MARKET ANALYSIS OF GLOBAL PHARMACEUTICAL INDUSTRIES AND TREND ESTIMATION

REPORT SAMPLE

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1.1 Pharmaceutical Company

A pharmaceutical company, or drug company, is a commercial business licensed to research, develop, market and/or distribute drugs, most commonly in the context of healthcare.

Pharmaceuticals companies devote themselves to making medicines that helped patients. They also made profit too. After the Second World War, Merck & Co and other big pharmaceutical companies began a golden age in drug development producing better antibiotics, vaccines and other treatments that transformed patients’ lives

Medical innovation looks rather different now. In the 1990s many big companies made billions from small improvements in care. Then a number of important patents expired and manufacturers began losing intellectual-property protection for their medicines. Pharmaceutical companies such as Merck trimmed their research
departments. Since then a new crop of drug companies has sprung up. Genomics, the study of man’s genetic code, has brought dramatic advances in the understanding of disease. And recently biotechnology stocks have soared. In “The Antidote”, Barry Werth uses one company to describe a new era for the drugs business.

Developing a medicine requires stamina and mountains of capital. Scientists can struggle for their whole careers, only to have a medicine foiled by side effects or anxious regulators. Given this, it takes a certain type of person to want to start a drug company. In the 1980s Josh Boger was one such man: brilliant, with a confidence that at times approached zealotry.

Mr Boger left Merck in 1989, a heyday for that firm, to start Vertex. His goal was not just to create new drugs, but to create a new type of drug company—a “social experiment”, as Mr Werth describes it. In an earlier book, “The Billion-Dollar Molecule” (1994), Mr Werth recounted Vertex’s early days. Twenty years later “The Antidote” describes its journey from scrappy start-up to public company with more than $1 billion in annual revenues.

It was a long, hard trudge—and still is. Mr Werth describes one scientist “isolating protein from calf thymus, on his swollen feet past dawn night after night...his hands raw and eyes -burning from solvents until he blanked out”. Competition among companies is fierce as they race to publish data that prove how effective their drugs are. Executives are ushered in, only to be kicked out again. Mr Boger was replaced in 2009. This relentless work is broken by occasional moments of euphoria, as when Vertex transformed the treatment for cystic fibrosis. Until then many patients died before they were 40.

Mr Werth keeps a brisk pace, describing Vertex as the antidote to older pharma and Merck in particular. He infuses the book with drama, even managing to make a regulatory meeting seem exciting. In general he explains scientific concepts clearly, though readers must endure some technobabble. (‘Of course,’’ Mr Boger muses at one point, “they were nucleotide guys.”)

But Mr Werth’s account comes at a cost. Vertex gave the author access to its executives and scientists. Having devoted two books to the firm, Mr Werth at times seems too allied with it. “The Antidote” describes Mr Boger as an evangelist; in Mr Werth, he seems to have found a convert

### 2.3 Leading Companies in the Generic Industry

- In recent years Big Pharma has began to look beyond brand-name drugs to the generic markets.

- Teva Pharma (TEVA) is the largest public company in the generic drug industry with trailing 12month sales over $9 billion and a market cap of just under $34 billion, and it derives over half of its revenues from generic drugs.

- With the rising costs of healthcare, governments and payers alike are pushing for increased generics usage, and Big Pharma companies like Bayer and Pfizer are paying attention, striking deals with generics companies and even building units of there own.
• The generic industry is currently worth an estimated $225 billion US, and the largest four generic companies worldwide by sales (Teva, Sandoz, Mylan, & Watson) account for nearly 50% of generic prescriptions in the US and 40% worldwide.

• Teva is the world’s biggest generic company and is continuing to climb. During the course of 2010, Teva launched 18 generics that targeted drugs with 12.2 billion in U.S. Sales.

• Teva reported that it accounts for 21.8% of total U.S. Generic prescriptions. Teva manufactures 71 billion tablets a year in 77 pharmaceutical and API facilities around the world.

• Sandoz is the number two generic company worldwide. It is Novartis’ generic unit, located in Germany with an 7.8% market share. The company has strong results from the U.S., Canada, Russia, Italy, Japan, and biosimilars.

