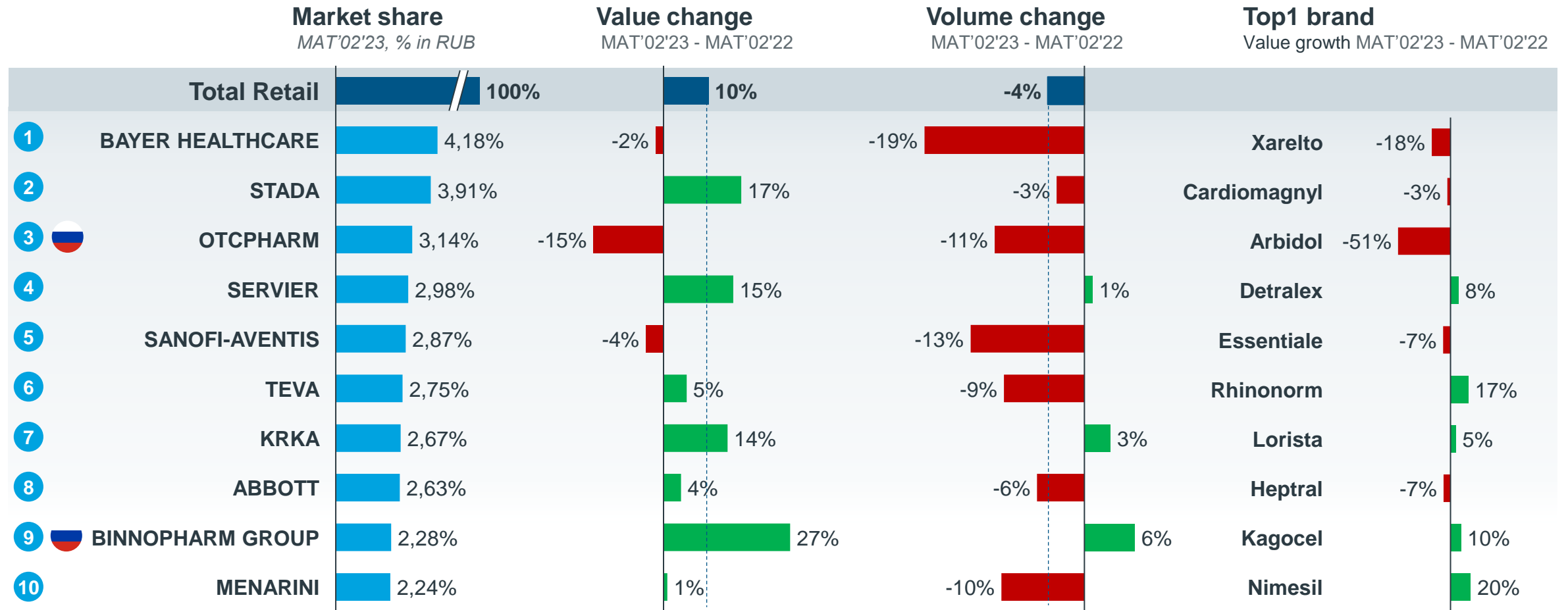
Only one category B01 (Antithrombotic) shows a negative YoY trend; others shape a positive sales dynamic in value terms

Retail segment EphMRA2 top-10 performance

EphMRA2	Market Share MAT'02'13 Bln RUB, %	CAGR, MAT'02'23 - MAT'02'21 %	YoY, MAT'02'23 - MAT'02'22 %	Top-1 Brand		
				MS% within relative EphMRA2		
1	Z98 - Sotc Product	80 (7%)	16%	17%	Bac-Set	3%
2	C09 - Agents Acting On The Renin-Angiotensin System	60 (5%)	10%	17%	Edarbi	9%
3	R05 - Cough And Cold Preparations	53 (4%)	17%	5%	Theraflu	12%
4	R01 - Nasal Preparations	44 (4%)	19%	19%	Snup	8%
5	G03 - Sex Hormones And Products With Similar Desired Effects, Systemic Action Only	43 (4%)	18%	23%	Femoston	13%
6	B01 - Antithrombotic Agents	43 (4%)	5%	-14%	Xarelto	29%
7	G04 - Urologicals	38 (3%)	11%	9%	Canephron	12%
8	N02 - Analgesics	35 (3%)	15%	15%	Nurofen	21%
9	M01 - Anti-Inflammatory And Anti-Rheumatic Products	35 (3%)	17%	19%	Nimesil	15%
10	M05 - Other Drugs For Disorders Of The Musculo-Skeletal System	34 (3%)	31%	28%	Alflutop	12%
Total Top-10		464 (38%)	15%	12%		

Despite growth in value terms (mainly due to price increase) some Top-10 companies experience challenges in volume growth

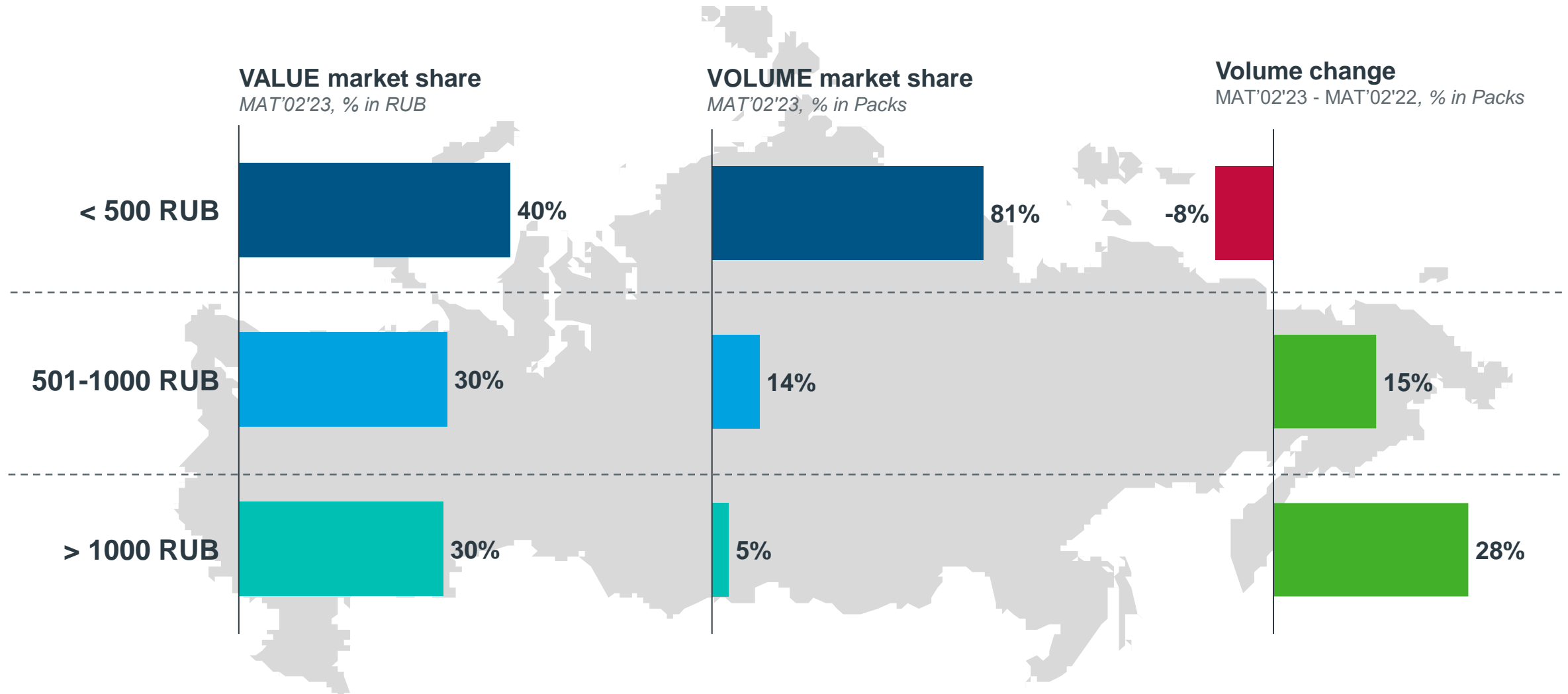
Top-10 retail segment ranking of companies by sales



Retail segment

81% of volume sales in retail segment are still with medicines at price <500 Rubles per pack

Retail sales distribution across pack price ranges



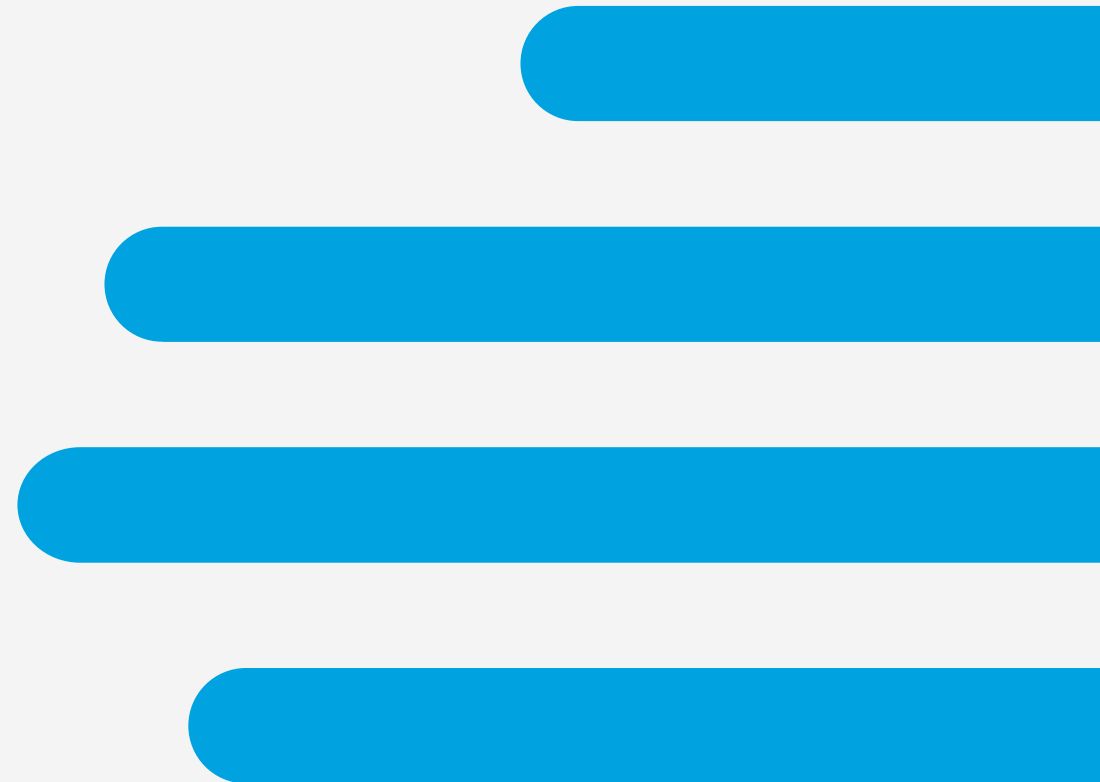
Cardiomagnyl, Ingavirin and Saxenda are products #1 in e-commerce sales in the relevant price pack range in MAT February 2023

Top5 SKUs by e-com sales in each price pack range

E-commerce sales	Pack <500 RUB	Pack 501 – 1000 RUB	Pack >1001 RUB
# 1	CARDIOMAGNYL F.C.TAB 75MG 15.2MG 100	INGAVIRIN CAPS 90MG 10	SAXENDA CARTRID.+PEN 6MG 1ML 3 3ML
# 2	LYSOBACT T.SUCK.20MG 10MG 30	CANEPHRON N C.TAB 60	XARELTO FILM C.TABS 20MG 28
# 3	UTROGESTAN CAPS 200MG 14	EDARBI CLO F.C.TAB 40MG 12.5MG 28	ELIQUIS FILM C.TABS 5MG 60
# 4	PENTALGIN FILM C.TABS 24	NOLIPREL A FORTE F.C.TAB 5MG/ 1.25MG 30	DETRALEX F.C.TAB 900/ 100MG 60
# 5	GRIPFFERON DROPS NASAL 10K 10ML	MIRAMISTIN SOLUT. .01% 150ML	ARMAVISCON FORTE SYRING I.A. 2.3% 3ML

