

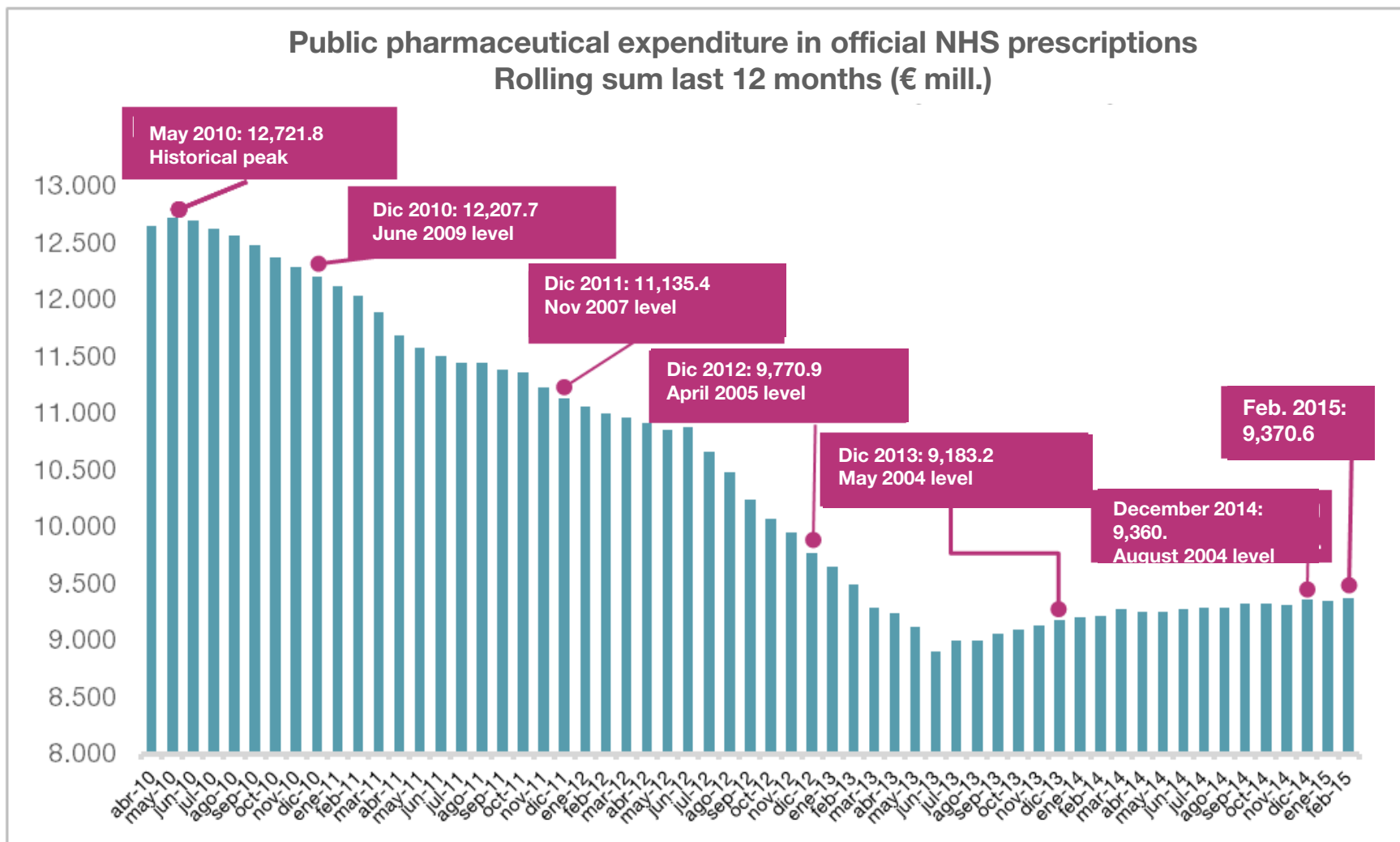
# PUBLIC PHARMACEUTICAL EXPENDITURE IN SPAIN

