

Why do some brands better resist generics competition in France?

Strategic implications for R&D-based companies

March 2010



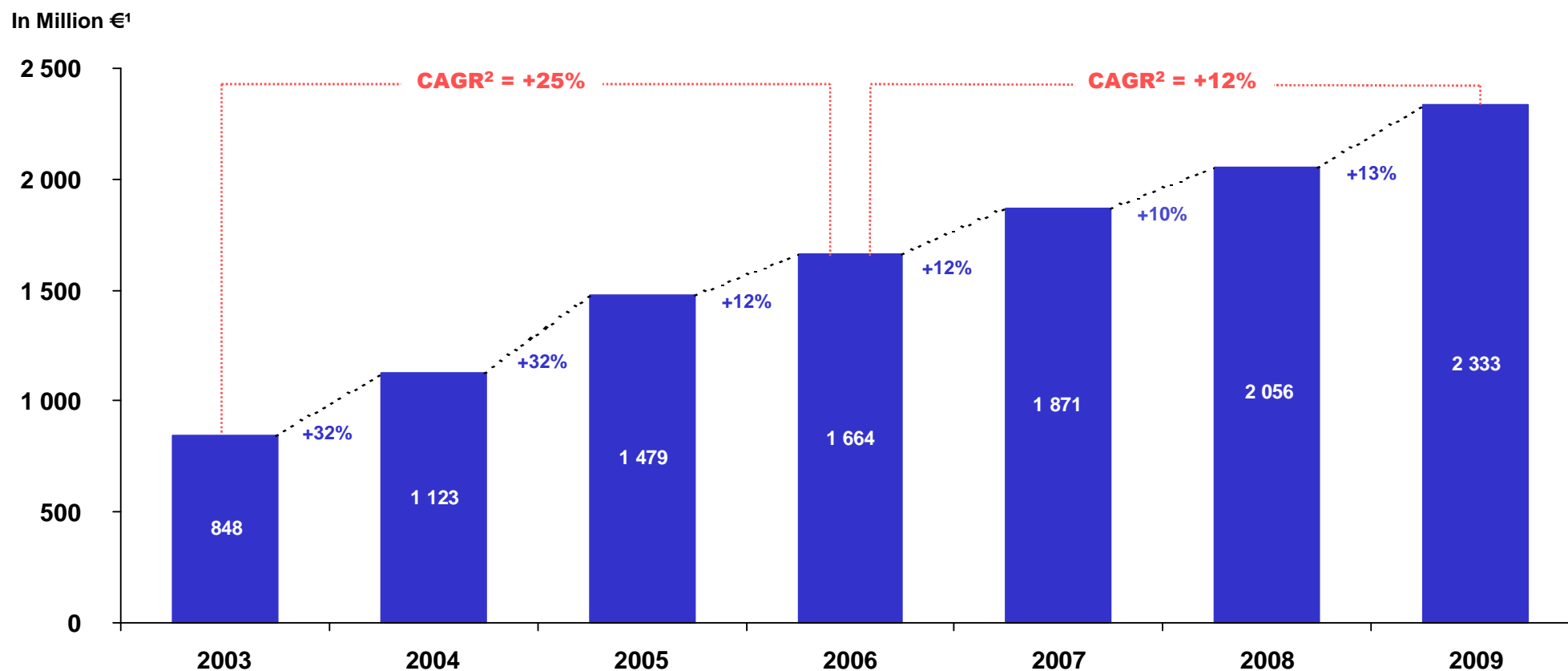
Smart Pharma Consulting

1, rue Houdart de Lamotte - 75015 Paris - France
Tel.: +33 6 11 96 33 78 - Fax: +33 1 45 57 46 59
E-mail: jmpeny@smart-pharma.com

Why do some brands better resist generics competition?

