

Market overview and challenges for pharma industry in Serbia

Belgrade, 18th June 2021

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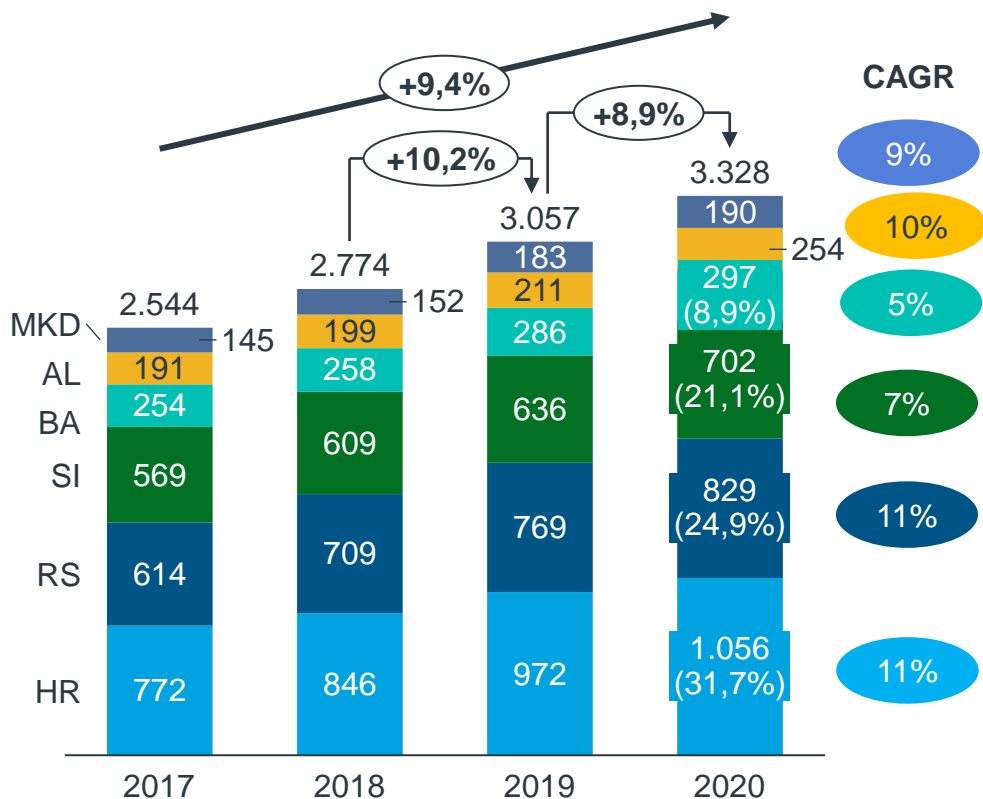
Adriatic market overview



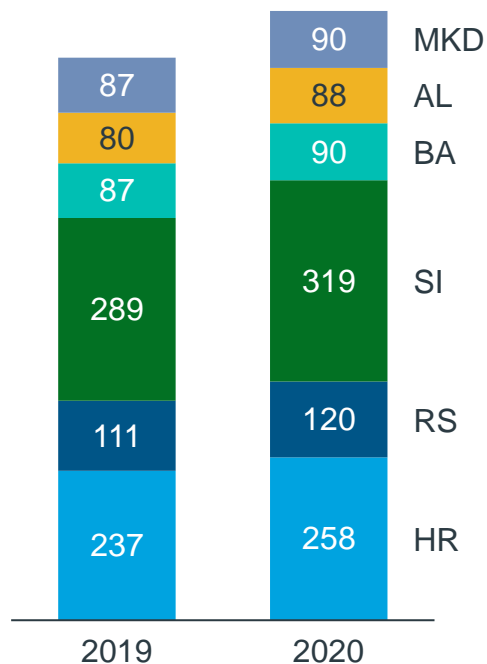
Value of Adriatic pharma market reached 3,3 bn EUR in recent year – Serbia represented 25% of total Adriatic Rx market

Drug spend per capita is following the value dynamic, with SLO having the biggest growth followed by HR and RS. HR remained the single biggest growth contributor, however with lower %

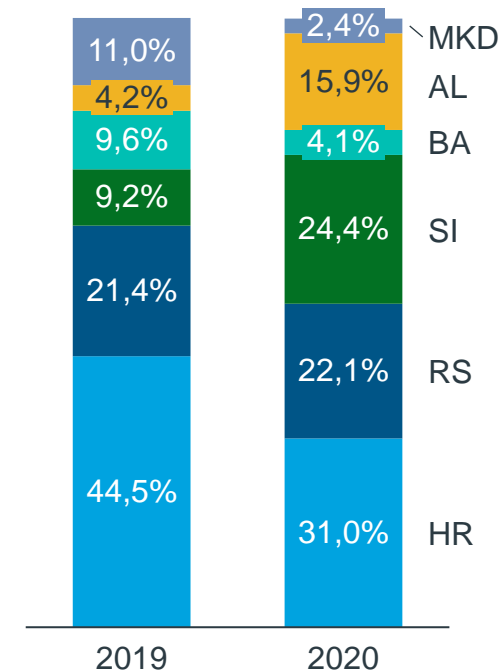
Adriatic Rx market [2017-2020, mEUR]



Adriatic spending per capita in EUR, 2019-2020



Growth drivers in Adriatic 2019-2020 [%]



Note: North Macedonia: (projected)

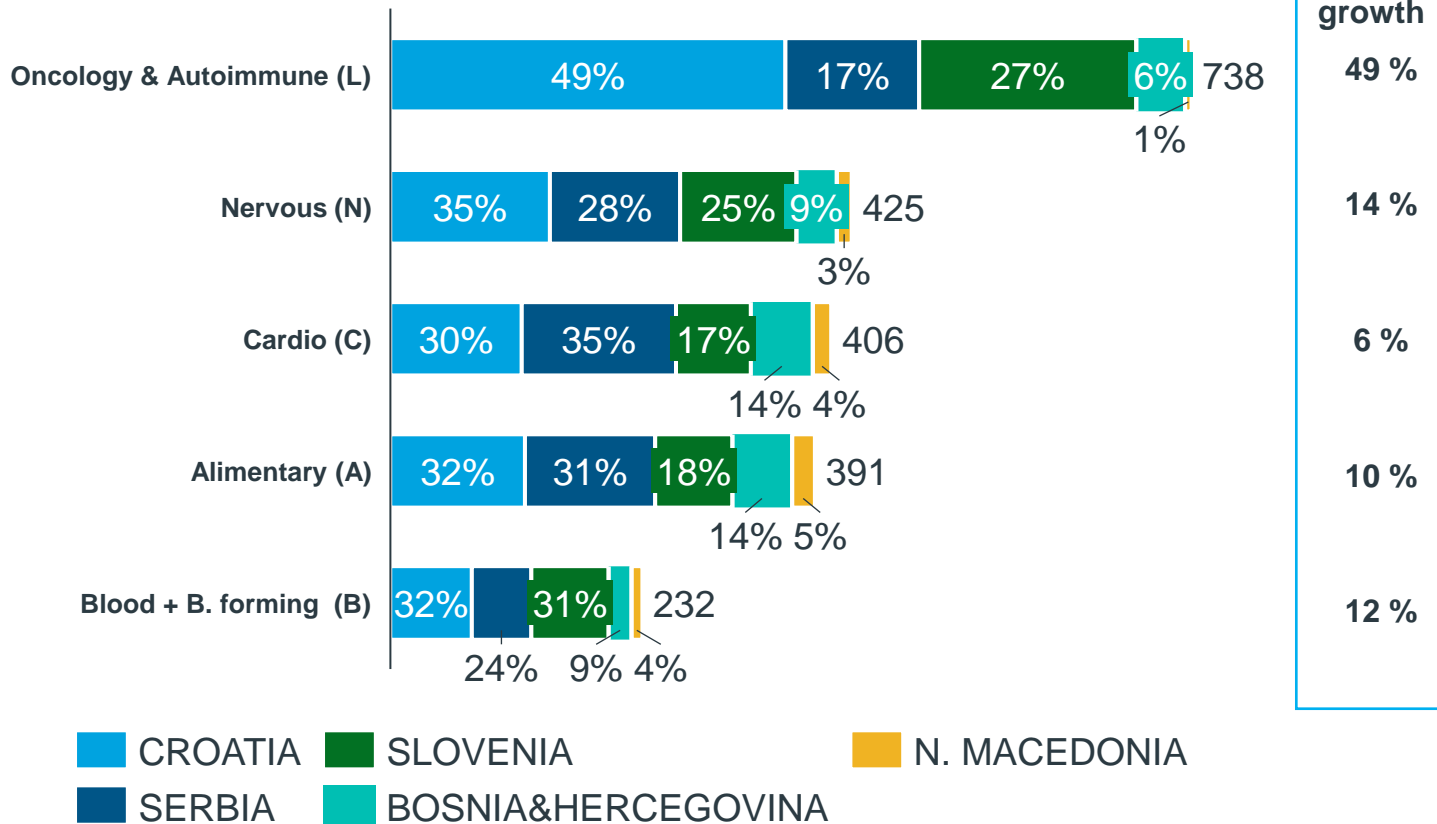
Source: IQVIA Market Viewer Adriatic, Mar21; Source Albanian Public data, Imports

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Adriatic spending on oncology&autoimmune therapies exceeded 738 mEUR

Adriatic pharma market overview: Therapy areas value

Leading therapy areas value [2020, mEUR]



Share of Adriatic growth

49 %

14 %

6 %

10 %

12 %

Comments

- Value of oncology&autoimmune medicines is recognized, and a greater share of drug budgets is allocated to these products. The market grew from 628 mEUR to 738 mEUR in the recent year
- Croatia and Slovenia with outstanding spending in Oncology in Adriatic
- **Serbia** showed higher spending in cardiology vs rest of Adriatic countries

