1. Click on this icon to insert a new photo.

2. Reset the slide.

3. Where necessary, change the section using the 'Crop' function.

Pharmaceuticals Russia

June 2019
Market Macro-Overview
▪ Macroeconomic overview of Russia
▪ Political, economic and legal risks associated to the market
▪ Banking and currency restrictions associated the market
▪ Trade agreements with Jordan

Industry/Sector Demand Overview
▪ Current demand dynamics
▪ Future forecast for the sector

Product Overview/Demand Analysis
▪ Product description and application
▪ Demand 2013-2023 (volume and value)
▪ Key demand drivers
▪ Emerging trends and potential changes

Supply Analysis
▪ Supply 2013-2023 (production and imports)
▪ Supplier profiles/Market share of imports
▪ Market share of key suppliers
▪ Note on methodology

Route to Market Analysis
▪ Key channels
▪ Typical buyers
▪ Customer requirements
▪ Marketing activities
▪ Product pricing
▪ List of exhibitions and trade fairs

Competitive Landscape
▪ Key market international suppliers (companies)
▪ Breakdown by company supplying
▪ Existing value proposition offered by competitors

Import Procedure
▪ Tariff and non-tariff barriers
▪ Required documents
▪ Packaging requirements for shipment
▪ Labelling requirements
▪ Key transportation and logistics requirements, such as recommended port of entry and key distribution hubs
▪ Applied tariffs for the product in the country

Import Supply Chain
▪ Structure of the import supply chain (including planning, logistics and distribution)
▪ Recommendations on how to overcome challenges related to the import supply chain

Recommendations
▪ Market access strategy
▪ Key success factors for winning in the market
▪ Marketing mix
1. Click on this icon to insert a new photo.
2. Reset the slide.
3. Where necessary, change the section using the 'Crop' function.
Despite a weak currency, Russian economy is on the brink of recovery

**MARKET RISKS**

**Economic**
The Russian economy continues with moderate growth from two-year recession. Household consumer demand is expected to slow down on the back of lower real wages growth. The manufacturing sector accounts for 13.7% of GDP and employs 14.2% of the workforce.

**Political**
The number of those in poverty has increased. Russia's population has been shrinking by more than 500,000 on average every year since 2000 partly due to an AIDS explosion, but it can also be traced back to declining fertility rates, an unexplained rise in the suicide rate and ethnic and regional tensions. This indicates the decline in average spending of consumers.

**Legal**
Implementation of anti-money laundering law is weak. Banks have become vulnerable to risks of illegal origin of money This may affect credit facilities for importers and impact trade.

**Trade**
The Russian economy has never been especially reliant on exports. In 2018, exports were 27.1% of GDP. Exports (in dollars) rose by 25.5% in 2018 as Russia's WTO membership required Moscow to phase out most of its trade barriers in 2018. However, a drop of 5.8% is expected in 2019 as growth in Russia's major partners is expected to slow.

**Banking restrictions & currency challenges**
For payments related to the import of goods, there are no significant restrictions. However, the bank of the Russian importer is obliged to ensure compliance of payments with currency regulations. The Russian importer and its bank set up a "transaction passport" for each contract. The foreign exporter is not directly involved, but may be affected due to the need of the Russian importer to obtain documents and information from the exporter.

**TRADE AGREEMENTS**
- Russia does not hold any free trade agreement with Jordan. This impacts the applied tariffs for exports of pharmaceutical products from Jordan to Russia.
- Russia has free trade agreements with Uzbekistan, Turkmenistan, Serbia, Azerbaijan, Belarus, Kazakhstan, Ukraine, Vietnam, Armenia, Kyrgyz Republic, Moldova, and Tajikistan.