Generics growth in the period 2006-2009 has been more than twice lower than in the period 2003-2006

Generics market sales trends (2003-2009)



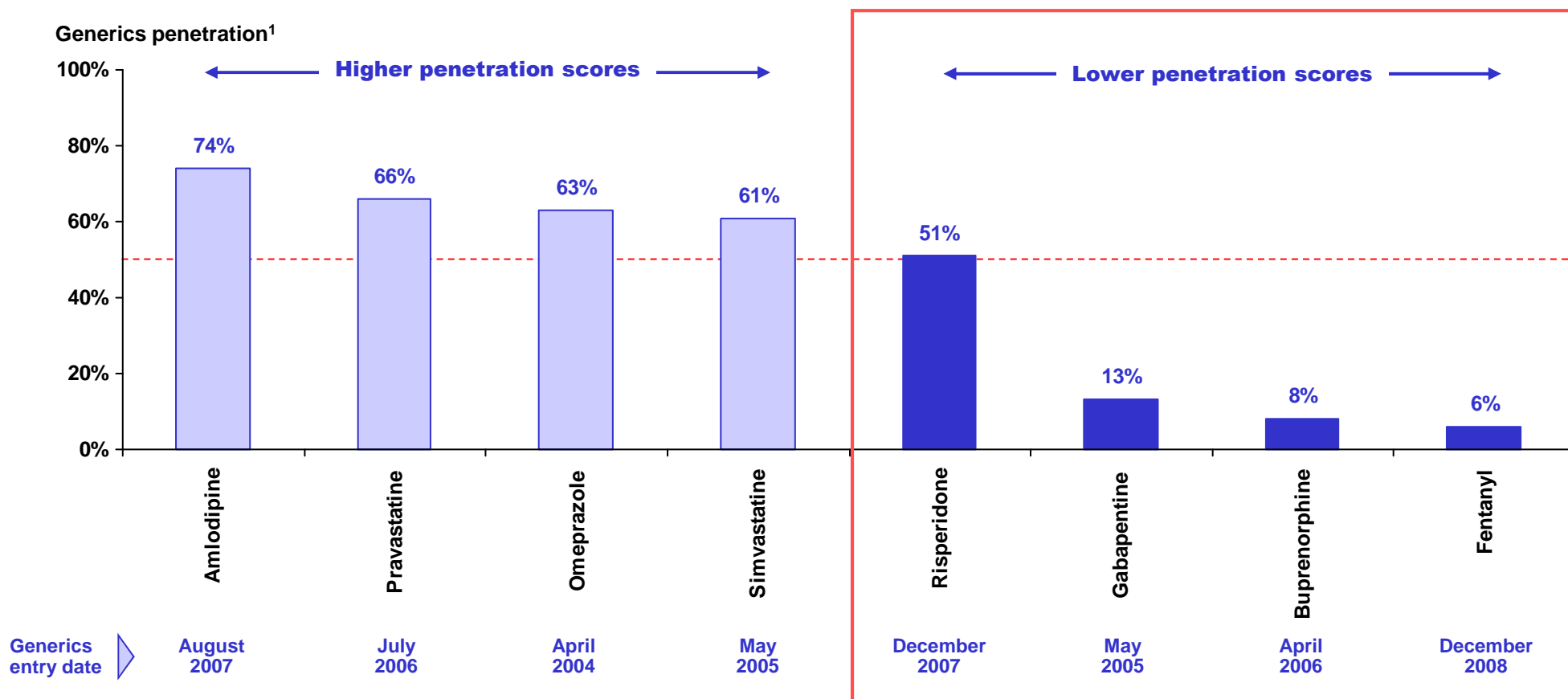
Source: Smart Pharma Consulting analyses after GERS data

¹ Ex-factory price – ² Compounded Annual Growth Rate

Why do some brands better resist generics competition?

Certain brands have shown a higher resistance than others to generics penetration, which may have important strategic implications for R&D-based companies

