Institute for Pharmaeconomic Research

THE EUROPEAN ASSOCIATION OF PHARMACEUTICAL FULL-LINE WHOLESALERS

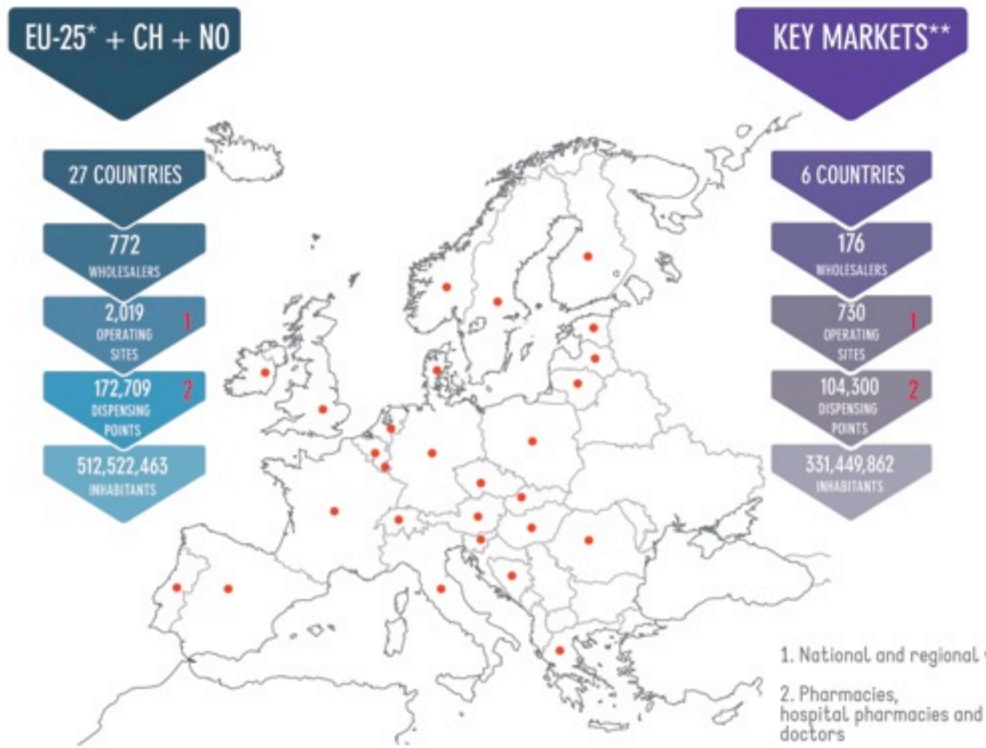
DISTRIBUTION PROFILE AND EFFICIENCY

OF THE EUROPEAN PHARMACEUTICAL WHOLESALE INDUSTRY

KEY STUDY FINDINGS

PHARMACEUTICAL FULL-LINE WHOLESALING FACTS AND FIGURES

772 pharmaceutical full-line wholesalers ensured the fast, continuous and cost-effective supply of medicines and medical products to **over 172,700 retail pharmacies, hospitals and dispensing doctors** throughout the European Union including Norway and Switzerland in 2010. They served over **500 million people**.



1. National and regional wholesalers
2. Pharmacies, hospital pharmacies and dispensing doctors

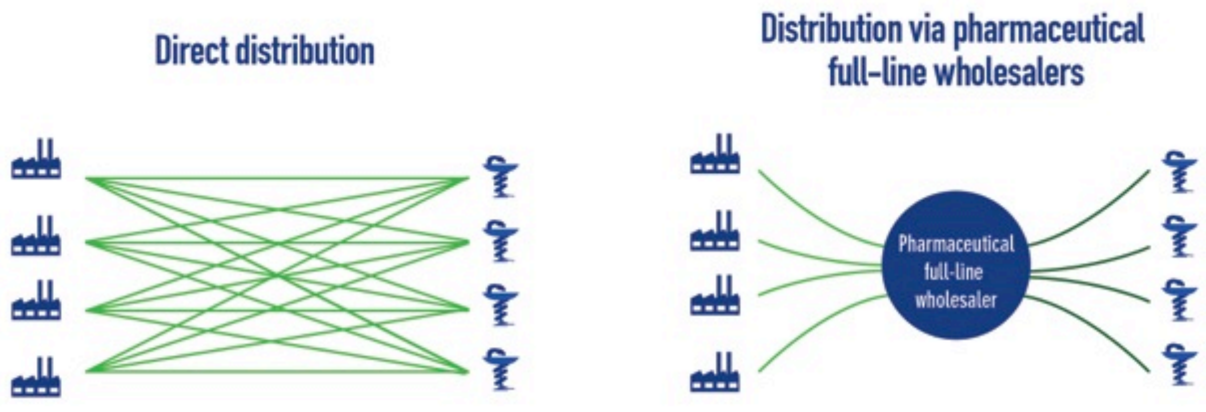
*EU-27 without Malta and Cyprus
**DE, ES, FR, IT, NL, UK

Dimensions of pharmaceutical full-line wholesaling, 2010
Source: EUROSTAT, GIRP data, IPF research 2011

POOLING OF TRANSACTIONS
Savings for the healthcare bills and protecting the environment

- **Over** **703 million** **transactions** between pharmaceutical full-line wholesalers, pharmacies and manufacturers take place every year in the 6 key European markets (France, Germany, Italy, Spain, the Netherlands and the United Kingdom).

