Unlocking Pharma Growth – Emerging Markets

by
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Secretary General
Indian Pharmaceutical Alliance

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Indian Pharmaceutical Alliance

Innovation, Quality and Global Reach
Indian Pharmaceutical Alliance

Current Members (20)

- Alembic
- Alkem
- Cadila Healthcare
- Cadila Pharmaceuticals
- Cipla
- Dr Reddy’s
- Glenmark
- INTAS
- IPCA
- J B Chemicals
- Lupin
- Mylan
- Micro
- Natco
- Panacea Biotech
- Sun
- Torrent
- Unichem
- USV
- Wockhardt
Indian Pharmaceutical Alliance

Contribution

- 85% of total private sector investment in pharmaceutical research and development
- 80% of exports of drugs and pharmaceuticals
- 46% of price controlled drugs (NLEM)
- 46% of domestic sales

*PharmaTrack MAT Mar 2016
Indian Pharmaceutical Industry

Pharmacy of the World

- 60%+ of global vaccine production
- Annual UNICEF supply globally: 30%
- 60%+ of global supply of ARV drugs
- Annual UN purchases: 60-80%

SOURCE: Press Information Bureau of India, “Indian Vaccine market report 2013”

Indian Pharmaceutical Industry

IPM Has Shown A Robust Growth Of 12% CAGR (2012-2016) and 15% in 2015
Thereafter, YoY Growth Declined to 11% in 2016 and to 9% for MAT Feb17

Source: QuintilesIMS TSA Audit TSA Dec 2016, TSA Feb 2017

*For the corresponding 12-month period
Source: QuintilesIMS TSA Audit TSA Dec 2016, TSA Feb 2017
Industry has grown to become 8th largest country globally and continues to have one of the highest growth rates.
### McKinsey View of Indian Pharmaceutical Industry

#### Global Leadership
- Industry will also grow to become the 3rd largest globally by 2030

#### Comparison of Top 10 Global Pharma Markets between 2010-2030

<table>
<thead>
<tr>
<th>USD Billion</th>
<th>2010</th>
<th>2013</th>
<th>2030 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US</strong></td>
<td>312 US</td>
<td>300-330 US</td>
<td>400-450</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>96 Japan</td>
<td>90-100 China</td>
<td></td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>70 Germany</td>
<td>80-90</td>
<td></td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>57 China</td>
<td>70-80</td>
<td></td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td>46 France</td>
<td>50-60</td>
<td></td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>40 Switzerland</td>
<td>40-45</td>
<td></td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td>34 UK</td>
<td>40-45</td>
<td></td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>22 India</td>
<td>27-32</td>
<td></td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>20 Brazil</td>
<td>20-25</td>
<td></td>
</tr>
<tr>
<td><strong>Israel</strong></td>
<td>7 Israel</td>
<td>8-10</td>
<td></td>
</tr>
</tbody>
</table>

1. Pharma market defined as Domestic Consumption + Exports - Imports

SOURCE: UN Comtrade, BMI, Local Industry association data, McKinsey proprietary research

Drug Regulatory Regime

Key Issues

- FDC Ban
- Generic Prescribing
- Capability Building

Aligning With Global Agencies
Pricing Policy

Implementation Issues

- Tweaking Definition of Brand to Inflict Deeper Price Cuts
- Denying/Delaying Price Approvals
- Retrospective Pricing: Burden of Compliance
- Frequent Price Revisions

*Tilting Delicate Balance Between Access and Availability*
Innovation

However, India currently has nascent position in these innovation spaces

<table>
<thead>
<tr>
<th>Generics</th>
<th>Specialty generics</th>
<th>Incremental innovation</th>
<th>New molecular entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANDA approvals</td>
<td>ANDA approvals</td>
<td>505(b)(2) approvals</td>
<td>NCE approvals</td>
</tr>
<tr>
<td>India</td>
<td>37</td>
<td>US</td>
<td>75</td>
</tr>
<tr>
<td>US</td>
<td>37</td>
<td>India</td>
<td>22</td>
</tr>
<tr>
<td>Europe</td>
<td>12</td>
<td>Iceland</td>
<td>6</td>
</tr>
<tr>
<td>Israel</td>
<td>5</td>
<td>Europe</td>
<td>4</td>
</tr>
<tr>
<td>Others</td>
<td>9</td>
<td>Others</td>
<td>10</td>
</tr>
<tr>
<td>Strong position comparable to US, achieved in just 10 year</td>
<td>Strong emerging presence in areas such as dermat, topicals etc.</td>
<td>Position primarily driven by ARVs; Potential to explore incremental innovation in other areas</td>
<td>Limited advances made thus far; Early movement seen in Indian market</td>
</tr>
</tbody>
</table>

SOURCE: Evaluate, FDA, Robert W. Baird & Co.invest data

THANK YOU

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