Average generics penetration in the first 12 months



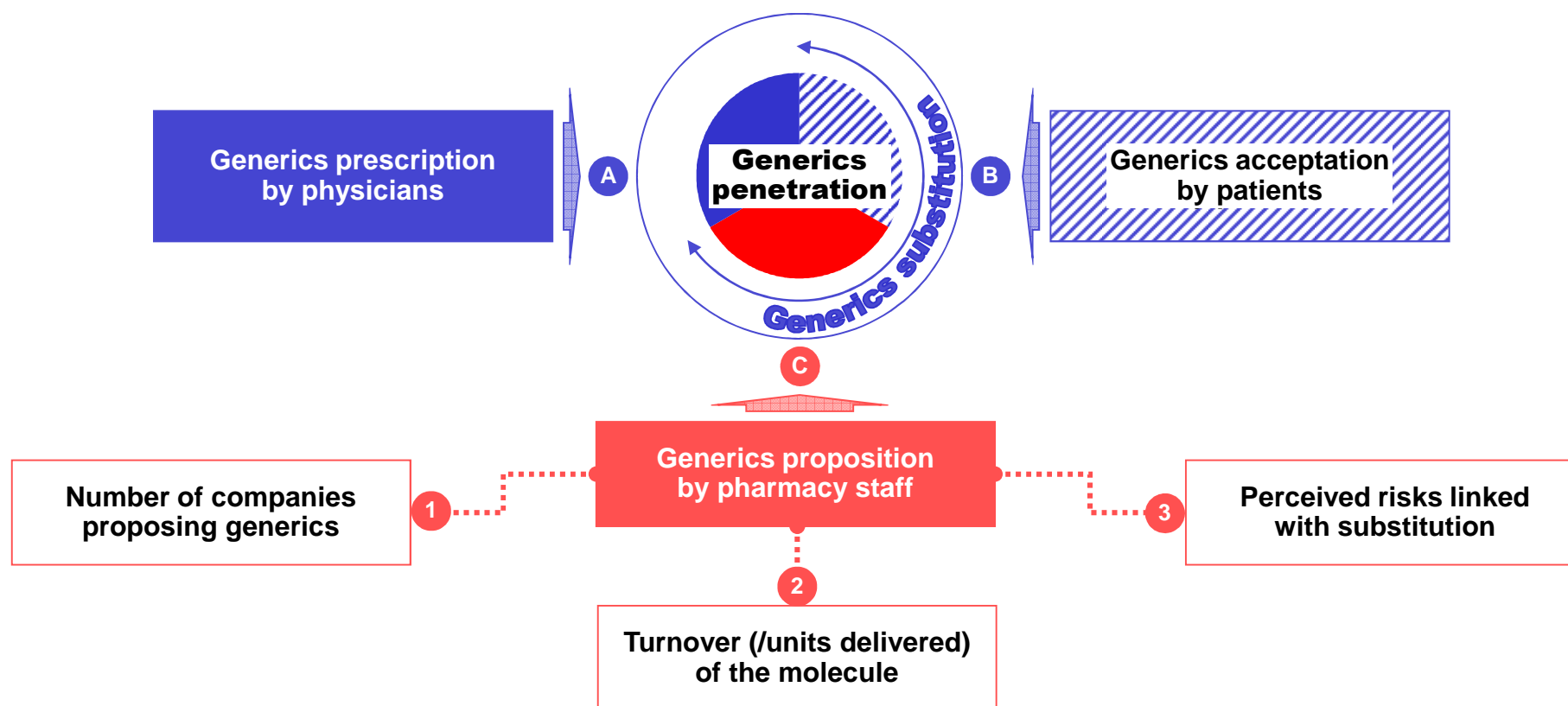
Source: Smart Pharma Consulting analyses after GERS data

¹As % of molecule units (original brand(s) and generics), compounded average of the different form and dosages

Why do some brands better resist generics competition?

Generics penetration is facilitated by INN¹ prescription and by substitution which results from the interaction between pharmacy staff and patients

