



GEDEON RICHTER

# **Golden Age is Over: Only the Fittest can Survive**

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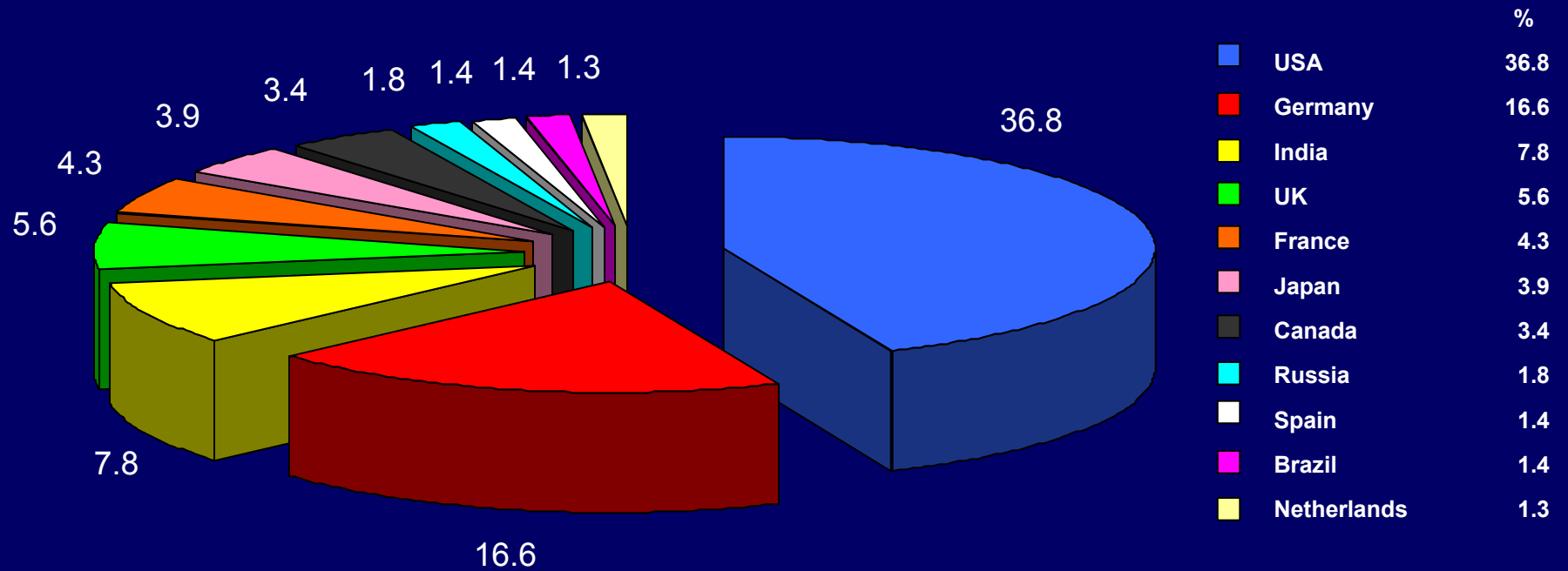
# **I. Generic drug markets**

