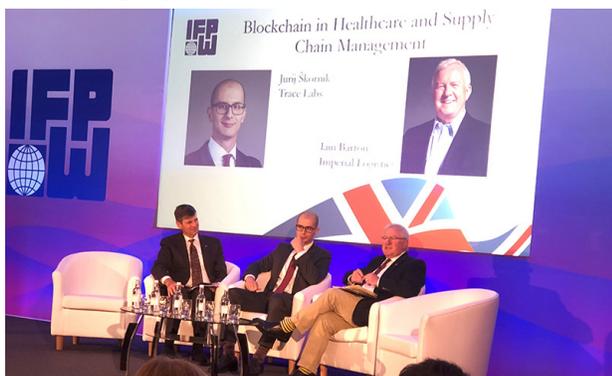


IFPW Hosts 2019 CEO Roundtable in London

London's breathtaking and iconic Corinthia Hotel provided the perfect backdrop for IFPW's 2019 CEO Roundtable meeting, with nearly 60 attendees and 19 countries represented.

The event began with a Welcome Reception and Dinner, sponsored by IQVIA, in the Corinthia's Courtroom where guests reconnected and networked with colleagues from around the world. The meeting started bright and early the following day with a light breakfast followed by the CEO Roundtable business session (sponsored by EY) in the Corinthia's Ballroom. Perennial favorites Doug Long and Per Troein provided their comprehensive global industry overview, followed by HDA UK's Martin Sawer, who gave his unique perspectives and insight into the Brexit situation in the United Kingdom and its effects on the pharmaceutical industry.

Iain Barton of Imperial Health Logistics and Jurij Skornik of TraceLabs spoke in detail on the world of blockchain and the potential transformation of the pharmaceutical supply chain, both near- and long-term. Dmitry Pogrebinskiy of CV Protek presented an extremely informative deep dive into the Russian pharmaceutical market, followed by a discussion with Eric Percher of Nephron Research and Michael Thomas of AT Kearney covering both industry trends and an overall view of the wholesale market from an analysts' perspective..



Mark Parrish, IFPW President with Jurij Skornik of TraceLabs and Iain Barton of Imperial Health Logistics

Brian Thornley of MSD International gave an insightful overview of his personal work with IFPW and Gavi, the Vaccine Alliance on the STEP Leadership program, a marquee focus of the IFPW Foundation. His explanation of the program and its profound effects on not only the students involved, but the pharmaceutical supply in Africa, was truly inspirational.

The afternoon business session covered some key areas of great interest to the attendees. Following lunch, Andreas Walter of the European Medicines Verification Organization led a panel of presenters who lent their expertise and insight on Europe's newly implemented Falsified Medicines Directive. Included in the panel were Victor Mendonca of Mylan Inc., Monika Derecque-Pois of GIRP, Ilaria Passarani of PGEU, and Tricia Kennerley of Walgreens

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In Brief...

- ♦ **Walgreens** announced that its safe medication disposal program has collected more than 1.2 million pounds of unwanted prescription drugs ahead of *National Prescription Drug Take-Back Day*. The campaign is aimed at combatting the opioid epidemic that has plagued the U.S.. Walgreens is working with **AmerisourceBergen**, **Pfizer** and **Prime Therapeutics** to expand its safe medications disposal kiosks across the country. Separately, Walgreens kicked off *Mental Health Month* in the U.S. in collaboration with the **National Council for Behavioral Health** and the **American Pharmacists Association** to train select Walgreens pharmacists and associates in mental health first aid, including mental health literacy, risk factors and warning signs, as well as addiction concerns. The company will also train 300 human resources employees in mental health first aid. Additionally, the company announced a collaboration for cancer prevention, research and support. The transatlantic partnership is between Walgreens and leading European, British and American cancer organizations to support people living with cancer at all moments of their journey.

- ♦ U.S. wholesaler **McKesson** reported fiscal 2019 fourth quarter and full year financial results, with revenues of US\$52.4 billion and year-end 2019 revenues of US\$214.3 billion, an increase of 3%. The company also reported renewed pharmaceutical distribution relationship with CVS Health through June of 2023, as well as an increased cost savings target of US\$400 million to US\$500 million by the end of fiscal 2021.

(continued on page 2)

Pharma Industry Enjoys a Strong Start for 2019 in China

(Sources: Articles written by Brian Yang and Sten Stovall for Scrip)

Pharmaceutical manufacturers such as AstraZeneca, Merck, Pfizer and Sanofi are enjoying strong Q1 growth in the Chinese market thanks to a wide variety of both newer and mature products.