## Evolution analysis



# Public pharmaceutical expenditure. Retail market (monthly evolution)

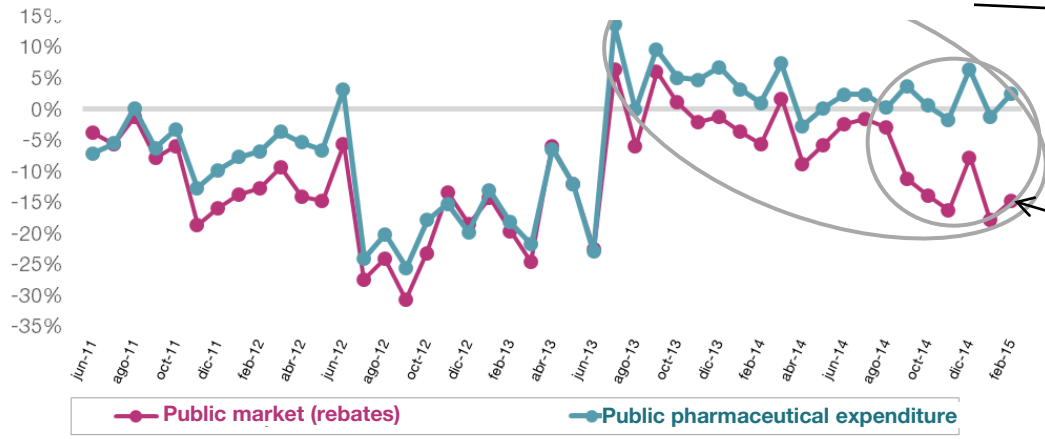
In February 2015, the 12 months accumulated expenditure has been lower to the historical peak in 3, 351 €M (-26,3%)



Source: Farmaindustria + MoH

# Total public expenditure and in medicines under patent protection or without competitors

**Total public pharmaceutical expenditure and in medicines subject to rebates (innovations) Retail market. Annual growth rate**

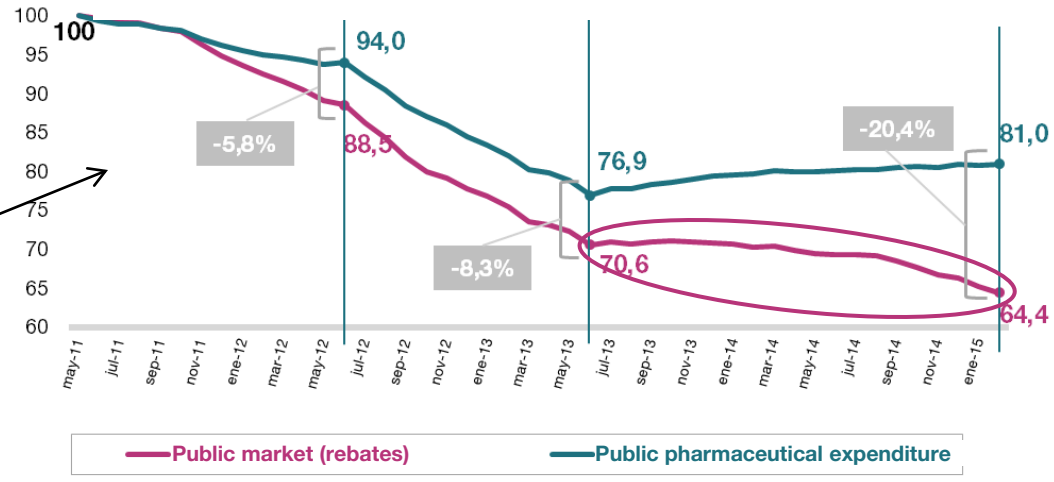


Public pharmaceutical expenditure in innovations (purple) behaves much worse than total public pharmaceutical expenditure (green)

Besides, after the new Reference Price Order came into force, the divergence has grown wider

Fuente: MSSSI y Farmaindustria

**Compared evolution of total public pharmaceutical expenditure and medicines subject to rebates (innovations) Retail market. 12 months accumulated values. Index May 2011=100**

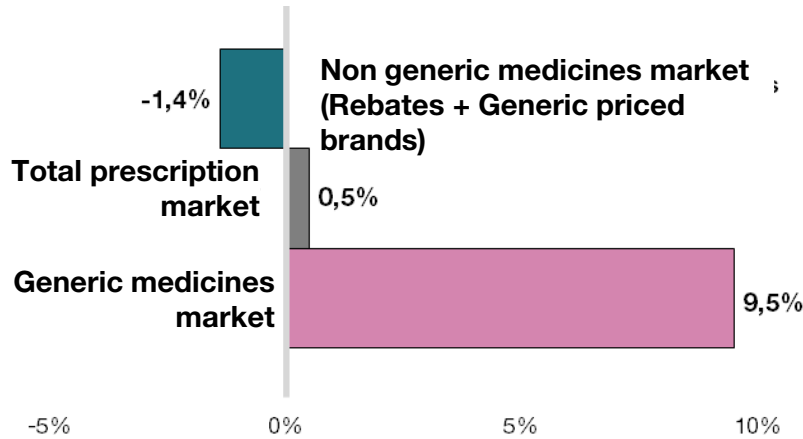


Contrary to the behavior of global public pharmaceutical expenditure, public expenditure in innovations (purple), maintains a steadily decreasing trend. Public pharmaceutical expenditure subject to rebates (innovations) has dropped by -35.6% since May 2011)

Source: Farmaindustria + MoH

# 2014 Market and expenditure evolution per product category

Evolution of the total of prescription market and generic and non generic sub markets. 2014.