Adriatic: Macedonia unprojected; w/o Albania

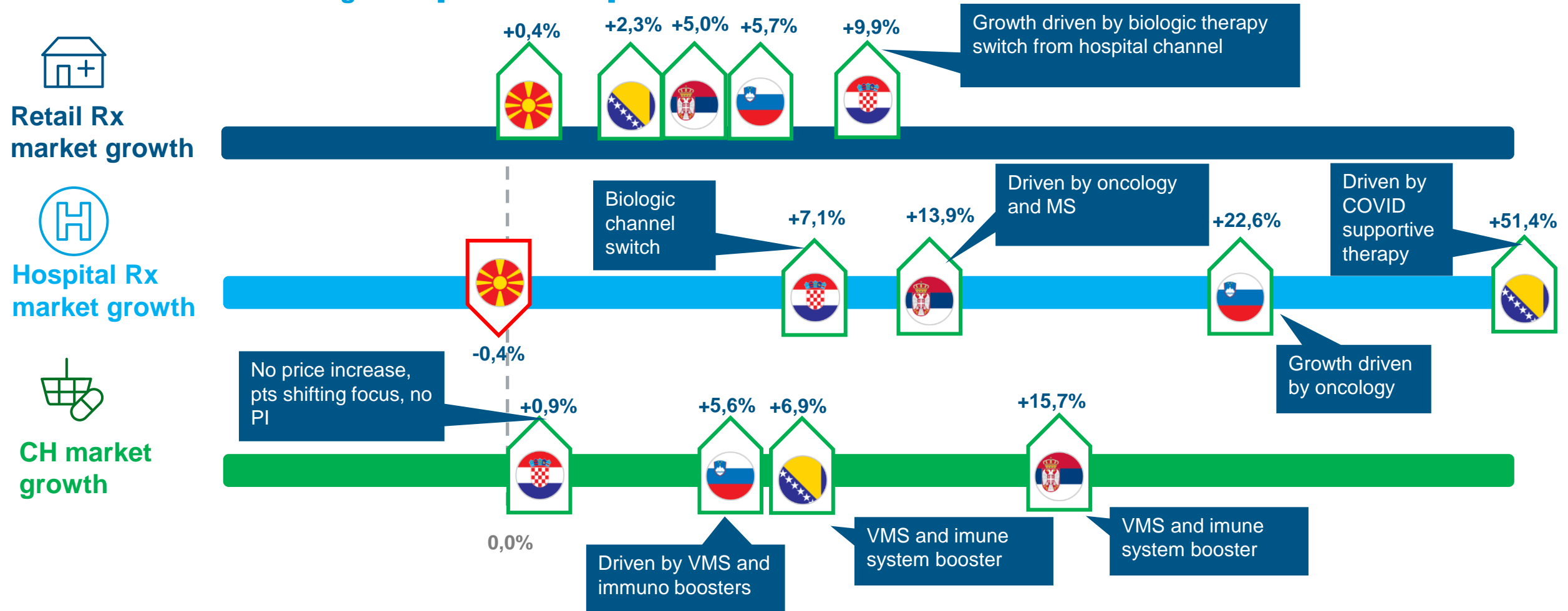
Source: IQVIA Market Viewer Adriatic., Mar21

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Most of hospital markets had with double digit growth in 2020

Serbia CH market achieved highest growth. Hospital growth was driven mainly by oncology & MS therapies

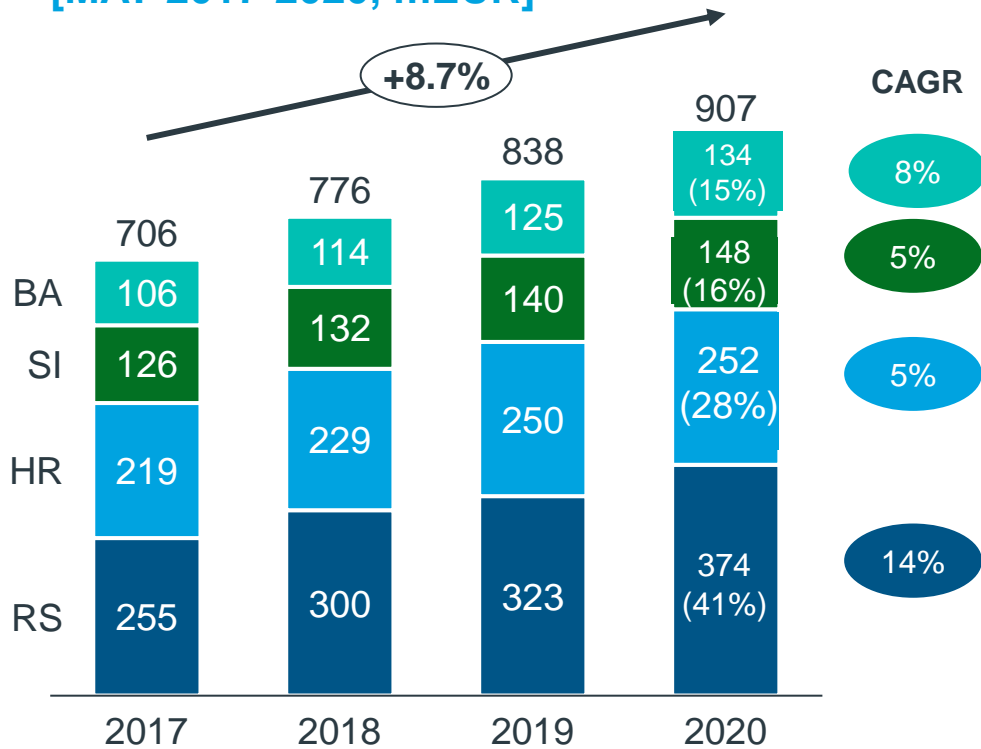
Adriatic Value market growth [2020 vs 2019]



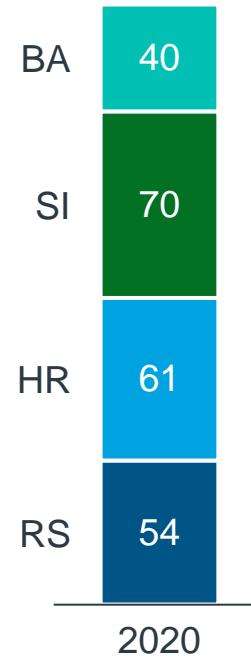
Spend for CH products is slightly accelerating, mainly driven by RS a single largest CH market in ADR

Serbia had the biggest contribution to growth with 73% of total Adriatic growth, while 3year CAGR was 13%, however the highest per capita spend was in Slovenia.

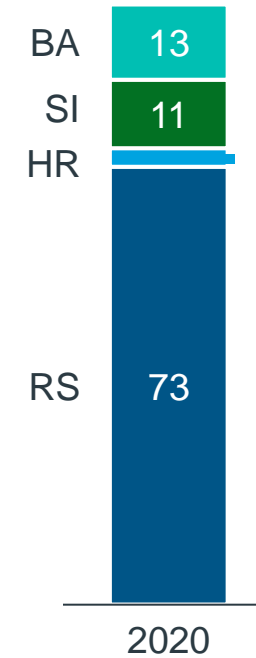
Adriatic Consumer Health
[MAT 2017-2020, mEUR]



Adriatic Consumer Health
spending per capita [EUR], 2020



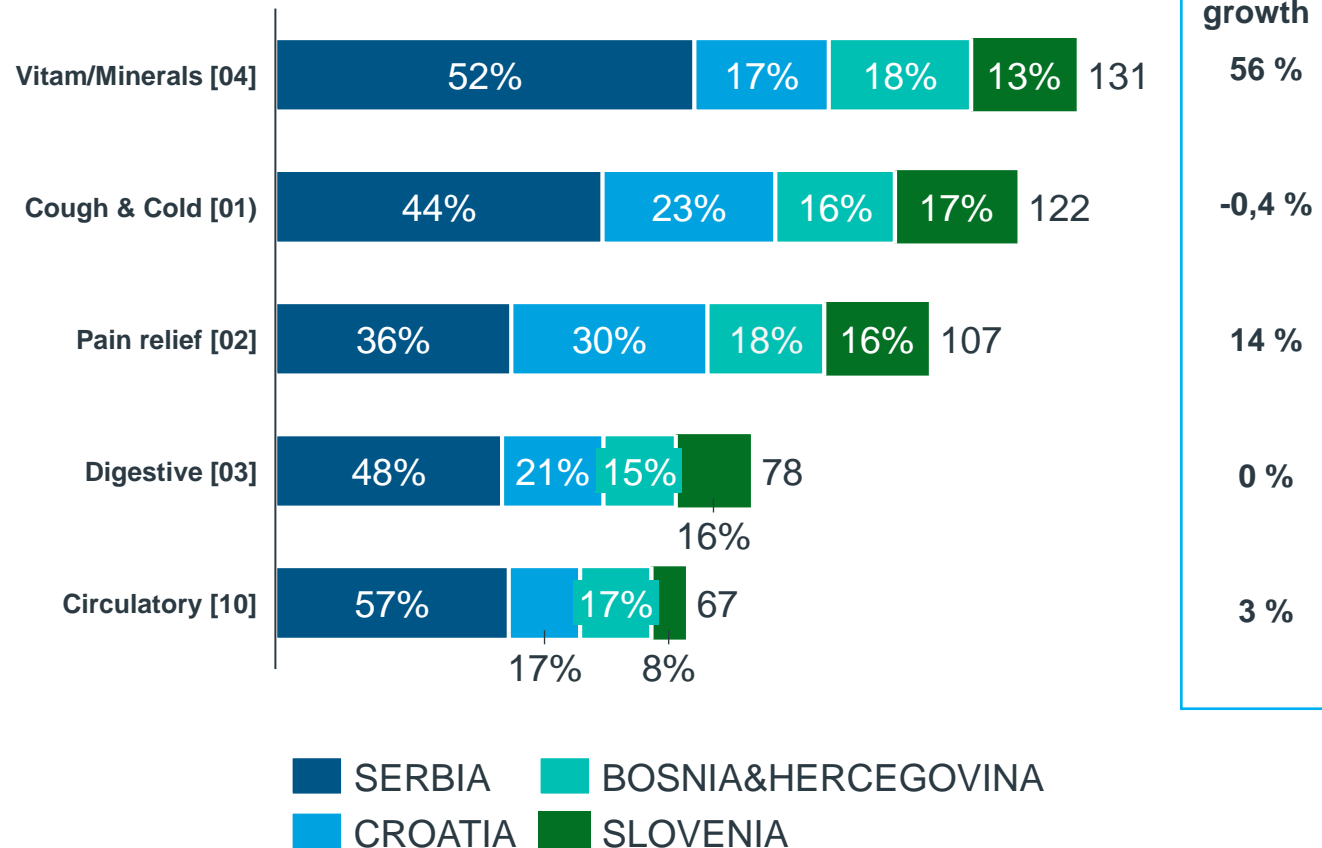
Growth drivers 2019 vs 2020, [%]