**MARKET KEY PORTS**

- Port of Murmansk
- Port of St. Vysotsk
- Moscow (capital city)
- Port of St. Petersburg
- Port of St. Novorossiysk

**ECONOMY**

<table>
<thead>
<tr>
<th>Total GDP 2018:</th>
<th>US$1,654.7 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth:</td>
<td>6.3%</td>
</tr>
<tr>
<td>2013-2018 (CAGR)</td>
<td></td>
</tr>
<tr>
<td>Forecast GDP Growth:</td>
<td>7.9%</td>
</tr>
<tr>
<td>2018-2023 (CAGR)</td>
<td></td>
</tr>
</tbody>
</table>

**DEMOGRAPHICS**

<table>
<thead>
<tr>
<th>Total Population 2018:</th>
<th>144.5 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Growth:</td>
<td>0.2%</td>
</tr>
<tr>
<td>2013-2018 (CAGR)</td>
<td></td>
</tr>
<tr>
<td>Forecast Pop. Growth:</td>
<td>0.1%</td>
</tr>
<tr>
<td>2018-2023</td>
<td></td>
</tr>
</tbody>
</table>

**PER HOUSEHOLD SPENDING**

<table>
<thead>
<tr>
<th>Average Spending 2018:</th>
<th>US$13,630.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>(per household)</td>
<td></td>
</tr>
<tr>
<td>Avg. Spending Growth:</td>
<td>8.1%</td>
</tr>
<tr>
<td>2013-2018 (real terms)</td>
<td></td>
</tr>
<tr>
<td>Forecast Spending Growth:</td>
<td>3.9%</td>
</tr>
<tr>
<td>2018-2023 (real terms)</td>
<td></td>
</tr>
</tbody>
</table>
Industry Overview

Overview of Pharmaceuticals
High extent of localization is expected to drive increased sale of locally manufactured generics

PHARMACEUTICALS OVERVIEW

- The commercial drugs market grew by 11% in volume terms driven mainly by the increase in domestic production of generic and cheaper drugs. The market grew by 51% in Russian Rouble terms but suffered a drop of 17% in USD Value terms owing to the heavy currency depreciation between 2014-18.
- The growth in volume terms can be attributed to increased focus on domestic production under the aegis of state-run sectoral development programs like “Pharma 2020”. However, the growth in value terms is due to the substantial growth in the sale of generics preferred as substitutes to prescribed medicines owing to lower personal incomes. State drug supply programs are also said to promote a switch to generics owing to budgetary reasons.
- Hospital procurement and state subsidized drug purchases focusing largely on promoting local medicines was estimated to contribute to around 32% of the market size as of 2017.
- Share of generic was estimated to contribute 83.2% to the total market size by volume and 61.6% in value terms as of 2018.

PHARMACEUTICALS SIZE

The size of the sector in 2018 was estimated at US$26.5 billion and by 2023 it is expected to reach a total of US$31.5 billion.

KEY TRENDS AFFECTING PHARMACEUTICALS

- Falling personal incomes and consumer expenditure is resulting in import substitution, localization and hence, growing share of locally manufactured generics. The Government has also put efforts by establishing state price controls and labelling requirements to reduce the penetration of other counterfeit products.
- The health care system in Russia suffers from underfunding, red tape and corruption which results in reduced efficiency. This trend is unlikely to change in the coming years.
- Exchange rate volatility remains an issue given the volatility of oil and gas prices and the effect of sanctions.
- As the country encourages local production, it is expected that exporters of large volumes could collaborate with local entities to establish manufacturing entities and achieve government subsidies.
- The pharmaceutical sector will continue to integrate vertically among Russian firms with primary focus on production, distribution and retail.
- Drug registration and participation in state pharmaceutical programs is likely to help grow awareness and hence drive sales for the company.
Demand

Product Overview and Demand Analysis
Market’s shifting focus to domestic generics is likely to impact sector’s value growth

**DEMAND FOR THE PRODUCT (HISTORIC AND FORECAST)**

**BRANDED GENERICS DESCRIPTION AND APPLICATIONS**

A generic drug is a medication created to be the same as an already marketed brand-name drug in dosage form, safety, strength, route of administration, quality, performance characteristics, and intended use. These similarities help to demonstrate bioequivalence, which means that a generic medicine works in the same way and provides the same clinical benefit as its brand-name version. When generic drugs are sold under a brand name, it is known as branded-generics. Branded generic drugs are used in therapeutic applications for cardiovascular, central nervous system, dermatology, oncology, respiratory, and other therapeutic applications.