04

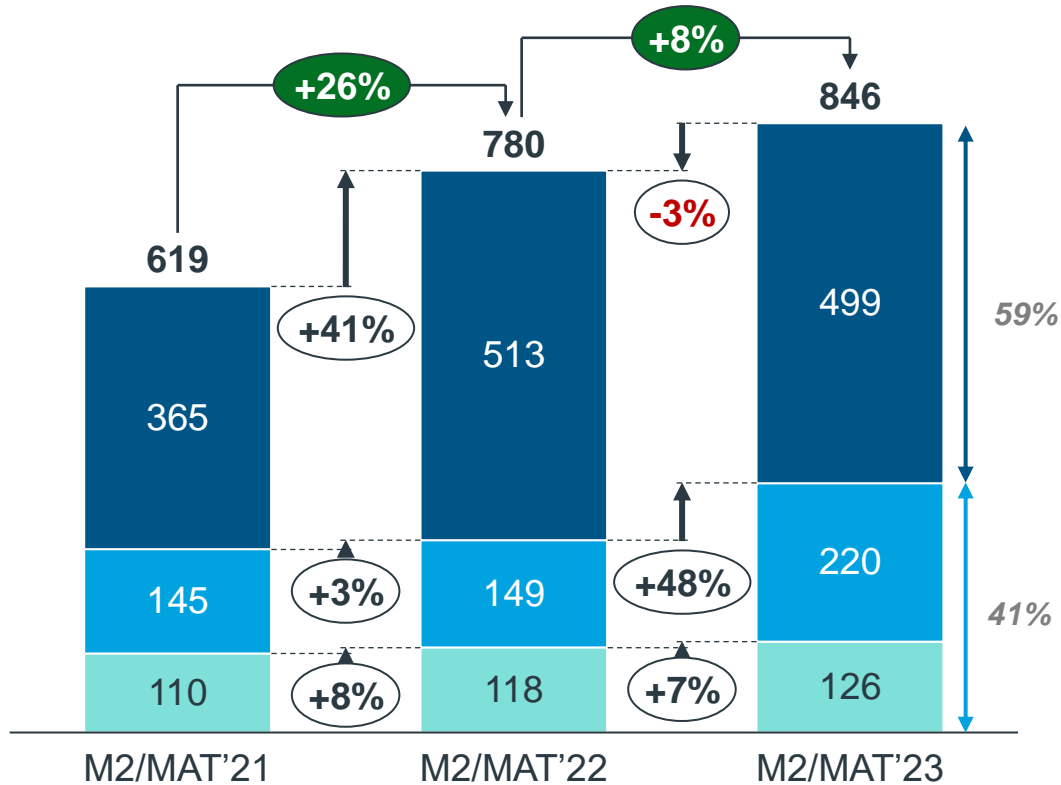
State-funded segment



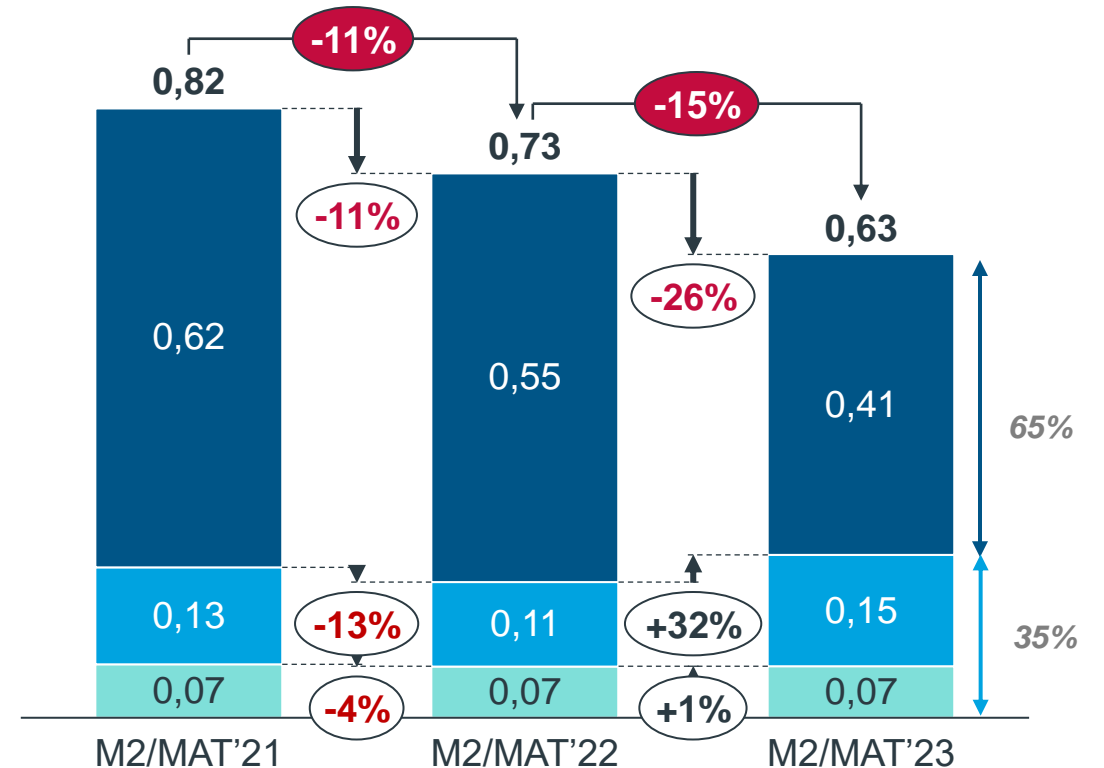
Hospital sales (public) occupy 59% of total reimbursement sales in Russia; the rest 41% (RLO & DLO) are realized in pharmacies

Total State funded segment

Total State funded Sales by Value
Bln RUB



Total State funded Sales by Volume
Bln Packs

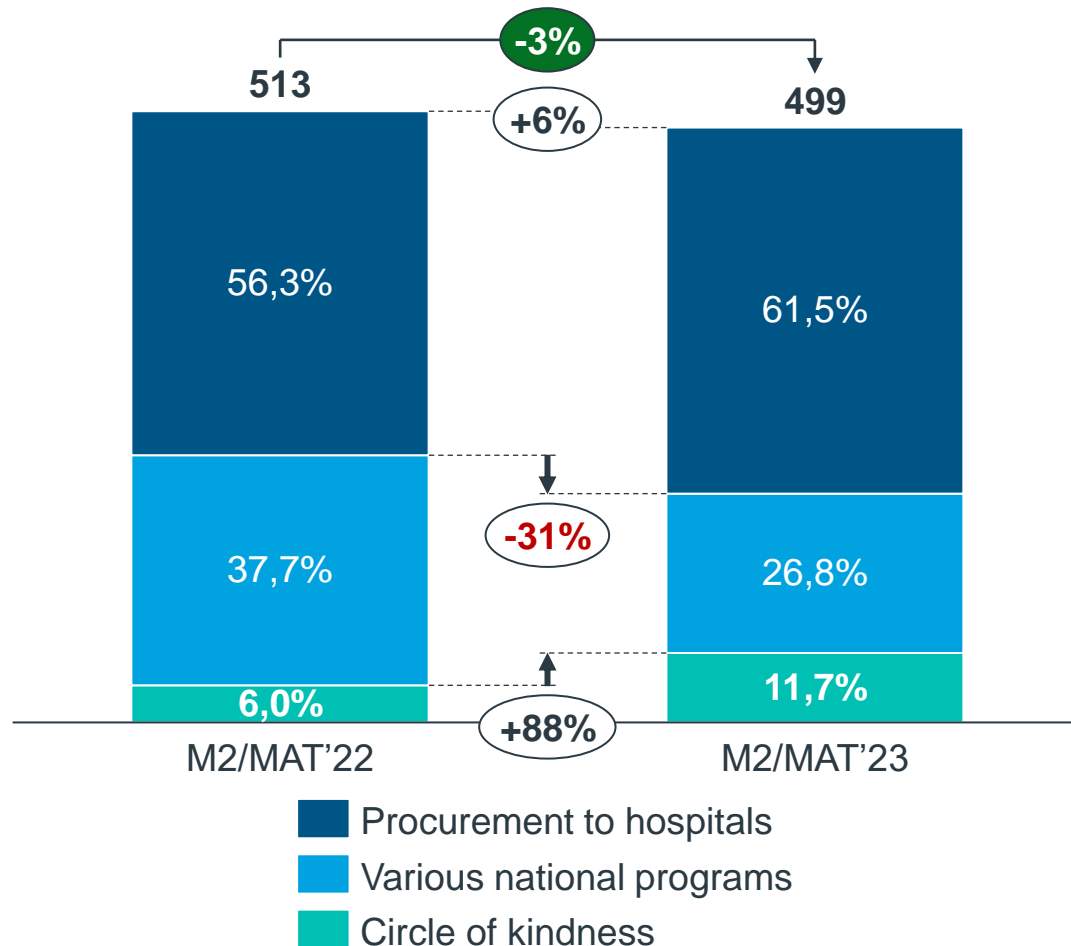


- Public
- Regional Reimbursement
- Federal Reimbursement

National state program “Circle of kindness” is the key contributor to the growth of public segment; Evrydsi is the largest product

Public (hospital) segment

Public Sales by Market Type
Bln RUB



Top-10 Brands in “Circle of kindness”

Brand	Sales		Growth	
	MAT'02'23, % in Bln. RUB		MAT'02'23 vs MAT'02'22, % in RUB	
Evrydsi (Roche)	10,29		44,6%	
Zolgensma (Novartis)	10,16		191,1%	
Translarna (Ptc Therapeutics)	9,38		205,7%	
Orkambi (Vertex Pharm)	8,19		1 016,4%	
Spinraza (Johnson & Johnson)	5,75		-56,5%	
Koselugo (Astrazeneca)	3,38		5 723,7%	
Strensig (Alexion Pharma Sw)	2,82		128,4%	
Vimizaim (Biomarin Ireland)	2,24		88,2%	
Gattestive (Takeda)	1,90		855,3%	
Kanuma (Alexion Pharma Sw)	1,72		570,3%	

State funded segment

L02 category shows the highest YoY growth mainly due to Xtandi sales; L01 is the largest category taking 29% of MS

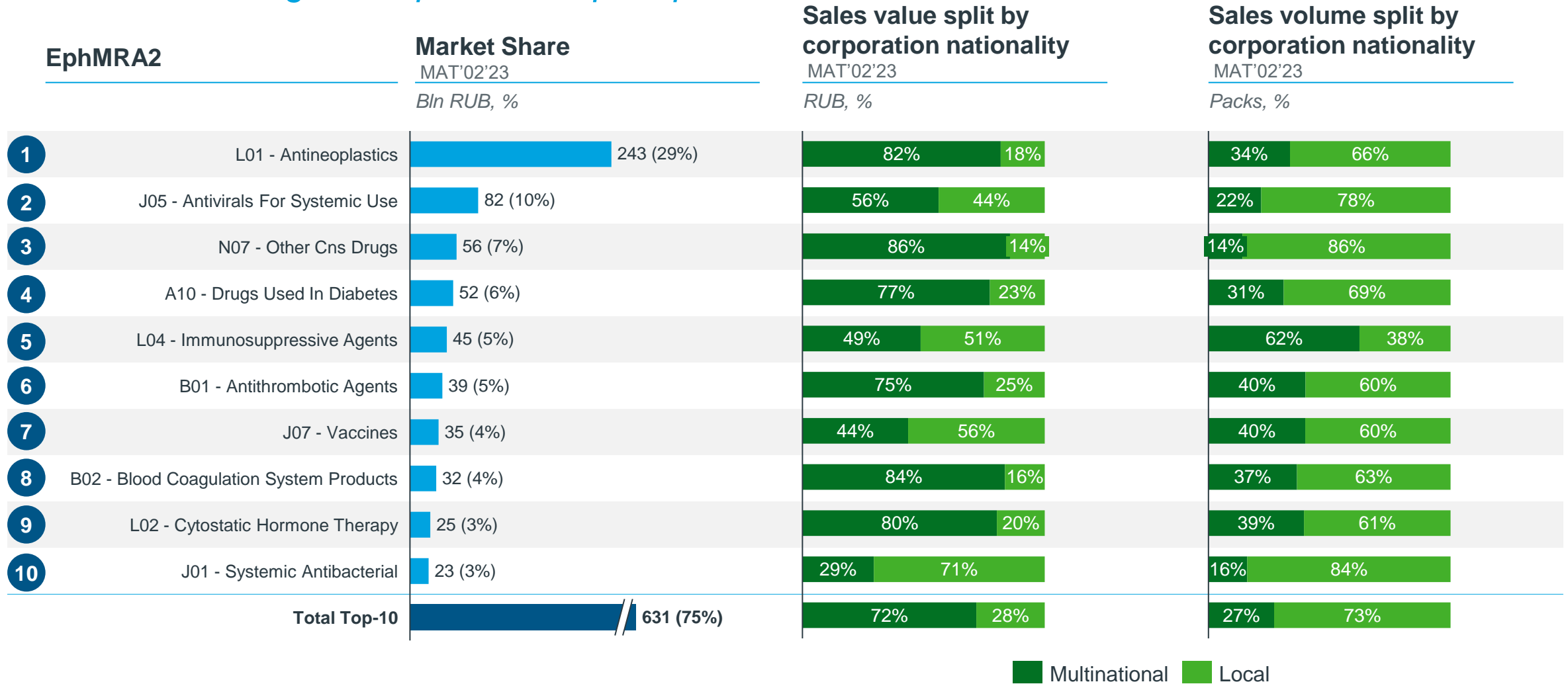
State funded segment EphMRA2 top-10 performance