# The global pharmaceutical market (2005)

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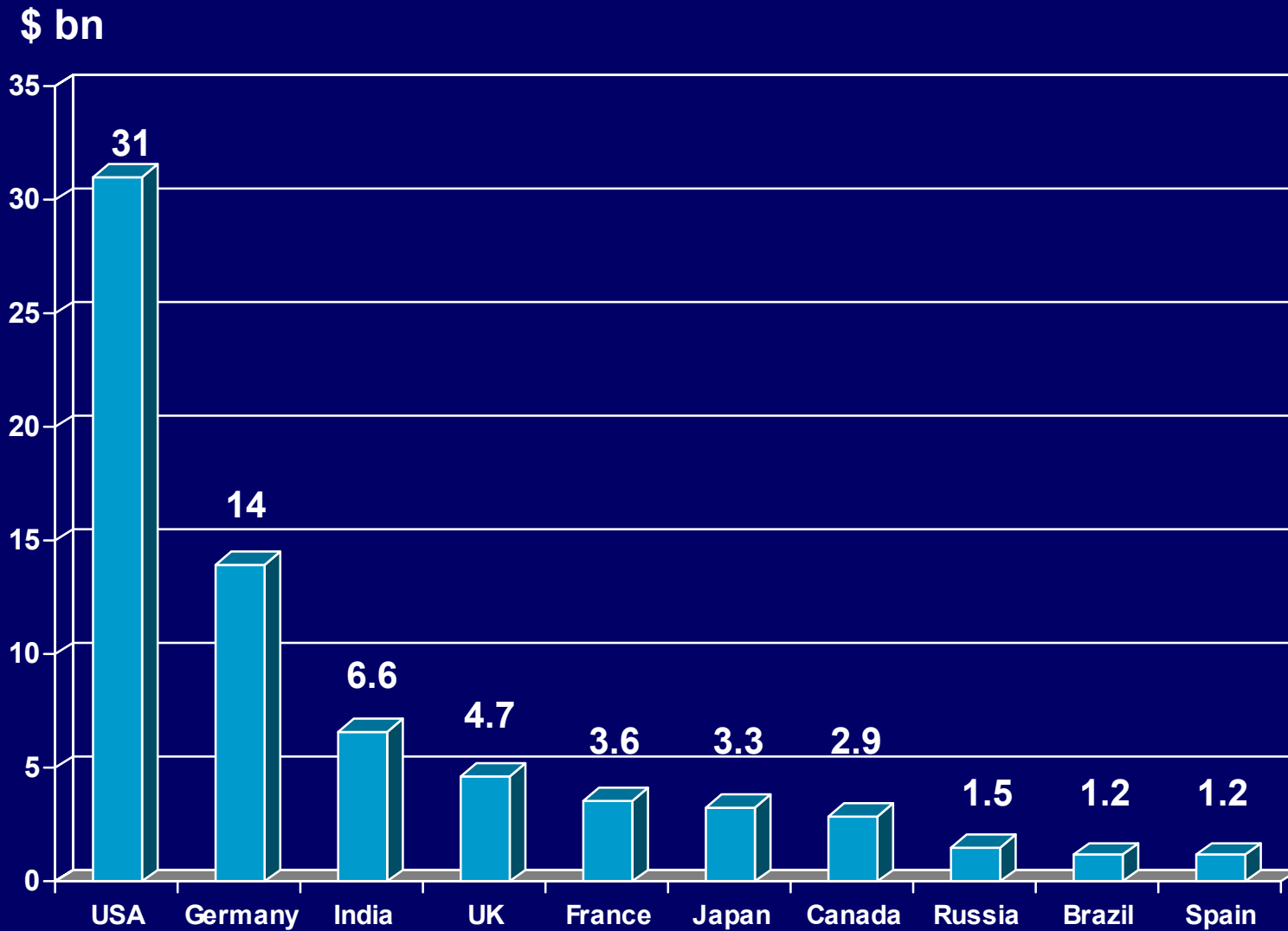
# Leading generic drug markets as % of total market (2006E)



