Generic Pharmaceuticals Market – A Global Analysis

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Generic Pharmaceuticals Market – A Global Analysis
Ripe for Growth and Opportunities: Several Key Blockbuster Drugs to go off Patent by 2014
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Market Overview

- Generic drugs constitute a major segment in the pharmaceutical industry valued at $xxx.xx billion, covering a significant xx.x per cent share of the world pharmaceutical market worth $xxx.xx billion.
- The global generic pharmaceuticals market is growing at a rate of xx.x per cent while the global pharmaceutical market is growing at x.x per cent annually.

The top eight global markets---the United States, Germany, France, the United Kingdom, Canada, Italy, Spain, and Japan---account for xx.x per cent of the total generics sales.
- The United States is the world’s largest generic pharmaceuticals market with a share of xx.x per cent, valued at $xx.xx billion and growing at a rate of x.x per cent.
- Europe ranks second, occupying xx per cent market share of the global generics, valued at $xx.xx billion and growing at a rate of x.x per cent.

- The most lucrative markets in terms of growth and opportunities for generics are India and China, worth $xx.xx billion and $xx.xx billion respectively.
- Emerging markets such as Brazil, Russia, India, China, Turkey, and South Korea present growth opportunities of xx to xx per cent whereas matured markets are expected to grow at a rate of x to xx per cent over the next five years.

- It is alarming to note that drugs worth $xxx.xx billion are set to lose their patents in the next seven years. These include blockbuster drugs like Lipitor and Protonix sold by Pfizer, Zyprexa sold by Eli Lilly, Levaquin sold by Johnson & Johnson, to name a few, which feature in the patent expiration list of 2010 and 2011.

Source: Frost & Sullivan analysis.
Market Overview (Continued)

- The two major therapeutic segments in the generic markets attracting the attention of most industry participants are cardiovascular and CNS, currently comprising nearly xx.x per cent globally and anticipated to rise to xx.x per cent by 2016.
- On the other hand, therapeutic segments such as oncology, diabetes, rheumatology, gastro-intestinal, respiratory, and dermatology are expected to have an annual growth rate exceeding xx.x per cent with several blockbuster molecules losing patents in the next five years.

- Though the United States generic pharmaceuticals market saw a dip in sales revenue by x.x per cent in 2008, the generic sales rose drastically in 2010 to $xx.xx billion with a growth rate of x.x per cent.
- Generic sales rose by xx.x per cent in Japan, xx.x per cent in France, xx.x per cent in Italy, and xx.x per cent in Spain in 2009.

- The top ten generic companies currently hold a xx.x per cent share of the generic pharmaceuticals market, the three leading generics manufacturers being Teva, Sandoz, and Mylan with market shares of xx.x per cent, xx.x and xx.x per cent respectively.

- Increasing consolidation through cooperative alliances, mergers, and acquisitions seem to be the most sought-after trend by generic companies to expand their market presence and increase their market share.

- The future of generics seems to be extremely promising with increasing cost containment pressures on healthcare services and organisations, aging of population, and several blockbuster drugs losing their patent in the next few years.

- However, the defence strategies adopted by branded pharmaceutical companies pose a threat to the generic participants, making strategic planning the need of the hour and finding loop-holes to sustain themselves in the market.

Source: Frost & Sullivan analysis.
Key Questions This Study Will Answer

Hypotheses

The global generic pharmaceuticals market is growing at the rate of xx.x per cent in 2010, with significantly high growth rates up to 2012 due to several key blockbuster drugs losing patent protection, after which a slight dip in growth is expected.

The leading industry participants, such as Teva, Sandoz, Mylan, and Watson, present a comprehensive product portfolio ranging from commodity generics and niche segments to specialty generics and biosimilars, spanning all key therapeutic areas.

The balance in terms of healthcare expenditure and sales revenue will shift from developed markets to emerging markets, as a huge potential still remains untapped in the emerging markets.

The generic pharmaceutical industry is ripe for acquisitions and consolidation, as both branded and generic pharmaceutical companies strive to expand their global footprint and gain significant shares in the market.

The focus of participants in the generics industry is shifting towards higher value biological therapies, biosimilars and specialty segments which are commercially attractive yet where there is hardly any competition.

Medium-sized and small generic companies, whose operations are restricted locally require technical and financial backing from the multinational industry giants to sustain themselves in the highly fragmented and competitive global generic pharmaceuticals market.

Source: Frost & Sullivan analysis.
Kindly note: India and China have not been included in this segmentation as they are studied as two separate generic pharmaceuticals market, owing to the lack of implementation of patent protection laws until 2005.

Note: All figures are rounded. The base year is 2010. Source: Frost & Sullivan analysis.
The United States represents xx.x% per cent of the global generic pharmaceuticals market characterised by high profit margins, high levels of generic prescribing by doctors, strong IP legislations, retailers purchasing on price and pricing levels determined by demand.

Though the markets of France, Spain, and Italy have very low rates of generic penetration, the increasing awareness among the physicians, pharmacists and patients, and the new provisions included contribute to the high growth rates.

The availability of cheap labour, inexpensive production methods, skilled personnel, and sound infrastructure make India and China the most sought-after destinations for the importing of generics by the developed markets.

Note: Bubble size represents market value.

Source: Frost & Sullivan analysis.