

2018

EMERGING MARKETS: PARTNERING FOR GROWTH





GLOBAL REACH

With pharmaceutical markets expanding globally and companies commercial strategies shifting to a more complex portfolio and access-focused models- the nature of the global pharmaceutical market is changing.

Not only pharmaceutical companies need to maintain balanced pipelines and partnerships that sustain their current commercial performance, but they also need to ensure their ability to capitalise on the opportunities of the growing emerging markets.

According to IQVIA's global prognosis, despite political and currency challenges, emerging markets are on a course to claim a half of top 20 markets ranking.

RANK	2015	RANK	2020
1	USA	1	USA
2	CHINA	2	CHINA
3	JAPAN	3	JAPAN
4	GERMANY	4	GERMANY
5	FRANCE	5	UK
6	UK	6	BRAZIL
7	ITALY	7	ITALY
8	BRAZIL	8	FRANCE
9	SPAIN	9	INDIA
10	CANADA	10	SPAIN
11	VENEZUELA	11	CANADA
12	INDIA	12	RUSSIA
13	SOUTH KOREA	13	SOUTH KOREA
14	RUSSIA	14	TURKEY
15	AUSTRALIA	15	AUSTRALIA
16	MEXICO	16	MEXICO
17	TURKEY	17	SAUDI ARABIA
18	ARGENTINA	18	POLAND
19	POLAND	19	ARGENTINA
20	SAUDI ARABIA	20	EGYPT

Source: IQVIA Market Prognosis, 2017; at ex-manufacturer price levels, not including rebates and discounts



GO-TO-MARKETS DILEMMA

Cost-cutting measures, reimbursement control, regulatory hurdles and underdeveloped infrastructure, however, could affect the most optimistic estimates for the fast-developing pharmaceutical market. Another challenge is the local competition, supported by the government policies and protectionist measures.

At the same time, growing domestic players that have a strong network and local knowledge, as well as compatible capabilities, could present unlimited opportunities for collaborations, partnerships and acquisitions.

Many pharma companies have been strategically rethinking their regional presence and repositioning via partnerships and M&As. Here are just some of the recent announcements and transactions that took place in the last quarter of 2017 and the beginning of 2018:

The CEE region kickstarted the year with news from PharmaS (Croatia) that finalised acquisition of Cipla Croatia. This deal secured PharmaS an opportunity to substantially diversify its product portfolio through numerous products developed by Cipla, enhancing PharmaS position, especially in the respiratory segment. In the past couple of years, PharmaS has substantially increased new product launches, steadily expanding in the prescription and CHC business in the region and on international markets.



At the beginning of December, Polish Adamed has acquired a controlling stake in the fast-growing Vietnamese company Dat Vi Phu that manufactures around 300 products in most therapeutic areas. The transaction is the largest direct Polish investment in Vietnam. Presidents of both countries have honoured the signage of this contract.



This acquisition creates an excellent platform for Adamed to further expand into lucrative Asia-Pacific region and solidifies Dat Vi Phu's position in the region.

End of November Aché Laboratórios Farmacêuticos (Brazil) and Ferring Pharmaceuticals have announced an inauguration of joint nanotechnology centre in São Paulo, Brazil. The Nanotechnology Innovation Laboratory Enterprise (NILE) centre will explore nanotechnology as a delivery solution for future medicines, matching each of the partnering companies – Ferring will focus on peptides and proteins in reproductive health, urology and gastroenterology, while Aché will have a strategic platform to advance the delivery characteristics of existing medicines and deliver better product solutions.



Stephani Saverio, Head of Innovation, Business Development & Internationalisation, ACHE PHARMACEUTICAL LABS S/A, Sebastian Gromek, Licensing-Out & Commercial Alliances Management Director, Adamed (Poland), Jerko Jaksic, Chief Executive Officer of PharmaS (Croatia) and Tomasz Kluszczyński, Regional Principal, Biopharma Lead, Central, South and East Europe, Russia & CIS, Israel are presenting at our PharmaSynergy Conference in Rome

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WHAT IS NEXT?

Figure 1: Near-Term Pharmaceutical Export Market Rankings (2016-2017)

1	Japan	11	Sweden	21	Portugal
2	Belgium	12	Spain	22	Poland
3	Switzerland	13	Denmark	23	Greece
4	United Kingdom	14	Norway	24	Australia
5	Germany	15	Italy	25	Mexico
6	Austria	16	Taiwan		
7	Canada	17	Ireland		
8	Netherlands	18	Czech Republic		
9	France	19	South Korea		
10	Finland	20	China		

Source: 2016 ITA Pharmaceuticals Top Markets Report

Pharma exports of developing countries remain quite low in comparison to developed countries.

However, the growth rate in the top 10 emerging markets is faster than in the high-income countries. Additionally, despite increased competition, government policies and other barriers globally, the industry is adjusting and expanding distribution, sales and operations globally by converging its assets and capabilities.