**World generic pharma market\*: \$84.4 bn  
+10%**

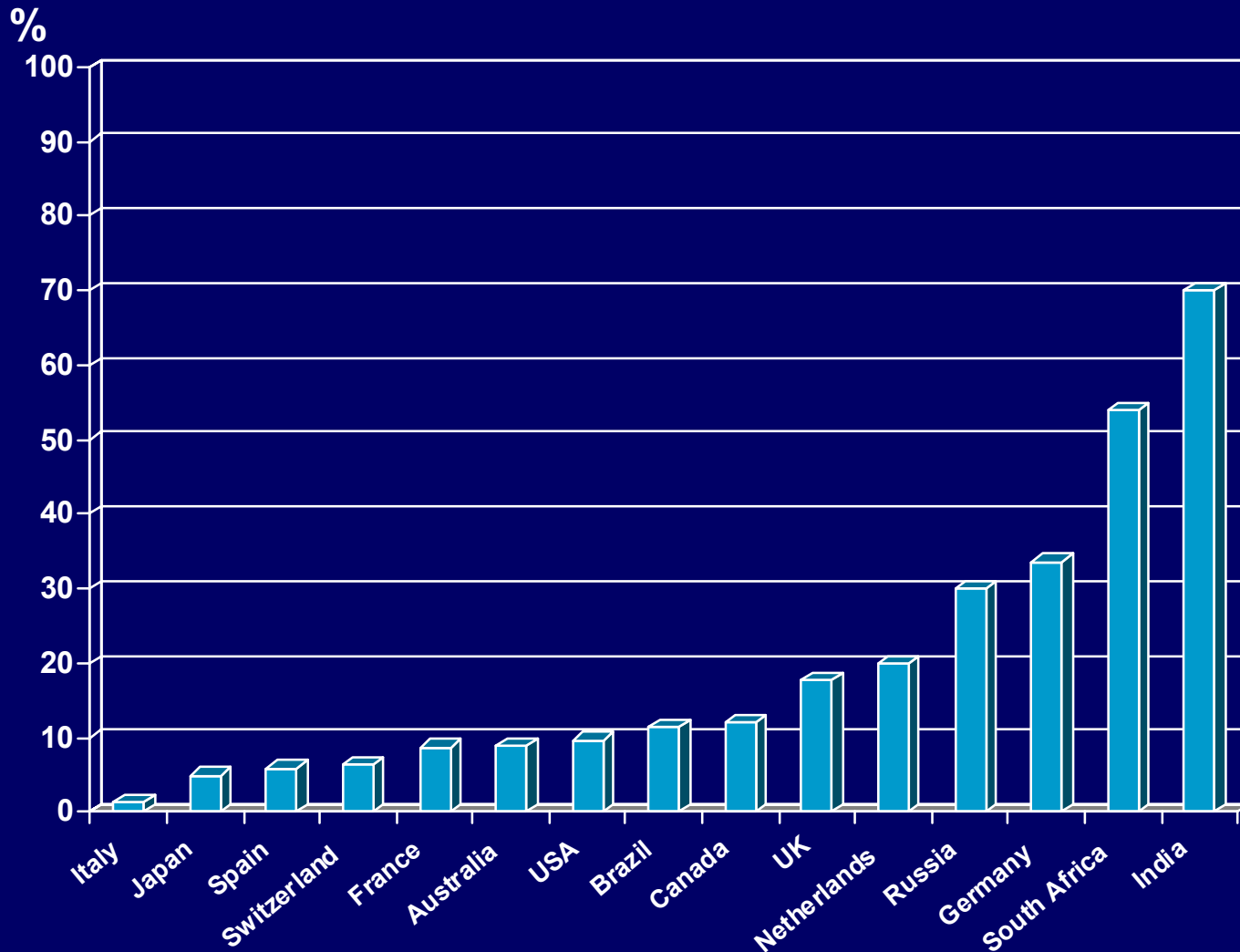
Source: Espicom, \*market data at consumer prices 2006E

## Leading generic drug markets (2006E)



Source: Espicom

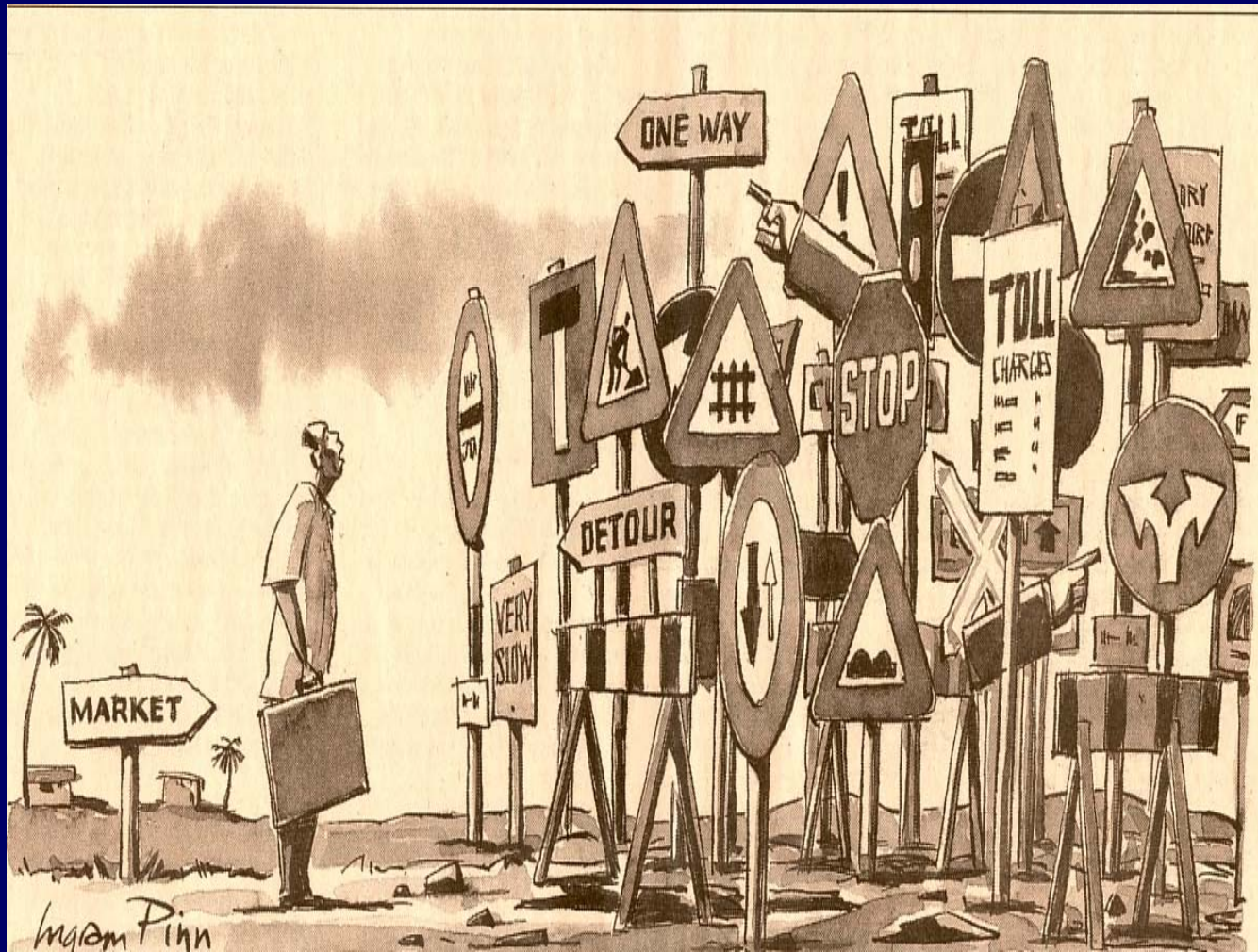
## Leading generic drug markets % of total domestic pharma market (2006E)