EphMRA2	Market Share	CAGR,	YoY,	Top-1 Brand		
	MAT'02'23 Bln RUB, %	MAT'02'23-MAT'02'21 %	MAT'02'23 - MAT'02'22 %			
1	L01 - Antineoplastics	243 (29%)	19%	26%	Keytruda	11%
2	J05 - Antivirals For Systemic Use	82 (10%)	28%	-13%	Tivicay	12%
3	N07 - Other Cns Drugs	56 (7%)	42%	2%	Evrysdi	24%
4	A10 - Drugs Used In Diabetes	52 (6%)	17%	28%	Toujeo Solostar	12%
5	L04 - Immunosuppressive Agents	45 (5%)	21%	-22%	Elizaria	31%
6	B01 - Antithrombotic Agents	39 (5%)	5%	-26%	Xarelto	27%
7	J07 - Vaccines	35 (4%)	-2%	0%	Sovigripp	26%
8	B02 - Blood Coagulation System Products	32 (4%)	9%	17%	Hemlibra	16%
9	L02 - Cytostatic Hormone Therapy	25 (3%)	25%	49%	Xtandi	54%
10	J01 - Systemic Antibacterial	23 (3%)	-16%	-21%	Linezolid	9%
Total Top-10		631 (75%)	17%	5%		

State funded segment

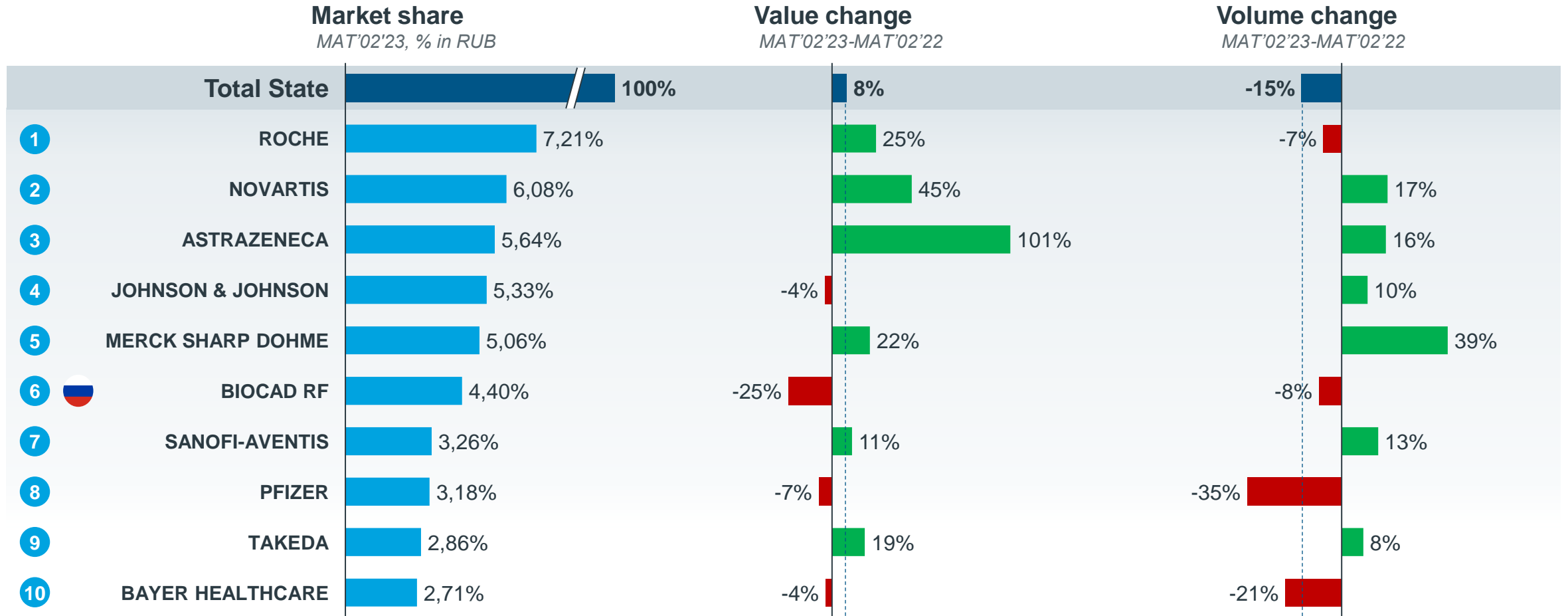
Multinational corporations' sales constitute around 72% of the market value and around 27% of the market volume

State funded segment EphMRA2 top-10 performance



AstraZeneca shows an outstanding value growth in MAT February 2023 leveraging all opportunities that market has provided

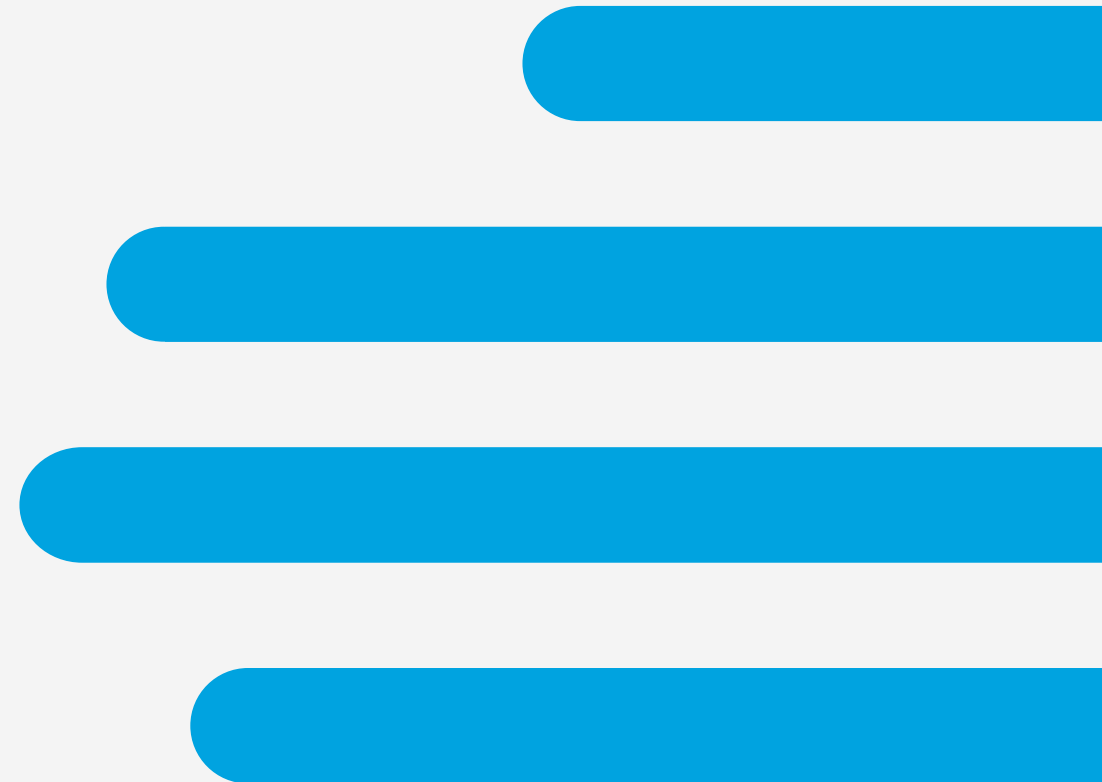
Top-10 state funded segment ranking of companies by sales



State funded segment

05

Pharma market forecast

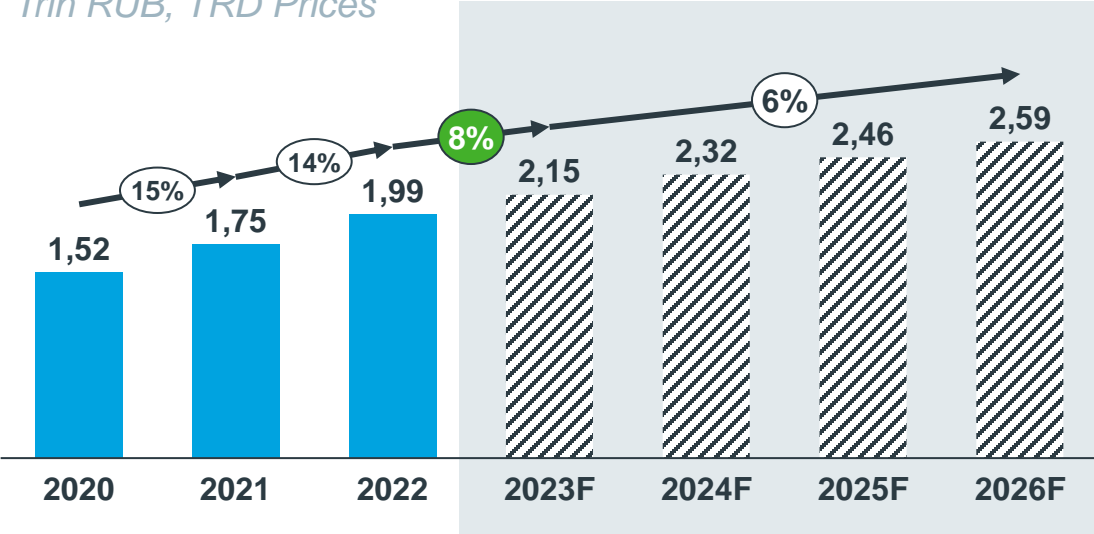


Pharma market is expected to slow down in 2023 and be in line with the inflation rate that is predicted to be around 8%

Total market dynamics until 2026

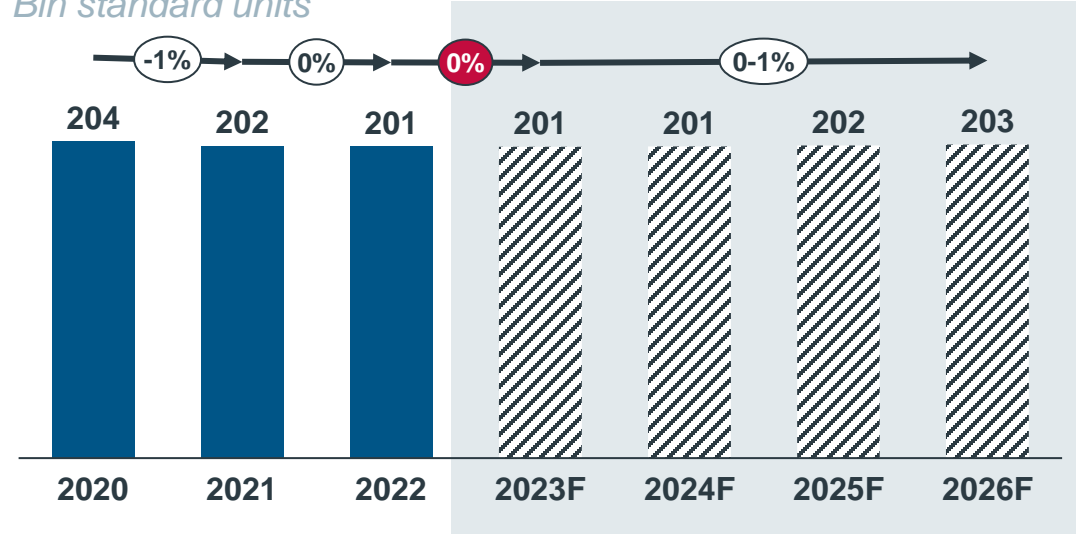
Market size in value terms

Trln RUB, TRD Prices



Market size in volume terms

Bln standard units








Comments:

- Covid and crisis (2020-2022):** Market boost due to overstocking behavior of consumers and surge in anti-viral and covid-related products. In addition, high inflation and significant price increase of non-EDL products resulted in 14-15% value market growth and shaped a very strong baseline. Volume is stagnating due to limited purchasing power of consumers.
- Recovery (2023-2026):** High growth in previous period will be offset by economic challenges and continues EU/US restrictions bringing the pharma market to 8% CAGR. In volume the pharma market is likely to be supported by new and on-going high-cost state programs (e.g. Diabetes, Orphan drugs, Oncology, Cardiology) to deliver 0-1% growth in the forecasted period.