• Sandoz has three strategic priorities:

  1. To be first-to-market as originators' substance patents expire or become unenforceable;

  2. To be cost competitive by leveraging economics of scale in development and production;

  3. To differentiate Sandoz based on its extensive global reach and advanced technical expertise in the development

• Third largest is Mylan with a 11.3% market share
Consolidation has been a dominant theme for generic market leaders. The following graph shows the trend in consolidation of revenue in few generics companies.
Twelve compounds will present a US$ 67 billion opportunity

All these products will lose patent protection by 2020, but Enbrel whose US patent has been extended until 2028

Global Sales (MAT 12/2011), US$, Billion

- Adalimumab (Humira) 7.9
- Etanercept (Enbrel) 7.3
- Infliximab (Remicade) 6.9
- Insulin Glargine (Lantus) 5.9
- Rituximab (MabThera) 5.9
- Bevacizumab (Avastin) 5.5
- Enoxaparin Sodium (Lovenox) 5.4
- Interf. Beta-1A (Rebif, Avonex) 5.3
- Trastuzumab (Herceptin) 5.0
- Pegfilgrastim (Neulasta) 4.3
- Glatiramer Acetate (Copaxone) 4.2
- Darbepoetin Alfa (Aranesp) 3.3

Total ≈ US$ 67 billion

Source: IMS MIDAS, 12/2011, IMS Patent focus

<table>
<thead>
<tr>
<th>EU expiry date</th>
<th>US expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2016</td>
</tr>
<tr>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>2014</td>
<td>2018</td>
</tr>
<tr>
<td>2014</td>
<td>2014</td>
</tr>
<tr>
<td>2013</td>
<td>2016</td>
</tr>
<tr>
<td>2010</td>
<td>2017</td>
</tr>
<tr>
<td>2012</td>
<td>Expired</td>
</tr>
<tr>
<td>2015</td>
<td>2015</td>
</tr>
<tr>
<td>2014</td>
<td>2019</td>
</tr>
<tr>
<td>2017</td>
<td>2015</td>
</tr>
<tr>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>2016</td>
<td>2016</td>
</tr>
</tbody>
</table>

Not considered existing biosimilars such as Epoetin Alfa expired in EU, but still patent protected in US
3.1 German pharmaceutical Industry

In 2011, Germany’s drug market was the fourth largest worldwide after the United States, Japan and China, with annual sales of 32.25 billion Euros. The German government remains committed to its fiscal austerity program and to further spending cuts by 2014. Market consolidation continues, and drug prices have been under pressure from de-reimbursement, fixed-level drug pricing and referencing pricing schemes. Between 2011 and 2015, the market is projected to grow annually at 3%, with the fastest growth in the specialized hospital market for new and expensive pharmaceuticals. The statutory health insurance system accounts for about 80% of the market, with tight reimbursement rules, greater use of generics and downward pressure on generic prices due to the rebate system and the full VAT of 19% levied on drug sales. Opportunities also exist for local production, research and acquisition of German drug firms.

Table 3.1.1 Main suppliers of pharmaceuticals to Germany (in million Euros)

<table>
<thead>
<tr>
<th>Supplier</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe Top 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharmergering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>2,729.9</td>
<td>4,502.61</td>
<td>4,333.46</td>
<td>4,845.13</td>
<td>5,463.7</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>5,027.26</td>
<td>5,931.85</td>
<td>6,501.5</td>
<td>7,193.86</td>
<td>6,253.57</td>
<td></td>
</tr>
<tr>
<td>Ireland*</td>
<td>8,283.95</td>
<td>8,626.71</td>
<td>8,985.03</td>
<td>7,934.95</td>
<td>6,751.54</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>952.55</td>
<td>1,369.03</td>
<td>1,224.94</td>
<td>1,182.51</td>
<td>1,954.97</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,815.59</td>
<td>1,847.81</td>
<td>1,682.72</td>
<td>2,299.63</td>
<td>2,569.65</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,313.73</td>
<td></td>
</tr>
</tbody>
</table>

source: German Pharmaceutical Industry Association/BPI; December 2012)

### 3.2 Russian Pharmaceutical Industries

Russia, in the times of the Soviet Union, preferred to live by five year periods. Today’s Russia is developing larger market economy. In 2013, Russia has launched a number of new federal programs related to a variety of areas - from health care to aviation industry. Over the period of 2013-2015, the expected funding of the 50 federal target programs will be at 1,021 billion Rubles in 2013, 926.2 billion Rubles in 2014 and 935 billion Rubles in 2015.

