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2015 life sciences outlook
Brazil

Sales of pharmaceuticals in Brazil have expanded strongly in recent years, with a compound annual growth rate (CAGR) of 7.7% in local currency terms between 2008 and 2013. The high growth rate highlights the sector's strong potential and resilience to fluctuations in economic activity. In 2013, pharmaceutical sales in Brazil reached a value of BRL57.0bn (US$26.4bn), making Brazil the eighth-largest market globally.[1]

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Brazil will remain high on the list of emerging markets being targeted by multinational patented-drug companies and international generic manufacturers, although both segments will face tough challenges; among them, complex fiscal and regulatory frameworks, restrictive pricing policies, and a strong local industry.

Brazil's pharmaceutical market = $26.4 billion in 2013

Growth rate = 6.4 percent annually in 2014-2018

The Brazilian government is heavily involved in regulating drug development, pricing, and distribution (wholesale and retail). Price controls are the responsibility of the Agência Nacional de Vigilância Sanitária (ANVISA), which operates mainly through the Câmara de Regulação do Mercado de Medicamentos (CMED). The potential approval of a new regulation allowing interchangeability of similiars at the point of sale may mean stiffer competition for market share and the possible introduction of compulsory price discounts for similiars in relation to the originator product. In positive news, ANVISA aims to speed up drug registration with a new electronic system under which drugs can be approved within six months (rather than up to two years).

Demand for medicines will continue to rise in 2015, but Brazilian patients and payors alike remain very price-sensitive. Significant increases in government spending on free and heavily-subsidized drugs — through initiatives such as the Programa Farmácia Popular (PFP) — will decelerate post-election year (2014) as the government shifts its focus to cost-containment. Spending cuts, along with continued patent expiries, may limit sales of original branded products and enable generics and branded similiars to continue dominating the market in volume terms. According to Associação Brasileira das Indústrias de Medicamentos Genéricos (Pró Genéricos), a Brazilian industry group for generics manufacturers, more than 20 best-selling pharmaceuticals lost patent protection in Brazil in 2012-13; this boosted the generics market by over $400 million. By 2018, the volume market share for generics is expected to exceed 33 percent.[2]

[1] BMI – Industry Forecast Scenario – March 10, 2014
[2] Industry Report, Healthcare: Brazil, The Economist Intelligence Unit, September 2014

Brazil has a strong local generics industry (the largest in Latin America), supported by government policies aimed at extending the availability of medicines to low-income consumers.[3] In fact, domestic manufacturers have essentially cornered Brazil's retail generics market. While Medley was acquired by Sanofi in 2009, it continues to operate as a largely autonomous business, and Sandoz — currently ranked sixth among generic companies — is the most prominent foreign player in the segment.

Leading players in Brazil's life sciences sector have built comprehensive portfolios of both branded and unbranded products, and use scale as a means to repel advances from manufacturers offering deep discounts in a bid to grow market share. The result is a market that is increasingly concentrated. The combined share held by the five leading players is in excess of 48 percent, while aggregate sales of the top ten companies are equivalent to almost two-thirds of total retail generic market value.

Enrico de Vettori
LSHC Industry Leader
Deloitte Brazil
+55 11 5186 6239
enricovettori@deloitte.com

To learn more about the global trends and issues impacting the life sciences sector, please visit our 2015 global life sciences sector outlook at www.deloitte.com/2015lifesciencesoutlook.

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[3] *Industry Report, Healthcare: Brazil*, The Economist Intelligence Unit, September 2014