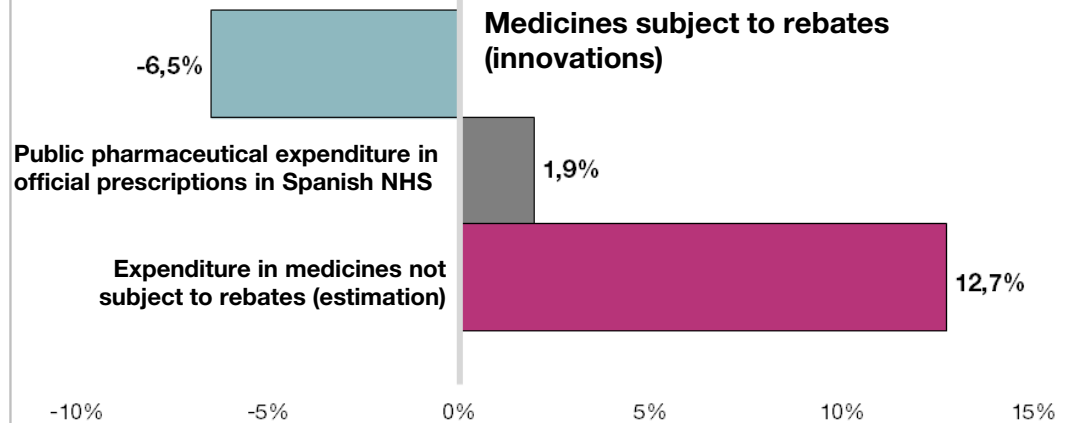
The total prescription market in pharmacy offices (IMS data), grew by 0.5% in 2014. When breaking down this growth: i) sales of generic medicines have grown by 9.5%, and the sales of the rest of medicines (non EFG) have dropped by 1.4%

Source: Farmaindustria estimates + MoH

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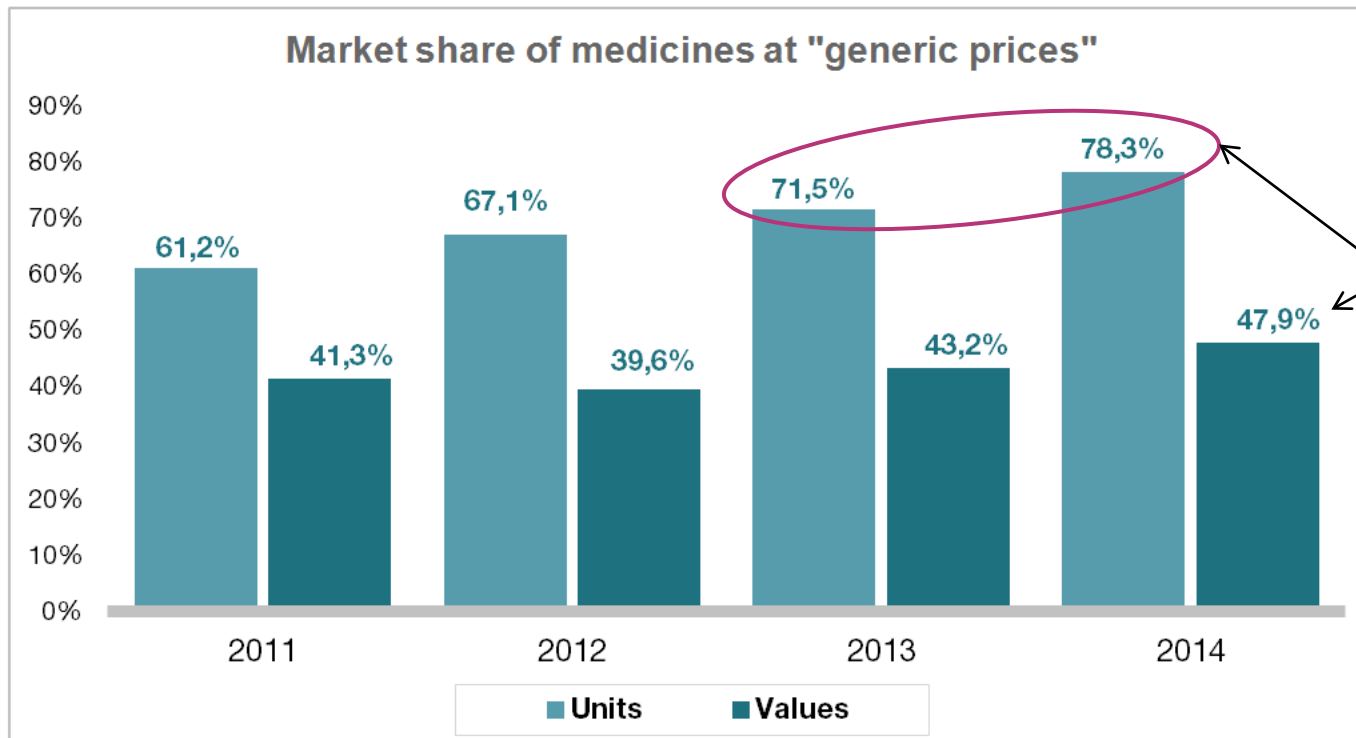
Public pharmaceutical expenditure in official prescriptions of the Spanish NHS (MoH data), grew by +2.0% in 2014. When breaking down this growth: i) expenditure in medicines subject to rebates (innovations), has dropped by -6.5%, and ii) expenditure in the rest of medicines has grown around +13%