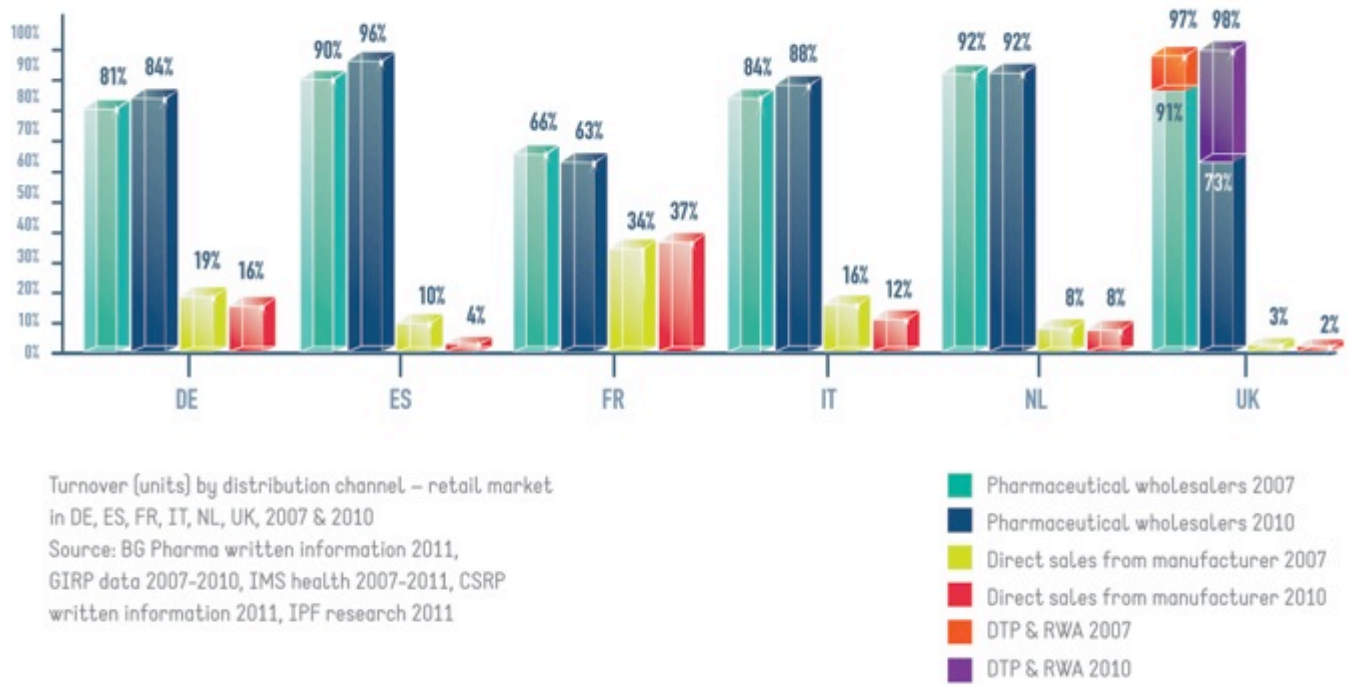
- **Without pharmaceutical full-line wholesalers**, the number of transactions would increase to **97.9 billion** **transactions** per year.



Dimensions of pharmaceutical full-line wholesaling, 2010
Source: EUROSTAT, GIRP data, IPF research 2011

TURNOVER OF DISTRIBUTION CHANNELS

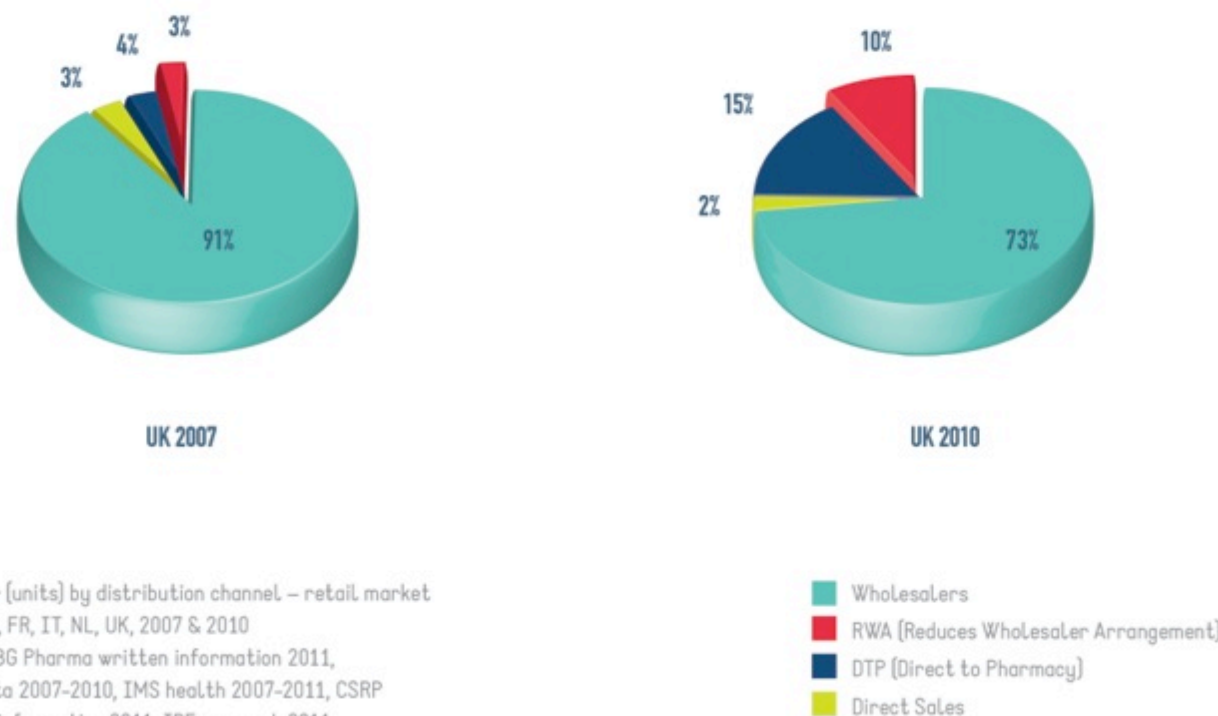
- In 2010, pharmaceutical full-line wholesalers generated a total turnover of **€136 billion** in the EU-25 + 2, out of which 67% (€91 billion) in the six key markets.
- Pharmaceutical full-line wholesalers cover nearly three quarters of all medicinal products sold, thus playing a vital role in the supply of medicinal products in Europe.



