

Proprietary Data Suggests March Rx Sales Declined by -2%, Volume by -6%

Market Dynamics | Lead Drugs

If you need our data in excel file, please email us (richard.l.yeh@citi.com).

We are initiating a monthly track of proprietary prescription drug data from 700+ hospitals in 34+ major cities in China (vs. our current quarterly analysis of data from 418 hospitals in 22 major cities) to provide more timely analysis on the pharma market dynamics and key drug from leading pharma companies. We believe that these trends are indicative and provide a good proxy for drug use in Class 3 / Class 2 hospitals in major cities. In addition, we will continue to publish the quarterly data to present more detailed analysis on the market trend and key drugs.

Market Trends – Our analysis suggests that the drug hospital drug sales growth in 1Q13 was +5.7% y/y with volume growth of +3.0% y/y (vs. +8.5% y/y and +6.4% y/y in 4Q12, respectively), largely due to sales / volume decline in March (sales declined by -2.2% y/y, vs. +10.5% y/y in January/February; volume -6.3% y/y, vs. +8.7% y/y in January/February). The weak March sales could be due to: 1) full-scale implementation of global budgeting, which started at the end of 2012; 2) NDRC price cut in January; and 3) weak flu season, although the bird flu starting in late March could further deter the patient visits in hospitals. The sales decline was less significant than volume decline in March despite the price erosion for individual drugs, implying that the prescription mix continued to shift to higher-priced drugs in hospitals.

Lead Drugs – 1) Sino Biopharm: despite the price cut (Runzhong ASP down by -6.5% q/q in 1Q), Runzhong grew +69.8% y/y in March, but we saw slower growth in Ganmei (+8.2% y/y vs. +15.5% in February) and sales decline in Mingzheng (-8.5% y/y with ASP down by -5% q/q in 1Q); 2) CMS: sales of Deanxit (+7.5% y/y) and Ursofalk (+9.8% y/y) were weak in March; 3) Sihuan: while both Kelinao's sales and volume declined in March (-11.0% y/y and -2.7% y/y, respectively with ASP down by -7.7% q/q in 1Q), Oudimei growth remained solid at +45.5% y/y with stable ASP.

Market Dynamics

21 May 2013

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China Rx Tracker Series

Citi China Rx Tracker - Analysis of Lead Drug Prescription Trends in 4Q12

Published: 9-April, 2013

Citi China Rx Tracker - Slower Sales Growth in 4Q12; Cardiovascular Could Take the Lead Category

Published: 9-April, 2013

Analysis of Lead Drug Prescription Trends in 3Q12;

Published: 15-January, 2013

Sales Growth Stabilized in 3Q12; Antibiotics Sales Growth Turned Positive

Published: 15-January, 2013

Sales/Volume Growth Slowed in 2Q12; Market Share in Tier2/3 Cities Surpassed Tier 1 Cities