Evolution of public pharmaceutical expenditure in the pharmacy market and subject to rebates and not subject to rebates sub markets. 2014



Source: Farmaindustria estimates + MoH

# Generic priced market

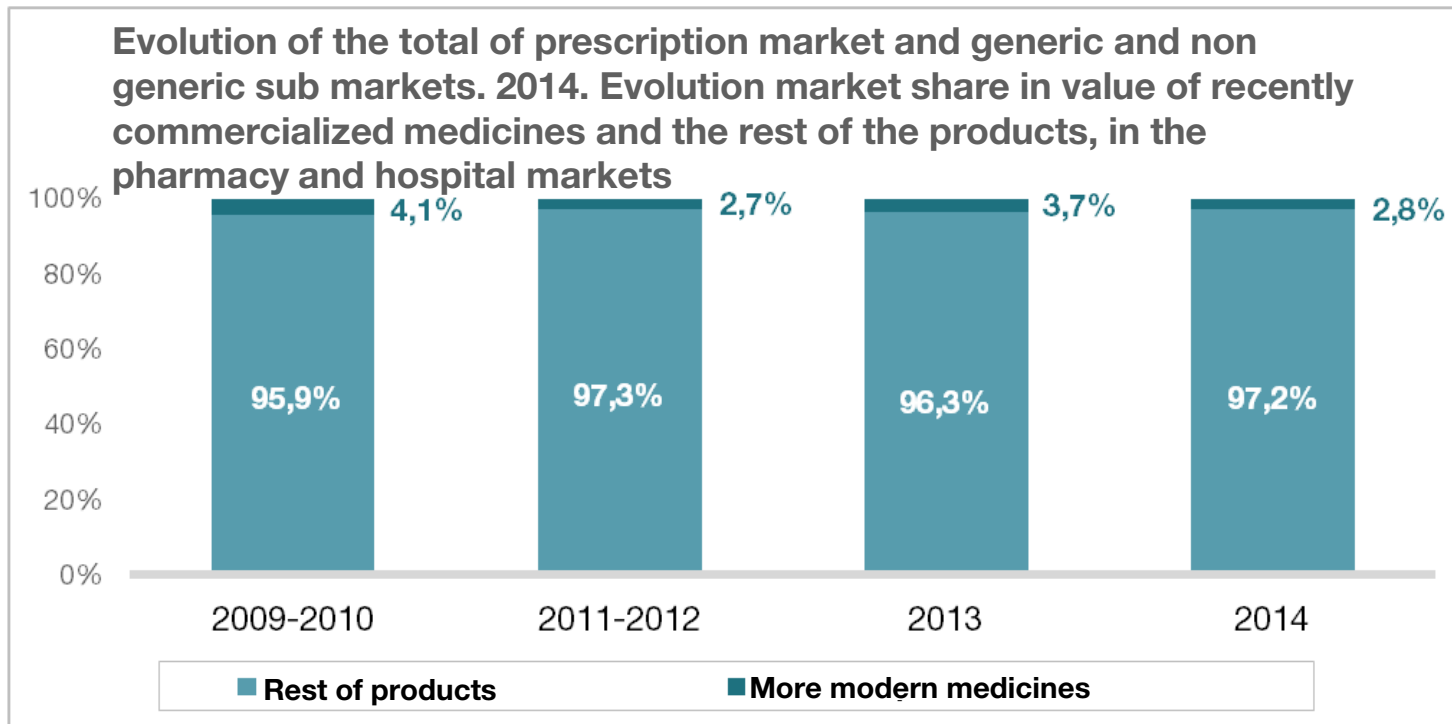


After the entry in force of the most recent Reference Pricing Ministry Order, the market of products at generic prices accounts for almost half of the Spanish pharmaceutical market in values and almost 80% of the market in terms of dispensed units

Source: Farmaindustria from IMS information

Note: total prescription market net from rebates imposed by Royal Decree Laws 8/2010 and 9/2011