**KEY DRIVERS BEHIND MARKET GROWTH**

- The Government is looking to substitute expensive imported drugs by locally manufactured and affordable alternatives
- The market is being driven by a significant preference in generics over the past few years as consumers prefer to save on healthcare costs
- Regional pharmacy retail chains and small independent pharmacies have been consolidating through mergers and acquisitions resulting in stable quality of service and product prices rendered to consumers.

**EMERGING TRENDS AND POTENTIAL CHANGES**

- New labelling and tracking regulations implemented for drugs is likely to have an adverse impact on costs
- On the contrary, consolidation of supply chain led by vertical integration of local firms, is likely to result in fewer intermediaries and thus, lower logistical costs
- As part of vertical integration, companies are rapidly localizing production to become eligible for participation in state-run health programs and achieve a multitude of cost benefits
- Introduction of new local drugs and sale of these drugs through online channels is likely to augment the growth of this segment
- Consolidation of retail pharmacies is expected to continue along with a significant drop in independent pharmacies.

**Source:** Euromonitor International from trade analysis, 2019
1. Click on this icon to insert a new photo.
2. Reset the slide.
3. Where necessary, change the section using the 'Crop' function.
European nations form the major share in top five supplying countries

**SUPPLY OF BRANDED GENERICS (HISTORIC AND FORECAST)**

![Graph showing domestic production and exports and imports from 2013 to 2023.]

Source: Euromonitor International from trade analysis, 2019

**PROFILES OF TOP SUPPLYING COUNTRIES**

<table>
<thead>
<tr>
<th>#</th>
<th>Country</th>
<th>% Share of Imports</th>
<th>Competitive Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Germany</td>
<td>21%</td>
<td>• Home to several pharmaceutical brands, companies in Germany offer a wide portfolio of pharmaceutical products</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Well established logistics between the countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Developed financial services to support exporters</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Longstanding market presence of products helps brand recall</td>
</tr>
<tr>
<td>2</td>
<td>France</td>
<td>9%</td>
<td>• Well-developed and advanced technologies used in pharmaceutical products thereby helping companies achieve economies of scale.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Innovative and premium drugs offered – Several western brands are also included in the state-run programs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Longstanding market presence of products</td>
</tr>
<tr>
<td>3</td>
<td>USA</td>
<td>6%</td>
<td>• Known as the base for cheap and effective generics even for severe illnesses like Hepatitis and HIV driven mainly by low production costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Well-established trade ties between both countries</td>
</tr>
<tr>
<td>4</td>
<td>India</td>
<td>5%</td>
<td>• Similar to other European countries, companies in Switzerland have a well-established and advanced pharmaceutical industry offering a wide range of innovative and expensive drugs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Longstanding market presence of products from Switzerland</td>
</tr>
</tbody>
</table>

Source: Euromonitor International from trade analysis, 2019

**FORECASTING METHODOLOGY**

- Historical data has been obtained from local and international statistics and validated through trade interviews with multiple supply chain segments (such as manufacturers, distributors and retailers).
- These inputs have been used alongside relevant exogenous variables in order to develop a forecast based on the analysis of variance approach, while also taking into account the expected effect of market, regulatory and policy developments on forecast variables.
Route To Market

Bringing The Product To The Market
Maximum mark-up in pricing from distributor to end customer is around 14%