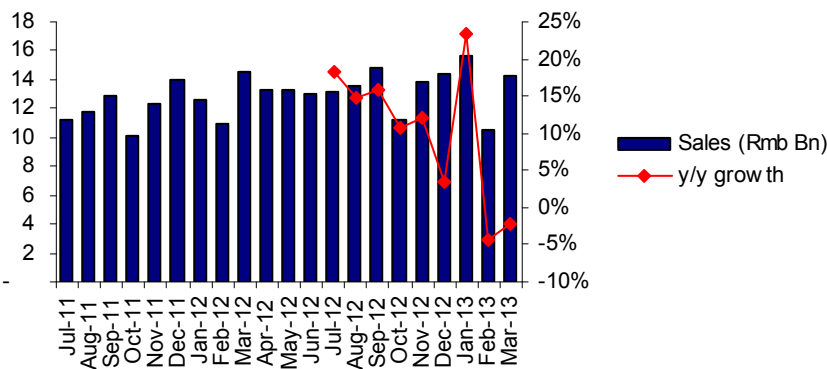
Published: 28-September, 2012

Analysis of Lead Drug Prescription Trends in 2Q12

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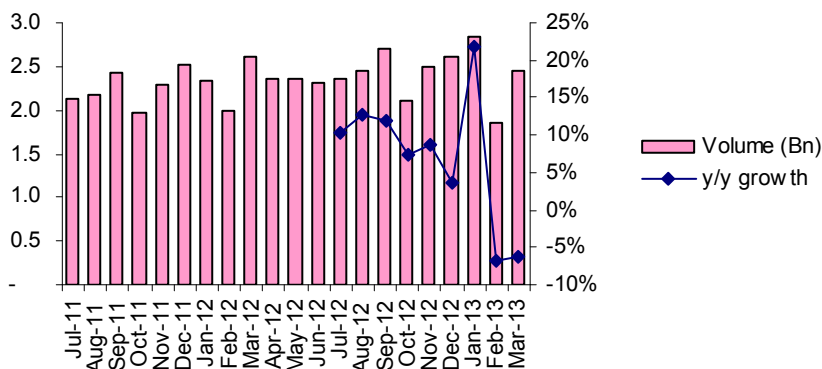
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**Sales/Volume Growth Up in 1Q12;
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Published: 9-July, 2012

**Analysis of 1Q12 Prescription Drug
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Published: 9-July, 2012

**Prescription Data Analysis in 4Q
Suggests Sales/Volume Pick-up; Tier
1 Cities Start to Recover**
Published: 29-March, 2012



**Analysis of 4Q11 Prescription Drug
Trends – Lead Drugs**
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**In Depth Analysis: Long-Time
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Had Limited Impact on Hospital Sales
Prices**
Published: 3-February, 2012

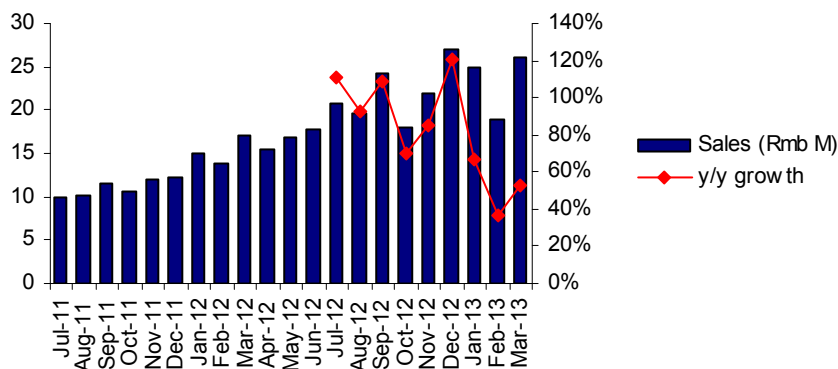
**In Depth Analysis: 2011 NDRC Price
Cuts Had Limited Impact on Sales
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Source: Citi Research, Pharma Database

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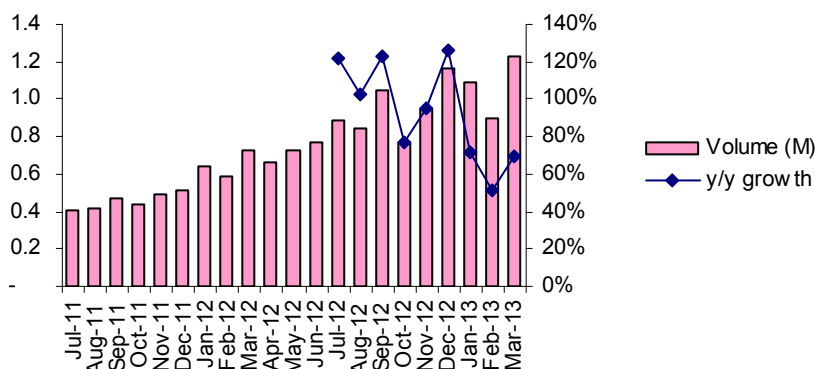
Lead Drugs

Runzhong 润众 (Entecavir 恩替卡韦)