# More modern medicines' market share (pharmacy and hospital)

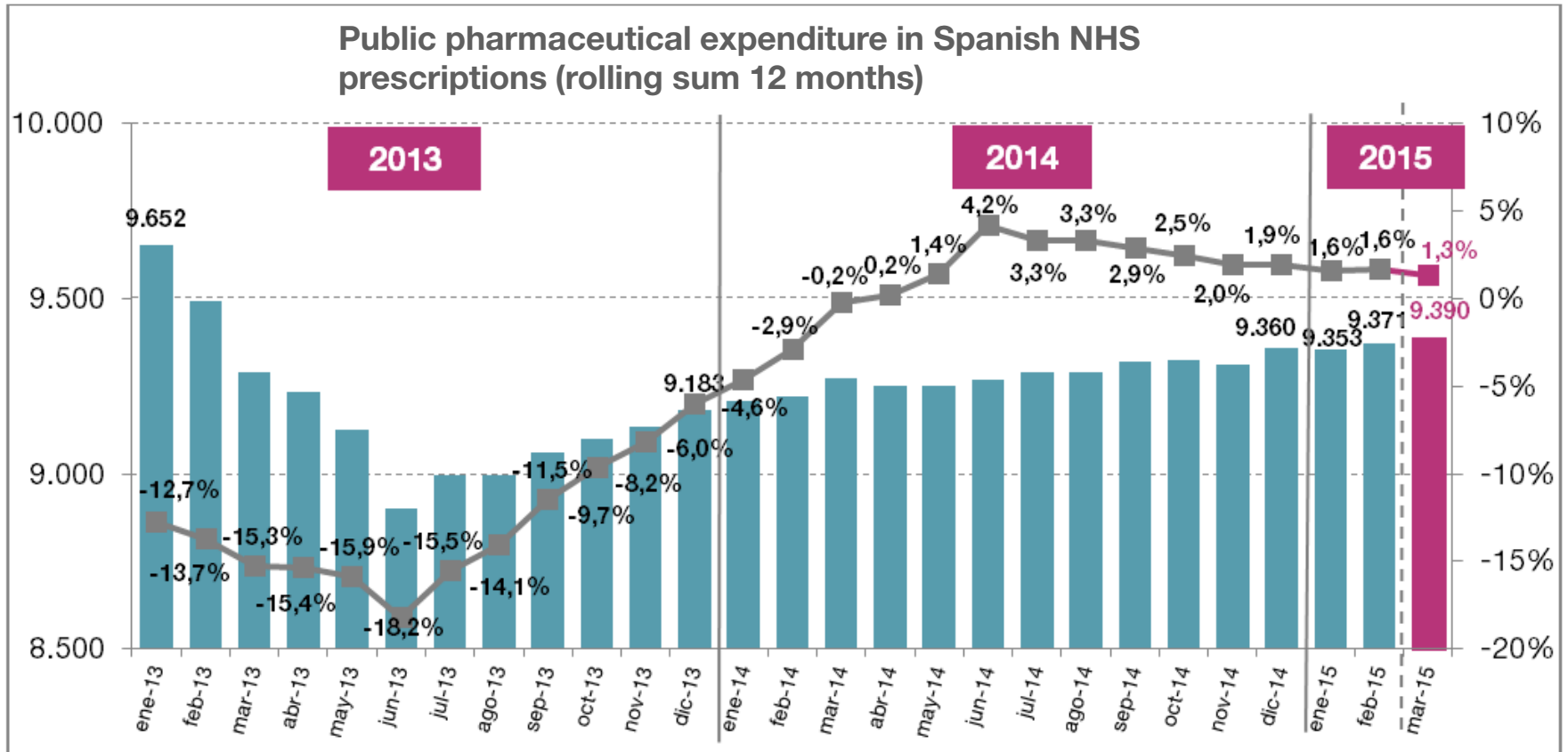


**Note:** the sale of innovative medicines correspond to the sales in each period of products launched during that period plus the two prior years: Only reimbursed medicines are considered, including monodrugs and combinations, as long as combinations include at least one innovative active ingredient. Innovative medicines are considered as such when they are based on active ingredients launched during the year of the analysis or two years before that time.