### PRODUCT PLACEMENT (TOP CHANNELS)

<table>
<thead>
<tr>
<th>CHANNEL</th>
<th>TYPICAL BUYER</th>
<th>BUYER EXPECTATIONS/ REQUIREMENTS</th>
<th>MARKETING ACTIVITIES</th>
</tr>
</thead>
</table>
| Distributors             | • Buyers in this category mainly distribute products purchased either from manufacturers, importers, other large distributors or even from large retail channels.  
                          | • Depending on the product source, buyers handle quality control and/or customs, with re-packaging also sometimes in scope.  
                          | • Distributor market share has been dropping owing to increasing vertical integration.       | • Distributors require registration/certification and proper labelling of all products.  
                          | • Buyers generally negotiate on cheaper prices for bulk purchases. Other features discussed individually with sellers. | • Marketing through local media, trade shows and by distributing samples.                                                                                         |
| Representative Offices   | • Local manufacturer’s representative offices represent over 77% of the total imports. The offices procure both imported and local manufactured products.  
                          | • The offices are responsible for ensuring quality compliance, customs clearance and address packaging and labelling requirements. | • The offices require registration/certification and proper labelling of all products.  
                          | • These offices are allowed to import unlabelled stock. | • Wide range of marketing activities including media, advertising, trade shows and samples.                                                                 |
| Importers                | • Currently the fastest growing segment of buyers.  
                          | • Importers should ensure compliance to quality control, customs and packaging.            | • Imports are responsible either directly or through agents to ensure Registration and certification besides compliance to regulations. | • Marketing through local media, advertising and trade shows.                                                                                       |
| Domestic Producers       | • With increasing vertical integration, local manufacturers are also into distribution business and tend to import products for local distribution. | • The offices require registration/certification and proper labelling of all products.         | • Marketing through industry channels, advertising, trade shows and sample distribution.                                                               |
1. Click on this icon to insert a new photo.
2. Reset the slide.
3. Where necessary, change the section using the 'Crop' function.

Competitive Landscape
Active promotion of the product offering is key to penetrate across all major channels

**TOP MARKET SUPPLIERS**

**BAYER (Germany)**
Manufacturer, importer

**Value Proposition**
A German company operating in Russia for over a century, Bayer has well-established operations across all its major divisions, Pharmaceuticals, Consumer Health and Crop Science. The company's thrives on its longstanding market presence and invested technology registering a 10% year-on-year growth in sales driven mainly by its 3 major brands, Xarelto, Teraflex and Claiva.

**SANOFI (France)**
Manufacturer, importer

**Value Proposition**
Sanofi, a global leader in vaccines and animal health, has been present in Russia since 1970. With the acquisition of a modern insulin facility, Sanofi-Aventis Vostok is currently a leader in local insulin production. The company differentiates itself in the insulin and vaccine category and provides attractive credit facilities.

**NOVARTIS (Switzerland)**
Manufacturer, importer

**Value Proposition**
A company well established in the Russian region for over 130 years is a deemed market leader leading the way with innovative OTC and generic drugs. The company is known for its high-quality and premium product offering in the region. The company is working closely with state-run authorities for organizing local production and investing in specialized research.

**TEVA (Israel)**
Manufacturer, importer

**Value Proposition**
Invested in Russia since 1995, the company opened its manufacturing facility in Yaroslavl with a capacity to produce 2 billion tablets per year. The company is known to invest continuously in developing specialized drugs for complex health issues like multiple sclerosis and other nervous disorders.

**SERVIER (France)**
Manufacturer, importer

**Value Proposition**
Established in 2007 in Moscow, Russia, Servier operates a manufacturing facility that produces pharmaceutical products used across all the stages of development and packaging. The company is known to offer contract manufacturing facilities for brands looking to penetrate the market.