Source: Espicom

## Some hurdles ahead...

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## Main hurdles for generic companies

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- ◆ Legal and IP
- ◆ Regulatory

## **Main challenges to generic companies in the EU/region**

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### **Good news**

- ◆ **Ageing population increases need for sustainable health care and decreasing costs**
- ◆ **Growing awareness of generic medicines among policy makers  
- seen as key to sustainable, affordable and quality healthcare**
- ◆ **General desire of governments to increase use of generic medicines**
- ◆ **EU DG Competition active interest in anti-competitive activities**

## **Main challenges to generic companies in the EU/region**

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### **Bad news**

- ◆ **Cost cutting measures by reimbursement authorities in all countries**
- ◆ **Decreasing price levels influence business profitability**
  - **impact on levels of employment and investment**

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## **II. Our region**

**Central & Eastern Europe**

## Pharma markets in CEE (2005)

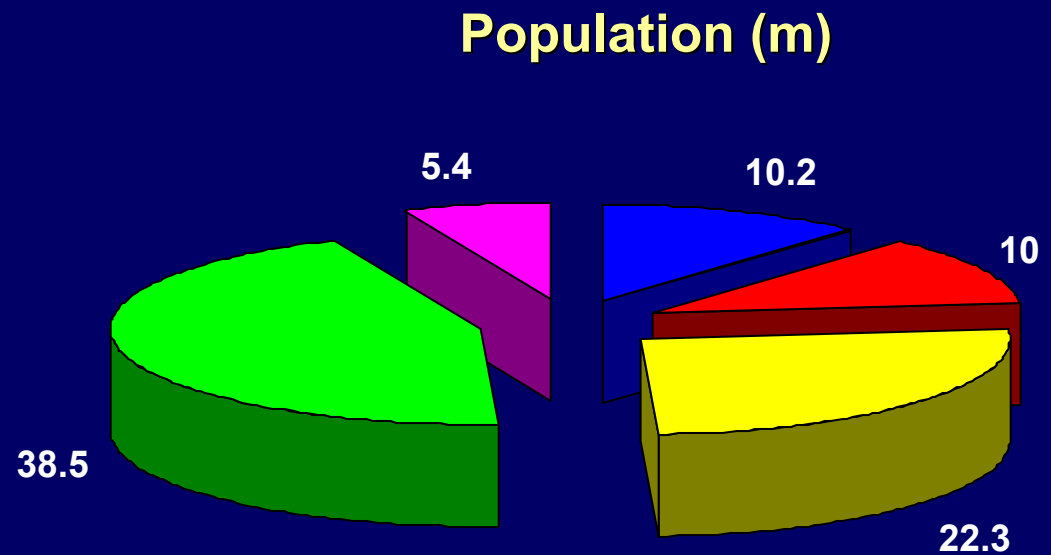
- ◆ Total market size: \$11.3 bn
- ◆ Total population: 100.4 m
- ◆ Three largest markets:
  - Poland: \$4.4 bn
  - Hungary: \$2.3 bn
  - Czech Republic: \$1.7 bn



