



Wholesale Bulletin

UK pharma to lose £225m per year under new PPRS

The UK pharmaceutical industry stands to lose £225 million in annual profits under its new pricing agreement with the government.

Ministers forecast the 2009 Pharmaceutical Price Regulation Scheme (PPRS) will allow the NHS to make savings with no loss of health benefits.

But it will force pharma companies to squeeze their spending, and most likely lead to cutbacks in sales and marketing costs.

The PPRS does not set the price of new drugs but instead regulates the overall profits companies can make.

The new version of the voluntary agreement comes into effect on 1 February and imposes a 3.9% cut across the prices of their existing branded medicines, with a further 1.9% cut coming in 2010.

In assessing the fallout from the deal, the government said it could help the industry to offset some of the expected revenue losses by spending some NHS savings on more medicines.

But it indicated that cuts to pharma marketing budgets would be necessary.

The Department of Health analysis states: "These offsetting effects mean that the gains of the NHS will outweigh the profit losses of industry, implying a net beneficial impact."

Beyond the UK

It is not just UK pharma that might feel the effect of the new agreement and when brokering the deal the industry expressed concerns about the potential global fallout.

Sources said it could affect the pricing of drugs in 35% of the global market, as countries often reference NHS prices when setting their own.

The government downplayed this possibility and said that as the country comprises just 3.5% of the global market there will be a negligible effect on the viability of global businesses.

NOVO NORDISK PICKS UNICHEM AND PHOENIX IN LATEST SUPPLY DEAL

Novo Nordisk medicines will be exclusively supplied by UniChem and Phoenix from March 2 under the latest manufacturer-led supply deal.

The wholesalers will continue to manage discounts under the agreement. Novo Nordisk said the move had been driven by growing uncertainty around supply of medicines in the UK.

The arrangements will cover all Novo Nordisk products apart from NovoSeven, which is a hospital only product.

Novo Nordisk, which specialises in diabetes treatments and hormone therapy, will continue to operate an urgent order process to pharmacies.

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Special points of interest

This bulletin is free to interested wholesaler employees

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**Ratiopharm to go under the hammer as Merckle gets loan**

The conglomerate run by German billionaire Adolf Merckle, who committed suicide, has secured a much-needed bridging loan from banks but has had to put up the generic drugmaker Ratiopharm up for sale in doing so.

Now, a loan has been secured, thought to be in the region of 400 million euros. Ludwig Merckle, one of the billionaire's four children and joint chief executive of VEM, said that "we are very happy to have found a solution." He added that "the operating business at Ratiopharm", as well as other companies in which VEM holds a stake such as the drug wholesaler Phoenix, "is fundamentally healthy."

The sale of Ratiopharm is a condition of the loan as is Mr Merckle's departure as joint CEO. Around 30 banks were involved in the negotiations, including Commerzbank, Deutsche Bank and the Royal Bank of Scotland.

Ratiopharm is the world's fourth-largest generic drugs maker, posting sales in 2007 of \$1.8 billion euros, and is sure to attract a lot of interest. Unsurprisingly, Israel's Teva Pharmaceutical Industries is seen as a frontrunner to acquire the Berlin-based group.

However research-based pharmaceutical firms companies may also be taking a look at Ratiopharm's businesses. Sanofi-Aventis recently bought Czech generics drugmaker Zentiva, while in August GlaxoSmithKline signed a deal with South Africa's Aspen and its Indian joint venture partner Strides Arcolabs to sell branded generics in emerging markets.

Co-op and Boots set to pick up stores from pharmacy Rowlands

The Co-operative Group and Alliance Boots are considering purchasing some stores from the rival pharmacy chain Rowlands, after the UK operation of Adolf Merckle, the German business tycoon who committed suicide last week, was put up for sale.

Market sources said that both the Co-op and Alliance Boots are considering acquiring parcels of Rowlands' 500 stores, but they said the process was at an early stage and played down the chances of either making a bid for the pharmacy chain in its entirety.

The Co-operative Group, the food-to-funeral services organisation, declined to comment, but it is thought that it is unlikely it would be interested in acquiring Rowlands, given that it is in the process of buying Somerfield for £1.5bn.

WaveData — Top ten products

According to wavedata, these are the products most looked at in searches of the online pricing data at www.wavedata.net

Both uk and pi prices were viewed for each product, giving some indication of where the focus was in December 08

Lansoprazole Caps 15mg 28

Doxazosin Tabs 4mg 28

Azathioprine Tabs 25mg 28

Azathioprine Tabs 50mg 56

Omeprazole Caps 20mg 28

Fluoxetine Caps 20mg 30

Lansoprazole Caps 30mg 28

Unifine Pentips - Original 29 gauge silicone-lubricated Pen Needl

Venlafaxine XL Caps 150mg 28

Azathioprine Tabs 25mg 100

I will be issuing the next bulletin on the 11th February 09, please let me know by the 4th February 09, if you would like to add or suggest any articles/comments

If you have any colleagues who would like to receive this, please let them know about it.

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