---

**MARKET SHARE OF KEY SUPPLIERS, BY VALUE, 2018**

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayer</td>
<td>4.5%</td>
</tr>
<tr>
<td>Sanofi</td>
<td>4.2%</td>
</tr>
<tr>
<td>Novartis</td>
<td>4.2%</td>
</tr>
<tr>
<td>Teva</td>
<td>3.7%</td>
</tr>
<tr>
<td>Servier</td>
<td>3.5%</td>
</tr>
<tr>
<td>Others</td>
<td>79.9%</td>
</tr>
</tbody>
</table>

**COMPETITIVE POSITIONING**

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Quality</th>
<th>Lead Time</th>
<th>Innovation</th>
<th>Price</th>
<th>Credit Facilities</th>
<th>Volume Discounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanofi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Novartis</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>TEVA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Servier</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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3. Where necessary, change the section using the 'Crop' function.

Imports

Import Process
Lack of stringent regulations poses a threat for entry of counterfeit products

IMPORT REQUIREMENTS

PACKAGING REQUIREMENTS
- There are no specific packaging requirements for branded generics. Depending on the product, packaging specifications are discussed individually with each buyer.

LABELLING REQUIREMENTS
- All drugs should be properly labelled to pass through customs verifications, there may be additional client specific requirements.
- All labelling must be in Russian. It is recommended to use local, professional support for labelling.
- Pharmaceutical companies with representative offices in Russia can import unlabelled stock, repackage the products, label and then sell to end consumers.

TRANSPORTATION REQUIREMENTS AND LEAD TIME
- All means of transportation (sea, land, air) are available depending on the final destination and specific requirements prescribed by the client.
- Lead time depends on contractual terms and varies depending on storage time, mode of transportation, etc.
- Incidents of delays are possible due to administrative issues or red tape at various points on receipt of the product. It is advised to work with a local broker, or importer.

DOCUMENT REQUIREMENTS / CUSTOMS’ PROCESSES
- Registration with the Health Ministry and certification with the local regulator are required.
- The registration process can be time-consuming
- Work with a customs broker or an importer to avoid delays.

TRADE BARRIERS

The Government’s agenda of substituting imported drugs with locally manufactured alternatives is likely to be the largest trade barrier for exporting companies. The registration process is also time consuming and may take up to a year to register a new drug. Lack of access to the right importing agents could result in administrative delays and red tape across various import stages resulting not only in delays but also monetary losses. The country’s depreciating currency against the US Dollar is likely to impact import prices which may not always be passed on to end-consumers. Hence, importers might be sceptical in venturing into new brands.

APPLIED TARIFFS (from Jordan)

<table>
<thead>
<tr>
<th>HS CODE</th>
<th>PRODUCT DESCRIPTION</th>
<th>APPLIED TARIFFS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3003</td>
<td>Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic uses not in measured doses or put up for retail sale.</td>
<td>0%</td>
</tr>
<tr>
<td>3004</td>
<td>Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses “incl. those in the form of transdermal administration” or in forms or packings for retail sale.</td>
<td>3.48%</td>
</tr>
</tbody>
</table>
Imports

Registration Process
Recent change in Federal law relaxes foreign drug registration process

Registration of drugs, both imported and domestically produced, is administered by the Health Ministry of the Russian Federation. The procedure normally takes 160 business days to complete for all types of drugs, except orphan drugs, first three recreated drugs for use exclusively by children (under 18 years of age), for which the registration period is 80 business days.

Registration documents should be formatted as a common technical document (CTD). The following documents are required for registration:

- Application registering the drug.
- State fee payment (see below).
- Power of attorney for a person submitting the application.
- Copy of the production license or a GMP certificate (applicable for both local and foreign manufacturers).
- Draft of the instructions for medical use.
- Medical use instruction used in the country of origin.
- Draft layout for the primary and secondary package.
- Draft of the normative documentation for the drug or a reference to a specific pharmacopoeia article (only if such article is presented in Russian pharmacopoeia).
- Registration status.
- Proof of registration as an orphan drug abroad.
- Risks management plan for biological drugs.
- Information about pharmacovigilance.
- Certificates of ready drug’s analysis for 3 series.

Depending on the drug, the following information should also be provided:

**Chemical, pharmaceutical and biological information**
- Information about substance.
- Information about the drug.

**Pharmacological and toxicological information**
- Report on pharmacological research.
- Report on pharmacokinetic research.
- Report on toxicological research.