Vitamins/Minerals, Tonics and Pain Relief categories have been main growth drivers in the last year

Adriatic CH market overview: Therapy areas by value

Leading OTC classes value [2020, mEUR]



Comments

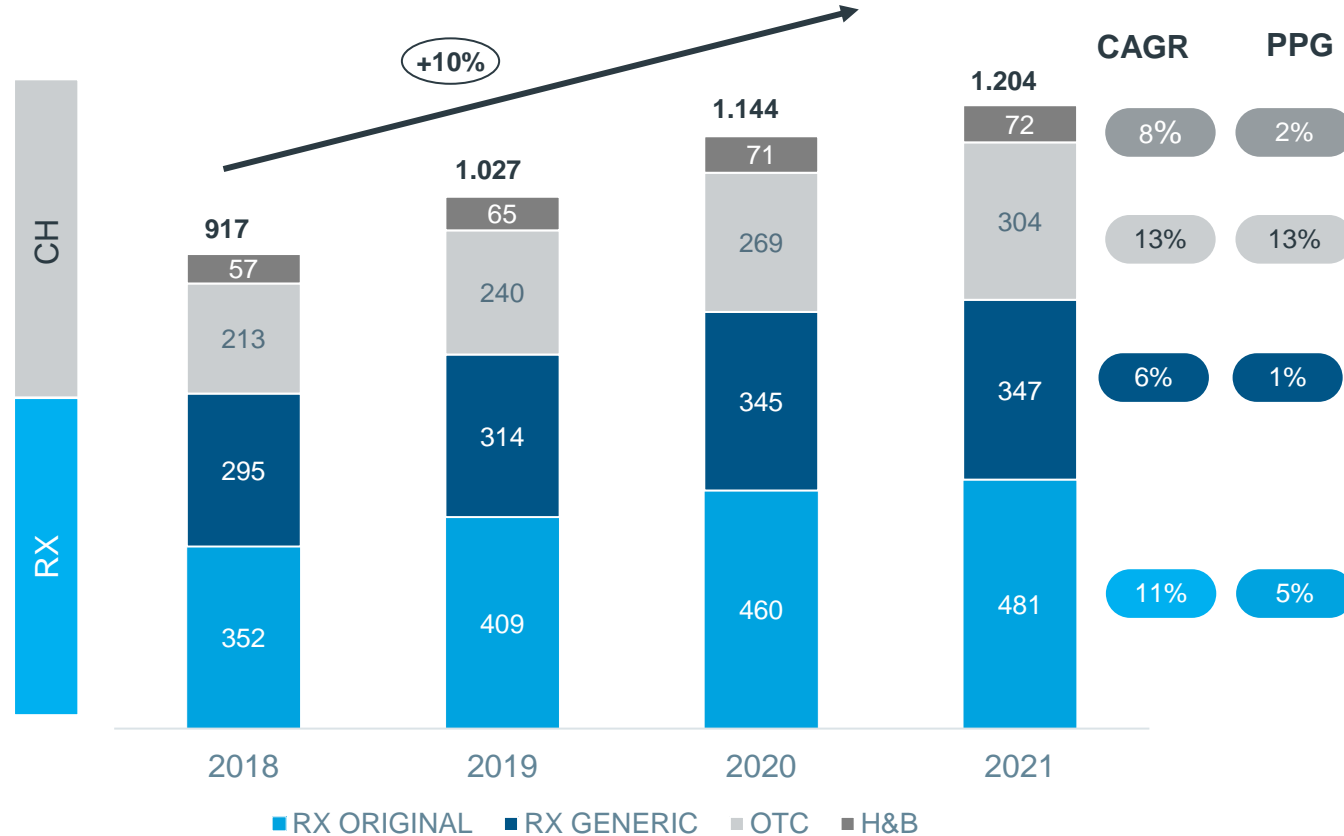
- **Cough&Cold market, as the leading category in pre-COVID-19 period**, decreased by 2,1% and reached 122mEur. Only country without sales decrease was Serbia, with 0,6% increase.
- **Vitamins/Minerals (04-VMS) market** reached 131 mEUR, whereas Serbia contributed 67% of total Adriatic growth.

Serbia Market overview

Serbian pharma market reached 1,2 b EUR in recent MAT, with 3Y CAGR of 10%

Market size and dynamics by product category

Total market value [MAT 03/2018-2021, m EUR]



Comments

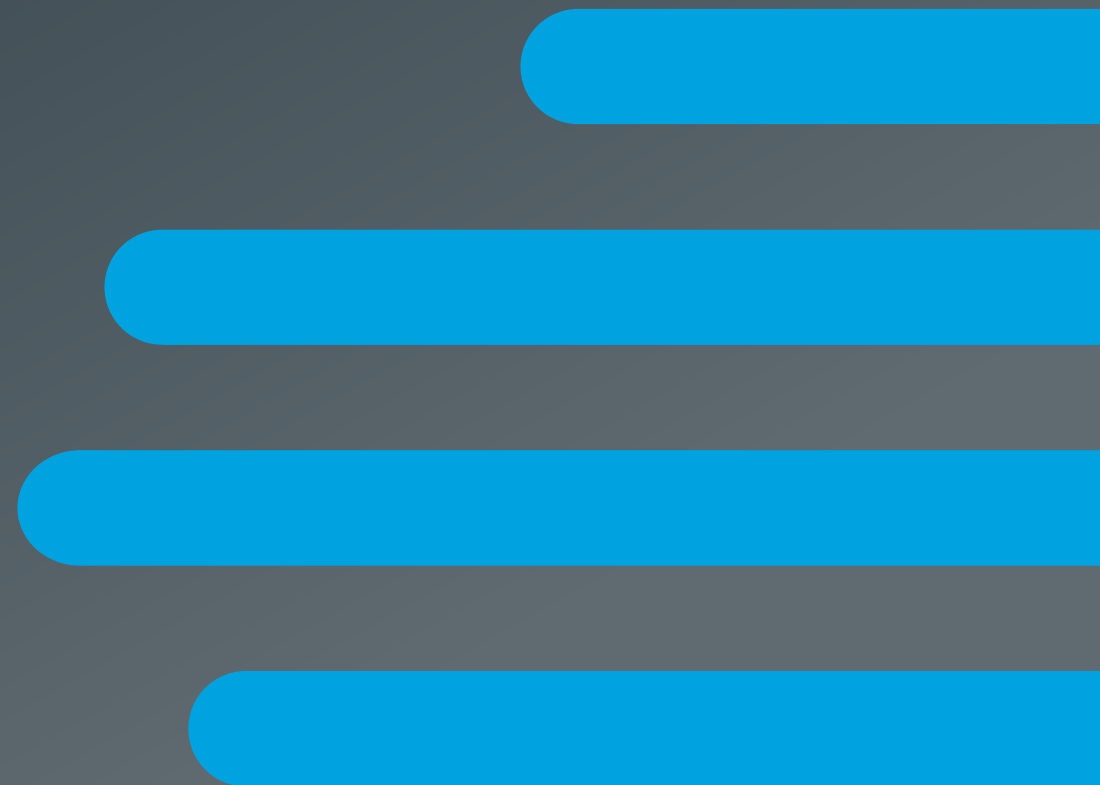
- **Original** medicines represented 40% of the market, and had the highest market growth contribution, generating an additional 35mEUR in recent MAT
- **Gx segment** represents 29% of the market value, and grew less in recent MAT 1% vs 6% 3Y CAGR
- **OTC** market represented 25% of the market, and reached the value of 304 m EUR with constant yearly growth 13% , generating additional 35mEUR ; reg. OTC market impacted by COVID-19 with negative 7% previous period growth
- **H&B** is the smallest market with 6% of the total and grew 2% vs last year