One of the first long-term projects related to the pharmaceutical market was the **Concept of Long-Term Socio-Economic Development of the Russian Federation until 2020** adopted in 2008.

In 2012, the **Strategy for the Development of Medical Science in Russia until 2025** was approved. The strategy includes measures to develop innovative products and critical technologies. The main purpose of the document is to create high-tech innovative products and use them in public health practices. The expected share of innovative products on the market will be up to 10% of the amount of newly registered products. Today, Russia is in the fourth place after China, the U.S. and Japan in the total number of scientists. As regards research funding, Russia ranks ninth in the world. As regards the number of scientific publications, it is in the 15th - 18th place.

On December 24, 2012, the State Program **Development of Health Care of the Russian Federation until 2020** was approved. Over 33 trillion Rubles will be allocated from budgets of all levels to support its implementation. The State Program measures are expected to be implemented in two phases: the first phase - from 2013 through 2015, the second phase - from 2016 through 2020. The State Program includes 11 subprograms: “Prevention of Diseases and Promotion of Healthy Lifestyles. Development of Primary Health Care”; “Enhanced Provision of Specialized, including High-Tech, Health Care, Emergency Care, including Emergency Specialized Care, Medical Evacuation”, etc.
The State Program of Development of Pharmaceutical and Medical Industries was adopted. It involves the allocation of more than 100 billion rubles out of the federal budget by 2020. The State Program is to ensure the application of international standards in the industry, and the inflow of foreign investments.

**Figure 3.2.1 Russian Pharmaceutical market capacity**

Table 3.2.3 List the TOP 20 Manufacturers that are Sales Leaders in the Commercial Market in Russia in 2012.
Russia is still 3 and 5 times behind, respectively, the average European and US drug consumption. Only Brazil and China have smaller per-capita drug consumption than Russia (140 Dollars) at 115 and 38 Dollars, respectively.

**Figure 3.10 Shows the Index of Prices for Different Groups of Drugs**

**Figure 3.3.14 Market Dynamics and Structure Focus on OTC.**

Commercial OTC market dynamics, 2013, RUR bn
Figure 3.3.15 Commercial market structure, 2013

Figure 3.3.16 Leadership position on Russian OTC Market
3.4. 1. Russian Pharma Strategy 2020

PLANNED STRATEGY FOR THE PHARMACEUTICAL INDUSTRY AND R&D

The main objective of the Russian state policy regarding the development of national pharmaceutical industry for the period up to 2020 is creating conditions for the transition of the Russian pharmaceutical production towards an innovative development model. For this purpose and by special order of the government, the “Strategy of Development of Pharmaceutical Industry in the Russian Federation” was developed and approved by the Ministry of Industry and Trade in 2008 ("Pharma 2020" Strategy).