**Clinical information**
- Report on bioavailability and bioequivalence research, research on correlation of in vitro and in vivo results.
- Report on pharmacokinetic research.
- Report on pharmacodynamic research.
- Reports about clinical efficiency and safety research.
- Report on post-registration history of use (if available).

The state fee for registration is 330,000 rubles (USD5,270).
1. Click on this icon to insert a new photo.
2. Reset the slide.
3. Where necessary, change the section using the 'Crop' function.
Export via land from Jordan to Russia is the most cost-effective solution

SUPPLY CHAIN OUTLINE

Distribution
- Short supply chain: Importers – Distributors (optional) – Pharmacies – End Consumers
- Distribution routes are centered around major cities, primarily Moscow, St. Petersburg with increased demand in urban areas
- Warehousing is normally managed by distributors for imported or manufactured drugs

Planning
- Product registration and approvals are to be obtained before imports into Russia
- Importer / distributor identification with good market access is key
- Order frequency management and lead time depends on contract terms
- Factors impacting planning are administrative delays, sharp currency fluctuations
- Importers are subject to customs control

Logistics
- Logistics requirements differ from one client to another based on the products
- Warehouses managed generally by distributors are specific to the region covered
- While most exporters ship products up to the corresponding port in Russia, local transportation is mutually agreed between the importer / distributor and the retailers.
- Logistics costs are lower for large cities but is generally higher for remote areas

RECOMMENDATIONS TO INCREASE MARKET ACCESS EFFICIENCY

- Exporters should consider connecting with both importers and distributors to understand the retailer coverage and then choose accordingly
- Identifying a suitable partner who is well integrated in the supply chain could help reduce intermediaries and improve margins.
- Once the product is well-established in the market, the company could consider partnering with a local partner for manufacturing and minimizing costs.

LOGISTICS COSTS VS KEY COMPETITORS

<table>
<thead>
<tr>
<th>Costs of shipping to Russia</th>
<th>Land</th>
<th>Air</th>
<th>Sea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jordan</td>
<td>$1,970</td>
<td>2,888</td>
<td>3,974</td>
</tr>
<tr>
<td>Germany</td>
<td>$940</td>
<td>2,524</td>
<td>2,442</td>
</tr>
<tr>
<td>France</td>
<td>$1,485</td>
<td>2,560</td>
<td>2,420</td>
</tr>
<tr>
<td>USA</td>
<td>-</td>
<td>2,500</td>
<td>11,364</td>
</tr>
</tbody>
</table>

Note: Shipping costs are calculated based on a standard 40 ft container.
Recommendations
Product differentiation backed by strong direct and media-based marketing is critical to penetrate the established market

**WHO TO TARGET FOR SALES**
- Potential types of buyers include importers and/or distributors who further sell into retailers (pharmacies), wholesalers, online retailers
- Identification of multiple distributors might be required for penetrating different states in the country
- Operating in a well established market, identification of distributors willing to expand a new brand is key

**RECOMMENDED TRADE ROUTE**
- The best trade routes are either through Moscow or St. Petersburg due to infrastructure, developed retail and solid consumer base.
- Lower logistics costs and faster lead time along with banking facilities also suggest Moscow and St. Petersburg as prime trade routes.
- Subsequent expansion plans should include other major cities in the order of Novosibirsk, Nizhny Novgorod, Rostov, Krasnodar

**KEY CHALLENGES RELATED TO THE COMPETITION**
- Detailed drug registration process and administrative delays due to high level of red tape in the system, lack of product knowledge among buyers and logistics issues are likely to be major challenges to be tackled by exporters
- Similar local and international branded generics are already well established in the market at cheaper prices