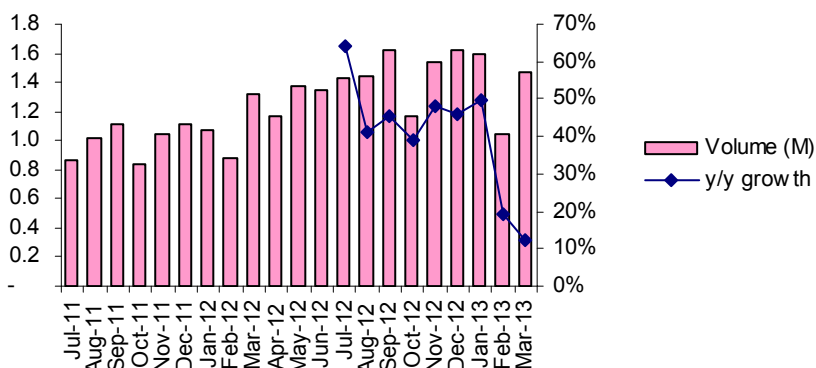
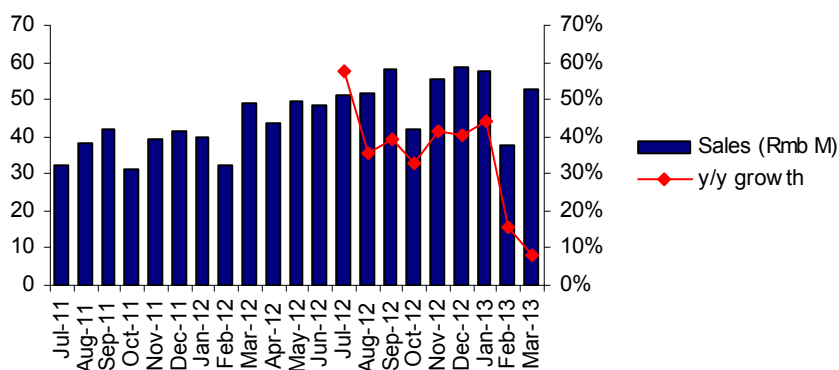
**Prescription Data Analysis in 3Q
Suggests Slight Rebound in Chinese
Pharmaceutical Market; Antibiotics
Market Declined**
Published: 30-December, 2011

**Prescription Data Analysis in 2Q
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Cities but Slower Growth in Tier 1
Markets**
Published: 27-September, 2011



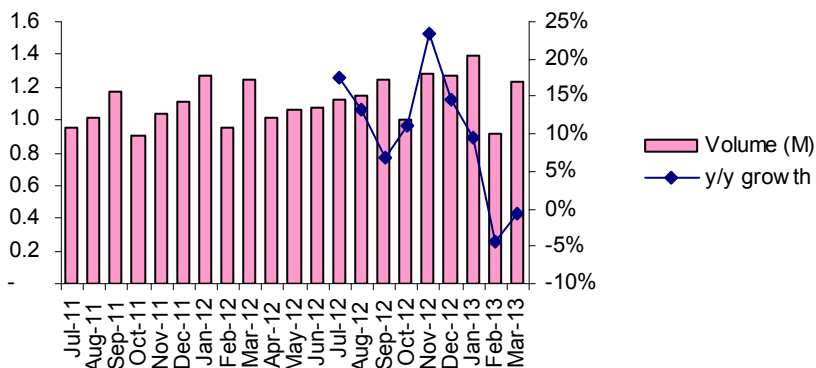
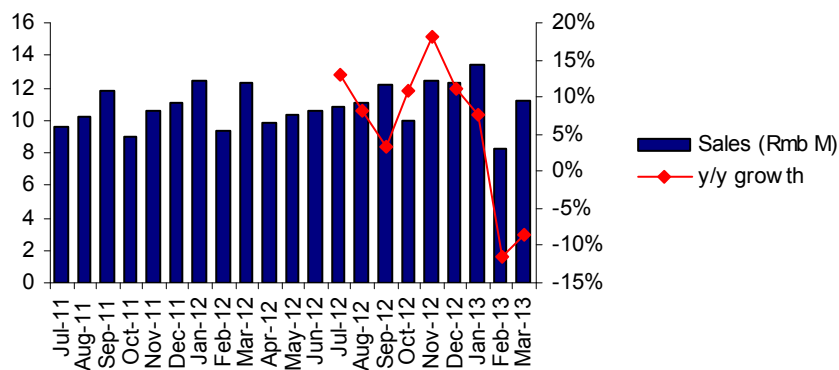
Source: Citi Research, Pharma Database

Tianqingganmei 天晴甘美 (Magnesium Isoglycyrrhizinate 异甘草酸镁)