**Source:** Farmaindustria and BCG analysis from IMS data

# Public pharmaceutical expenditure – pharmacy market (forecasts)

In the short term, it is expected that the variation rate of the public pharmaceutical expenditure in the pharmacy market will continue to fall, sitting at around +1.3% in March

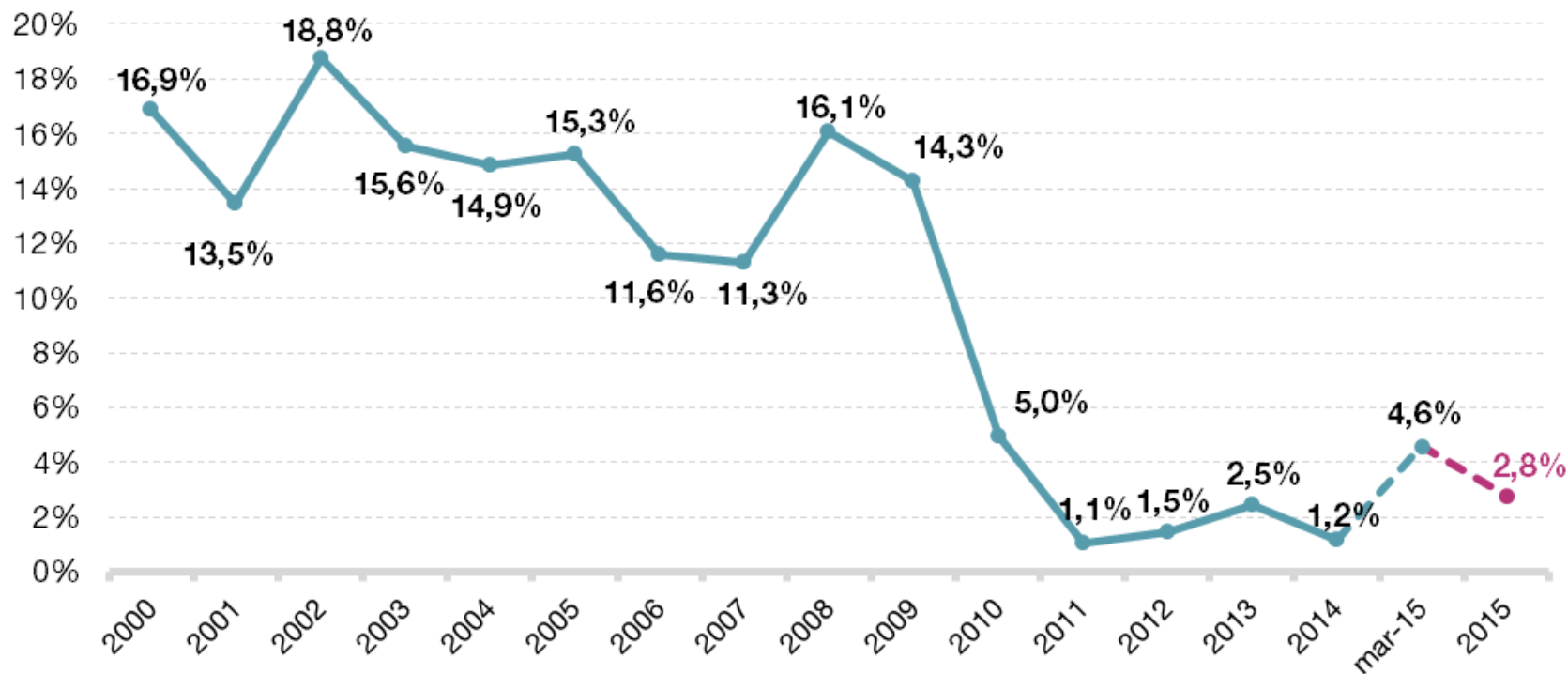


Source: MoH. Forecasts: Farmaindustria

# Public pharmaceutical expenditure in hospitals

During the last years, public pharmaceutical expenditure in hospitals has severely moderated its growth with regards to the rates it experimented in the early 2000s (a drop of more than 13 point on average). In 2015, a slightly superior growth to that of 2014 is expected).

Public pharmaceutical expenditure. Growth rates

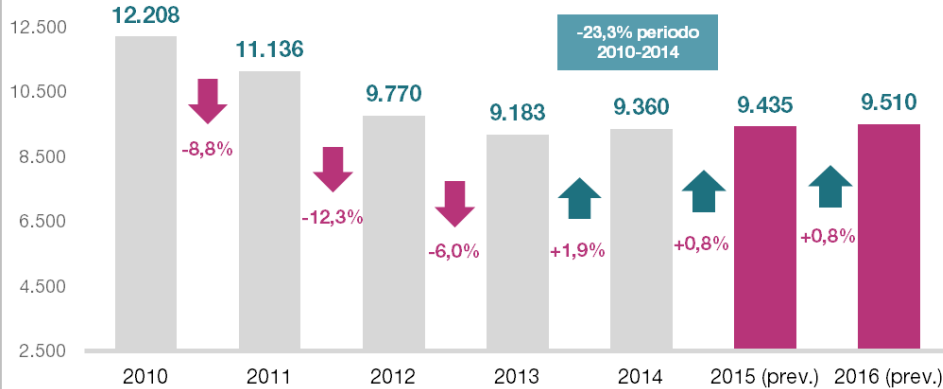


**Source:** 2000-2005, MoH. 2006-2015, Farmaindustria estimates based on hospital debt survey. Final 2015 forecast: Farmaindustria