H&B consist of PEC, PAC, NUTRI markets

Source: IQVIA Market Viewer Mar21

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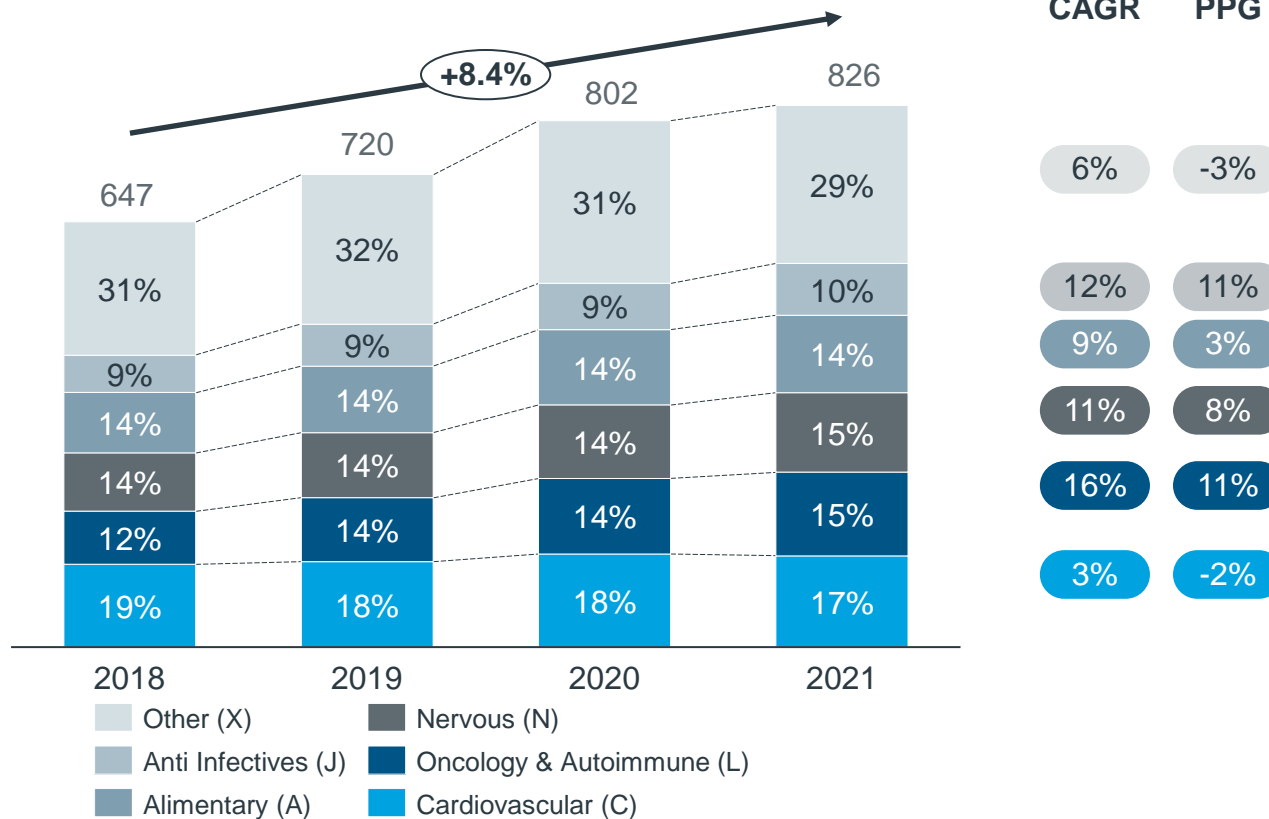
Rx segment



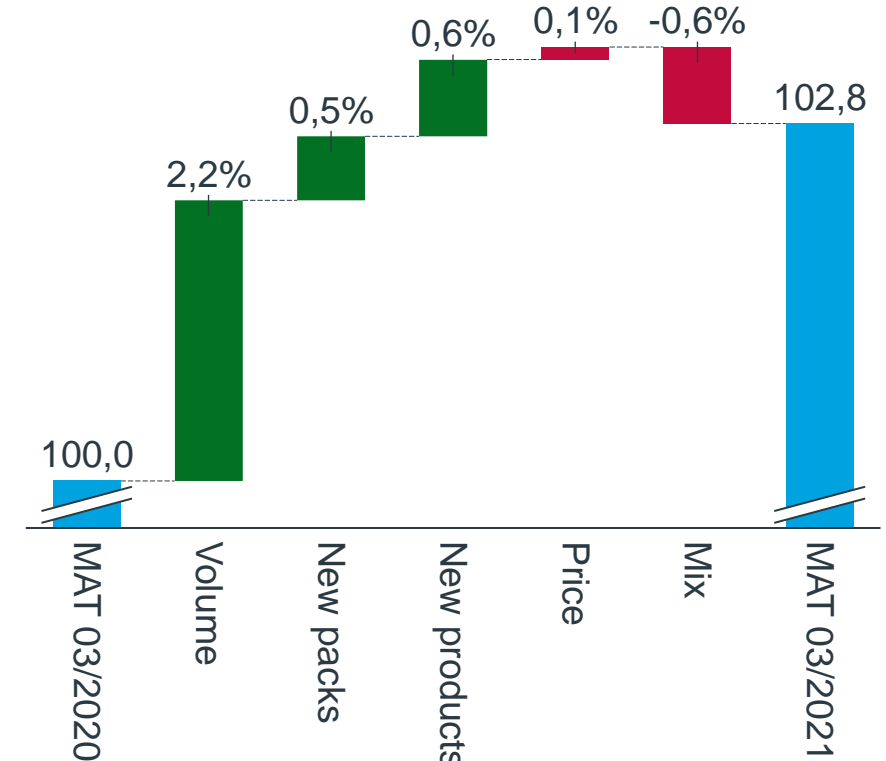
Oncology & Autoimmune therapy area was one of largest and fastest growing ATC, and expected the same trend in coming years

Rx market size and dynamics by ATC1 classes

Share of therapy value in total RX spending [MAT 03/2018-2021, m EUR]



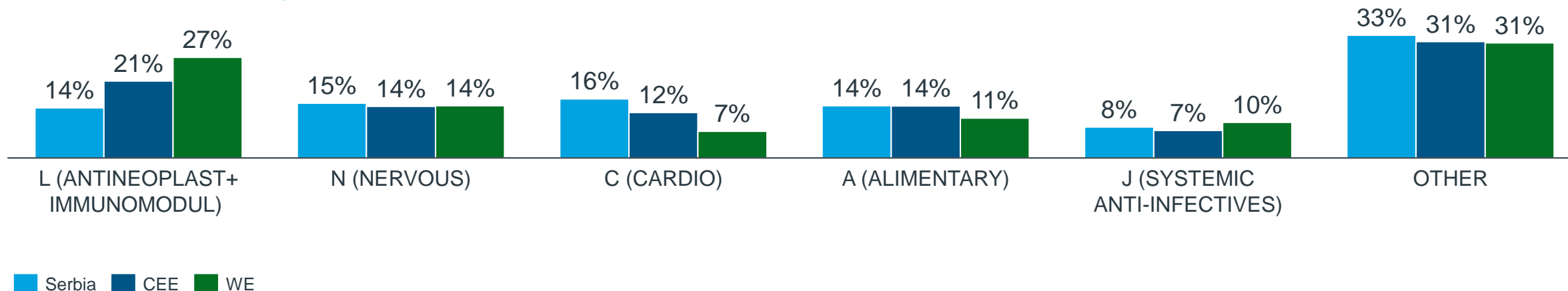
Rx market growth drivers [%]



In Serbia Oncology spending is far below CEE and WE level, but Cardio spending is above CEE and WE level

Combined market Rx therapy spending

Top 5 ATC1 spending structure by therapy ATC1 [MAT 02/2021%]



Comments

- Serbian healthcare budget is still behind CEE and WE level for new oncology&autoimmune therapies
- Spending for ATC C class represented 16% of total spending for RX drugs which is by 4% higher than in CEE region
- Significant difference is also visible in spending for Nervous medicine (higher by 1 percentage points).

CEE: Poland, Romania, Hungary, Czech, Slovakia, Bulgaria, Croatia, Serbia, Slovenia, Lithuania, Latvia, Bosnia, Estonia

WE: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK

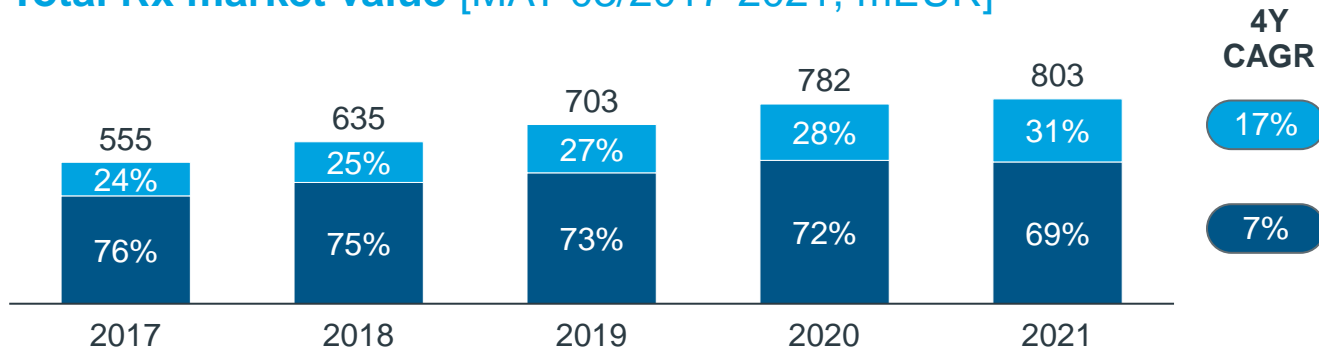
Source: IQVIA MIDAS Mar21, Price at Ex-MNF level

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Market access for more expensive, hospital drugs resulted in 17% CAGR growth in hospitals