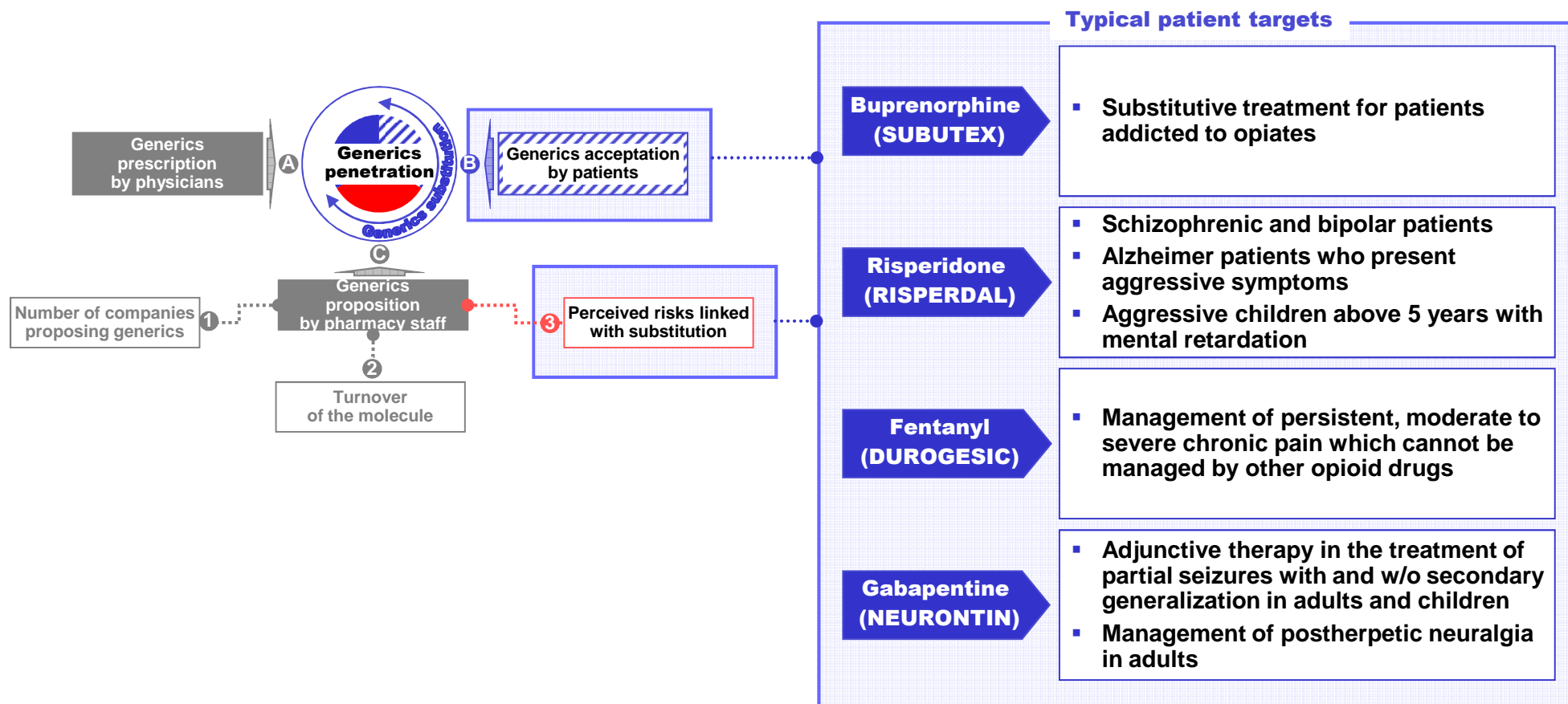
Key drivers of generics penetration



Why do some brands better resist generics competition?

Brands that best resist generics competition, usually address specific segments at risk such as children, elderly and/or fragile patients

Specific segments of at-risk patients (1/2)