# Population and life expectancy in the region

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- Czech Republic
- Hungary
- Romania
- Poland
- Slovakia



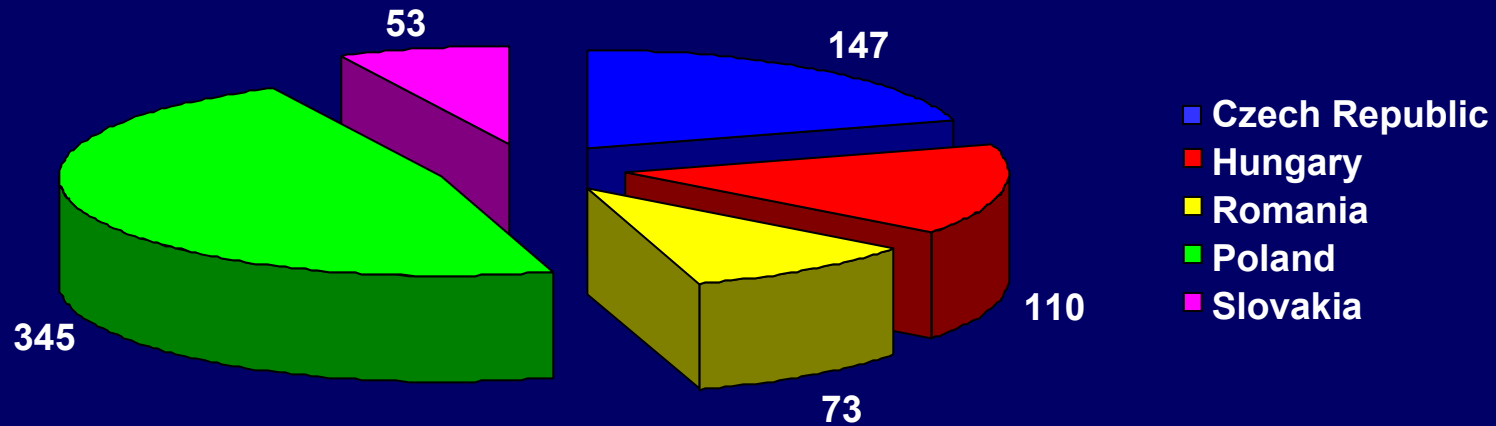
## Life expectancy (Male / Female)

Czech Republic	73 / 79
Hungary	69 / 77
Romania	68 / 76
Poland	71 / 79
Slovakia	70 / 78

# GDP in the region

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GDP (\$bn) (2006E)



**GDP EU 10:**

**\$686 bn (2005)**

## GDP in the region

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	EU25
<b>GDP EU 15:</b> \$2,682 bn (2005)	80%
<b>GDP EU 10:</b> \$686 bn (2005)	20%

### GDP per capita

- Germany: \$33,726
- Hungary: \$10,820



## Generic Penetration in the region (2005)

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Czech Republic

Value / Volume

33% / 55%



Hungary

34% / 49%



Romania

44% / 84%



Poland

52% / 65%



Slovakia

37% / 58%

## **Main problems in the region**

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- ◆ **Economic and political stability issues**
- ◆ **Rapidly changing legislation**
- ◆ **Mobility of workforce low – language**
- ◆ **Declining pharma prices v. increasing costs**

## **Alternative strategies for companies in the region**

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- ◆ **Establish collaborations with similar companies or go it alone ?**
- ◆ **Build international networks or remain local ?**
- ◆ **Focus or spread....therapeutic classes ?**
- ◆ **New product areas, eg. Biosimilar ?**

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## **III. Closing remarks**

## **Closing remarks**

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- ◆ **Country GDP growth impacts healthcare spending**
- ◆ **Focus will continue to be on cost effective medicines**
- ◆ **Business profitability impacts investment and employment levels**
- ◆ **Local market awareness identifies opportunities**

## Potential – beware of misleading %'s

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USA pharma market \$252 bn (2005)

5% growth → \$12.6 bn

Germany pharma market \$32 bn (2005)

8% growth → \$2.6 bn

Russian pharma market \$7.8 bn (2005)

20% growth → \$1.6 bn

## Potential – beware of misleading %'s

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**USA generic pharma market \$31 bn (2006E)**

**11% growth      —————>    \$3.4 bn**

**German generic pharma market \$14 bn (2006E)**

**5.7% growth      —————>    \$0.8 bn**

**Russian generic pharma market \$1.5 bn (2006E)**

**14% growth      —————>    \$0.2 bn**



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**Thank you for your kind attention.**