UK-based AstraZeneca posted historically high growth and pointed to emerging markets (EM), particularly China, as the driver for its strong numbers. The company's overall EM sales crossed the US\$2 billion mark, with more than US\$1 billion coming from China for the quarter. Among the biggest sellers was the oncology blockbuster drug *Tagrisso (osimertinib)* which delivered US\$138 million in sales. More than half of sales came from China since the inclusion of the drug on China's national reimbursement drug list. But AstraZeneca CEO, Pascal Soriot, warned that the tide may be changing. "We want to flag that we expect China to still continue at a fast clip but not as fast as we have experienced lately because we will start being impacted, as other companies, by the changes in the marketplace," he cautioned during an April 26th earnings call to investors. The biggest change will come from China's so-called "4+7" centralized procurement scheme, a massive tendering process being rolled out in 11 major

(continued on page 2)

CEO Roundtable (cont.)...

Boots Alliance. Their thoughtful explanations of the Directive and how it affects the pharmaceutical industry were invaluable.

Darshan Mehta of Phillips Pharma provided a lively and detailed overview of the pharmaceutical wholesale industry throughout the African continent, and Doug Long and Per Troein ended the afternoon session with a presentation and discussion of online pharmacy and eCommerce, and its influence on key markets around the world.

IFPW would like to extend its sincere gratitude to its sponsors, IQVIA, EY, and Accenture (who graciously sponsored the IFPW meeting mobile app.) All presentations that have been released by the speakers will be available within the mobile app by clicking on each session or individual presenter. Please note, only slide presentations that have received permission for their release by the speaker will be available.



CEO Roundtable attendees listen intently to Deep Dive on Russian wholesale market



CV Protek (Russia) CEO, Dmitry Pogrebinskiy

The 2020 IFPW CEO Roundtable will return to New York City next May. Watch for an upcoming “Save the Date” announcement.

China (cont.)...

cities. It is expected to significantly slash drug prices. One extreme example led to a 96% reduction.

Notably, a recent report stated that the U.S. and China have agreed to set a timeframe of eight years in reference to biologics. When asked for a comment, Soriot said that this should be considered progress and not a detriment. “I think the fact that we are debating eight to ten years or more is actually reflecting that there is a discussion around IP (intellectual property) rights [in

China], which is a good discussion to have,” Soriot stated.

Pfizer also showed respectable growth in the first quarter, especially in its established products business unit, Upjohn. Currently Upjohn is managing 20 products in 65 markets with its leadership located in China. Mature products with growth in China were largely cardiovasculars, *Lipitor (atorvastatin)* in particular, as well as *Norvasc (amlodipine)* and *Celebrex (celecoxib)*. Despite growth, Pfizer executives also warned of possible headwinds down the road, due in large part to the 4+7 bulk procurement program.

Danish drug manufacturer Novo Nordisk saw strong growth for its insulin portfolio of drugs, including *Victoza (liraglutide)*, showing strong demand for newer anti-diabetes treatments in China. Novo’s pre-mixed insulin sales grew by 10% in the quarter, and *Victoza* saw a 90% growth.

Companies such as Merck & Co. and Sanofi are also seeing the growth opportunity in China. Ken Frasier, CEO of Merck, noted in the company’s April 30th earnings call, “We believe that we’ve only scratched the surface in terms of the opportunity in key markets such as China, where we are seeing significant growth.”

Sanofi saw broad-based growth of 22% in China for the quarter, driven partially by pediatric vaccines including the five-in-one vaccine *Pentaxim*. But, like AstraZeneca and Pfizer, Sanofi also warned of the challenges brought about by China’s 4+7 scheme.

Sanofi CEO Olivier Brandicourt said “Looking ahead [the new scheme] is expected to result in lower growth rates for *Plavix (clopidogrel)* and *Aprovel (irbesartan)* for the full year of 2019. As a result, the first quarter performance will likely be the strongest quarter of the year for China.”

In Brief (cont.)...

- ◆ **Bayer** will spend US\$150 million to create a new 40,000-square-foot facility for biologics development and manufacturing. Named *The Cell Culture Technology Center*, it will be built on Bayer’s Berkeley, California campus and will focus primarily on biologic therapies for oncology, cardiology and additional specialty care areas.

- ◆ **Cardinal Health Inc.** delivered its Q3 2019 financial results, with an increase in revenue of 4.7% year-over-year to US\$35.3 billion. Pharmaceutical revenues increased 5.5% to US\$31.36 billion on a year-over-year basis, attributed to sales growth from pharmaceutical distribution and specialty solutions customers. There was a decline of 10.1% in pharmaceutical due to a negative impact from the company’s generics program performance. However, better performance of Specialty Solutions partially offset the decline. Separately, Cardinal Health acquired **mscripts** in an effort to grow its patient engagement solutions offerings. Mscripts delivers patient adherence and engagement solutions through a mobile and web-based health management platform.

- ◆ Brazilian wholesaler **Profarma** announced first quarter 2019 results, with an increase in sales of 12.6% year-over-year to US\$322 million and increased revenues of US\$297.2 million, up 21.3% year-over-year. Average sales per store and same store sales rose by 7.8% and 2.1% respectively. Specialty sales rose by 19.5%.

(Sources: Associated Press, BioPharma Dive, Company Press Releases, and Drug Store News)