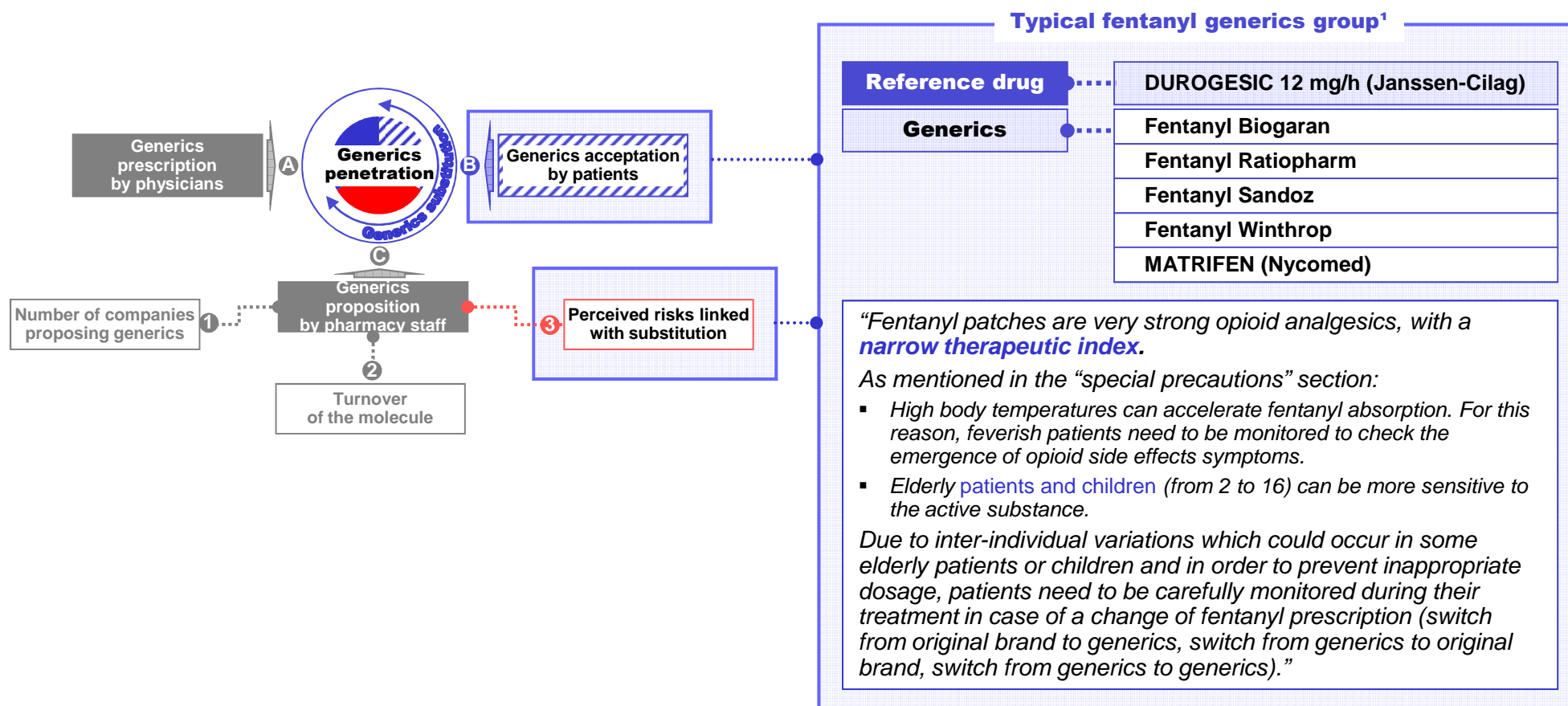


Source: Smart Pharma Consulting analyses – HAS

Why do some brands better resist generics competition?

Indeed, as illustrated by fentanyl, health authorities have begun to raise pharmacists attention on the risk to substitute specific patient populations with generics

Specific segments of at-risk patients (2/2)