Rx Market size and dynamics by retail and hospital segment

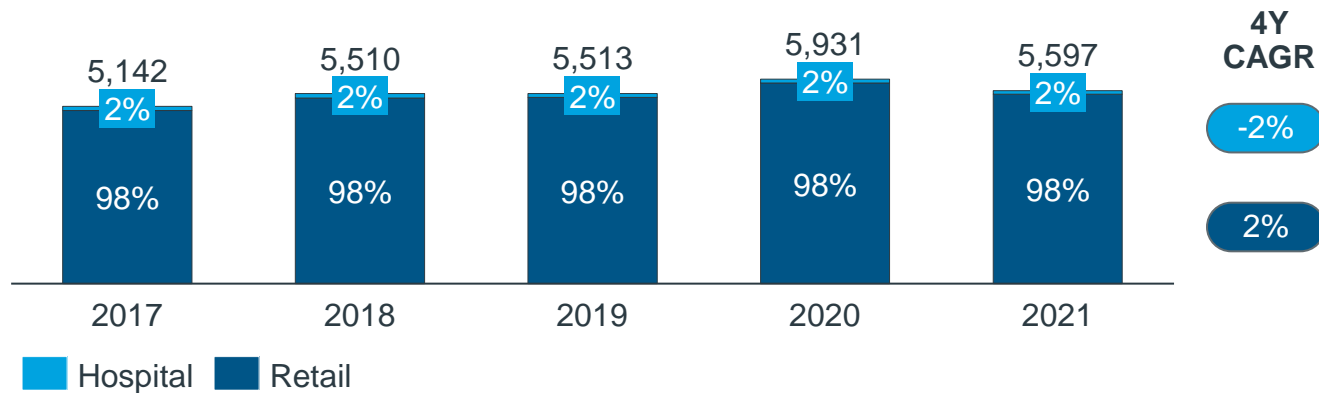
Total Rx market value [MAT 03/2017-2021, mEUR]



Comments

- **Rx market** reached 803mEur, grew in value over years by 7% in retail, and by 17% in hospital
- Growth is coming from expensive drugs, mainly from oncology & autoimmune drugs
- From volume perspective, hospital segment stands for 2%MS in Total Rx market

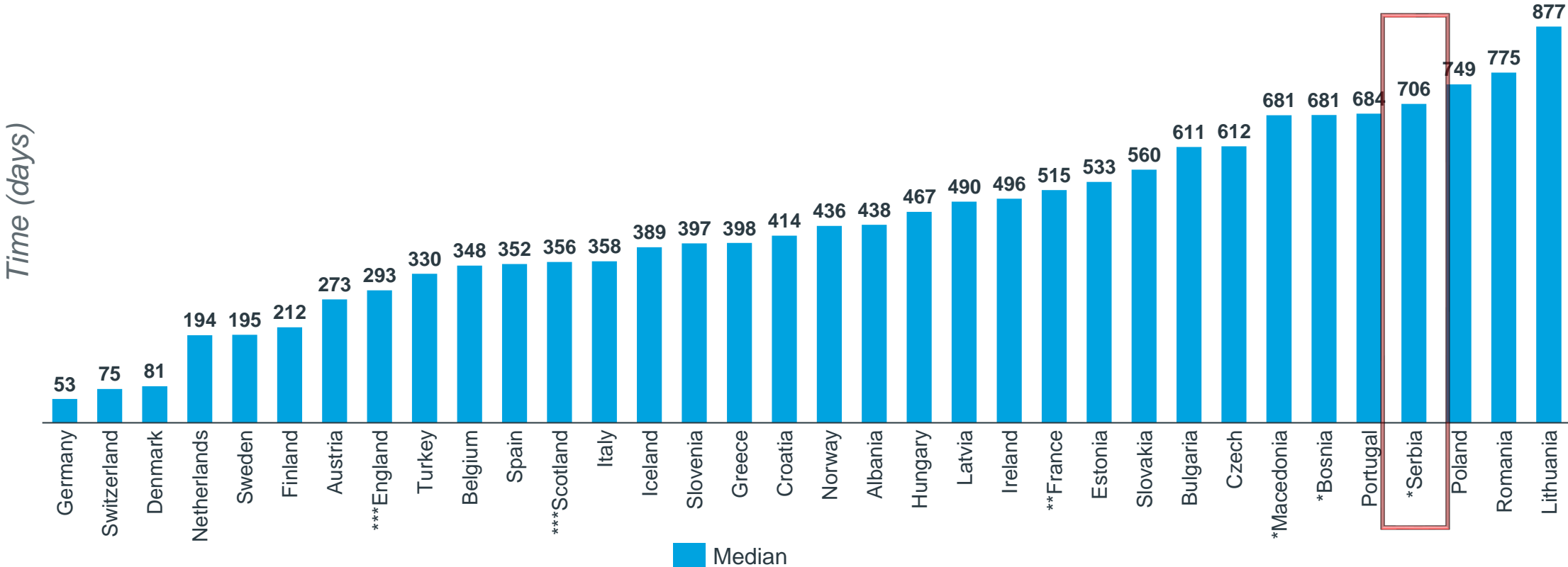
Total Rx market volume [MAT 03/2017-2021, mSU]



Serbia is below EE average in terms of availability with 706 days time to access for new medicines

Total availability by approval year (2015 - 2018) in Serbia was 8, representing 5% out of the total number of the available products, whereas EU average number is 87

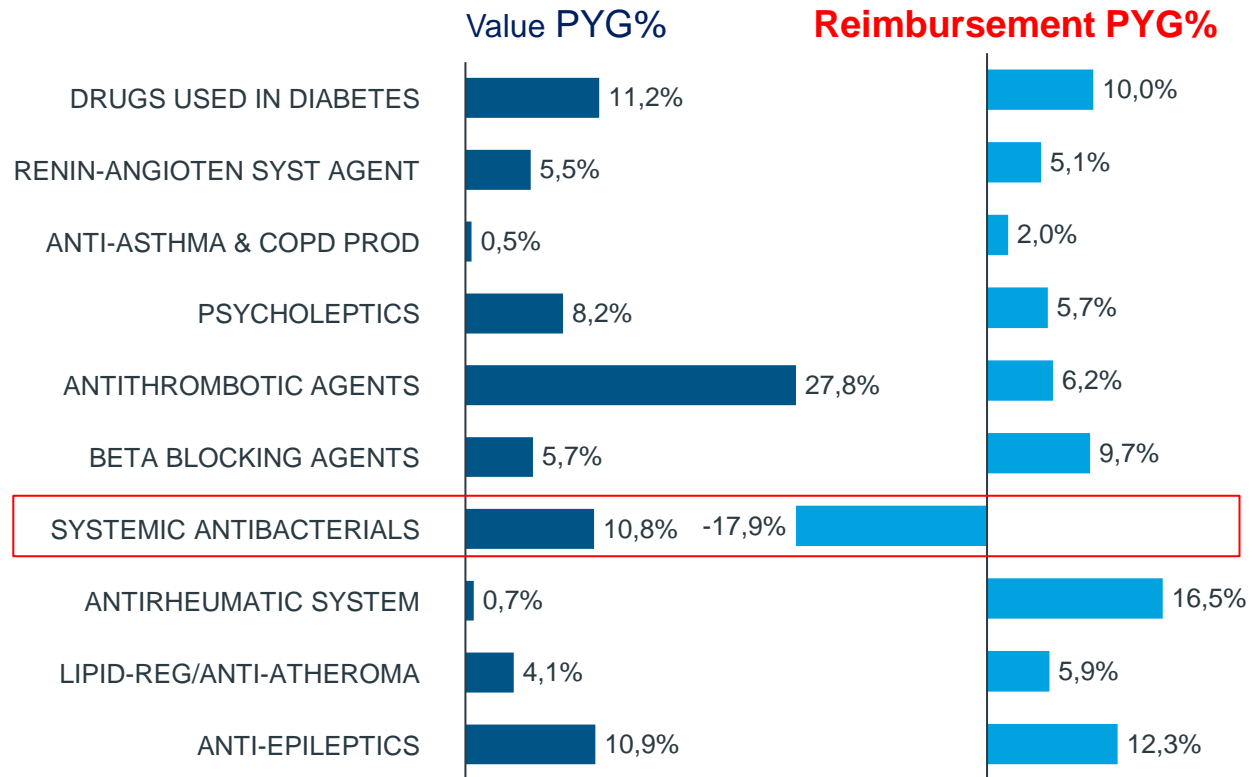
The time to availability (previously know as length of delay) is the days between EMA marketing authorization and the date of availability to patients



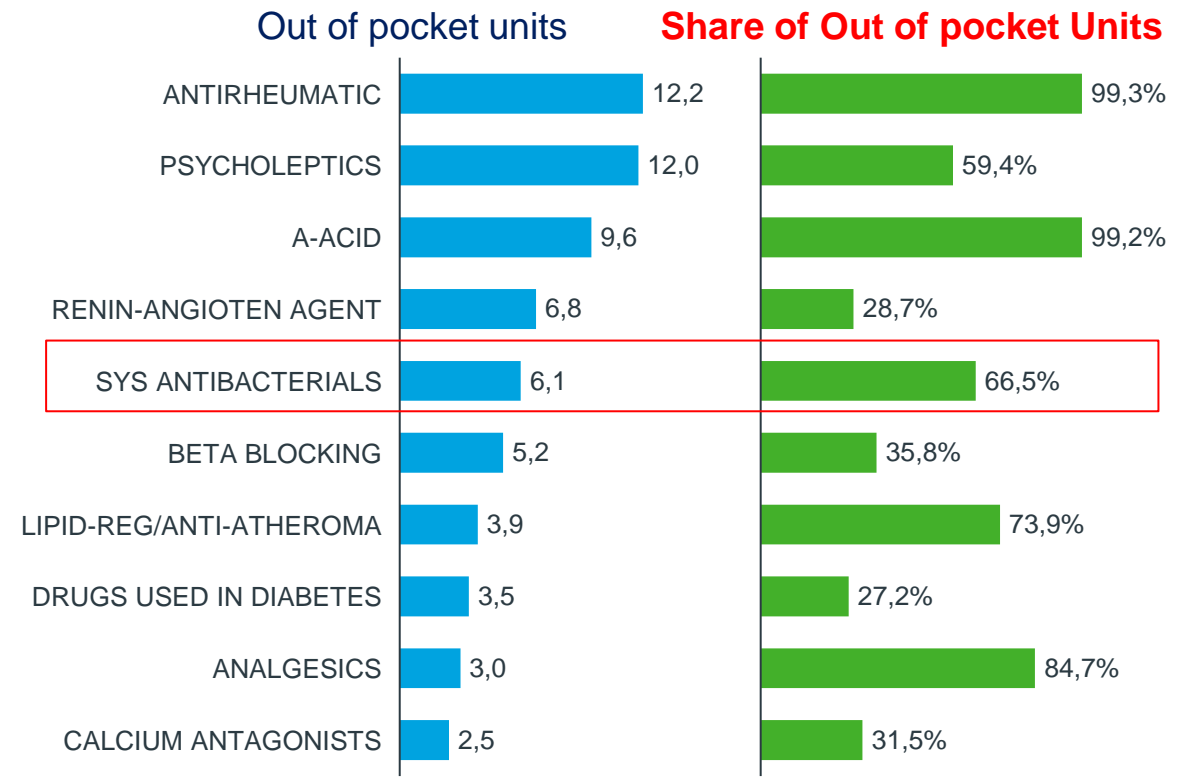
Antibiotics had 11% growth in recent MAT, at the same time reimbursed value decreased for 18% for this class