Turnover (units) by distribution channel – retail market in DE, ES, FR, IT, NL, UK, 2007 & 2010
Source: BG Pharma written information 2011, GIRP data 2007-2010, IMS health 2007-2011, CSRP written information 2011, IPF research 2011

THE IMPACT OF ALTERNATIVE DISTRIBUTION MODELS ON WHOLESALERS' TURNOVER

The market growth rates of full-line wholesalers are decreasing due to the increasing importance of alternative distribution systems (DTP and RWA in the UK), and the increase of direct sales in other countries.



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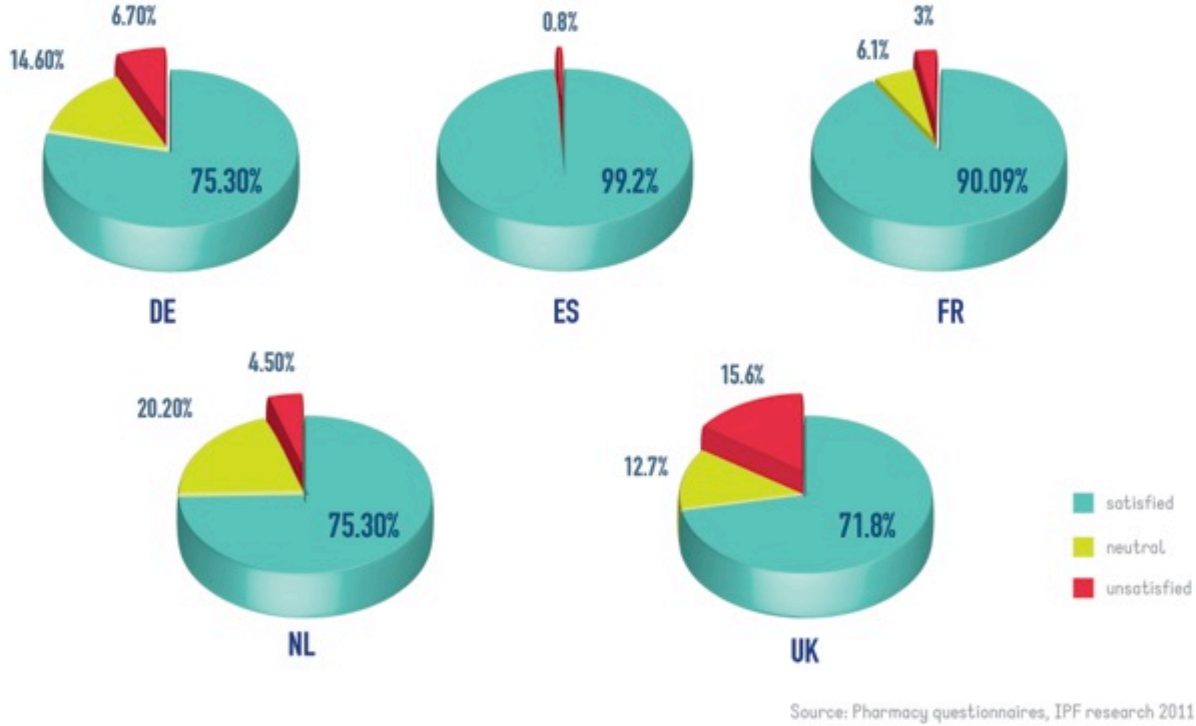
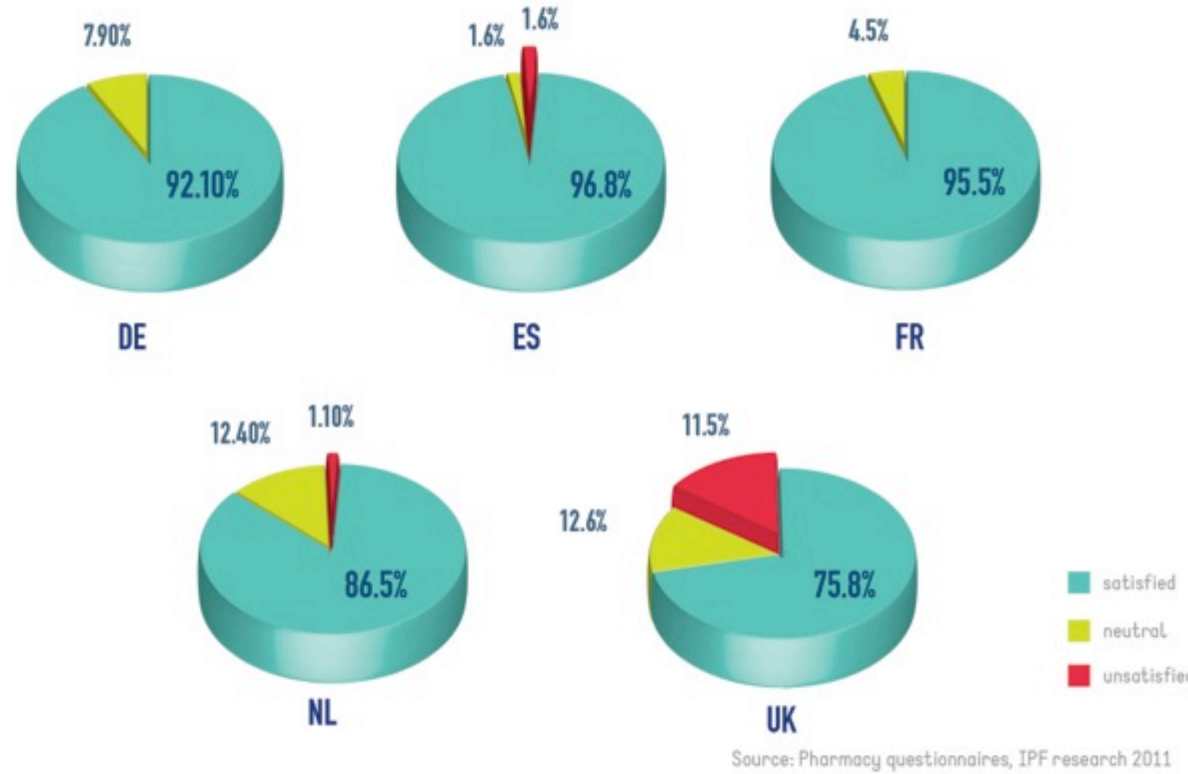
GENERAL POSITIVE VIEWS REGARDING THE DISTRIBUTION THROUGH FULL-LINE WHOLESALERS