Table 3.4.2. Innovative Drugs, Production Planned to Start in Russia by 2020

<table>
<thead>
<tr>
<th>List of INNs - innovative drugs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Abacavir</td>
<td>34. Quetiapine</td>
</tr>
<tr>
<td>2. Alemtuzumab</td>
<td>35. Lamivudine</td>
</tr>
<tr>
<td>3. Alteplaza</td>
<td>36. Lamivudine + Zidovudine</td>
</tr>
<tr>
<td>4. Amino-acids for parenteral foods + other drugs (Dextrose + mineral salt)</td>
<td>37. Lapatinib</td>
</tr>
<tr>
<td>5. Amisulprid</td>
<td>38. Levodopa+Benserazid</td>
</tr>
<tr>
<td>6. Aripiprazole</td>
<td>39. Levosimendan</td>
</tr>
<tr>
<td>7. Atazanavir</td>
<td>40. Lenograstim</td>
</tr>
<tr>
<td>8. Atracurium besylate</td>
<td>41. Linezolid</td>
</tr>
<tr>
<td>9. Basiliksimab</td>
<td>42. Lopinavir + Ritonavir</td>
</tr>
<tr>
<td>10. Bevacisumab</td>
<td>43. Moxifloxacin</td>
</tr>
<tr>
<td>11. Bortezomib</td>
<td>44. Nadroparin</td>
</tr>
<tr>
<td>12. Budesonide + formoterol</td>
<td>45. Olanzapine</td>
</tr>
<tr>
<td>13. Valganciclovir</td>
<td>46. Omalizumab</td>
</tr>
<tr>
<td>14. Voriconazole</td>
<td>47. Paliperidone</td>
</tr>
<tr>
<td>15. Gadobutrol</td>
<td>48. Peritsiazin</td>
</tr>
<tr>
<td>16. Gadodiamid</td>
<td>49. Peginterferon alfa-2a</td>
</tr>
<tr>
<td>17. Gadopentetic acid</td>
<td>50. Peginterferon alfa-2b</td>
</tr>
<tr>
<td>18. Ganciclovir</td>
<td>51. Pegfilgrastim</td>
</tr>
<tr>
<td>19. Gefitinib</td>
<td>52. Rabeprazole</td>
</tr>
<tr>
<td>20. Hydroxyzine</td>
<td>53. Rituximab</td>
</tr>
<tr>
<td>21. Goserelin</td>
<td>54. Rocuronium bromide</td>
</tr>
<tr>
<td>22. Granisetron</td>
<td>55. Ropivacaine</td>
</tr>
<tr>
<td>23. Daclizumab</td>
<td>56. Salmeterol + fluticasone</td>
</tr>
<tr>
<td>24. Darbepoetin alfa</td>
<td>57. Sevoflurane</td>
</tr>
<tr>
<td>25. Didanosine</td>
<td>58. Sertindole</td>
</tr>
<tr>
<td>26. Dinoprost</td>
<td>59. Sirolimus</td>
</tr>
<tr>
<td>27. Dornase alpha</td>
<td>60. Sorafenib</td>
</tr>
<tr>
<td>29. Ziprasidone</td>
<td>62. Temozolomide</td>
</tr>
<tr>
<td>30. Zuclopenthixol</td>
<td>63. Tenekteplase</td>
</tr>
<tr>
<td>31. Imatinib</td>
<td>64. Tiotropium</td>
</tr>
<tr>
<td>32. Imiglucerase</td>
<td>65. Topotecan</td>
</tr>
<tr>
<td>33. Caspofungin</td>
<td></td>
</tr>
</tbody>
</table>

### 3.5 US Pharmaceuticals Market

These organizations are searching and investing in promising projects in order to reach the goals and objectives of the Strategy, including projects of foreign companies that are implemented on nevertheless left major coverage gaps. Some were by choice, notably among younger Americans who elected not to buy insurance. But in many instances self-employed or part-time workers found private individual insurance plans unaffordable even as they failed to qualify for public insurance.
3.6 Australia Pharmaceutical Industry

FIGURE 3.6.1: The Pharmaceutical Sector in Australia

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rx (per capita)</td>
<td>Rx (per capita)</td>
<td>Rx (per capita)</td>
</tr>
<tr>
<td>Under 26</td>
<td>138,528,000</td>
<td>110,205,000</td>
<td>110,680,000</td>
</tr>
<tr>
<td>Private insurance</td>
<td>63,602,000</td>
<td>68,737,000</td>
<td>69,033,000</td>
</tr>
<tr>
<td>Public insurance</td>
<td>32,192,000</td>
<td>37,139,000</td>
<td>37,631,000</td>
</tr>
<tr>
<td>Only uninsured</td>
<td>12,734,000</td>
<td>4,329,000</td>
<td>4,016,000</td>
</tr>
<tr>
<td>26-64</td>
<td>158,889,000</td>
<td>163,463,000</td>
<td>167,247,000</td>
</tr>
<tr>
<td>Private insurance</td>
<td>115,778,000</td>
<td>127,883,000</td>
<td>136,923,000</td>
</tr>
<tr>
<td>Public insurance</td>
<td>15,619,000</td>
<td>22,558,000</td>
<td>23,582,000</td>
</tr>
<tr>
<td>Only uninsured</td>
<td>27,492,000</td>
<td>13,068,000</td>
<td>6,742,000</td>
</tr>
<tr>
<td>65 and over</td>
<td>41,158,000</td>
<td>47,695,000</td>
<td>55,069,000</td>
</tr>
<tr>
<td>Medicare only</td>
<td>15,683,000</td>
<td>18,174,000</td>
<td>21,327,000</td>
</tr>
<tr>
<td>Medicare and private</td>
<td>20,799,000</td>
<td>24,102,000</td>
<td>28,284,000</td>
</tr>
<tr>
<td>Medicare and other public</td>
<td>4,062,000</td>
<td>4,707,000</td>
<td>5,524,000</td>
</tr>
<tr>
<td>Uninsured</td>
<td>614,000</td>
<td>711,000</td>
<td>835,000</td>
</tr>
<tr>
<td>Total</td>
<td>398,750,000</td>
<td>421,363,000</td>
<td>333,896,000</td>
</tr>
<tr>
<td>Rx (per capita)</td>
<td>270,907</td>
<td>446,956</td>
<td>699,517</td>
</tr>
</tbody>
</table>
3.7 China Pharmaceuticals Industry

