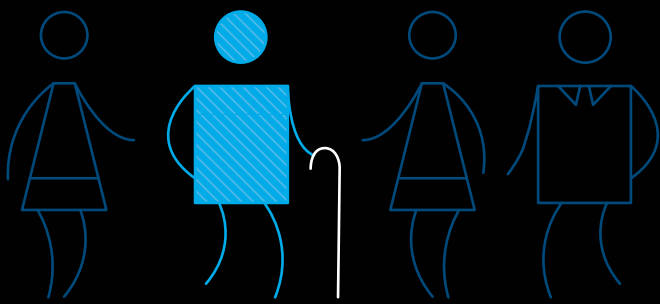


The pharma market access and pricing environment in Europe is rapidly changing

Payers are responding to:

Aging populations



By 2030 **25%** of the European Union's (EU) population will be aged **65 and over**, up from **19%** in 2015.

Chronic diseases



From 2017 and 2045 the number of people with **diabetes** (aged 20-79) is projected to increase by **16%**.

From 2018 and 2040 the incidence of **cancer** is predicted to increase by **23%**.



Constrained health care budgets are impacting pharma spending*



GDP spent on the **health care** has increased from **9.52%** in 2010 to **9.74%** in 2016



GDP spent on the **pharmaceuticals** has decreased from **1.50%** in 2010 to **1.36%** in 2016

Increasing pressure to fund drugs for rare diseases



From 2007 to 2017:

- the **EMA** has given **1544** orphan drug designations
- the **FDA** has given **2707** orphan drug designations.

Worldwide, it is estimated that **orphan drug sales** will total **\$216 billion** by 2022, up from **\$125 billion** in 2017.

Governments in Europe have tightened policy towards reimbursement and pricing

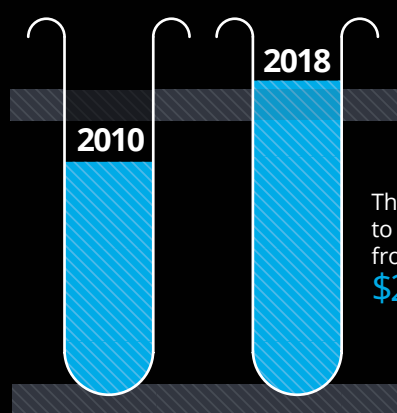
2:1 ratio of unfavorable to favorable policies.



Note:* 16 European countries were included in this analysis; Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and The UK.

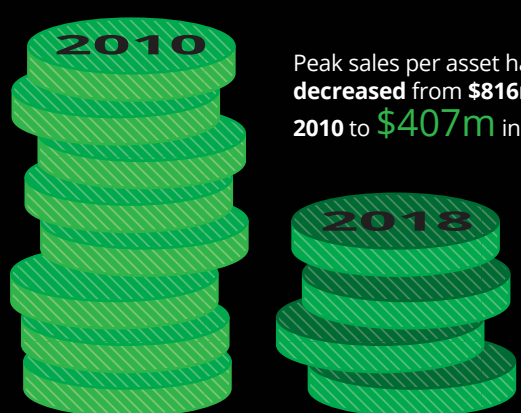
Pharma are responding to:

Increasing R&D costs**



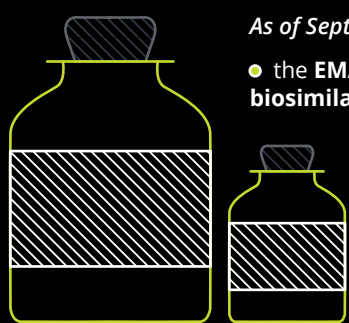
The cost of bringing an asset to market has **increased** from **\$1.18bn** in 2010 to **\$2.16bn** in 2018.

Falling peak sales per asset**



Peak sales per asset have **decreased** from **\$816m** in 2010 to **\$407m** in 2018.

Increasing number of biosimilars entering the European market



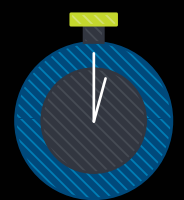
As of September 2018:

- the **EMA** has authorised **46** biosimilar products.
- the **FDA** has authorised **12** biosimilar products.

Delays in patient access following market authorisation



The average **length of time** from **market authorisation** to the completion of **post-authorisation processes** has increased from **233 days** between 2007 and 2009, to **318** days between 2014 and 2016.



Pharma should enhance their core capabilities:



Earlier launch planning focused on dialogue: Understand payer needs earlier in the R&D process through earlier dialogue with payers, providers, physicians and patients



Innovative contracting: Design contracting and service solutions that meet the genuine needs of the system, payer and patient, and support its sustainability



Real-world value dossier creation: Use RWE to develop a true understanding of system challenges, physician and patient experiences and the benefits of your products and services



Build trust and understanding: Be a collaborative partner in your therapy areas and build trust



Build the skills and expertise needed for the future: Consider the skills gap you have between technical and communicative expertise

Note:** Information taken from Deloitte's annual report, *Measuring the return from pharmaceutical innovation 2018*. Figures presented are for the original cohort of 12 large market capitalisation biopharma companies.