Share of out of pocket sales, in Units, for RX segment was 54% in recent MAT. Top ATC classes with the highest number of out of pocket units were Antireumatics, Psycholeptics and Anti-acid drugs.

Top 10 ATC2 classes value growth & Reimbursement value growth, MAT 03/2021]



Top 10 ATC2 classes by Out of pocket sales units [Units ms%, MAT 03/2021]



Stada is the largest corporation in Serbia, accounting almost 12% of the market; MSD reached 26.7% growth

Corporate dynamics in Rx sales

Top 10 Corporations in Rx market

#	Corporations	Sales in MAT 03/2021 [mEUR]	PPG [%]	MS %
1	Stada	96	0,7%	11,6%
2	Novo Nordisk	48	-2,0%	5,9%
3	Galenika	48	7,5%	5,8%
4	Teva	45	-5,3%	5,4%
5	Roche	42	3,8%	5,1%
6	Bausch Health	40	-4,2%	4,9%
7	Novartis	38	2,5%	4,6%
8	Viatrix	38	8,1%	4,6%
9	MSD	37	26,7%	4,5%
10	Sanofi	31	1,5%	3,8%
Top 10		464	2,8%	56,2%
Others		362	3,2%	43,8%
Total		826	3,0%	100,0%

Comments

- **Top 10 Rx corporations** represented 56% of the market.
- **Stada** had largest market share and largest brands are Bromazepam, Corpos, Lorazepam and Hemomycin holding together 1/5 of its total turnover
- **Galenika** reached 7.5% growth, main drivers Longaceph, Itanem
- **MSD** reached 26.7% growth, with Keytruda as main growth contributor (+7 mEUR);
- **Viatrix** main growth drivers Fraxiparine and Influvac
- **New launches** in last 12 months: the highest sales achieved Influvac (Viatrix) - +2 mEUR

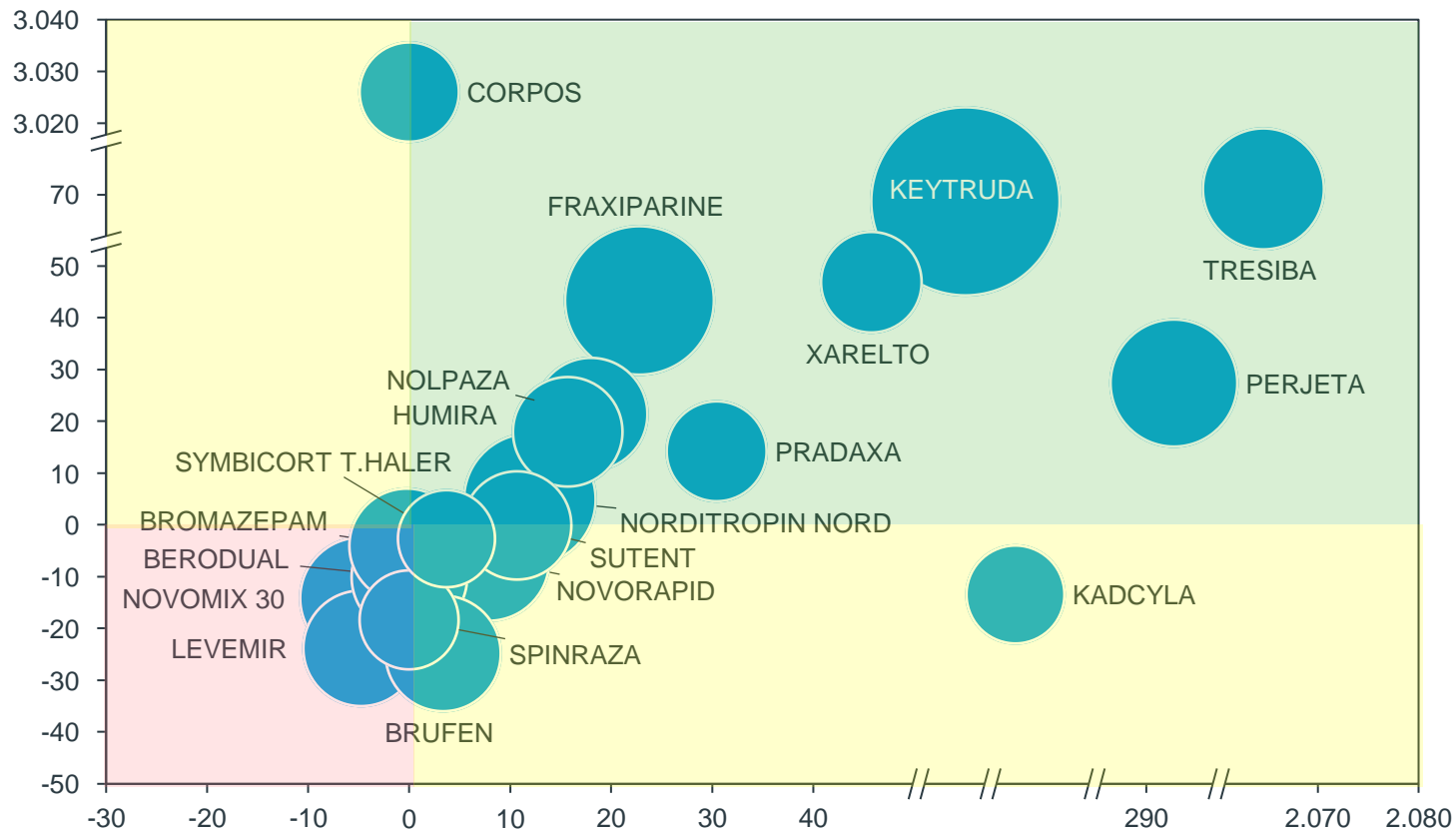
Keytruda is Rx market leader and brand with highest growth contribution in recent MAT period

Rx market by brand dynamics

Top 20 Rx brands by sales value – growth rates

[MAT 03/2018 – MAT 03/2021, %]

Last year growth



Comments

- **Top 20 Rx brands** represent 18.2% of total Rx market
- Market leader was **Keytruda** with 68% CAGR growth and 18mEur sales
- **Corpos** reached highest growth
- **Fraxiparine** reached 11mEUR sales and 43% growth

Leading 10 Rx Brands reached 11% of market value share with highest growth

Brand dynamics in Rx value sales

Top 10 Brands in Rx market by MS% [MAT 03/2021, Sales value at WHS price]

	Brand	MS %	PYG [%]	Growth contribution %
1	Keytruda	2,2%	68,7%	31,6%
2	Fraxiparine	1,4%	43,3%	14,7%
3	Norditropin Nord	1,1%	4,9%	1,8%
4	Perjeta	1,0%	27,4%	7,7%
5	Spinraza	0,9%	-16,0%	-6,3%
6	Novomix 30	0,9%	-14,2%	-5,4%
7	Tresiba	0,9%	71,1%	13,5%
8	Novorapid	0,9%	-6,9%	-2,4%
9	Levemir	0,8%	-23,9%	-9,3%
10	Berodual	0,8%	-10,1%	-3,3%
	Top 10	11,0%	12,2%	42,5%
	Others	89,0%	1,9%	57,5%
	Total	100,0%	2,9%	100,0%

