

Pharmaceutical distribution in Central Europe: further changes expected in 2010

The fall in the number of pharmacies in Poland, the Czech Republic, Hungary and Bulgaria, the consolidation processes among leading Polish wholesalers and the authorisation of the online sale of pharmaceuticals in Slovakia were the most important trends and events in distribution in the Central European region in 2009, according to the latest report by PMR, a research and consulting company, entitled "Distribution on the pharmaceutical market in Central Europe 2010. Comparative analysis of Poland, Hungary, Romania, Czech Republic, Slovakia and Bulgaria".

Pharmacy market saturated

2009 brought a reduction in the number of pharmacies in some Central European countries. In Poland the number has been falling since mid-2009. The weak economy is not the only cause of this development. The main reason for the reduction in pharmacy numbers is market saturation, which has caused many outlets to operate at a loss. Similar problems are being faced by other countries in the region. In the Czech Republic yet in 2008 the number of pharmacies began to fall for the first time since 1990. About 400 pharmacies may soon go bankrupt in Hungary because the government has removed non-repayable subsidies for pharmacies from this year's budget. Several hundred pharmacies also went bankrupt in Bulgaria in 2009, and several hundred more are on the verge of bankruptcy because of the effects on performance of the economic crisis, lower mark-ups and recent changes in the law.

Slovakia allows online sales

The regulations pertaining to online and mail order sales are not unified among the countries in the region. *"The most liberal laws governing the online sale of pharmaceuticals are those of Poland, the Czech Republic and Slovakia, where all OTC products are available for sale online. In Hungary only a limited number of OTC drugs can be sold online. In Romania and Bulgaria such sales take place as they are not explicitly banned"* says Monika Stefanczyk, a PMR Head Pharmaceutical Analyst and the report's co-author.

Slovakia has been the latest country in the Central European region to decide to liberalise the law in this area. Online sales were authorised in the country in December 2009, and from mid-March, when the ordinance stipulating the conditions pertaining to mail-order sales came into force, pharmacies can apply for permission to sell medicines online.

Mail order is limited to drugs and medical devices available over the counter and not covered by obligatory health insurance. The Slovak Chamber of Pharmacists welcomed the change, saying that it would improve patient safety, as medicines ordered over the internet in the past were often delivered without the observance of basic logistics standards and were sometimes not even registered in Slovakia.

Reorganisation on wholesale market

The acquisition, in April 2009, of a drug distributor Prosper by Torfarm, another leading Polish pharmaceutical wholesaler, was one of the most important events in the pharmaceutical distribution arena in the region in 2009. In the wake of the acquisition, the Torfarm group controls more than 30% of the pharmaceutical distribution business (sales to pharmacies) in the country. In July 2009 Farmacol, another leading Polish distributor, acquired 85% of the equity of another wholesaler – Cefarm Bialystok – for

PLN 71.5m (€20.4m). Cefarm, which is active in the north-eastern region of Poland, has a chain of almost 50 pharmacies.

In other countries of the region the consolidation processes were not as intensive and there were no major mergers and acquisitions among leading wholesalers in 2009. In March 2010, however, Actavis, the Icelandic drug manufacturer, announced that it had sold Higia, a Bulgarian pharmaceutical distributor, to a private investor. The new owner is Rosica Veselinova Velikova, a person not known in the Bulgarian pharmaceutical industry. *“Further consolidation can be expected on the Bulgarian pharmaceutical distribution market in the short-to-medium term, with a large number of small players failing to remain competitive in terms of price and quality of service. Large players are also hoping to streamline and solidify their operations, as demonstrated by the merger between Sopharma Trading and Sopharma Logistics, announced in January 2010”* says Agnieszka Stawarska, a PMR Pharmaceutical Market Analyst and the report's co-author.

This press release is based on information contained in the latest PMR report entitled [“Distribution on the pharmaceutical market in Central Europe 2010. Comparative analysis of Poland, Hungary, Romania, Czech Republic, Slovakia and Bulgaria”](#).

You are welcome to contact the authors of the report:

Agnieszka Stawarska, Pharmaceutical Market Analyst

Tel. /48/ 12 618 90 65

agnieszka.stawarska@pmrpublications.com

Monika Stefańczyk, Head Pharmaceutical Market Analyst

tel. /48/ 12 618 90 57

monika.stefanczyk@pmrpublications.com

For more information on the report please contact:

Marketing Department:

tel. /48/ 12 618 90 00

e-mail: marketing@pmrcorporate.com

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PMR

ul. Supniewskiego 9, 31-527 Krakow, Poland

tel. /48/ 12 618 90 00, fax /48/ 12 618 90 08

www.pmrporate.com