Figure 3.7.5 Pharmaceutical sales in China, 2007–2015

US$1 = RMB 6.79
Source: Southern Medicine Economic Institute (SMEI), Association of the European Self-Medication Society (AESGP), BMI
Figure 3.7.6 Private healthcare expenditure in China, 2007–2015
3.8 Indian Pharmaceuticals Industry

Over the past 50 years, Indian pharmaceutical industry has undergone a massive makeover from a modest beginning of “process patents regime” in the seventies to a modern and WTO compatible regime under the TRIPs Agreement in 2005. In last two decades, India has witnessed significant trade and industrial policy liberalisation, which have led to structural changes in the domestic industries. This was accompanied by rapid growth in the pharmaceutical sector in India which was
led by the migration of economic and research activities from Europe to India in particular and some other fast-growing markets.

Figure 3.8.3 Percentage Share of Top Ten products in Total Pharmaceutical Sector Exports

![Figure 3.8.3 Percentage Share of Top Ten products in Total Pharmaceutical Sector Exports](image)

**Financial Analysis of Top Pharmaceutical Companies**

**Table 4.1.3 Pfizer Financial Guidance for 2015**

The following table provides our financial guidance for full year 2015 (a), (b).

<table>
<thead>
<tr>
<th>Reported revenues</th>
<th>$44.5 to $46.5 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted cost as percentage of reported revenues</td>
<td>16.5% to 19.5%</td>
</tr>
<tr>
<td>Adjusted selling, informational and administrative expenses</td>
<td>$12.8 to $13.8 billion</td>
</tr>
<tr>
<td>Adjusted research and development expenses</td>
<td>$6.9 to $7.4 billion</td>
</tr>
<tr>
<td>Adjusted other (income)/deductions</td>
<td>Approximately (500 million) of income</td>
</tr>
<tr>
<td>Effective tax rate on adjusted income</td>
<td>Approximately 25.0%</td>
</tr>
<tr>
<td>Reported diluted Earnings per Share (EPS)</td>
<td>$1.37 to $1.52</td>
</tr>
<tr>
<td>Adjusted diluted EPS</td>
<td>$2.00 to $2.10</td>
</tr>
</tbody>
</table>

The following table provides a reconciliation of 2015 Adjusted income and Adjusted diluted EPS guidance to the 2015 Reported net income attributable to Pfizer Inc. and Reported diluted EPS attributable to Pfizer Inc. common shareholders guidance:

<table>
<thead>
<tr>
<th>(BILIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)</th>
<th>Full-Year 2015 Guidance (a) (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted income/diluted EPS guidance</td>
<td>$12.4 - $13.0</td>
</tr>
<tr>
<td>Purchase accounting impacts of transactions completed as of December 31, 2014</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Restructuring and implementation costs</td>
<td>(0.8) - (1.1)</td>
</tr>
<tr>
<td>Business and legal entity alignment costs</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Reported net income attributable to Pfizer Inc./diluted EPS guidance</td>
<td>$8.5 - $9.4</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$2.00 - $2.10</td>
</tr>
<tr>
<td></td>
<td>(0.13) - (0.18)</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
</tr>
<tr>
<td></td>
<td>$1.37 - $1.52</td>
</tr>
</tbody>
</table>
Table 4.2.1 Johnson & Johnson Financial Data