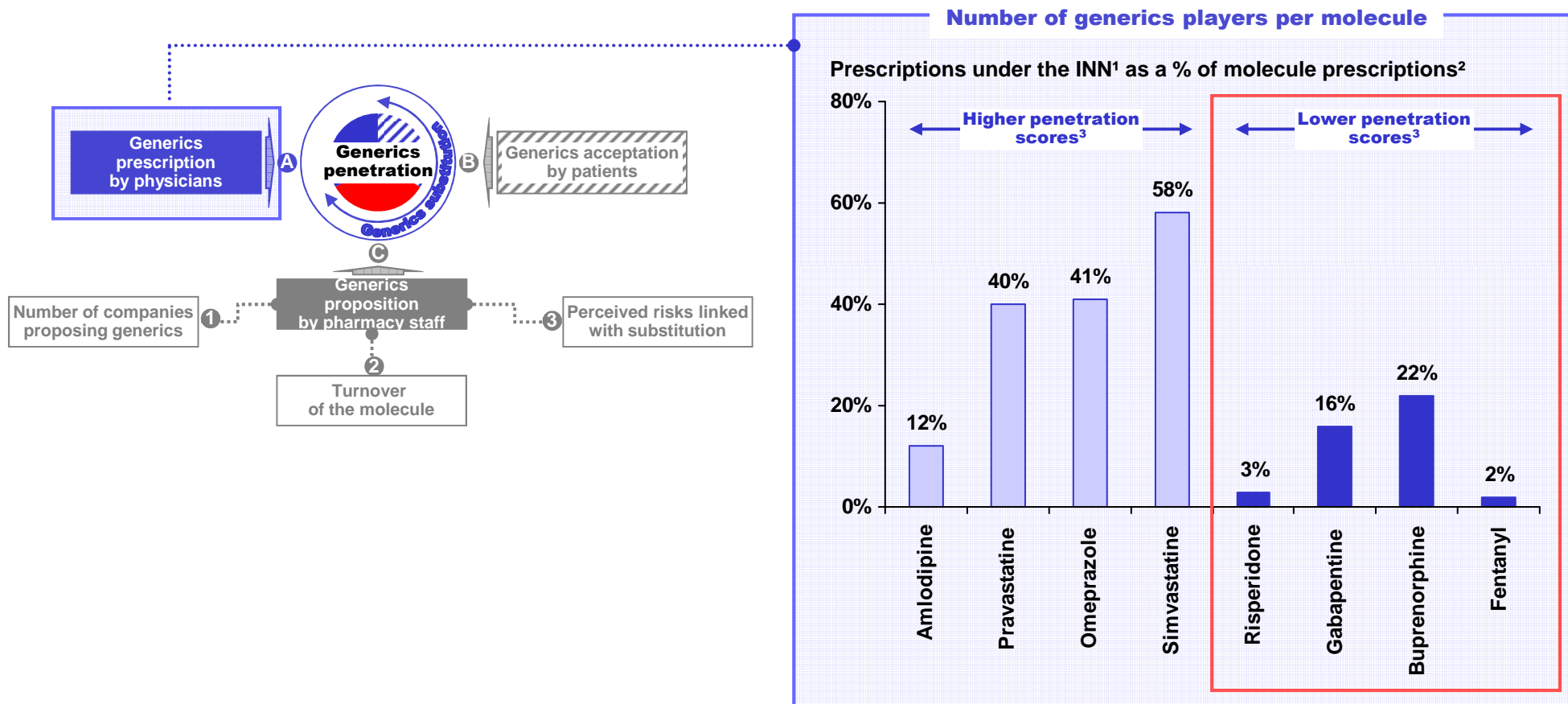
Source: Smart Pharma Consulting analyses – AFSSAPS

¹ As formulated within the AFSSAPS Directory for the 12 mg/h

Why do some brands better resist generics competition?

Molecules with lower generics penetration display much lower INN prescription rates, thus making pharmacists attempts to deliver generics more difficult