- **Satisfied respondent pharmacists**: more than three quarters, ranging from **99%** in Spain to **72%** in UK.

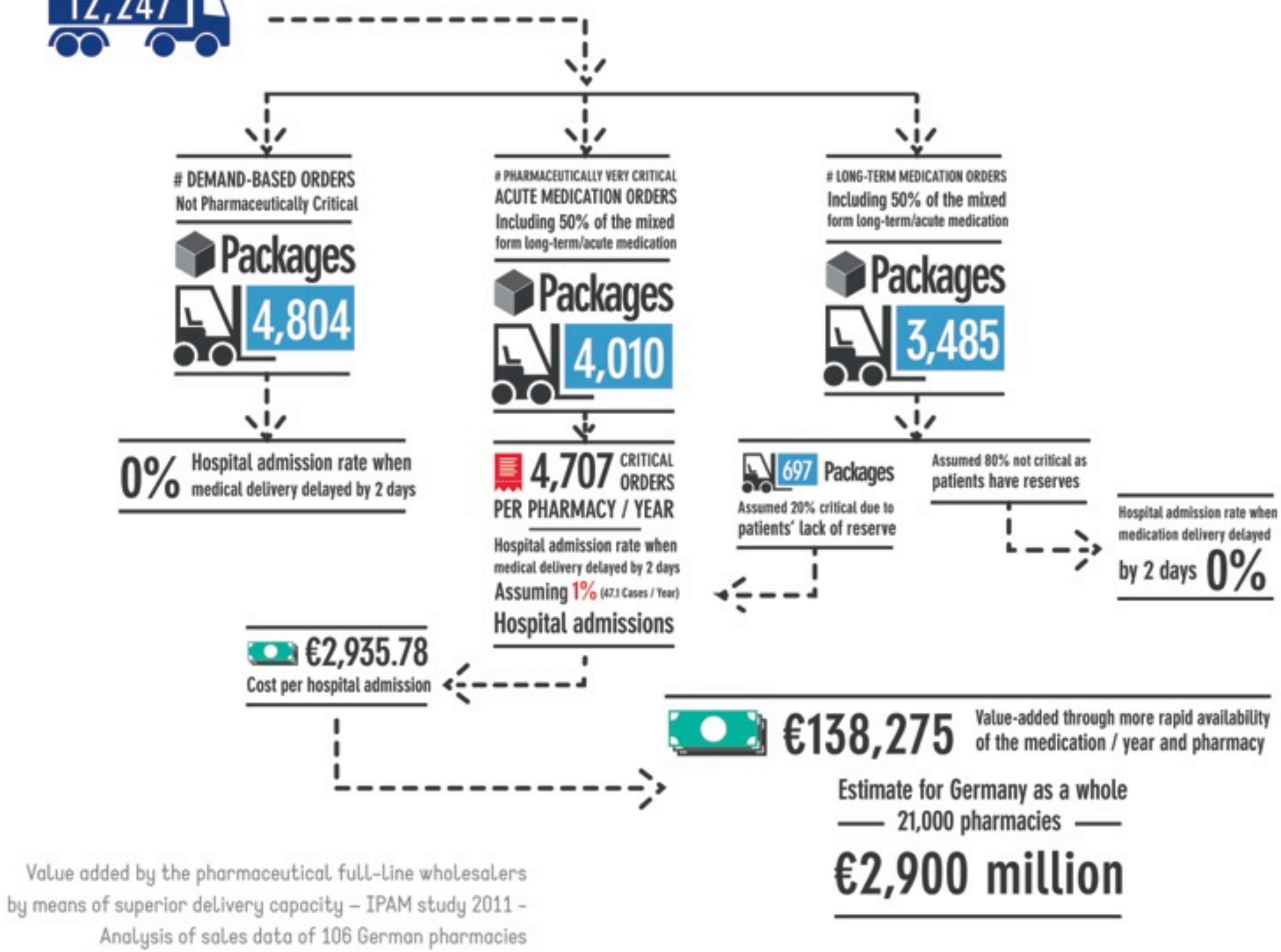
- **Respondents not satisfied**: In most countries there are very few pharmacists not satisfied with the services of full-line wholesalers. In the UK this percentage is significantly higher due to concerns on stock shortages and the availability of medicinal products in the marketplace, supply quotas and delivery mishaps.