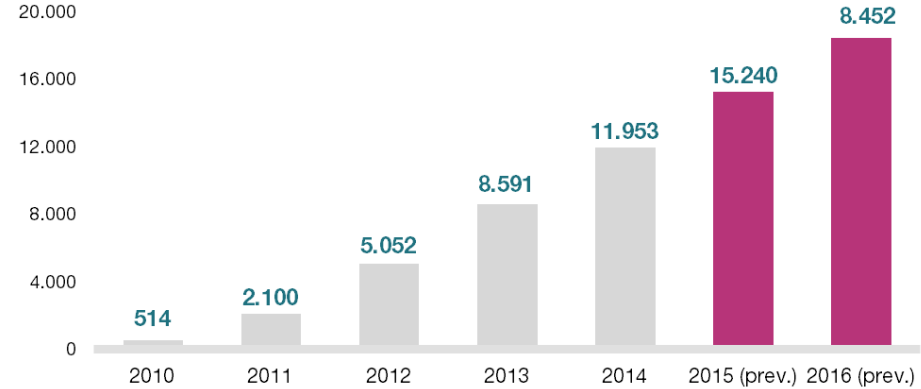


# Public pharmaceutical expenditure (actual and forecasts)

**Public pharmaceutical expenditure in NHS prescriptions (€ Mill.)**



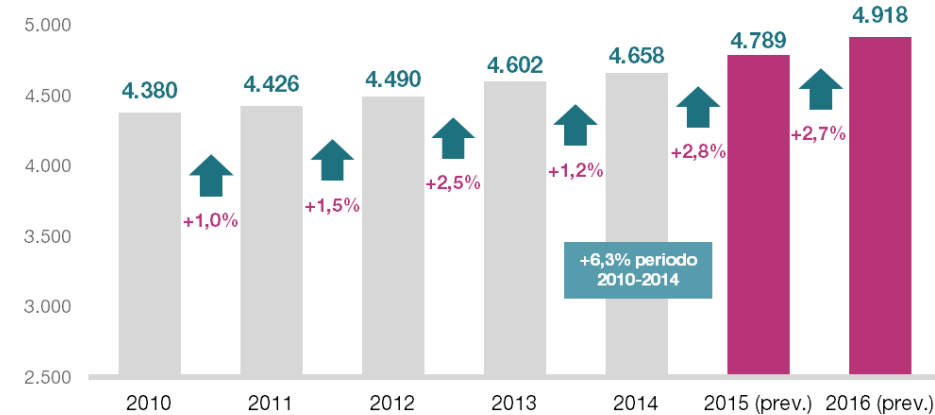
**Public expenditure savings / maximum. Pharmacy offices (mill.€)  
CUMMULATIVE TOTAL FROM MAXIMUM VALUE**



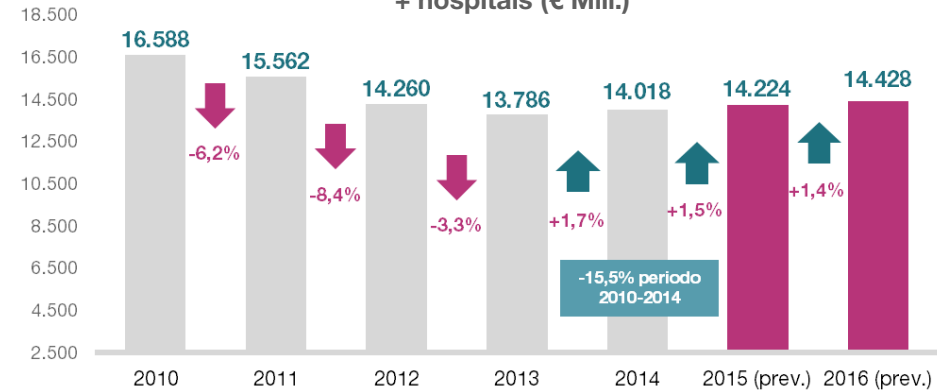
Source: 2014-2010 data, MoH, Farmaindustria. Forecasts 2015, Farmaindustria. 2016 Forecasts according to IMS (Market Prognosis Spain Rev. March 2015)

Source: 2014-2010 data, Farmaindustria from MoH. 2015 forecasts, Farmaindustria. 2016 Forecasts according to IMS forecasts (Market Prognosis Spain, rev. March 2015)

