Pharma innovations – new opportunities for healthcare & industry within EAEU

Vladimir Shipkov, Executive Director, AIPM
XI Eurasian Economic Forum in Verona
26th October 2018
<table>
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<th>AIPM MEMBER COMPANIES</th>
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<tr>
<td>Abbott Products</td>
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<td>Abbvie</td>
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<td>Berlin-Chemie/A.Menarini</td>
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<td>Dr. Falk Pharma GmbH</td>
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<td>EGIS PLC</td>
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Ranking of industrial sectors by overall investment in R&D

R&D SPEND AS PERCENTAGE OF NET SALES

- Pharmaceuticals: 15.0%
- IT: 10.6%
- Technology hardware & equipment: 8.4%
- Automobiles: 5.9%
- Electronic equipment: 4.7%
- Chemicals: 2.9%
- Aerospace: 2.8%

Source: www.efpia.eu/media/361960/efpia-pharmafigures2018_v07-hq.pdf
Over the next five years many more promising medicines are expected to become available.

Breakthrough in the study of the genetic basis of many diseases in recent years. On the basis of this are developed:

• **Gene therapy** – helping to replace defective or missing genes in cells through the introduction of DNA for the treatment of genetic diseases

• **CAR-T therapies** – are T-cells that have been genetically modified to allow the T-cell to recognize and destroy tumor cells

• **Pharmacogenetics** becomes the basis for the evolution in Personalised Healthcare

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With over 7000 medicines in development, the exciting new wave of medical innovation will play a key role in addressing the challenges faced by patients and healthcare systems.
Main investment policy drivers in Russia

- Political will for healthcare priorities (additional budget allocations are assumed):
  - Increase of life expectancy
  - Decrease of cardiovascular, cancer mortality
  - Improvement of healthcare access
  - e-Healthcare platform development and Big Data technologies

- Strategy Pharma2020:
  - Shift to innovative pharmaceutical industry development model (local R&D)

- Key priorities declared for Pharma 2020+:
  - Local R&D aimed at biomedical technologies, monoclonal antibodies
  - Export potential development

- The common pharmaceutical market of the EAEU:
  - EAEU regulatory requirements harmonized with international standards
### R&D & production localization examples

#### With local partner
- **Pfizer**
- **Roche**
- **Janssen**
- **Abbott**
- **Novartis**

90% of Association member-companies

#### Green field
- **AstraZeneca**
- **Janssen**
- **Pfizer**
- **Novartis**

#### R&D
- **AstraZeneca**
- **Sanofi Aventis**
- **TEVA**
- **KRKA**
- **Novo Nordisk**
- **Berlin-Chemie**
- **Menarini**

#### Manufacturing
- **Abbott**

Source: declared company information available to date
In 2006-2016 international pharmaceutical companies made significant investments in the Russian market, which contributed to the industry development and made a positive impact on the Russian economy.

**EY data**

Analysis of investments, carried out by international pharmaceutical companies in Russia for the period 2006-2016, including analysis of the effect of their implementation on the development of related industries, science, health and the Russian economy as a whole.

**INTERNATIONAL INDUSTRY IS A MAJOR INVESTOR in THE SECTOR**

| Contribution made by international pharmaceutical companies to the Russian economy over the period 2006-2016 | RUB 1,144.5 bn |
| Direct investments | $30.32 bn |
| RUB 209.3 bn | $5.21 bn |
| Payroll expenses | RUB 186.6 bn |
| $4.8 bn |
| Cumulative indirect impact on the Russian economy | RUB 748.6 bn |
| $20.3 bn |

Among direct investments the following types were identified:

- **18 mergers and acquisitions in Russia**
  - RUB 53.4 bn
  - $1.3 bn

- **21 capital expenditure projects, incl. greenfield development, capacity expansion and modernization**
  - RUB 51.5 bn
  - $1.2 bn

- **3,346 clinical trials and over 790 R&D activities**
  - RUB 36.4 bn
  - $0.95 bn

- **59 partnership agreements with Russian companies on manufacturing, R&D and tech transfer**
  - RUB 19.1 bn
  - $0.5 bn

- **Various production and administrative personnel training and development programs**
  - RUB 5.0 bn
  - $0.13 bn

- **Educational programs for patients and healthcare professionals, industry forums support**
  - RUB 42.5 bn
  - $1.1 bn

- **Social and charitable activities, incl. treatment funding and volunteer assistance programs support**
  - RUB 1.4 bn
  - $0.03 bn

* 24 respondents participated in the survey
Round table

Pharmaceutical market of EAEU – trends, opportunities, perspectives

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THANK YOU