There is a limited number of growth drivers that will support the Russian pharma market development so far

Key drivers for pharma market development

Retail

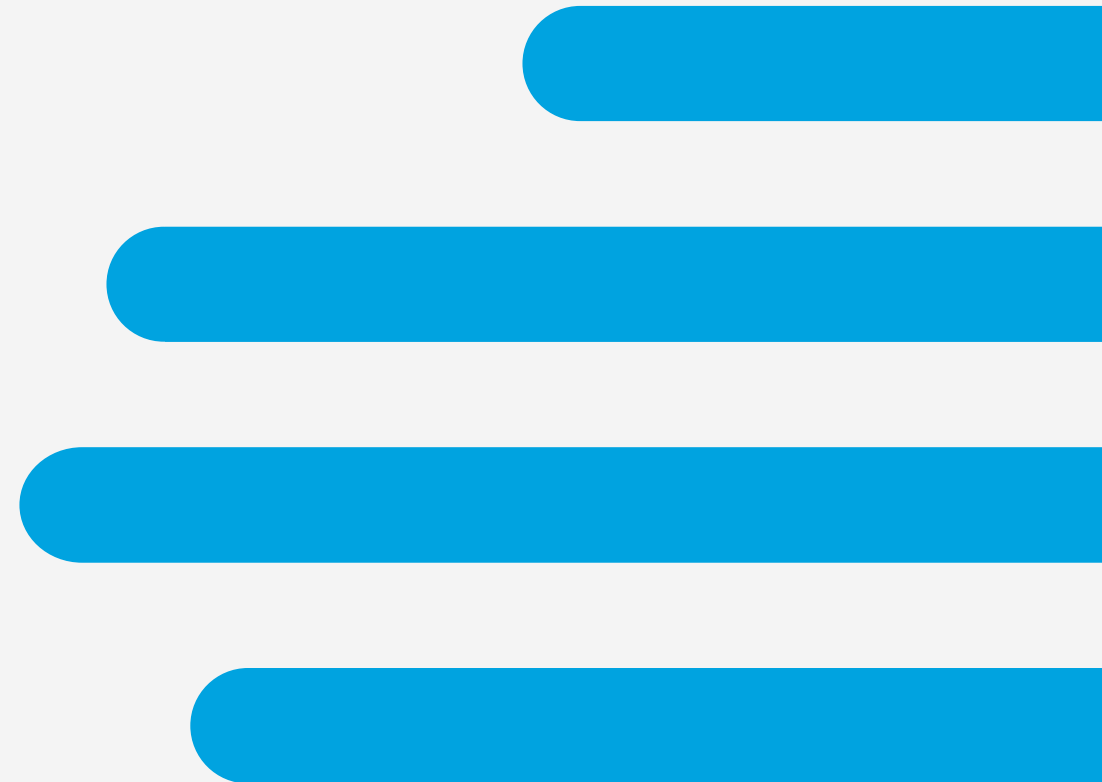
-  **Decreasing disposable income** of consumers due to the latest geo-political events
-  **Stop of overstocking behavior** of consumers (and quite strong baseline of 2022 year)
-  **Limited promotional activities** and product launches from MNCs
-  **Further e-com development** (search of the cheapest products)
-  **Price increase** (continued inflation)

State

-  **Limited funding in healthcare** and various federal & regional programs due to deficit of the Russian budget
-  **No further significant sales** increase of **COVID-related** medicines
-  Gradual **substitution of international medicines with local products** that are in many cases cheaper
-  **Extending of funding** of the most important national programs (e.g. «Circle of Kindness»)

06

Promo activities



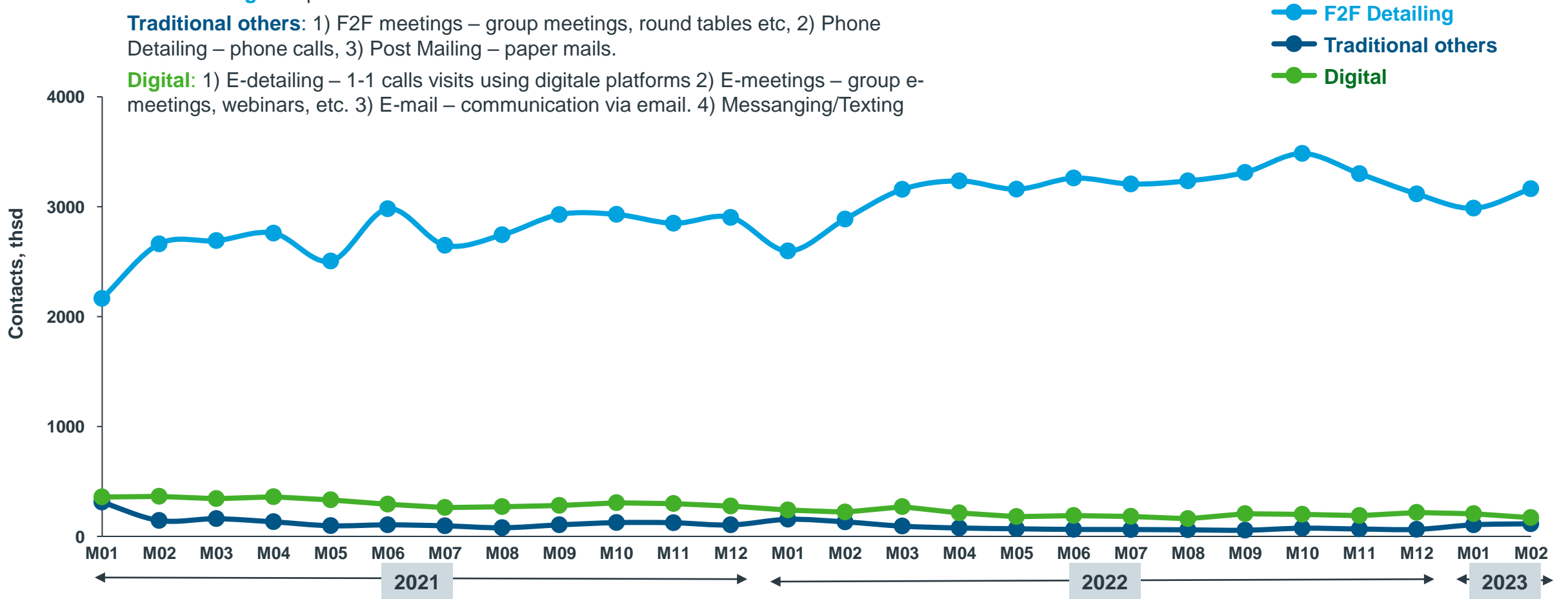
F2F detailing is gradually returning after Covid period and taking the leading position among all available promo channels

Promotional interactions by channel

F2F Detailing – Reps visits.

Traditional others: 1) F2F meetings – group meetings, round tables etc, 2) Phone Detailing – phone calls, 3) Post Mailing – paper mails.

Digital: 1) E-detailing – 1-1 calls visits using digitale platforms 2) E-meetings – group e-meetings, webinars, etc. 3) E-mail – communication via email. 4) Messanging/Texting

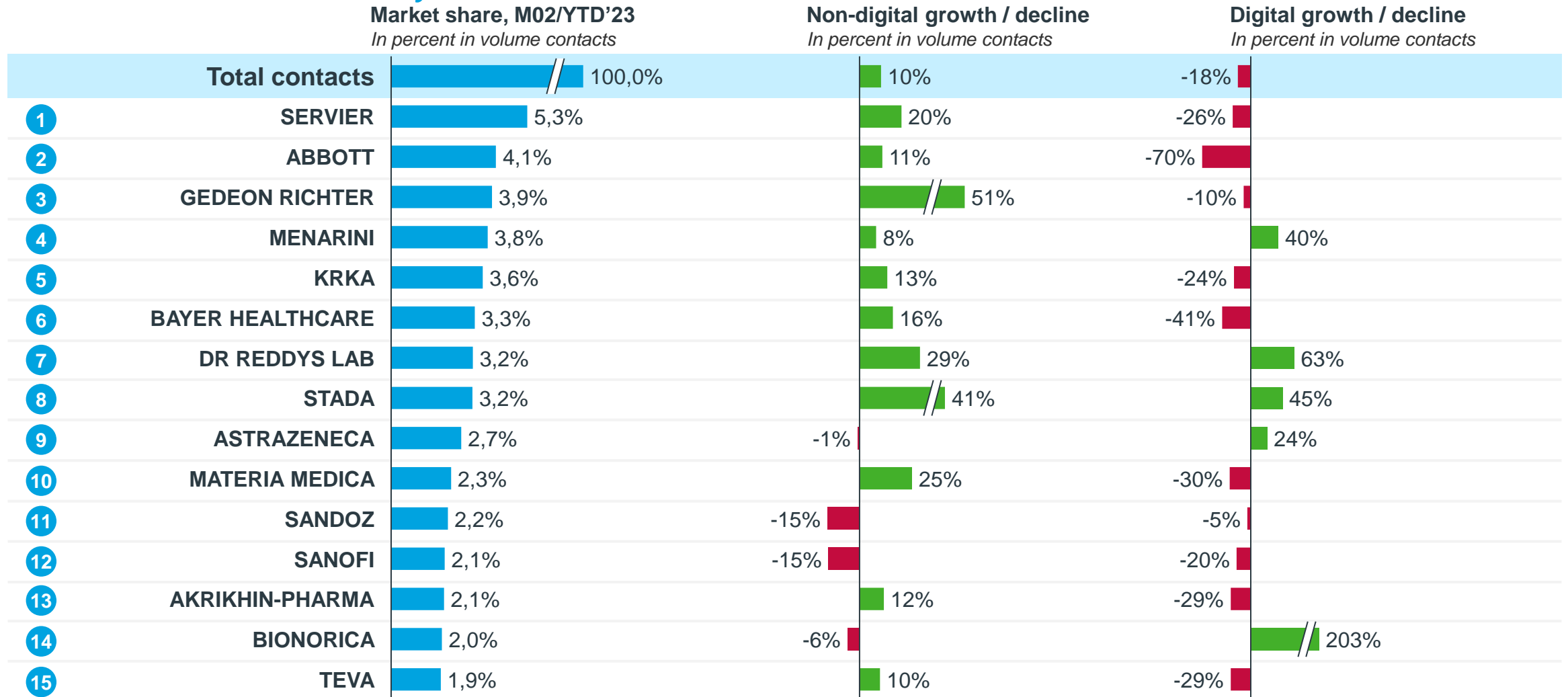


Promo activities

Source: IQVIA Russia, Channel Dynamics promo evaluation; Specialties: Allergology/Pulmonology, Cardiology, Dermatology, Diabetes, E.N.T., Gastroenterology, GPs, Gynecology, Neurology, Oncology, Pediatric, Pharma, Psychotherapy, Urology. FACTS from IQVIA | Copyright © 2022 IQVIA. All rights reserved.

Most pharma companies reinvest into the traditional promotional activities and divest digital interactions

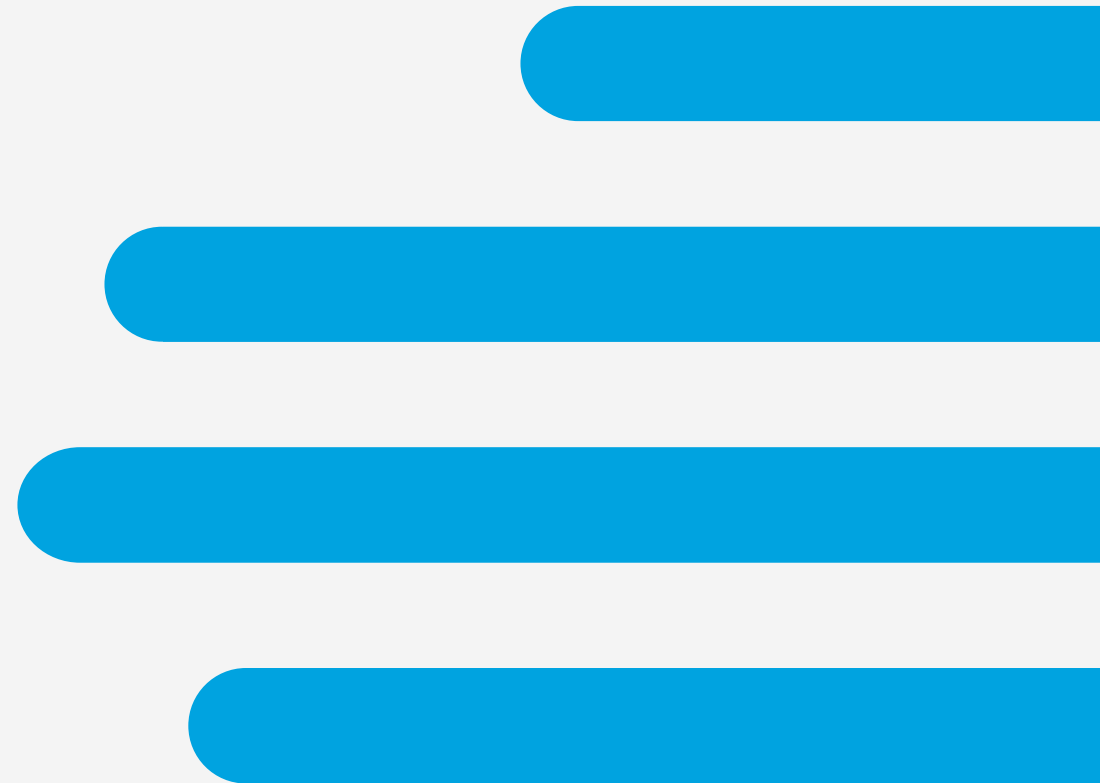
Promotional interactions by channel



Source: IQVIA Russia, Channel Dynamics promo évaluation; Specialities: Allergology/Pulmonology, Cardiology, Dermatology, Diabetes, E.N.T., Gastroenterology, GPs, Gynecology, Neurology, Oncology, Pediatric, Pharma, Psychotherapy, Urology.
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07