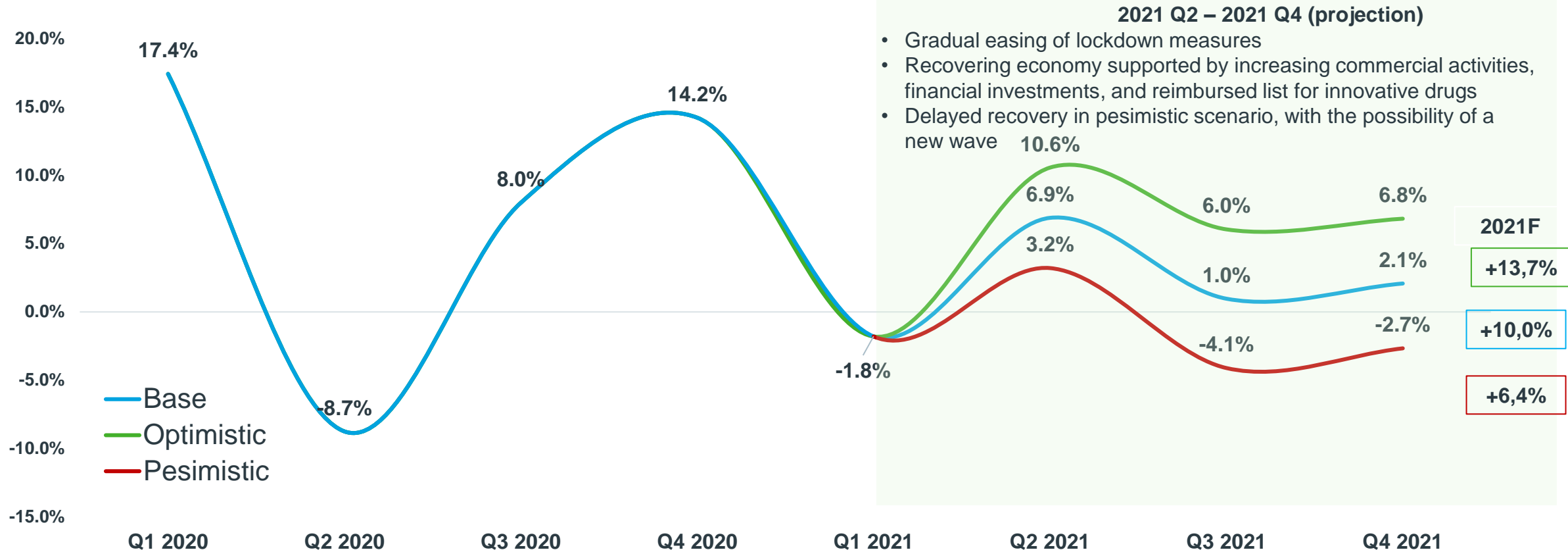
Top 10 Brands by contribution to growth [MAT 03/2021, Sales value at WHS price]

	Brand	MS %	PYG [%]	Growth contribution %
1	Keytruda	2,2%	68,7%	31,6%
2	Corpos	0,6%	3026,0%	21,4%
3	Fraxiparine	1,4%	43,3%	14,7%
4	Tresiba	0,9%	71,1%	13,5%
5	Influvac	0,3%	4955,2%	11,3%
6	Rebif	0,5%	86,1%	8,4%
7	Hemomycin	0,5%	69,4%	7,7%
8	Perjeta	1,0%	27,4%	7,7%
9	Actemra	0,6%	58,5%	7,6%
10	Physioneal	0,3%	306,8%	7,3%
	Top 10	8,3%	79,9%	131,2%
	Others	91,7%	-0,9%	-31,2%
	Total	100,0%	2,9%	100,0%

Serbian market value reached 2.9% growth with MAT Mar21 data

Updated Forecast Rx market 2021

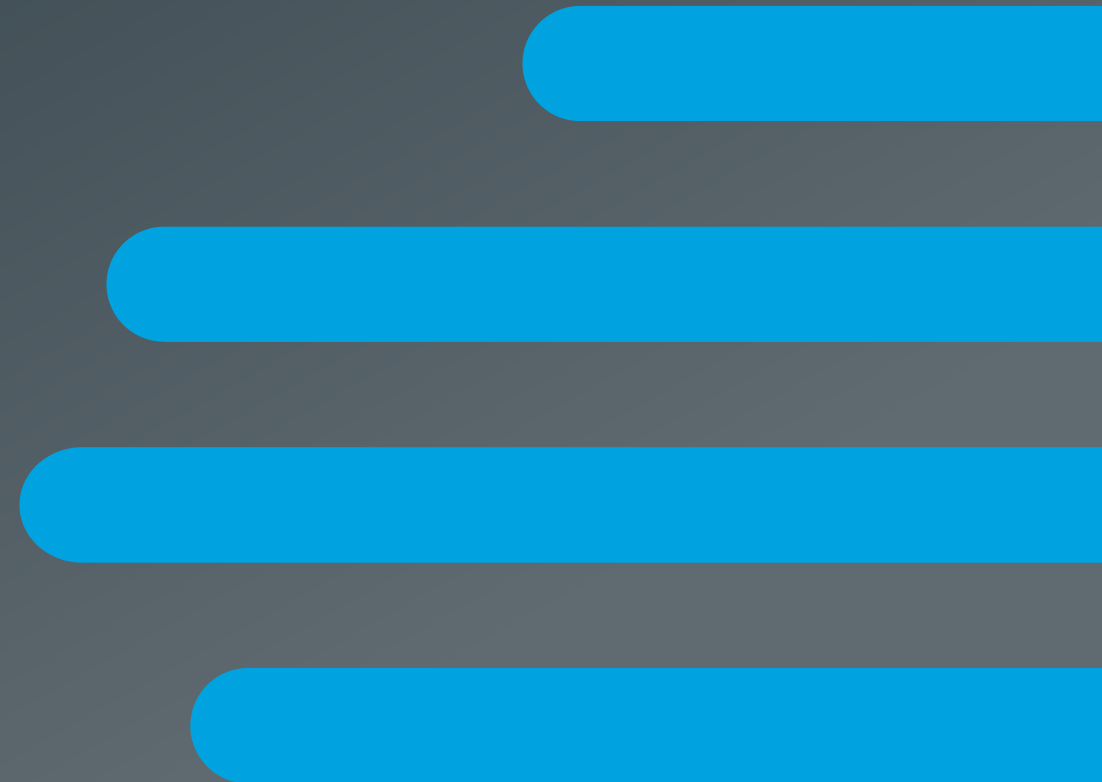
Forecast recovery trend for the Rx market in Serbia [Sales WHS Value % growth vs PY]



Source: IQVIA Market Viewer Mar21

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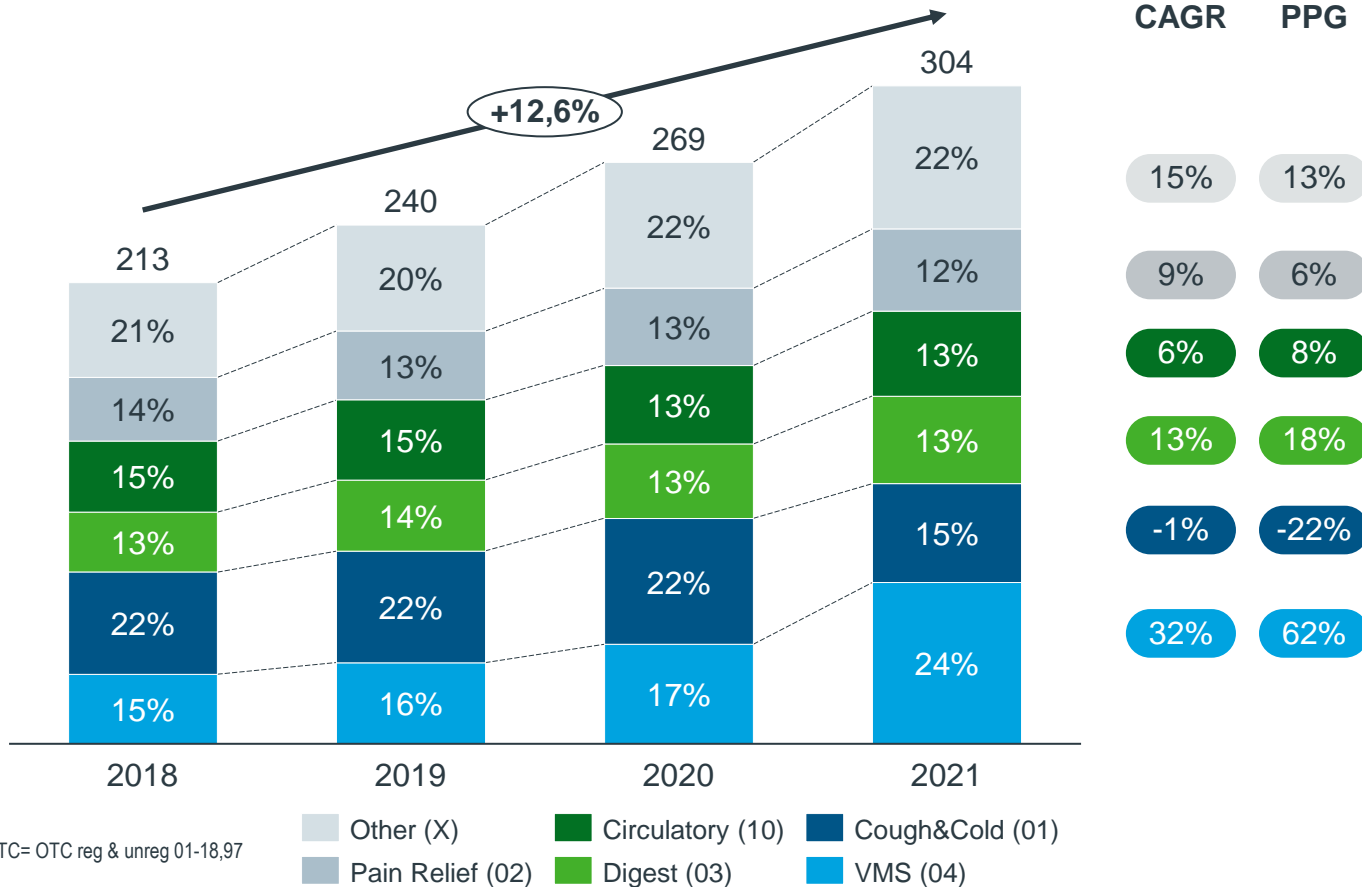
OTC segment



OTC market has reached 12.6% growth, COVID-19 strongly impacted largest category Cough&Cold

Vitamins&Minerals were main growth contributors and reached 62% prior period growth, Cough&Cold reached 22% decrease

Share of OTC1 groups in total spending [MAT 03/2018-2021, m EUR]