GENERAL POSITIVE VIEWS REGARDING THE DELIVERY TIME OF PHARMACEUTICAL FULL-LINE WHOLESALERS



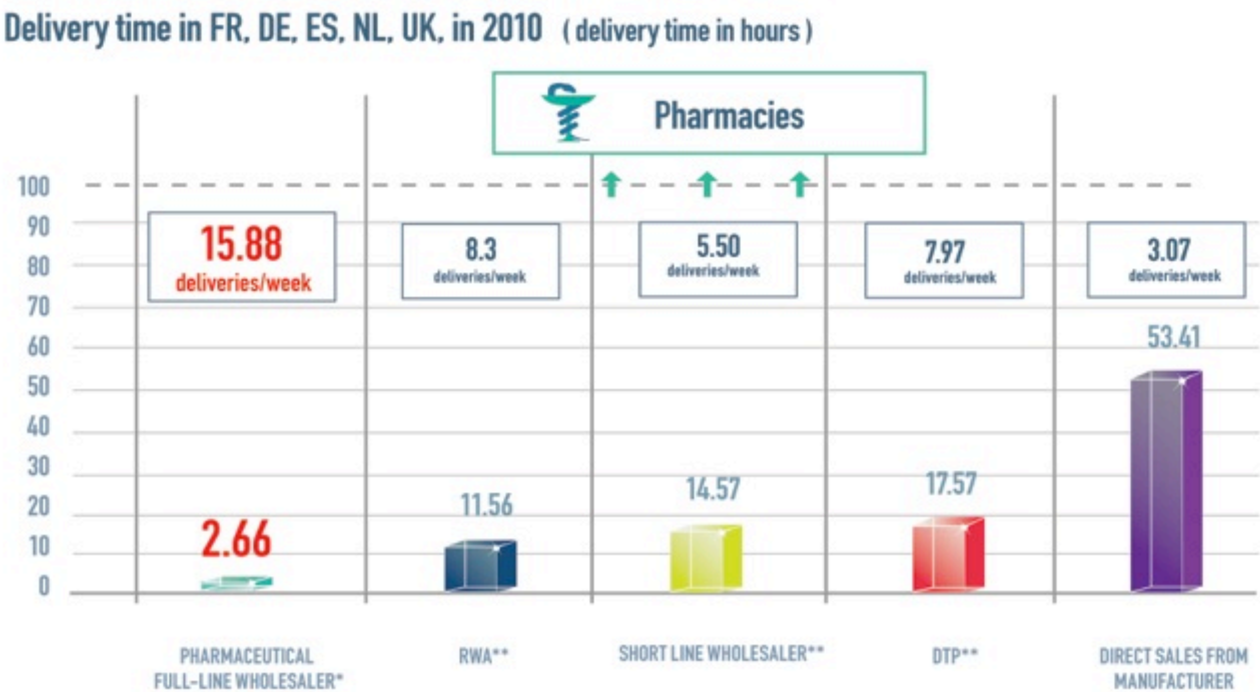
- **Satisfied respondent pharmacists**: more than three quarters, ranging from **97%** in Spain to **76%** in UK.

THE IMMEDIATE AVAILABILITY OF MEDICINES SAVES SIGNIFICANT COSTS BY AVOIDING HOSPITAL ADMISSION



THE UNIQUE SPEED AND FREQUENCY OF FULL-LINE WHOLESALERS ENSURES PROMPT DELIVERY OF MEDICINAL PRODUCTS

- Full-line wholesalers make sure that even the most isolated patients can receive the most specialized medicinal products via their pharmacist in a safe and timely manner.
- The perceived delivery time of pharmaceutical full-line wholesalers is on average **2.66 hours,** with **15.88 deliveries per week** (France, Germany, Italy, Netherlands, Spain and UK).