Value chain



Top-10 distributors own 61.2% of total gross sales in pharma market; top-3 keep their leading position in 2022

Total market top-10 distributors performance



#	Distributor	Market share in gross sales*, %		Change in gross sales 2022 / 2021, %
		2022	2021	
1	Pulse	12.2%	12.4%	7.1%
2	Protek	11.4%	10.6%	17.2%
3	Katren	11.2%	11.0%	12.0%
4	R-Pharm	7.0%	8.6%	-10.1%
5	FK Grand Capital	5.3%	4.8%	21.7%
6	BSS	3.8%	3.3%	27.9%
7	Pharmkomplekt	3.5%	4.2%	-8.3%
8	Irvin	2.8%	2.1%	45.3%
9	Lancet	2.0%	1.7%	28.7%
10	ASFADIS**	2.0%	2.0%	10.5%
Total		61.2%	60.6%	

*Gross sales include Retail, State funded, Secondary and Non-target Sales

**ASFADIS – distributors association that includes Avikon, Accentmed, Alenpharma, ASTI, Asti plus, Lesan pharma, Donskoi Gospita

Top-10 pharmacy chains own 51.1% of total retail sales in pharma market; Asna is a pharmacy association that integrates 17.056 POS

Total market top-10 pharmacy chains

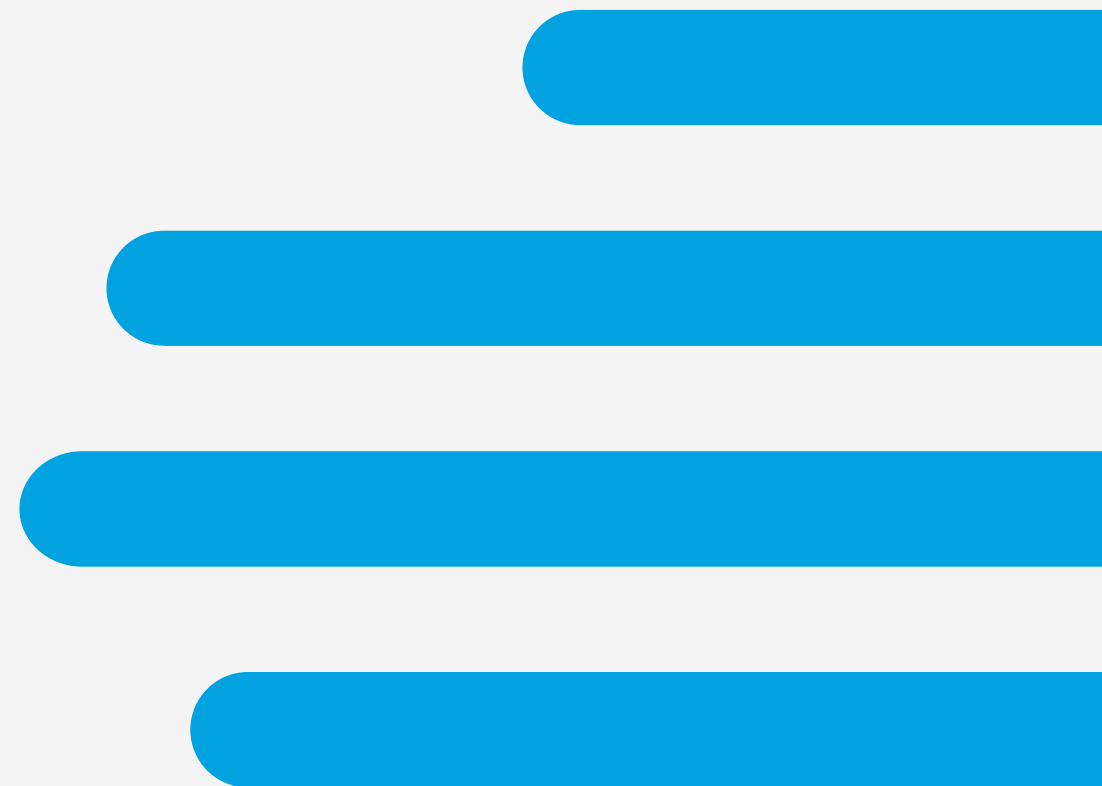


#	Pharmacy chains	Market share in retail sales*, %		Number of pharmacies (Point of Sales) 2022
		2022	2021	
1	Asna**	11.67%	11.66%	17.056
2	Rigla	7.17%	7.14%	3.661
3	Aprēl	5.99%	5.94%	5.372
4	Iris	5.08%	5.15%	3.211
5	Erkhapharm & Melodiya Zdorovya	4.72%	4.70%	2.037
6	36,6	4.67%	4.67%	1.814
7	Neopharm	3.86%	3.85%	1.081
8	Vita (Samara)	3.28%	3.26%	2.378
9	Pharmland	2.92%	2.87%	1.873
10	Maskavit	1.72%	1.23%	858
Total		51.1%	50.4%	

*Drug sales in retail channel
 **ASNA – pharmacy association

08

CIS countries



CIS+ pharma markets demonstrate the domination of retail segment; Rx products are accounting for ~60-70% of sales

CIS+ countries pharmaceutical markets

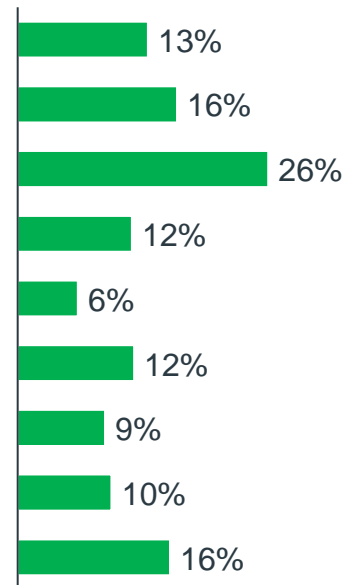
Pharma market sales

mln USD, MAT'02'23



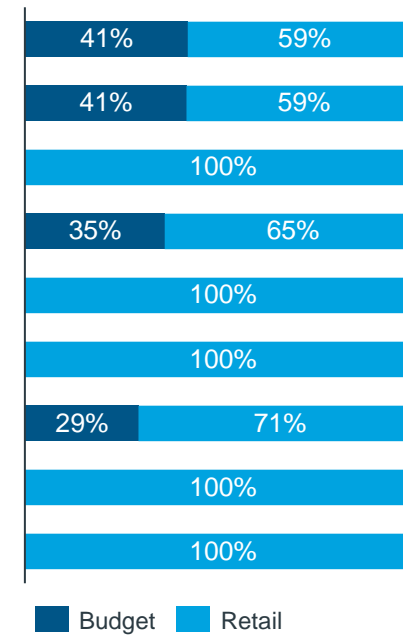
CAGR

LC, %, MAT'02'23 - MAT'02'20



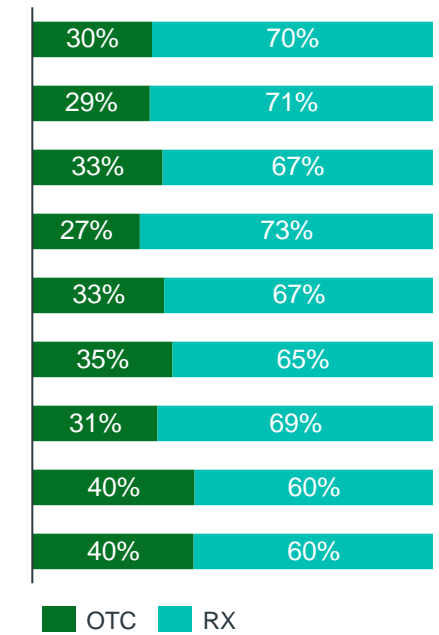
Market channel split

USD, MAT'02'23



Product type split

USD, MAT'02'23



Comments

- Kazakhstan and Uzbekistan are the largest markets where Uzbekistan shows the largest CAGR growth dynamic.
- Retail segment is prevailing for CIS+ markets with Kazakhstan, Belarus and Moldova showing the largest shares of budget channel.
- Prescribed products account for approximately 60-70% of 2022 sales in value in each of the CIS+ countries.

⁽¹⁾ For Uzbekistan, Azerbaijan, Georgia, Kyrgyzstan and Armenia budget channel is assessed based on the IQVIA team expertise; ⁽²⁾ For Mongolia data available only on import.

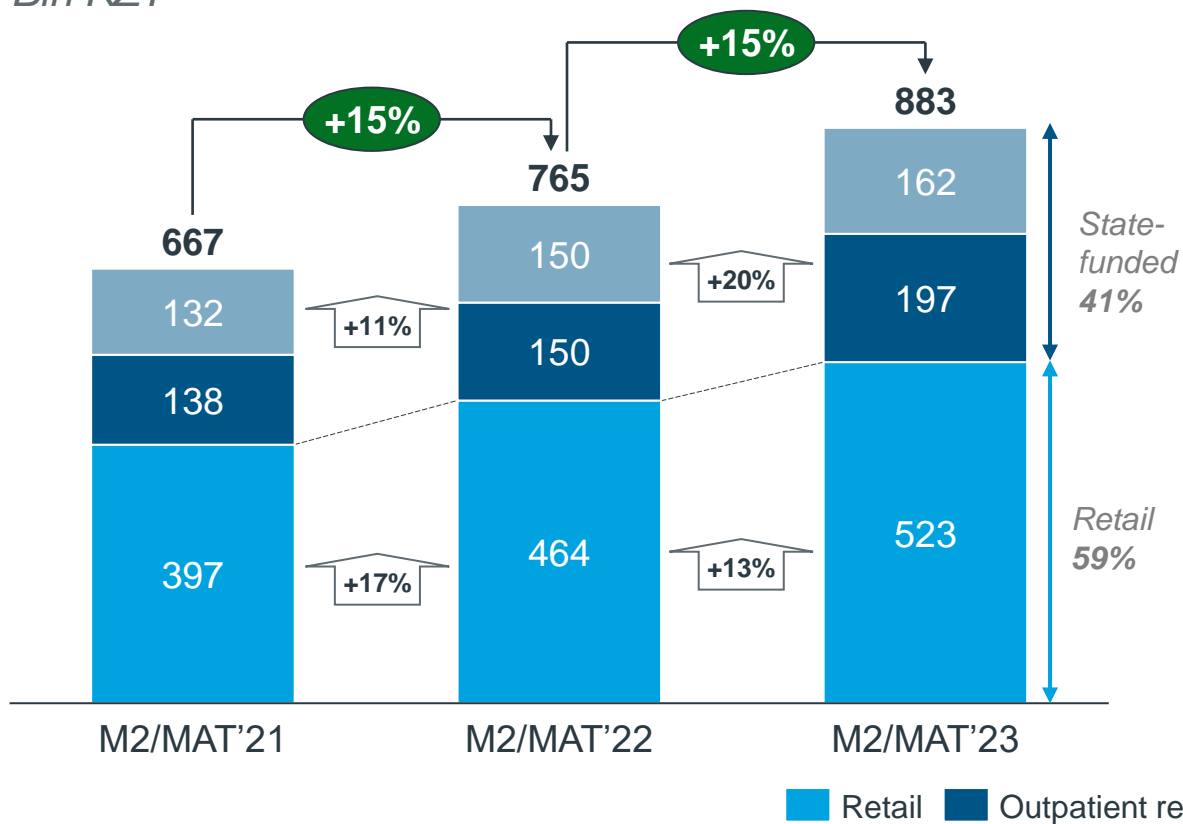


Kazakhstan pharma market continues to grow in value terms in MAT January 2023 both in retail and state-funded channels