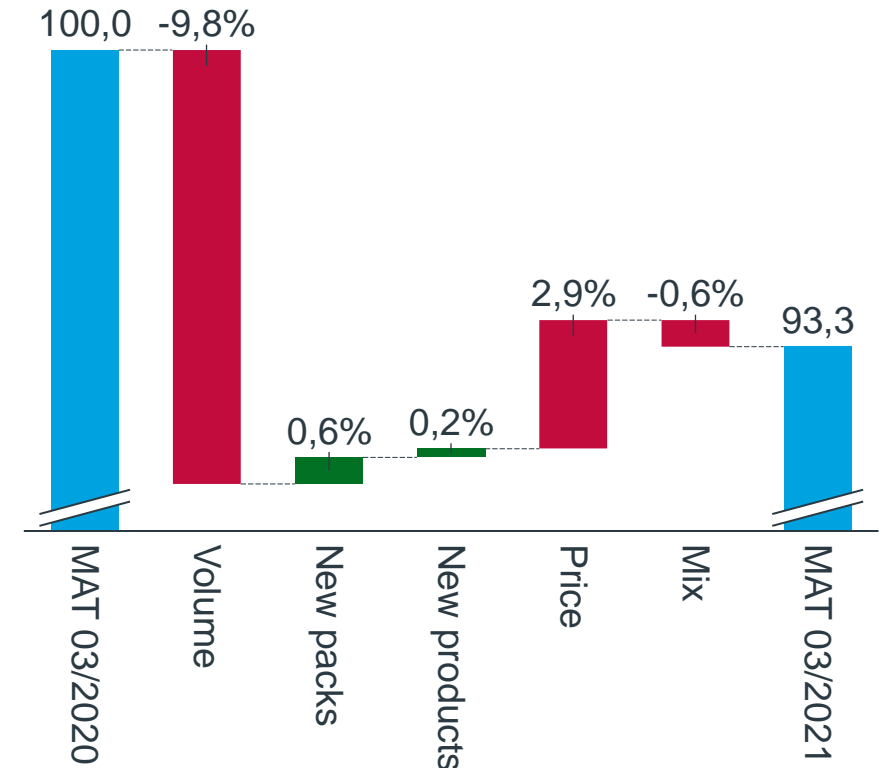


OTC= OTC reg & unreg 01-18,97

Source: IQVIA Market Viewer, Mar21

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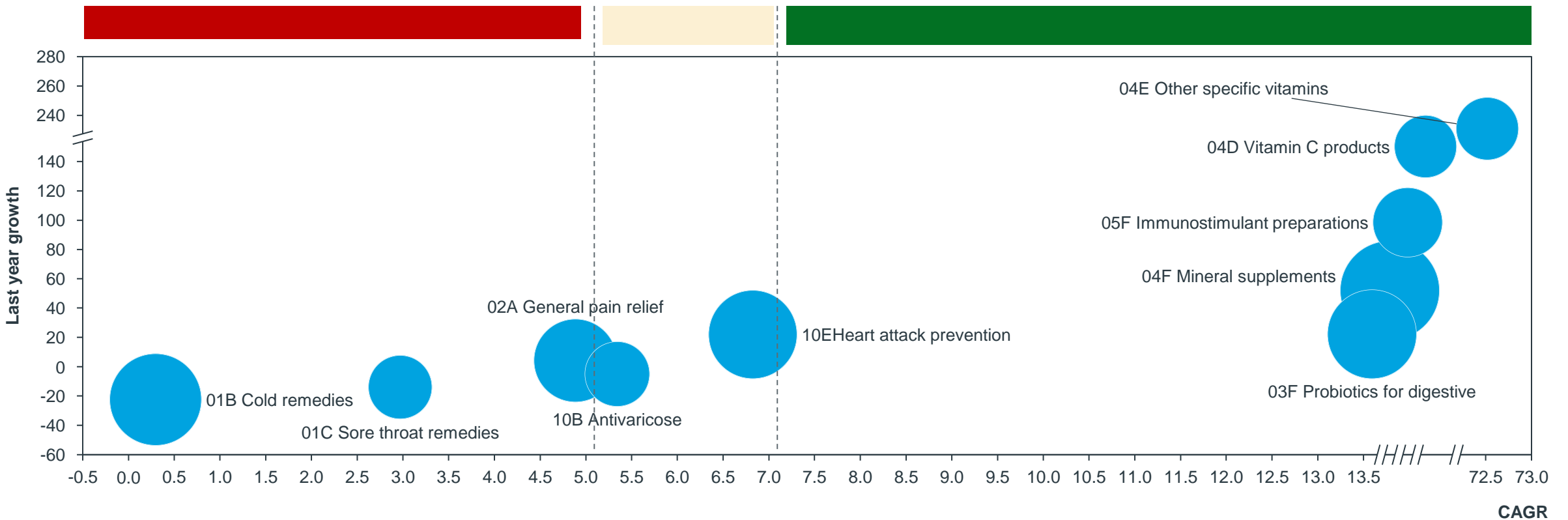
OTCReg* only market growth drivers [%]



Vitamin C products and Other specific vitamins with the fastest growth

Largest category was Mineral supplements, Other fast growing categories were: Probiotics, Immunostimulant preparations , other specific vitamins

Major OTC2 used and their development [MAT 03/2018 - 2021, %]



OTC= OTC reg & unreg 01-18,97

Source: IQVIA Market Viewer Mar21

IQVIA Client webinar, 18th May 2021 | IQVIA Pharma Meeting Serbia

Top 10 corporations had 46.4% of market share and grew faster than rest of the market in recent MAT period

OTC corporates dynamics

Top 10 Corporations in Consumer health/OTC

#	Corporations	Sales in MAT 03/2021 [mEUR]	PPG [%]	MS %
1	Stada	32	10,7%	10,6%
2	Galenika	19	12,9%	6,2%
3	Proton System	17	60,1%	5,5%
4	Bauch Health	13	4,1%	4,1%
5	Bayer	12	35,5%	4,1%
6	Swixx Biopharma	12	-9,6%	3,8%
7	Inpharm	11	34,2%	3,7%
8	Alkaloid	11	11,5%	3,5%
9	Pharmanova	8	49,2%	2,5%
10	Menarini	7	-0,2%	2,4%
Top 10		141	17,0%	46,4%
Others		163	9,9%	53,6%
Total		304	13,1%	100,0%

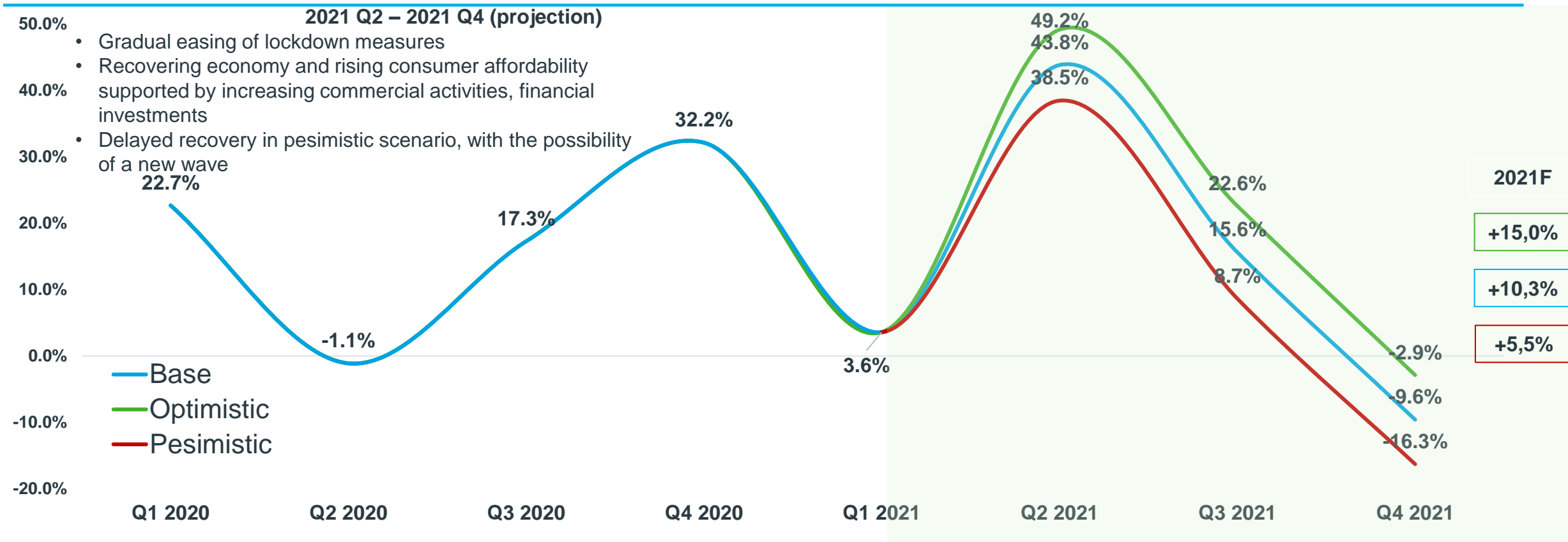
Comments

- **Top 10 corporations** with faster growth than rest of the market 17,0% representing 46% MS
- **Leading 3 Corporations** reached double digit growth mainly due to Vitamin&Mineral portfolio
- **Stada** as a leading corporation reached 10.7% growth, Probiotik as growth contributor achieving 25% of its sales
- **Proton System** represents higher growth with 60%; growth contributors Bulardi followed by Eneterobiotik
- **Bayer** achieved 35.5% growth vs prior year mainly due to Aspirin
- **Pharmanova's** main growth contributor Vitamin C&Zink
- **Galenika** had 30% of its sales from VMS

OTC Market slightly decreasing MAT Mar2021

Updated Forecast for 2021

Forecasted recovery trend for the OTC&FS market in Serbia [Sales WHS Value % growth vs PY]



Thank you