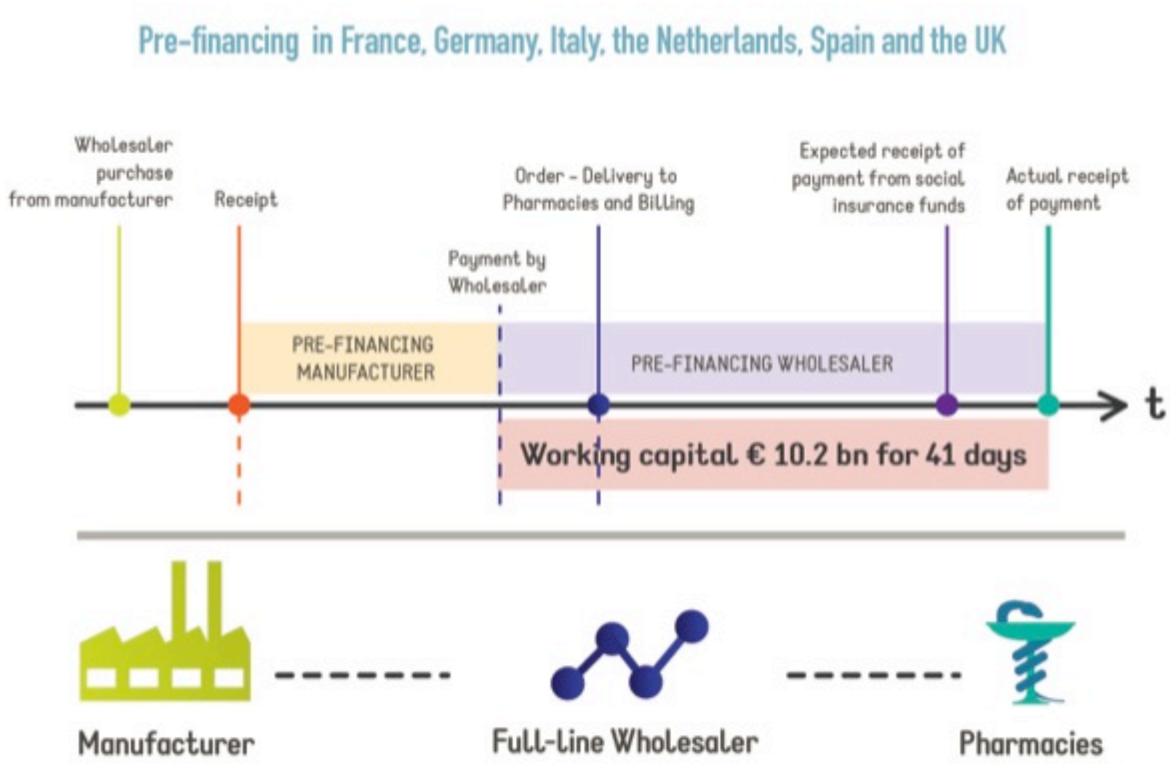
* GIRP figures taking into account pharmacy opening hours
** Perceived delivery time from pharmacies

Source: Company questionnaire 2011, IPF research 2011

PHARMACEUTICAL WHOLESALERS PRE-FINANCE NEARLY THE ENTIRE MEDICINAL PRODUCT MARKET

- Pharmaceutical full-line wholesalers are the only ones to assume a financing function towards manufacturers and pharmacies.

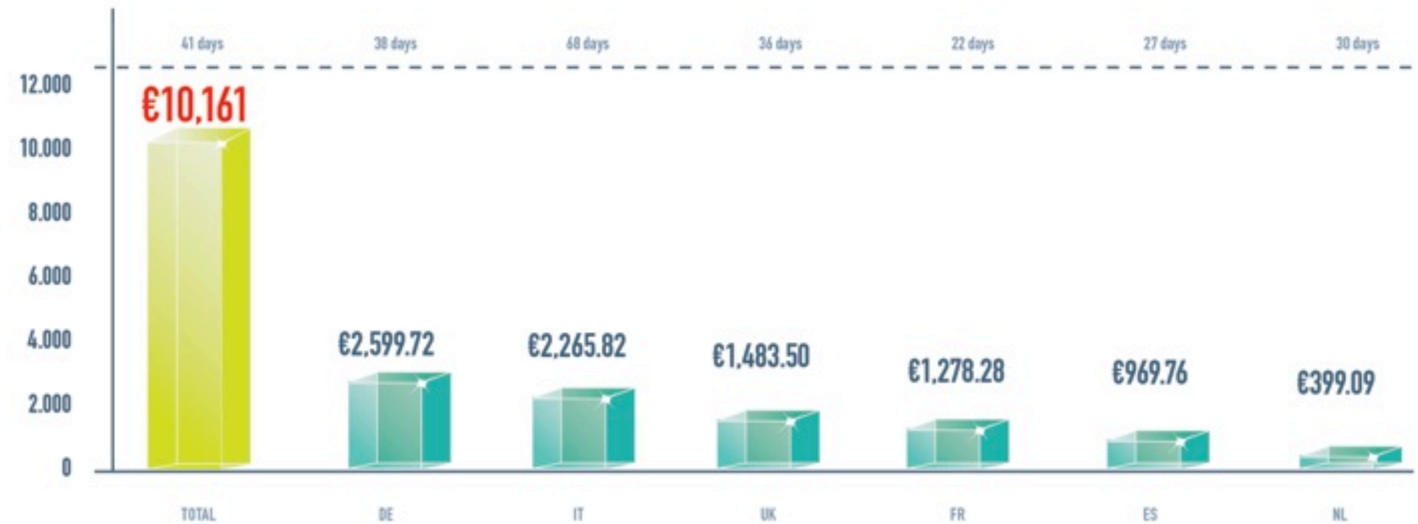
- Pharmaceutical full-line wholesalers guarantee the continuous supply of all medicinal products and also secure the cash flow of the social insurers.