INN¹ prescriptions of drugs



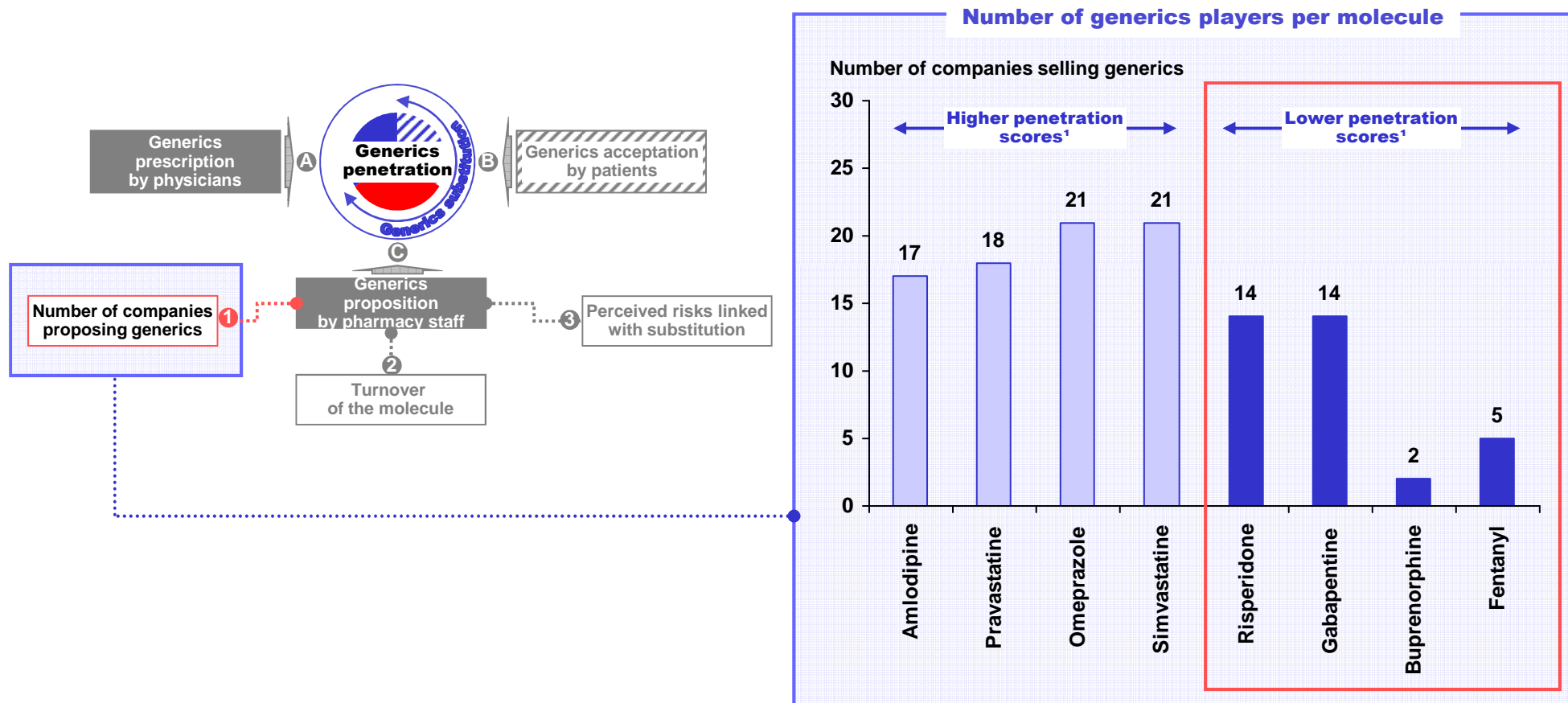
Source: Smart Pharma Consulting analyses – EPPM data (MAT Winter 07-08)

¹ International non proprietary name - ² Original brand(s) and generics – ³ Penetration scores in the first 12 months

Why do some brands better resist generics competition?

Generics offer on molecules with lower generics penetration is usually more limited, at least during the first 2 to 3 years