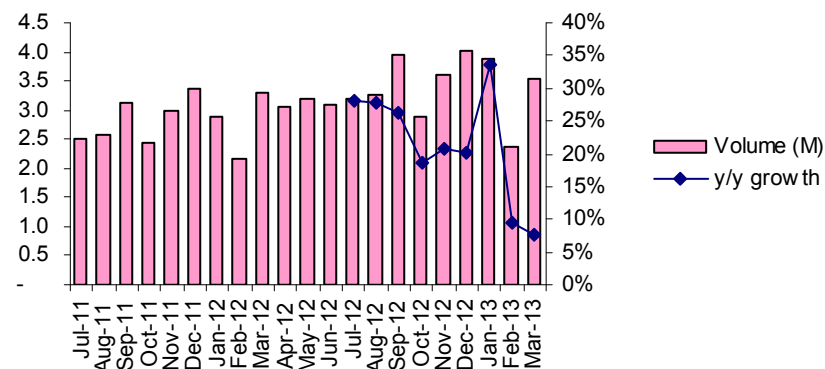
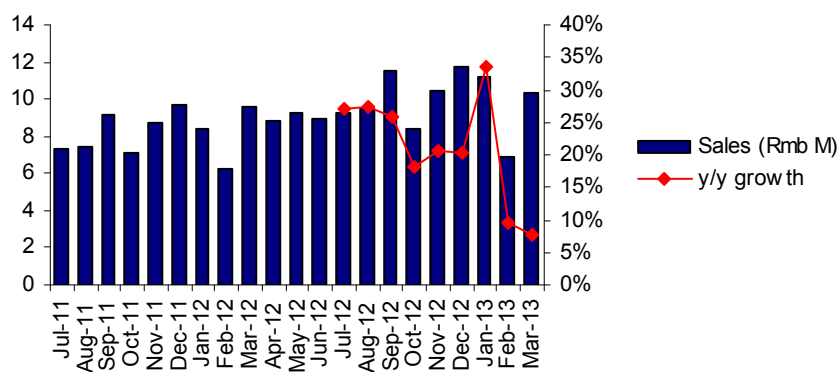
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Mingzheng 名正 (Adefovir 阿德福韦)



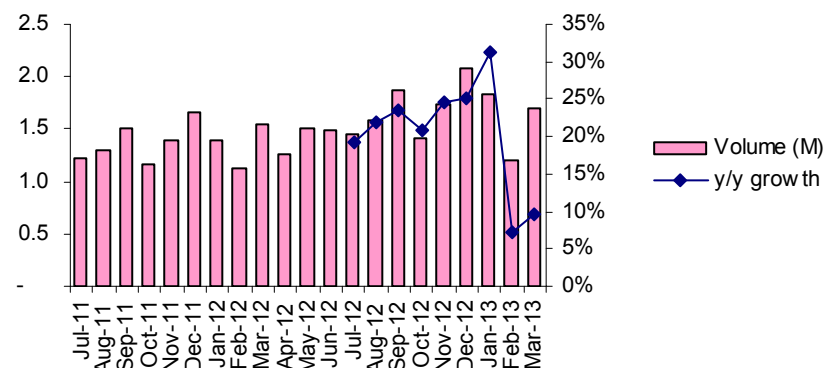
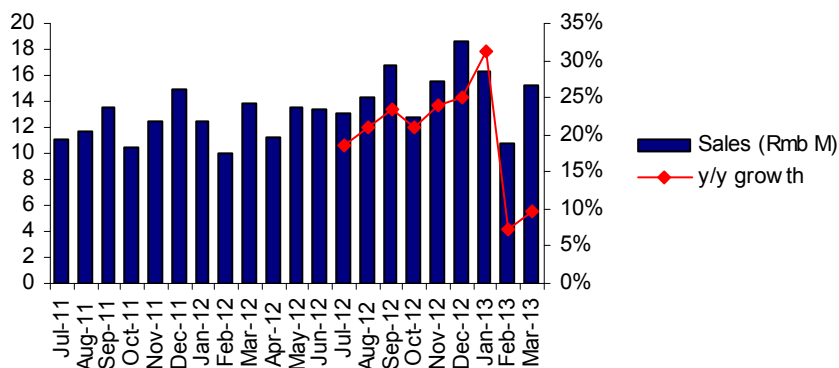
Source: Citi Research, Pharma Database

Deanxit 黛力新 (Flupentixol and Melitracen 氟哌噻吨和美利曲辛)