Total pharma market by channels

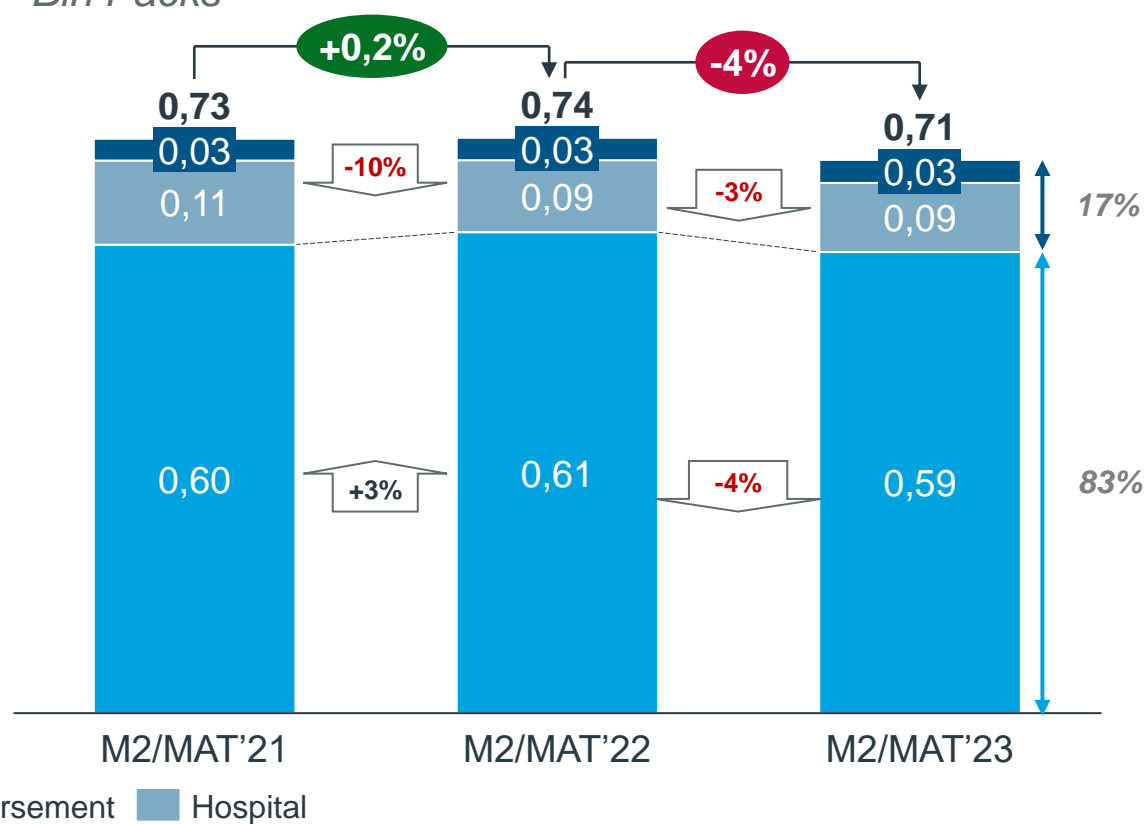
Total Sales by Value

Bln KZT



Total Sales by Volume

Bln Packs

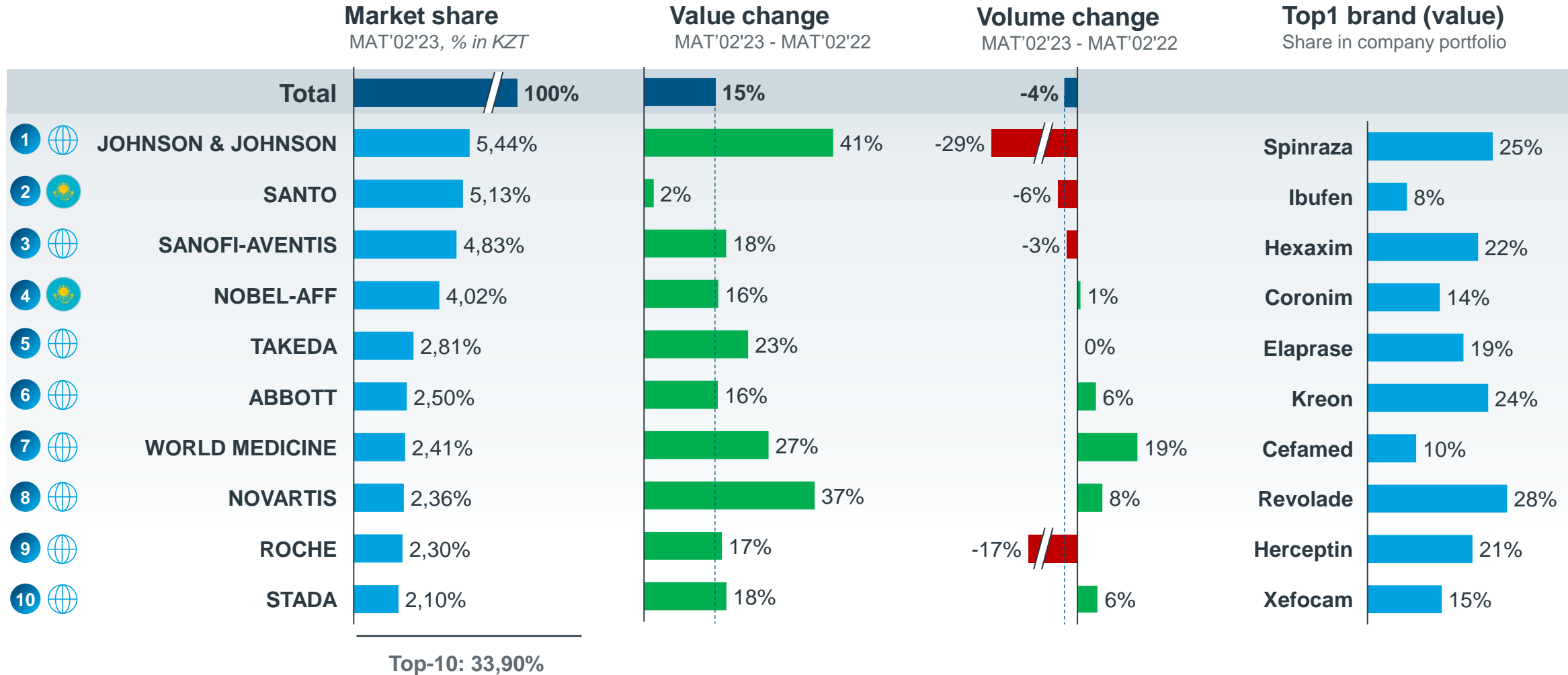


Indicator	KZT	USD	EURO	Packs	SU
Value MAT'02'23, Bln	882,6	1,9	1,8	0,7	22,7
Growth 23/22, %	15%	6%	19%	-4%	-3,4%



J&J shows the strongest value growth while it is declining in volume; Spinraza is Top1 product in J&J portfolio

Top-10 overall ranking of companies by sales

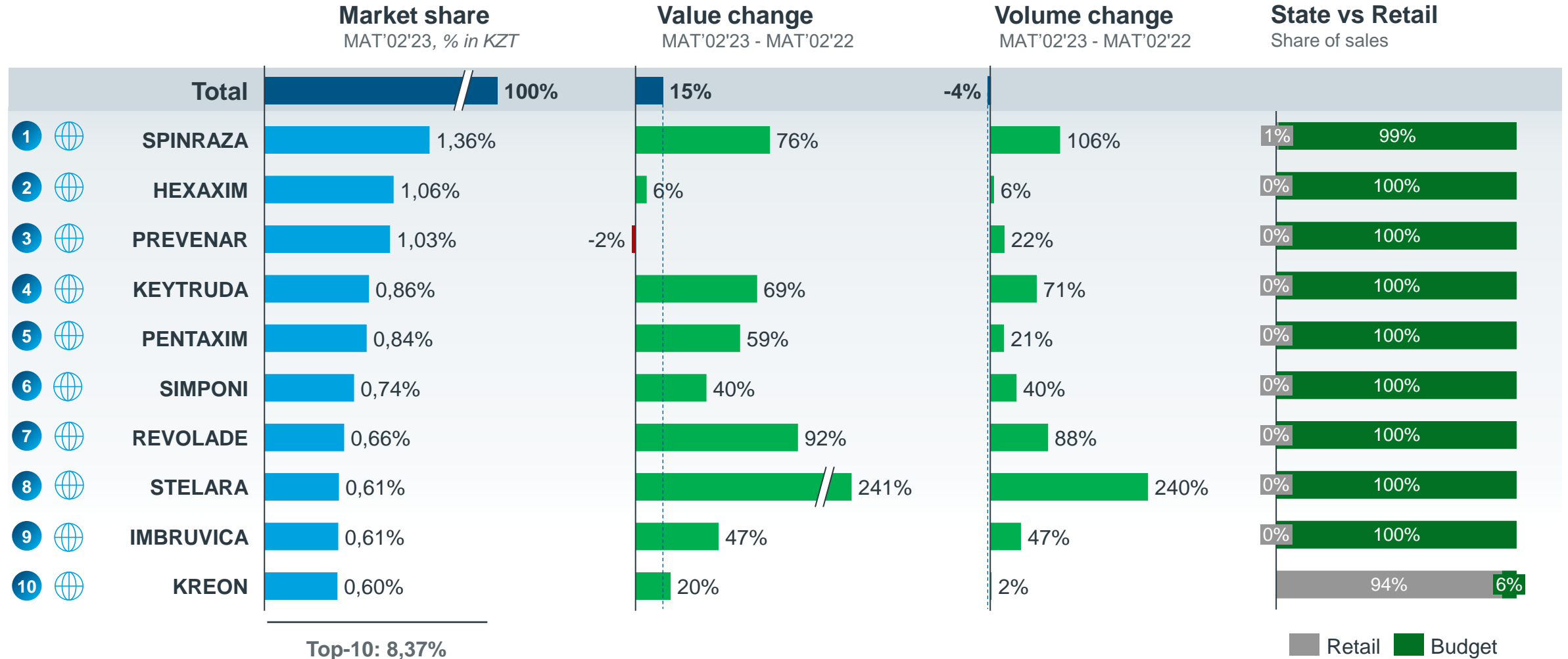


Total pharmaceutical market overview



Most Top-10 brands generate their sales in the state-funded segment; there is one local brand among Top-10

Top-10 overall ranking of brands by sales



Total pharmaceutical market overview

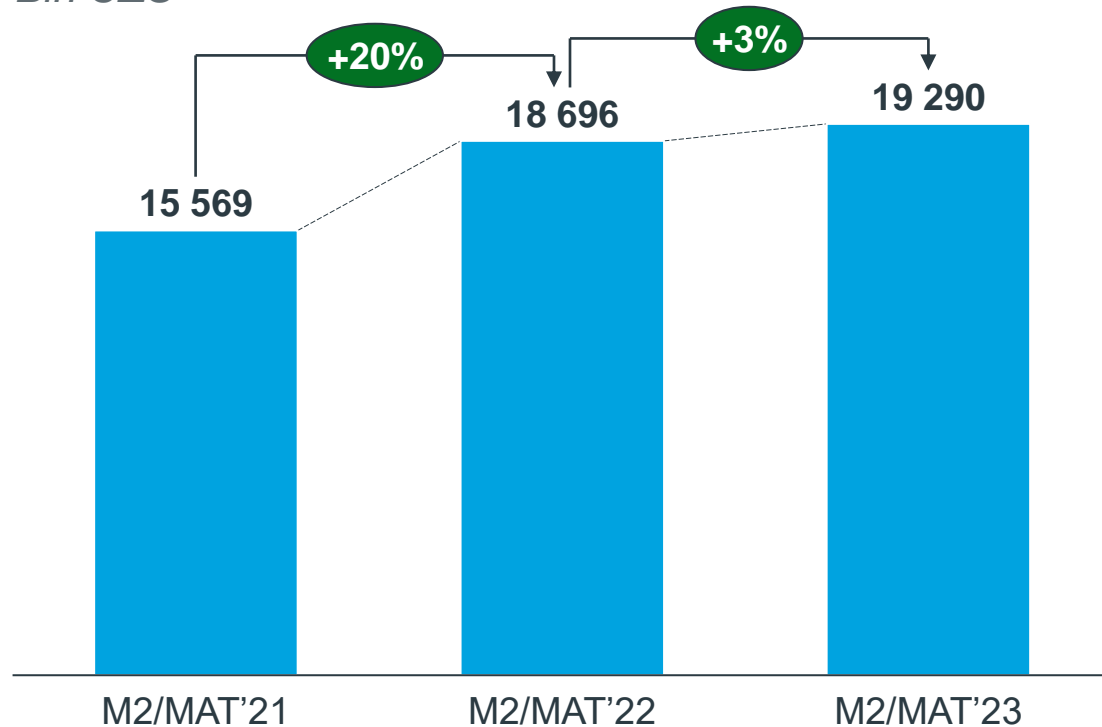
Uzbekistan pharma market continues to grow in value terms in MAT February 2023