<table>
<thead>
<tr>
<th>Operating Results</th>
<th>2014 (1)</th>
<th>2013 (1)</th>
<th>2012 (1)</th>
<th>2011 (1)</th>
<th>2010 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to customers</td>
<td>74,331</td>
<td>71,312</td>
<td>67,224</td>
<td>65,030</td>
<td>61,587</td>
</tr>
<tr>
<td>Earnings before provision for taxes on income</td>
<td>20,563</td>
<td>15,471</td>
<td>13,775</td>
<td>12,361</td>
<td>16,947</td>
</tr>
<tr>
<td>Net earnings attributable to J&amp;J (2)</td>
<td>16,323</td>
<td>13,831</td>
<td>10,853</td>
<td>9,672</td>
<td>13,334</td>
</tr>
<tr>
<td>Basic net earnings per share</td>
<td>5.80</td>
<td>4.92</td>
<td>3.84</td>
<td>3.54</td>
<td>4.85</td>
</tr>
<tr>
<td>Diluted net earnings per share</td>
<td>5.70</td>
<td>4.81</td>
<td>3.86</td>
<td>3.49</td>
<td>4.78</td>
</tr>
</tbody>
</table>

Statistics

| Before tax margin (2)                     | 27.7 %   | 21.7 %   | 20.5 %   | 19.0 %   | 27.5 %   |
| Net profit margin (2)                    | 22.0     | 19.4     | 16.1     | 14.9     | 21.7     |
| Effective tax rate                       | 20.6     | 10.6     | 23.7     | 21.8     | 21.3     |
| Return on average shareholders' equity   | 22.7     | 19.9     | 17.8     | 17.0     | 24.9     |
| Return on total assets                   | 12.4 %   | 10.4 %   | 8.9      | 8.5      | 13.0     |

Capital Structure

| Cash and Current Marketable Securities   | $33,089  | 29,206   | 21,089   | 32,261   | 27,658   |
| Debt                                     | 18,760   | 18,180   | 16,165   | 19,827   | 16,773   |
| Equity                                    | 69,752   | 74,053   | 64,826   | 57,080   | 56,579   |
| Total capital                             | 88,512   | 92,233   | 80,991   | 76,707   | 73,352   |
| Net cash/(debt)                           | $14,329  | 11,026   | 4,924    | 12,634   | 10,885   |
| Total debt/total capital                  | 21.2 %   | 19.7 %   | 20.0     | 25.6     | 22.9     |

Common Stock Information

| Dividends paid per share                  | $2,760   | 2,590    | 2,400    | 2,250    | 2,110    |
| Shareholders' equity per share            | 25.06    | 26.25    | 23.33    | 20.95    | 20.66    |
| Market price per share (year end close)   | 105.06   | 92.35    | 69.48    | 65.58    | 61.85    |
| Average shares outstanding (mm) - basic   | 2,815.2  | 2,809.2  | 2,753.3  | 2,736.0  | 2,751.4  |
| - diluted                                | 2,863.9  | 2,877.0  | 2,812.6  | 2,775.3  | 2,786.8  |
| Cash dividends                            | $7,768   | 7,286    | 6,814    | 6,156    | 5,804    |

Other Data

| Total assets                              | $131,119 | 132,683  | 121,347  | 113,644  | 102,908  |
| Research & development expense            | 6,494    | 6,183    | 7,665    | 7,548    | 6,844    |
| Capital expenditures                      | 3,714    | 3,596    | 2,934    | 2,893    | 2,384    |
| Number of employees (thousands)           | 126.5    | 128.1    | 127.6    | 117.9    | 114.0    |

1) For Adjusted earnings (before and after tax) and adjusted earnings per share, see Reconciliation of Non-GAAP Measures.
2) After non controlling interests

Figure 4.3.1 Abbott Sales by Division
The Gailed company’s 2014 financial performance, with total revenues of $24.9 billion, reflects an ongoing focus on scientific innovation that delivers best-in-class medications to patients with diseases that represent significant unmet needs around the world.