PHARMACEUTICAL WHOLESALERS PRE-FINANCE NEARLY THE ENTIRE MEDICINAL PRODUCT MARKET

Facts and figures:

- The financing function can be expressed in terms of working capital.
- Pharmaceutical full-line wholesalers pre-finance in the 6 key markets on average **€10.2 billion** worth of medicines over a period of **41 days**.

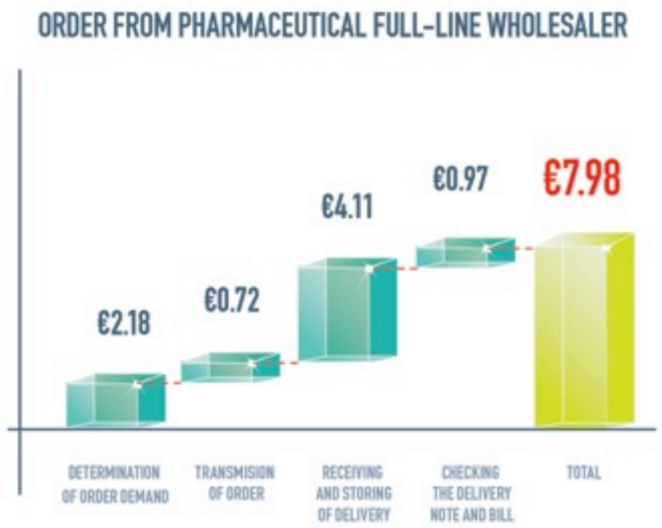


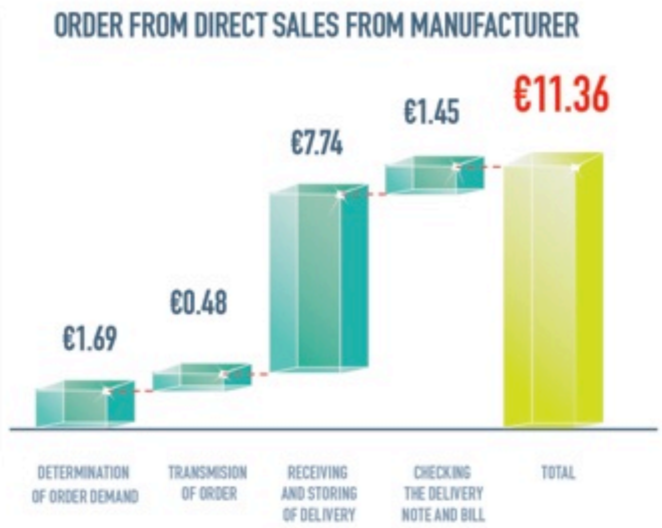
Working capital in DE, ES, FR, IT, NL, and UK, in 2011

Source: Company questionnaires, GIRP data 2010, IPF research

SIGNIFICANT SAVINGS OF PHARMACY PROCESS COSTS

- Pharmaceutical full-line wholesalers are pooling products of **18.28** manufacturers per delivery on a weighted average.
- The cost difference between a delivery from a manufacturer compared to a delivery from a pharmaceutical full-line wholesaler is **€3.38**.
- The bundling of **18.28** deliveries from manufacturers by one delivery through a wholesaler saves **€199.71**.