**SUCCESSFUL MARKETING MIX**
- **Product** marketed as an affordable alternative to original brands.
- **Pricing** should allow for attractive profit margins for intermediaries down the supply chain. Pricing should ideally allow the product to be included in the list of vital drugs and be included in government drug programs.
- **Promotion**: New products should be promoted at trade shows and backed by aggressive media campaign aimed at industry professionals and the business community
- **Place**: Establishing a representative office or partnering with local distributor is the best route to penetrate the market
## APPENDIX I
### DATA SOURCES USED IN THIS REPORT

<table>
<thead>
<tr>
<th>DATA SOURCES</th>
<th>Euromonitor International’s analysis based on data from Passport (internal database)</th>
<th>Euromonitor International’s analysis based on data from secondary sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slide 3 / Market Macro-Overview</td>
<td>Euromonitor International research and analysis from trade interviews</td>
<td>Euromonitor International’s analysis based on data from secondary sources</td>
</tr>
<tr>
<td>Slide 4 / Industry/Sector Demand Overview</td>
<td>Euromonitor International research and analysis from trade interviews</td>
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</tr>
<tr>
<td>Slide 5 / Product Overview/Demand Analysis</td>
<td>Euromonitor International research and analysis from trade interviews</td>
<td>Euromonitor International’s analysis based on data from secondary sources</td>
</tr>
<tr>
<td>Slide 6 / Supply Analysis</td>
<td>Euromonitor International research and analysis from trade interviews</td>
<td>Euromonitor International’s analysis based on data from secondary sources</td>
</tr>
<tr>
<td>Slide 7 / Route to Market Analysis</td>
<td>Euromonitor International research and analysis from trade interviews</td>
<td>Euromonitor International’s analysis based on data from secondary sources</td>
</tr>
<tr>
<td>Slide 8 / Competitive Landscape</td>
<td>Euromonitor International research and analysis from trade interviews</td>
<td>Euromonitor International’s analysis based on data from secondary sources</td>
</tr>
<tr>
<td>Slide 9 / Import Procedure</td>
<td>Euromonitor International research and analysis from trade interviews</td>
<td>Euromonitor International’s analysis based on data from secondary sources</td>
</tr>
<tr>
<td>Slide 10 / Import Supply Chain</td>
<td>Euromonitor International research and analysis from trade interviews</td>
<td>Euromonitor International’s analysis based on data from secondary sources</td>
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<tr>
<td>Slide 11 / Recommendations</td>
<td>Euromonitor International research and analysis from trade interviews</td>
<td>Euromonitor International’s analysis based on data from secondary sources</td>
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</tbody>
</table>

### List of Interviews Conducted with Manufacturers, Importers and logistics players:
- Vademec
- Santence Logistics
- Biotek
- Farmkomplekt
- Farmland
- Grand Kapital
- RNC
- Farmimex

### Important secondary sources referred
- ROSSSTAT
- Economic Data from World Bank
- Annual reports of leading market players in Russia
- Russian Pharmaceutical market trends by Deloitte
- Websites of local manufacturing companies like Bayer, Sanofi, Novartis, DSM Group among others
- http://fbr.info
- http://www.roszdravnadzor.ru/ — Importing regulator, customs
# APPENDIX II
## COMPETITORS’ PRODUCT MARKET PRICES

<table>
<thead>
<tr>
<th>Drug (Generic Name of the product)</th>
<th>Branded generics (Names) available in Russia</th>
<th>Brand/Company</th>
<th>Prices at Distributor Level (USD/unit)</th>
<th>Prices at Retail Level (USD/unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>Cefixime</td>
<td>Suprax</td>
<td>Hikma Pharma (Jordan)</td>
<td>7.4</td>
<td>8.3</td>
</tr>
<tr>
<td>Cefixime</td>
<td>Pancif</td>
<td>Alcaloida (Hungary)</td>
<td>4.9</td>
<td>5.7</td>
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<tr>
<td>Cefotaxime</td>
<td>Cefotaxime</td>
<td>Kraspharma, Biokhimik, Deko</td>
<td>10.0</td>
<td>11.3</td>
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<td>Cefotaxime</td>
<td>Cefotaxime</td>
<td>Biosintez, Biolhimik</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Ceftazidime</td>
<td>Ceftazidime-akos</td>
<td>Oao Sintez, Deko</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Ceftriaxone Sodium</td>
<td>Ceftriaxon-lexvm</td>
<td>Sintez, Ruzpharma</td>
<td>0.3</td>
<td>8.6</td>
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<tr>
<td>Ceftidoren(as Pivoxil) Tablet</td>
<td>Spektracef</td>
<td>Glaxosmithkline</td>
<td>19.8</td>
<td>19.8</td>
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<tr>
<td>Cefepime</td>
<td>Maxicel</td>
<td>Biosintez, Kraspharma</td>
<td>1.0</td>
<td>1.2</td>
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</table>