**Figure 4.4.1 Gailed Product Sales**

**Figure 4.5.1 Key Performance Indicators of Sun Pharma**
Table 4.6.3 Statement of Profit & Loss (Glaxo Smith Kline) for the 15 month ended 31st March, 2015

<table>
<thead>
<tr>
<th>Note No.</th>
<th>Description</th>
<th>15 months ended 31st March, 2015</th>
<th>12 months ended 31st December, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sale of products</td>
<td>3358.54.49</td>
<td>2593.39.32</td>
</tr>
<tr>
<td></td>
<td>Excise duty</td>
<td>(105.13.51)</td>
<td>(73.22.08)</td>
</tr>
<tr>
<td></td>
<td>Sale of products (net)</td>
<td>3253.40.98</td>
<td>2520.17.24</td>
</tr>
<tr>
<td></td>
<td>Other operating revenue</td>
<td>34.16.82</td>
<td>25.97.50</td>
</tr>
<tr>
<td></td>
<td>Revenue from operations</td>
<td>3287.57.50</td>
<td>2546.14.74</td>
</tr>
<tr>
<td></td>
<td>Other income</td>
<td>198.67.17</td>
<td>200.96.86</td>
</tr>
<tr>
<td></td>
<td>TOTAL REVENUE</td>
<td>3486.24.57</td>
<td>2747.11.60</td>
</tr>
<tr>
<td></td>
<td>Cost of materials consumed</td>
<td>726.73.46</td>
<td>538.56.74</td>
</tr>
<tr>
<td></td>
<td>Purchases of traded goods</td>
<td>779.69.39</td>
<td>670.00.11</td>
</tr>
<tr>
<td></td>
<td>Changes in inventories of finished goods, work-in-progress and traded goods</td>
<td>(1.38.69)</td>
<td>(50.74.71)</td>
</tr>
<tr>
<td></td>
<td>Employee benefits expense</td>
<td>493.02.23</td>
<td>362.04.85</td>
</tr>
<tr>
<td></td>
<td>Depreciation expense</td>
<td>25.35.25</td>
<td>19.68.14</td>
</tr>
<tr>
<td></td>
<td>Other expenses</td>
<td>662.12.90</td>
<td>504.19.90</td>
</tr>
<tr>
<td></td>
<td>TOTAL EXPENSES</td>
<td>2856.74.54</td>
<td>2043.95.03</td>
</tr>
<tr>
<td></td>
<td>Profit before exceptional items and tax</td>
<td>800.50.43</td>
<td>703.16.57</td>
</tr>
<tr>
<td></td>
<td>Exceptional Items</td>
<td>(51.88.14)</td>
<td>26.15.45</td>
</tr>
<tr>
<td></td>
<td>Profit before Tax</td>
<td>748.62.29</td>
<td>729.32.03</td>
</tr>
<tr>
<td></td>
<td>Tax expense:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Current tax</td>
<td>267.78.49</td>
<td>233.00.35</td>
</tr>
<tr>
<td></td>
<td>Deferred tax</td>
<td>9.19.22</td>
<td>(5.56.58)</td>
</tr>
<tr>
<td></td>
<td>Net Profit</td>
<td>471.64.58</td>
<td>501.88.24</td>
</tr>
</tbody>
</table>

Earnings per equity share (basic and diluted) (Rs.)

Face value Rs. 10 each | 50 | 55.68 | 59.25

The accompanying notes are an integral part of these financial statements

5.1 Pharma Supply Chains: Key Issues and Strategies For Optimization
The market size of the global pharmaceutical industry is estimated to reach US$ 1.2 trillion by 2017 growing at a Compound Annual Growth Rate (CAGR) of 3-6% and the emerging markets are likely to be the key growth drivers. Several factors like economic growth, demographic changes, transition in community health and policy responses and focus on healthcare funding are expected to lead to double-digit growth in the pharamerging markets. On the other hand, economic and healthcare austerity measures and the savings realized from the growing availability of generic drugs, following their patent expiry, may see developed markets record low single-digit
growth.

The Market Size Of Global Pharmaceutical Industry is Estimated to Reach US $1.2 Trillion by 2017 Growing at A Compound Annual Growth Rate of 3-6% and the Emerging markets are likely to be Growth Drivers.

Figure 6.1 Pharmaceutical Spending – Global Market

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