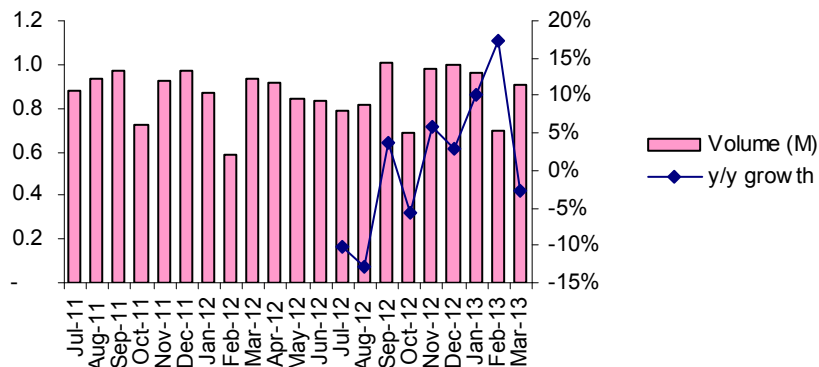
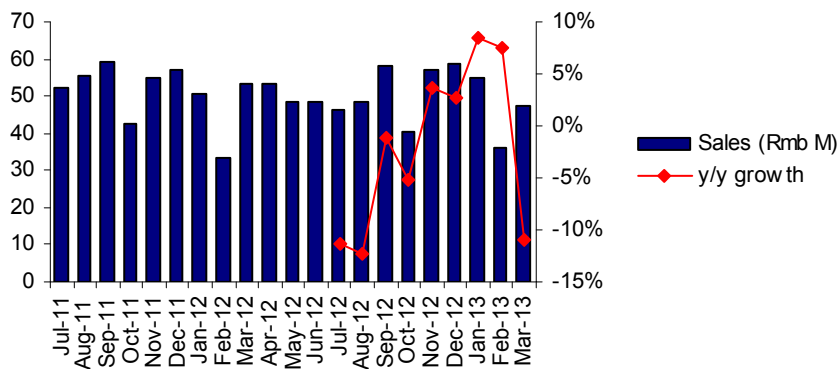
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Ursofalk 优思弗 (Ursodeoxycholic Acid 熊去氧胆酸)



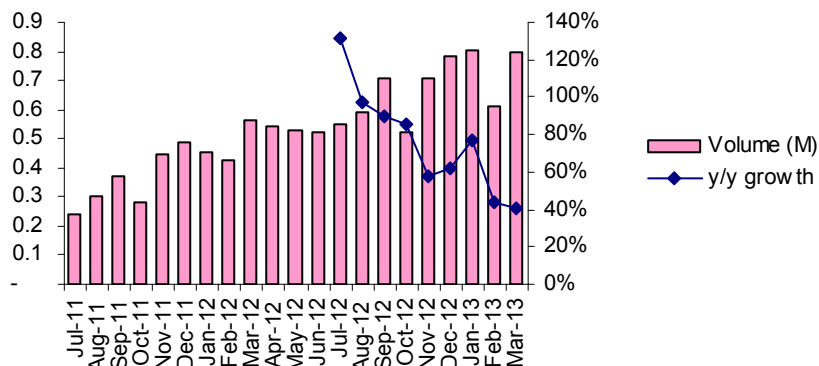
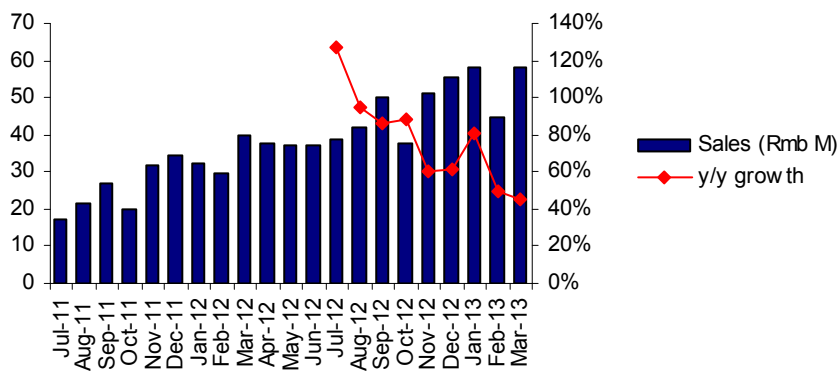
Source: Citi Research, Pharma Database

Kelinao/Anjieli 克林澳/安捷利 (Cinepazide Maleate 马来酸桂哌齐特)



Source: Citi Research, Pharma Database

Oudimei 欧迪美 (Cattle Encephalon Glycoside and Ignotin 脑苷肌肽)



Source: Citi Research, Pharma Database

Appendix A-1

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