Total pharma market

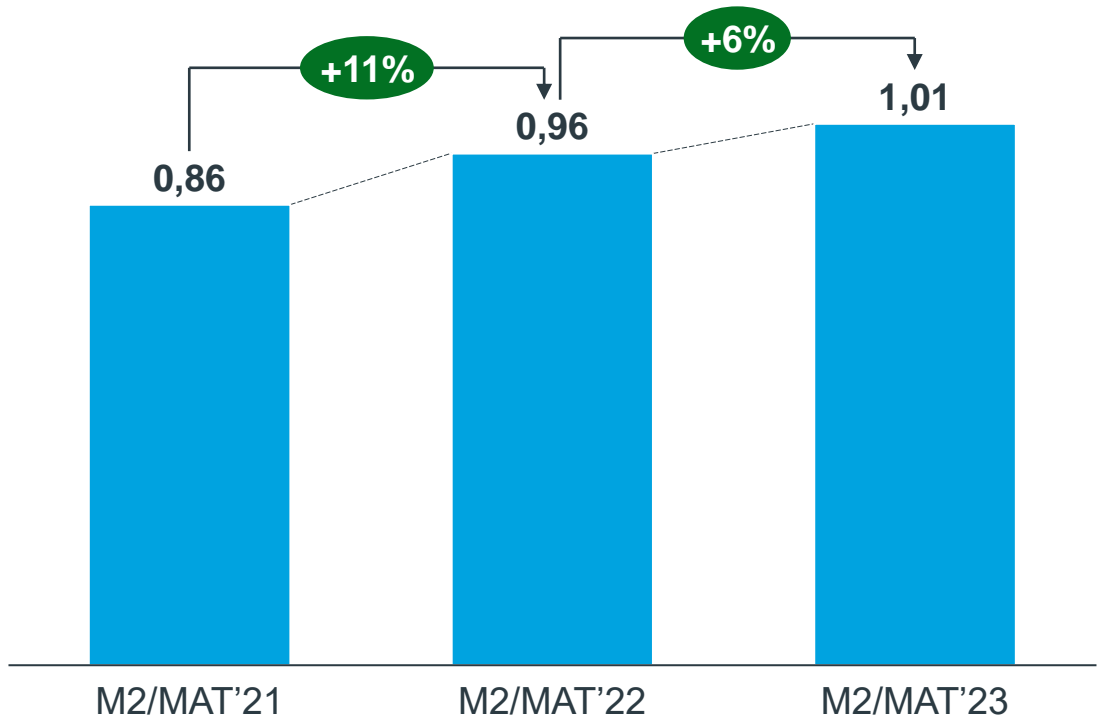
Total Sales by Value

Bln UZS



Total Sales by Volume

Bln Packs



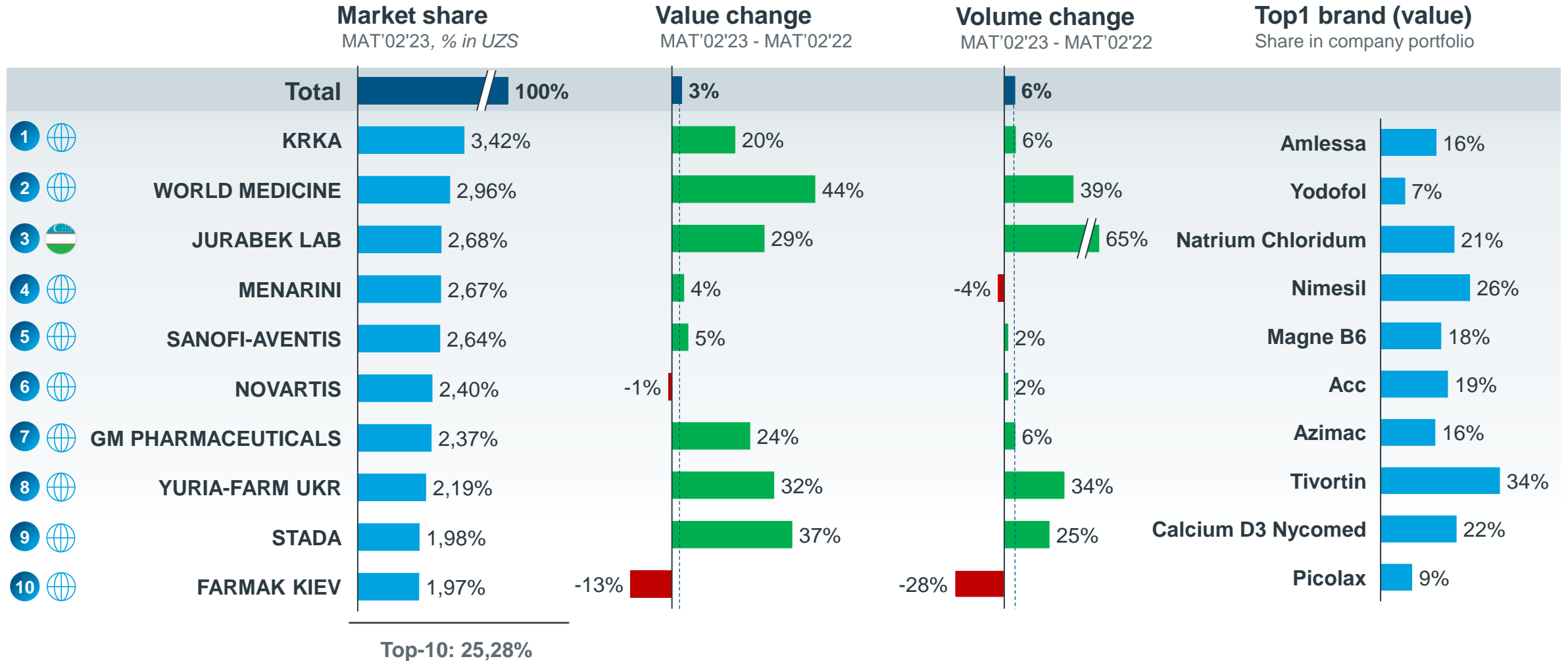
■ Retail

Indicator	UZS	USD	EURO	Packs	SU
Value MAT'02'23, Bln	19 290,1	1,7	1,7	1,0	21,5
Growth 23/22, %	3%	-1%	11%	6%	-5,0%



Most Top-10 companies have demonstrated significant sales growth both in value and volume terms in latest period

Top-10 overall ranking of companies by sales

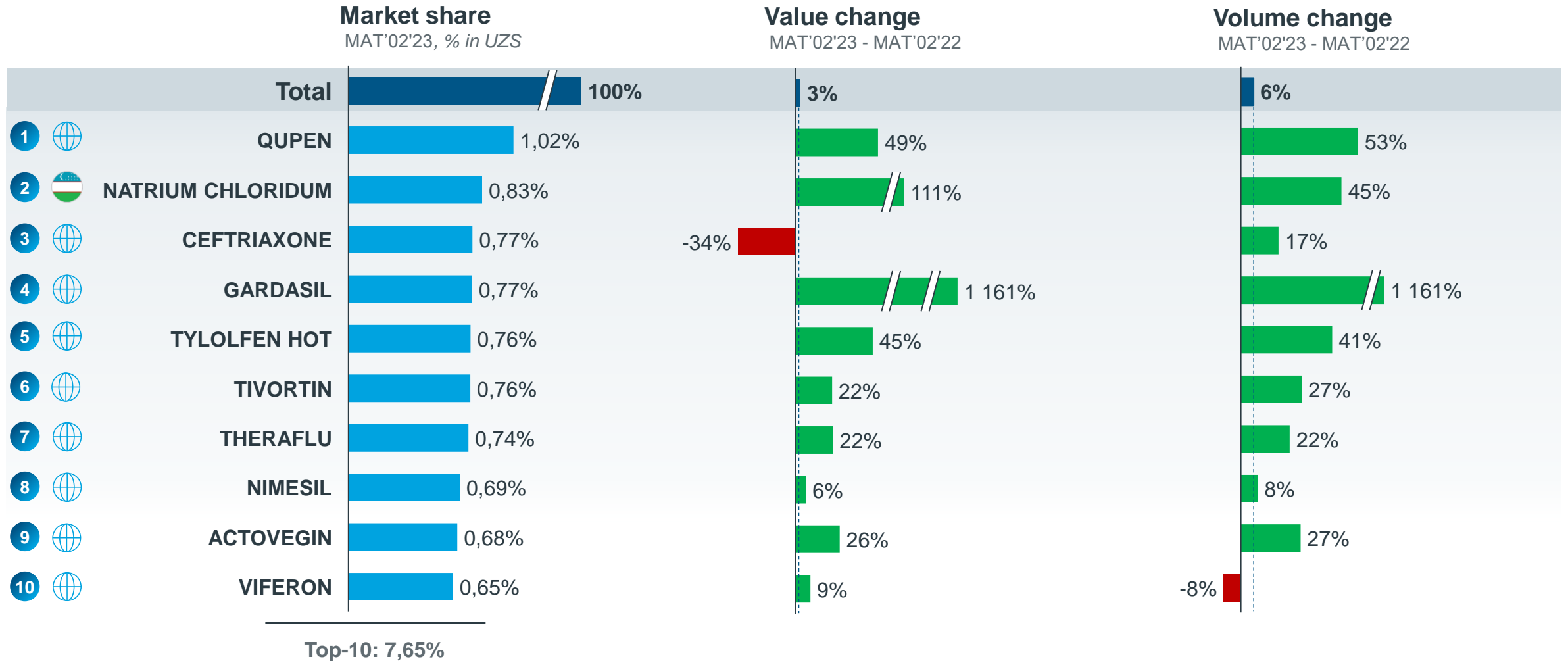


Total pharmaceutical market overview



There is only one local brand among Top-10 generating significant growth vs PY in value and volume terms

Top-10 overall ranking of brands by sales



Total pharmaceutical market overview

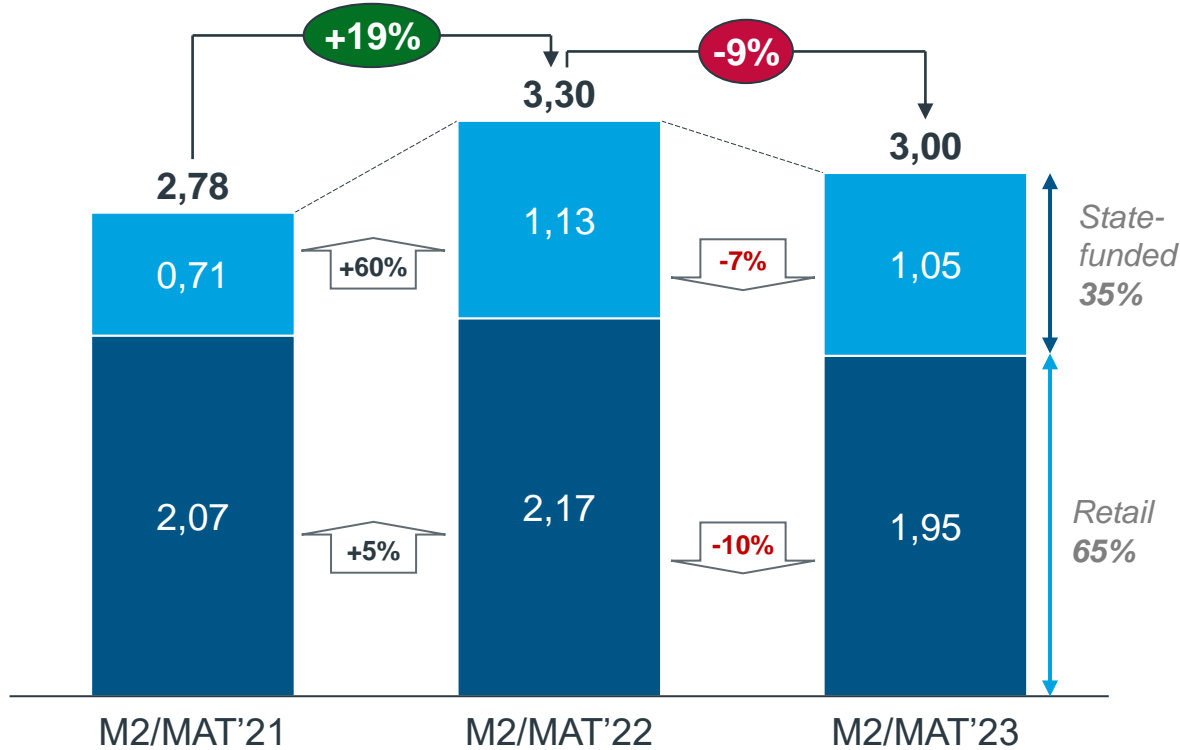


Belarus pharma market drops in value and volume terms both in retail and state-funded channels