**Public pharmaceutical expenditure in hospitals (€ Mill.)**



**Total public pharmaceutical expenditure in NHS prescriptions + hospitals (€ Mill.)**

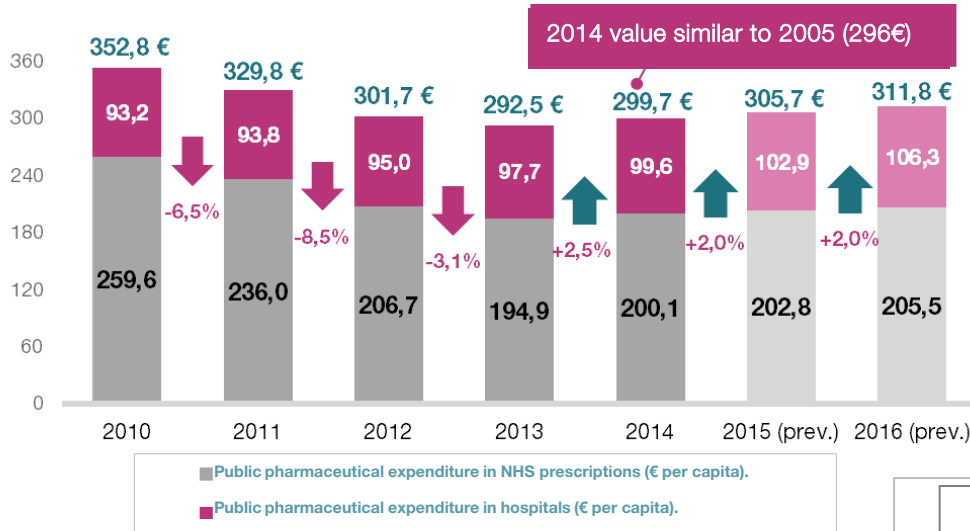


Source: 2010-2014 Farmaindustria (Hospital survey) . 2015 forecasts, Farmaindustria. 2016 Forecasts: Farmaindustria according to IMS (Market Prognosis Spain, rev. March 2015)

Source: 2014-2010 data, MoH, Farmaindustria (Hospital survey) 2015 forecasts, Farmaindustria. 2016 Forecasts, Farmaindustria according to IMS forecasts (Market Prognosis Spain, rev. March 2014)

# Public pharmaceutical expenditure. Per capita and % GDP

Public pharmaceutical expenditure in NHS prescriptions + hospitals (€ per capita)



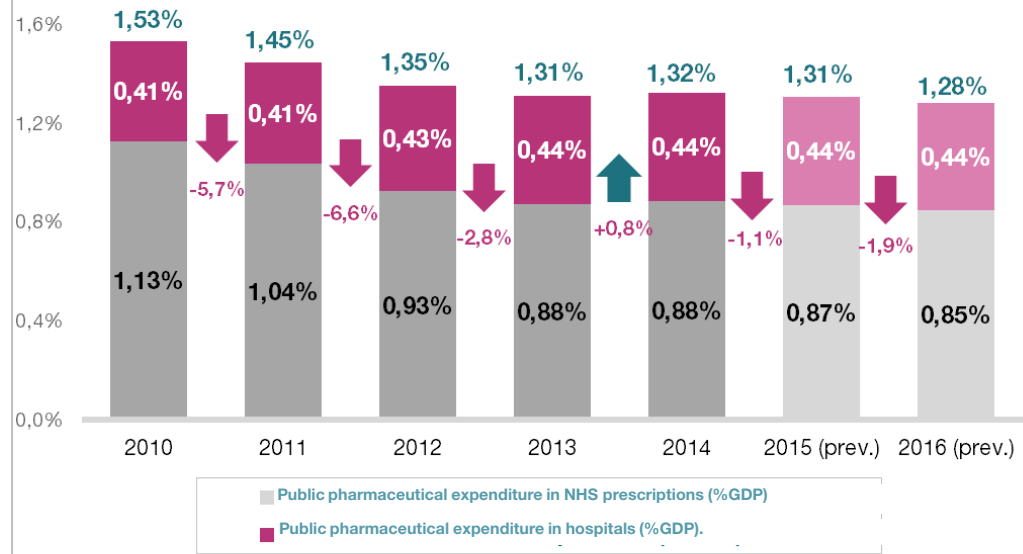
Public pharmaceutical expenditure per capita similar to 2005 levels

Source: 2014-2010 data, MoH, Farmaindustria and INE and own estimations. 2015 Forecasts, Farmaindustria. 2016 Forecasts: Farmaindustria according to IMS (Market prognosis Spain. Rev. March 2015)

Public pharmaceutical expenditure in NHS prescriptions as a share of GDP is now below the Eurozone area, and it is even lower than that in bailed out countries.



Public pharmaceutical expenditure in NHS prescriptions + hospitals (%GDP)



Source: 2014-2010 data, MoH, Farmaindustria and INE and own estimations. 2015 -2016 Forecasts, Farmaindustria + Spanish Government, Stability Program Update 2014-2014 (p.21) .