Generics offer on a selection of drugs



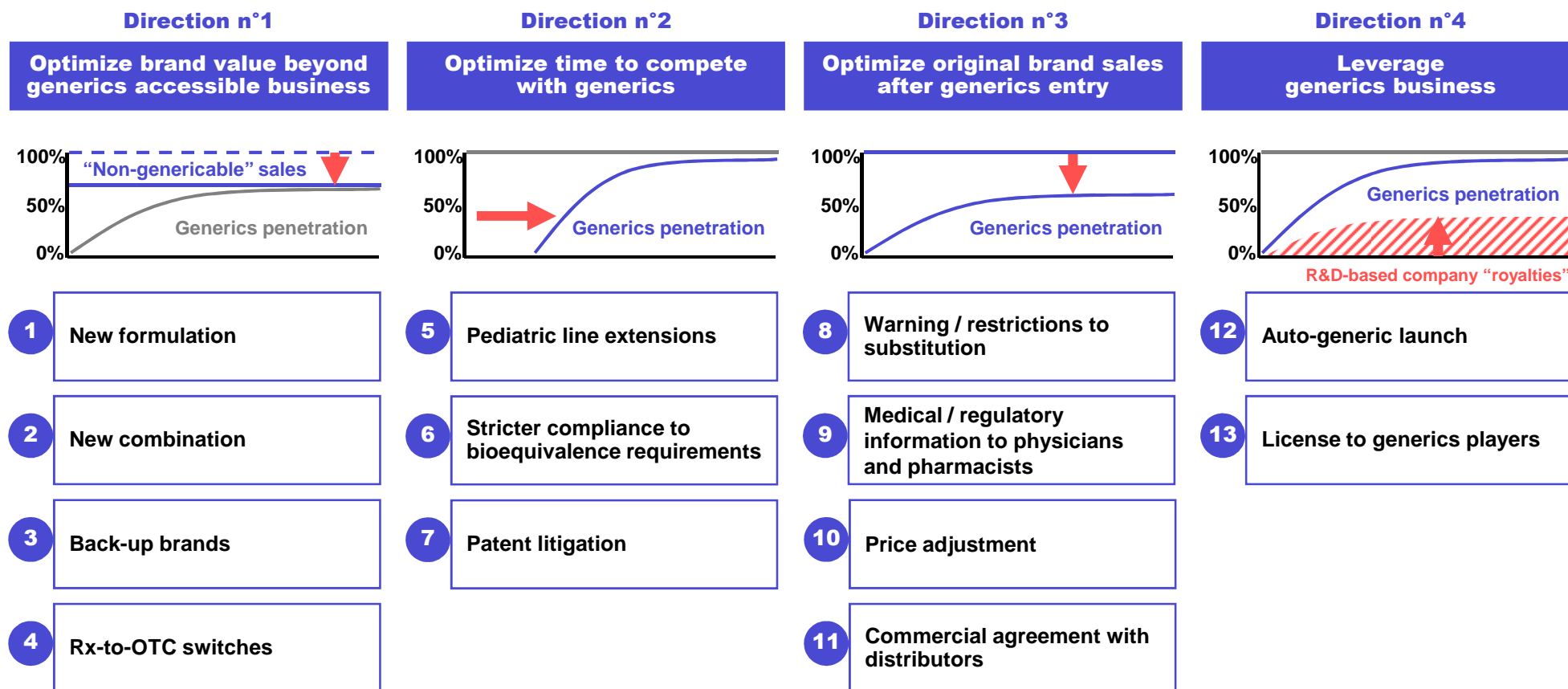
Source: Smart Pharma Consulting analyses after GERS data

¹ Penetration scores in the first 12 months

Why do some brands better resist generics competition?

Several strategic options can be adopted to optimize, in the short term, the performance of brands which are intrinsically resistant to generics

Strategic options to optimize brand resistance to generics



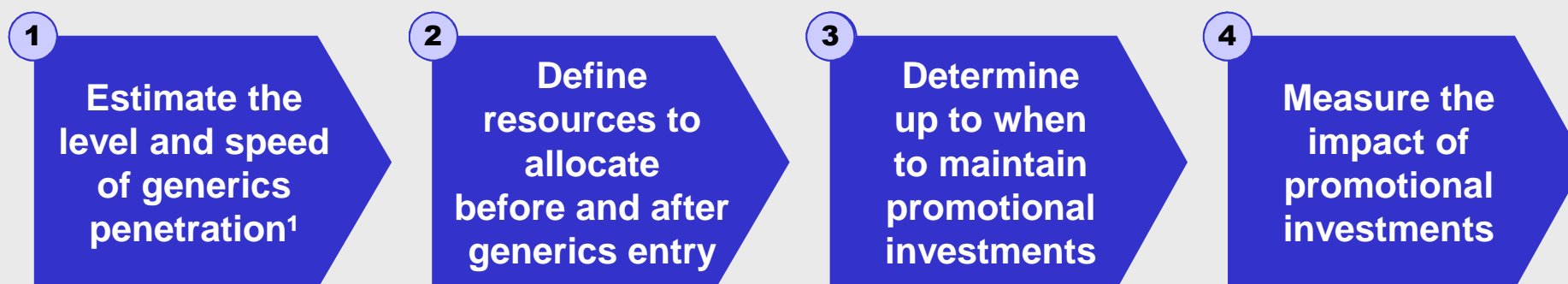
Source: Smart Pharma Consulting analyses

Why do some brands better resist generics competition?

Generics being competitors like any other one, original brands should consider them as such and compete against them to optimize their performance

Strategic implications for R&D-based companies

- It is key for pharmaceutical companies to **identify**, amongst their **brands** about to lose their market exclusivity, those which are **likely to better resist generics competition**
- Then, they should adopt the following process, in an attempt to **optimize sales of eligible brands**:



Source: Smart Pharma Consulting analyses

¹ In the light of most likely scenarios re. competition rules (e.g. substitution, promotional requirements, etc.)