Total pharma market by channels

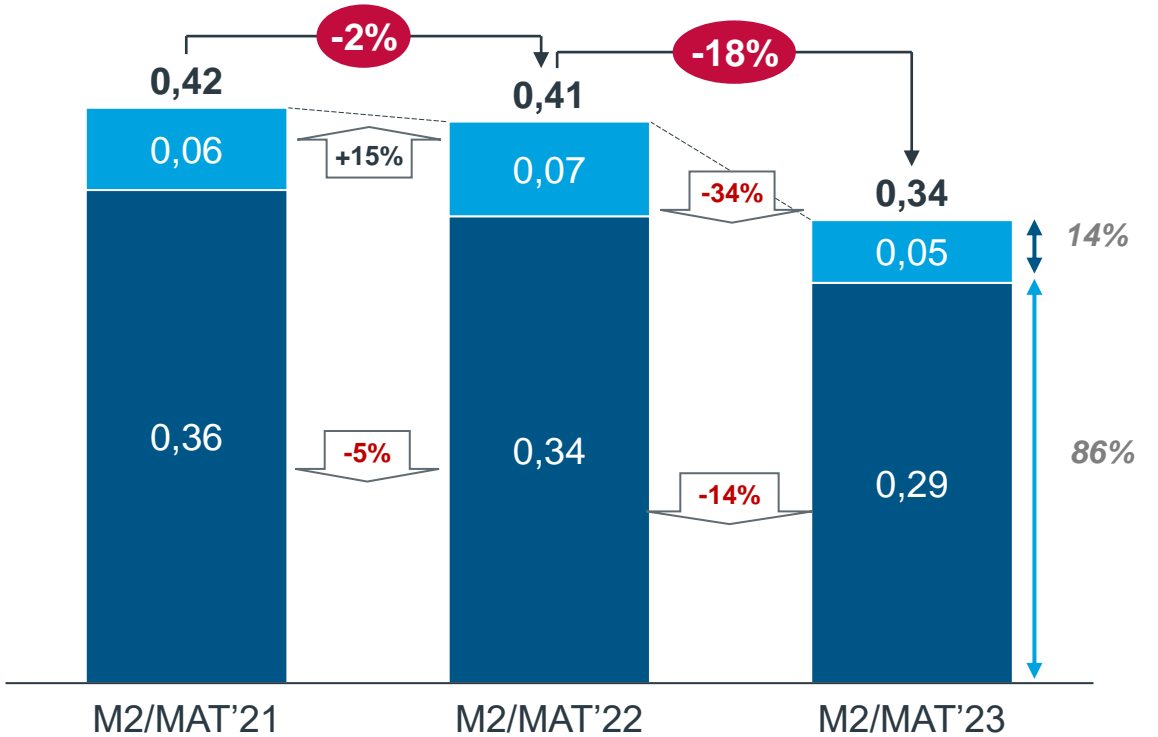
Total Sales by Value

Bln BYN



Total Sales by Volume

Bln Packs



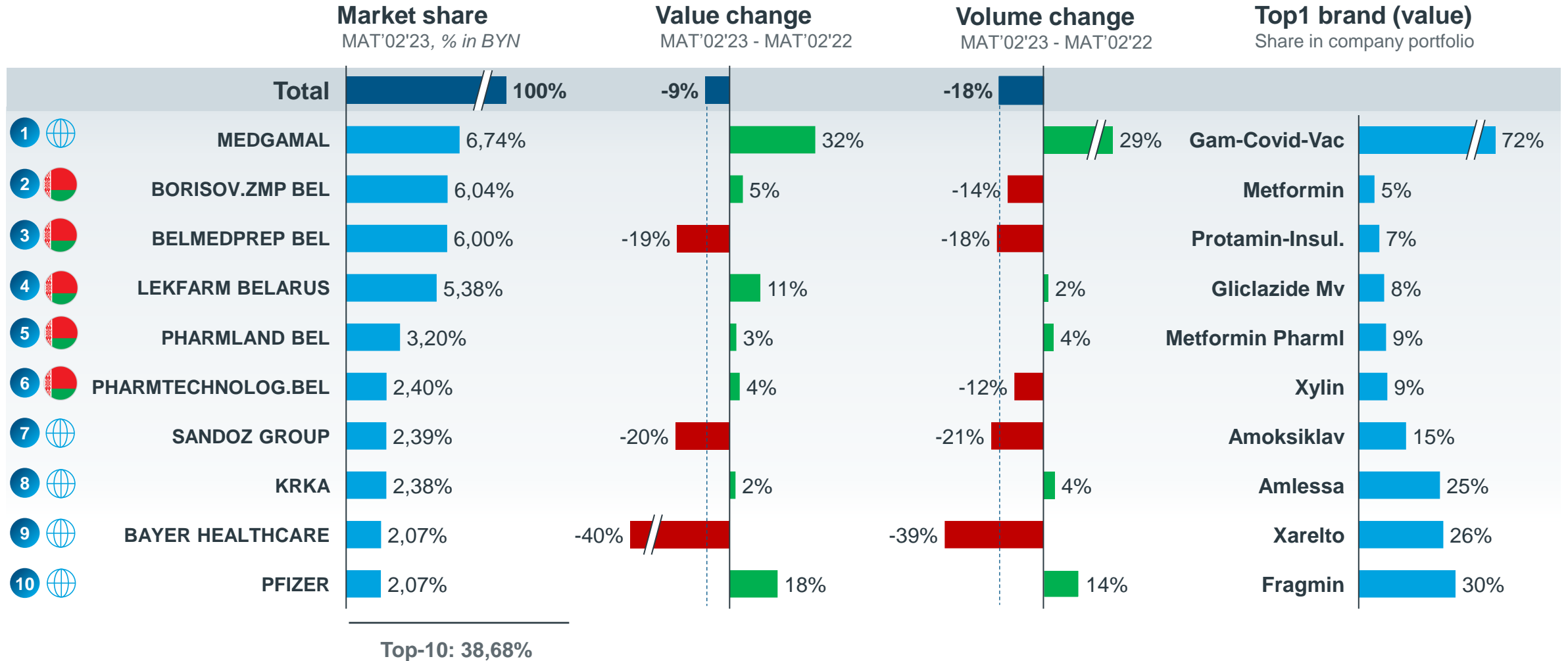
■ Hospital ■ Retail

Indicator	BYN	USD	EURO	Packs	SU
Value MAT'02'23, Bln	3,0	1,1	1,1	0,3	14,3
Growth 23/22, %	-9%	-13%	-1%	-18%	-3,9%

Top-10 companies demonstrate controversial dynamic; 6 out 10 companies are local ones



Top-10 overall ranking of companies by sales

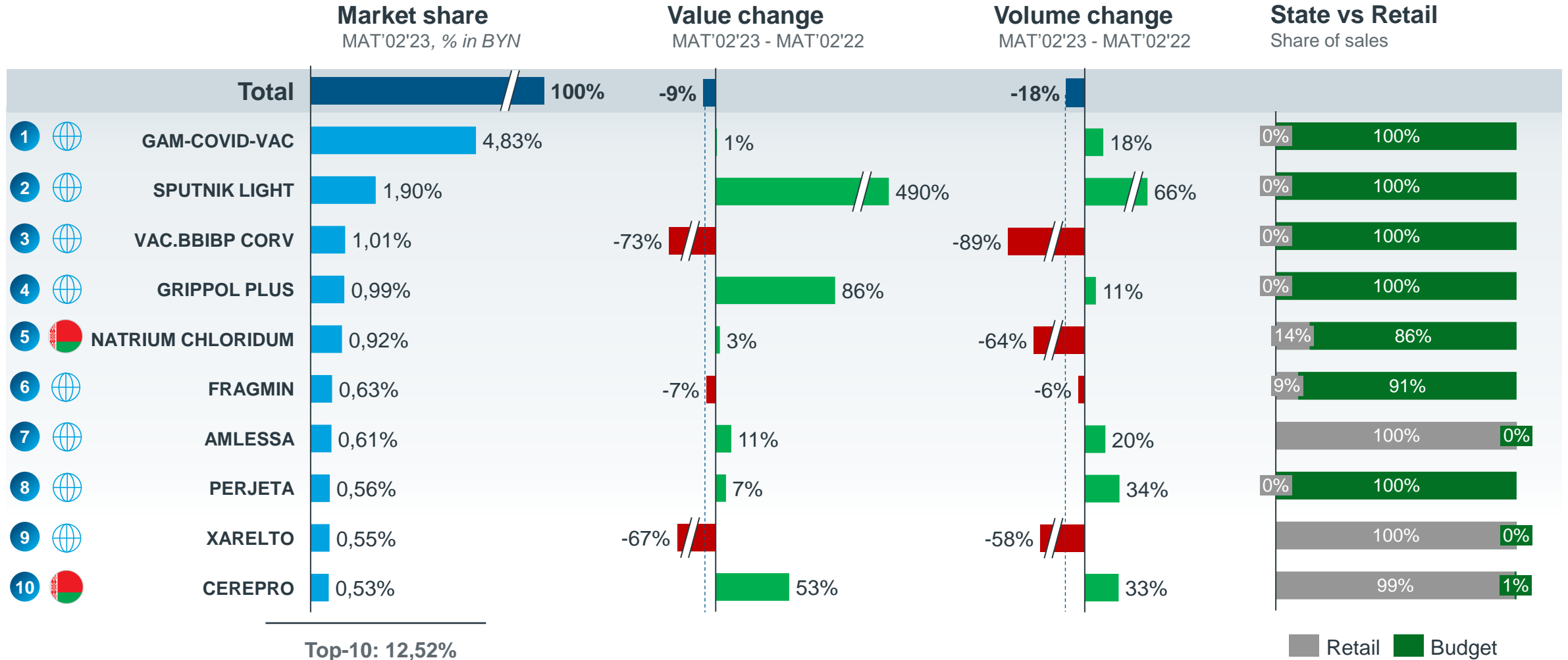


Total pharmaceutical market overview



Most Top-10 brands generate their sales in the state-funded segment; there are two local brands among Top-10

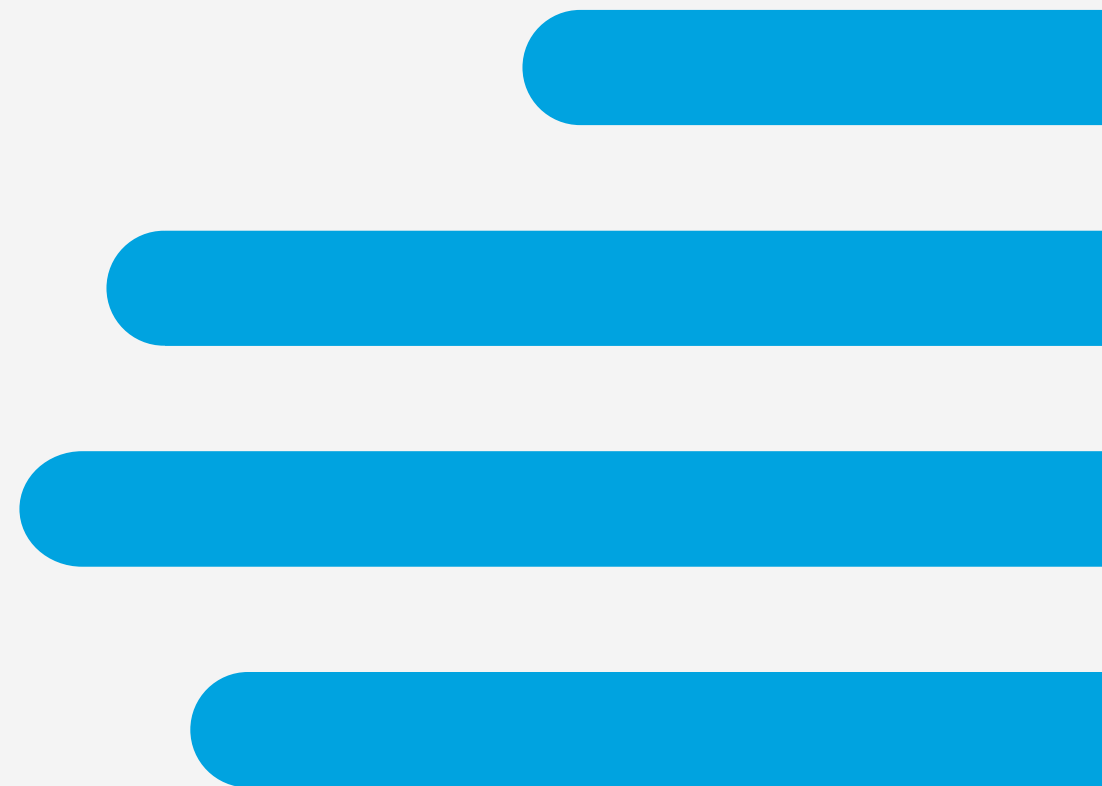
Top-10 overall ranking of brands by sales



Total pharmaceutical market overview

09

IQVIA offerings





INFORMATION



Pharma market audit

- Retail audit - Sell-In и Sell-out (monthly and weekly)
- Budget audit – Public, DLO, RLO
- Tenders and auctions
- E-commerce
- Monitoring of product prices



Channel Dynamic

- Monitoring of traditional and digital promotional activities directed to physicians and pharmacies (SoV)



OneKey

- >700k physicians / specialists
- >100k medical organizations
- >65k pharmacies
- 100% compliance to FL-152



DCD & MDLP

- Distributors' data processing and consolidation
- Serialization data processing and consolidation



LRx RPA

- Drugs prescriptions by indication
- RWE / RWD



TECHNOLOGY



Customer engagement

- MyCRM (local CRM solution)
- OCE: personal / digital (global CRM solution)
- Solutions for creating and managing CLM content



Compliance solutions

- Consent collection, storage and management (IQVIA Consent)
- Quality Management System at production site (eQMS)
- Pharmacovigilance process management system
- Fair Market Value (fair payments to KOLs and HCPs)



Business Intelligence

- Integrated solutions: reporting and data visualization



CONSULTING



Commercial Effectiveness

- Sales Force sizing and deployment
- Territory prioritization
- Pharmacy and physicians' segmentation
- ROI analysis of trade marketing activities
- KPI framework development
- Разработка и оценка KPIs



Management Consulting

- Commercial Due Diligence
- Portfolio strategy & targets' search
- Global market expansion
- Go-to-Market strategy
- Pricing and Market Access
- Launch Excellence
- Promo Mix Optimization
- Market landscape & forecasting



Primary Market Research

- In-depth interviews and focus-groups with various groups of stakeholders (KOLs, HCPs, pharmacists, consumers)
- Ad-hoc проекты: U&A, Price elasticity, Rep checks, KOLs mapping etc.
- Syndicated studies

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