Antibacterial drugs for treating infections – Third and fourth generation Cephalosporins
## APPENDIX II
### COMPETITORS’ PRODUCT MARKET PRICES

#### Antidepressant drugs for treating central nervous system – Selective Serotonin Reuptake Inhibitors

<table>
<thead>
<tr>
<th>Drug (Generic Name of the product)</th>
<th>Branded generics (Names) available in Russia</th>
<th>Brand/Company</th>
<th>Prices at Distributor Level (USD/unit)</th>
<th>Prices at Retail Level (USD/unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>Citalopram</td>
<td>Siozam</td>
<td>Veropharm</td>
<td>3.2</td>
<td>3.2</td>
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<tr>
<td>Fluoxetine</td>
<td>Fluoxetine</td>
<td>Ozon</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Paroxetine</td>
<td>Adepress</td>
<td>Veropharm</td>
<td>6.2</td>
<td>7.4</td>
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</tbody>
</table>

#### Lipid regulating drugs for cardio-vascular system – Statins Group

<table>
<thead>
<tr>
<th>Drug (Generic Name of the product)</th>
<th>Branded generics (Names) available in Russia</th>
<th>Brand/Company</th>
<th>Prices at Distributor Level (USD/unit)</th>
<th>Prices at Retail Level (USD/unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>Atorvastatin</td>
<td>Novostat</td>
<td>Ozon</td>
<td>5.7</td>
<td>6.8</td>
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<tr>
<td>Fluvastatin</td>
<td>Lescol</td>
<td>Novartis Consumer Health</td>
<td>43.9</td>
<td>43.9</td>
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<tr>
<td>Rosuvastatin</td>
<td>Crestor</td>
<td>IPR Pharma/ ZIO Zdorovye/ Astrazeneka</td>
<td>21.9</td>
<td>24.2</td>
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<tr>
<td>Simvastatin</td>
<td>Simvastatin-sz</td>
<td>Ozon</td>
<td>0.8</td>
<td>1.2</td>
</tr>
</tbody>
</table>
# APPENDIX II
COMPETITORS’ PRODUCT MARKET PRICES

## Drugs for Osteoarthritis for musculoskeletal system – COX-1 and COX-2 Inhibitors (continued)

<table>
<thead>
<tr>
<th>Drug (Generic Name of the product)</th>
<th>Branded generics (Names) available in Russia</th>
<th>Brand/Company</th>
<th>Prices at Distributor Level (USD/unit)</th>
<th>Prices at Retail Level (USD/unit)</th>
</tr>
</thead>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>Diclofenac Gel</td>
<td>Voltaren</td>
<td>Novartis Consumer Health</td>
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<td>Ibuprofen</td>
<td>Next</td>
<td>Pharmstandart (Russia)</td>
<td>1.3</td>
<td>2.4</td>
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<tr>
<td>Indomethacin</td>
<td>Indomethacin Sopharma</td>
<td>Balkanpharma (Bulgaria)</td>
<td>0.5</td>
<td>1.1</td>
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<tr>
<td>Mefenamic Acid</td>
<td>Mefenamic Acid</td>
<td>Sandos</td>
<td>3.6</td>
<td>3.6</td>
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