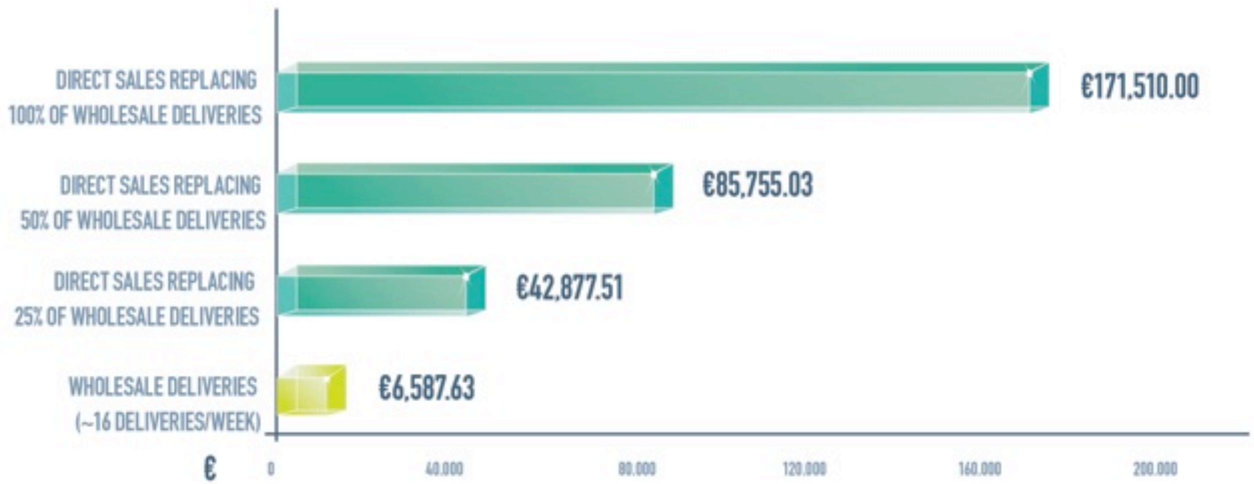




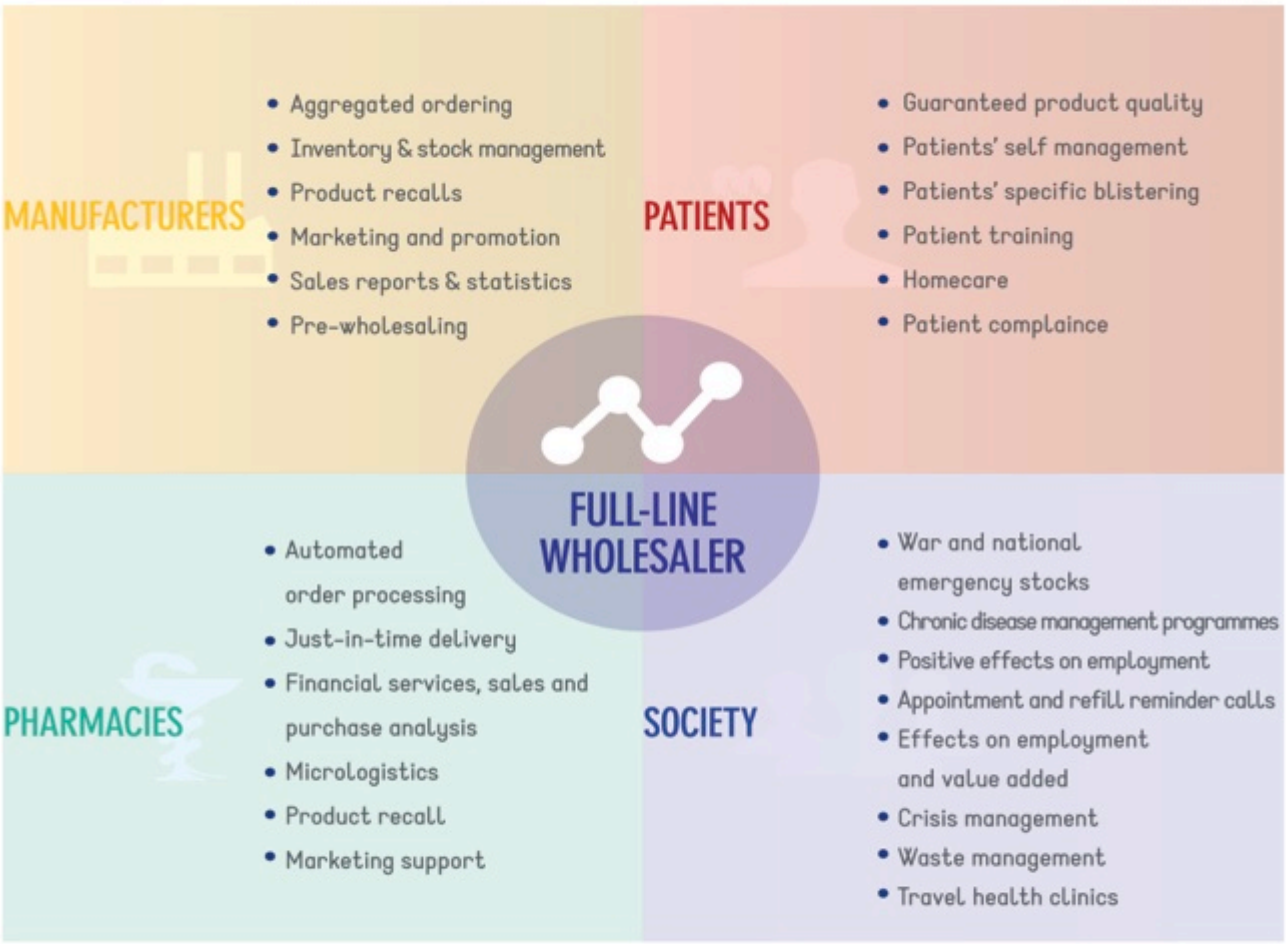
FULL-LINE WHOLESALERS SAVE PHARMACIES COSTS AND PATIENTS' WAITING TIME

Facts and figures:

- The pharmacies in France, Germany, Italy, the Netherlands, Spain, the UK receive ~ **16 deliveries/week**:
- Without the pooling of orders through the pharmaceutical full-line wholesaling channel, the cost increase would be from **€6,587.63** to **€42,877.51 per year** per pharmacy, if only 25% of the full-line wholesaling deliveries were replaced by direct deliveries from manufacturers .
- If 50% of the wholesale deliveries were replaced by direct deliveries from manufacturers the process costs incurred by a pharmacy would increase by **€79,167.40 per year**.
- Without pharmaceutical full-line wholesalers and at the same frequency of deliveries provided by other operators the process costs per pharmacy would increase by **€164,922.43 per year**.



ADDED VALUE SERVICES OFFERED BY PHARMACEUTICAL FULL-LINE WHOLESALERS



FUNCTIONS OF WHOLESAILING

Bridging Distances ---- Bridging Time ---- Quality Function

Thank you!

For inquiries, please contact:

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