

2019 Pharmaceutical Market Overview | Portugal

HMR Portugal | Consulting Services

March 2020

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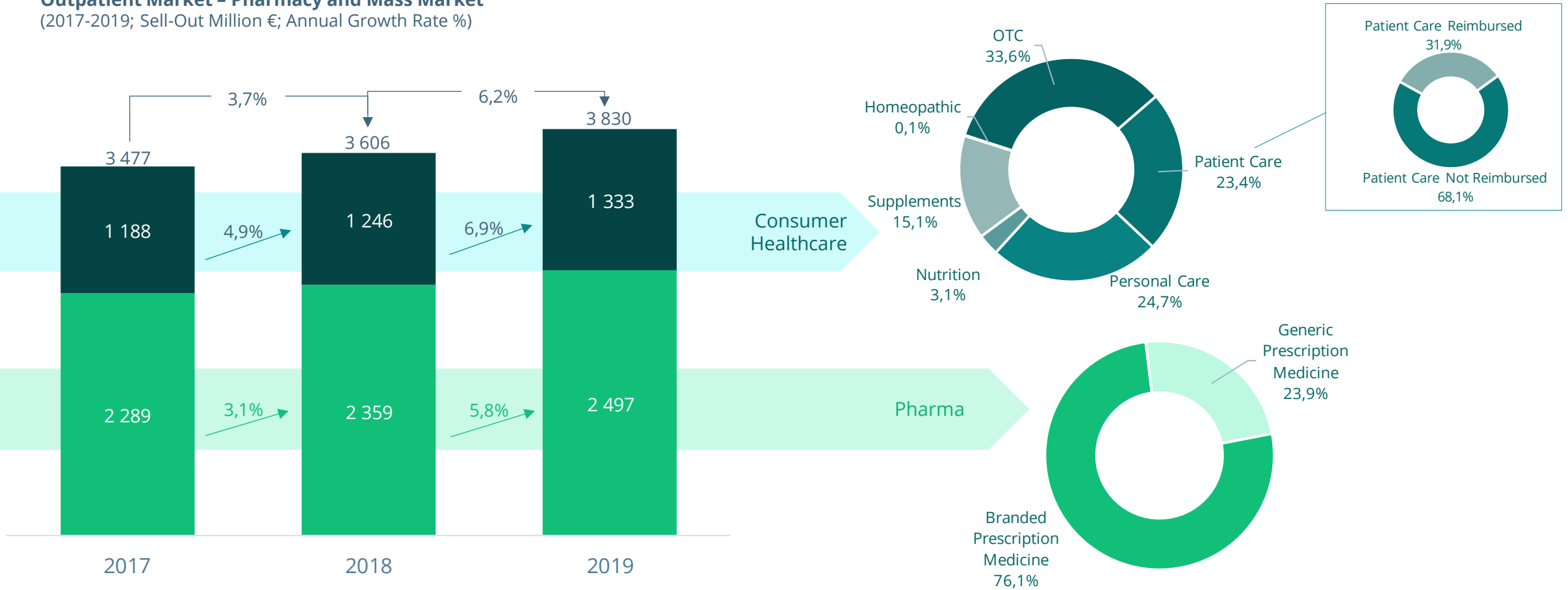
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ABOUT HMR - HEALTH MARKET RESEARCH

PORTUGAL'S OUTPATIENT MARKET

In 2019, the outpatient market sales grew in both Pharma and Consumer Healthcare products

Outpatient Market – Pharmacy and Mass Market
(2017-2019; Sell-Out Million €; Annual Growth Rate %)



Notes: HMR definition of outpatient market includes Pharma (prescription-only medicines) and Consumer Healthcare products (OTC medicines, personal care, patient care, nutrition, supplements and homeopathy)

Source: HMR; HMR Consulting Service analysis

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PORTUGAL'S OUTPATIENT MARKET

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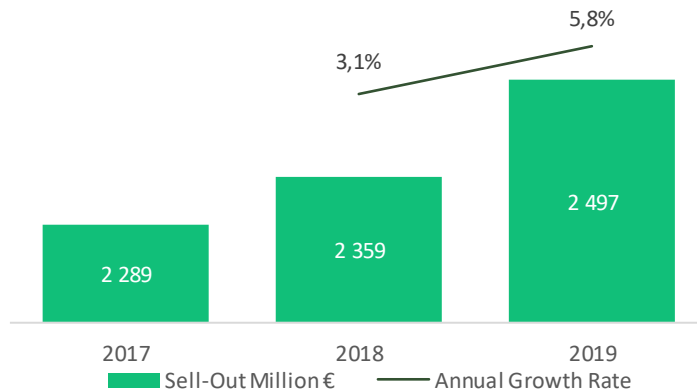
ABOUT HMR - HEALTH MARKET RESEARCH

PHARMA MARKET | EVOLUTION

The Pharma market (prescription medicines) grew in terms of volume and value during the last year, driven by the growth in both groups, accompanied by the increased market share of generic medicines

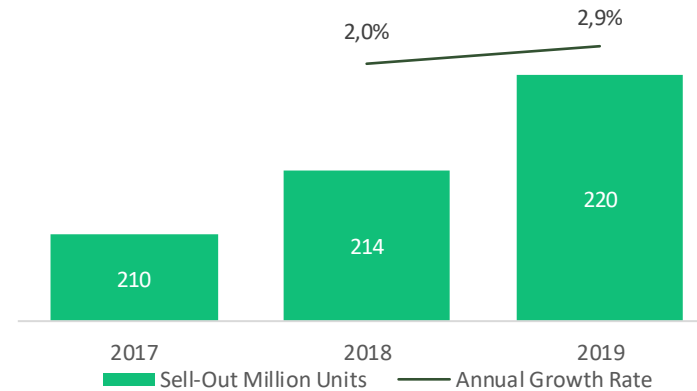
Pharma Market ¹

(2017-2019; Sell-Out Million €; Annual Growth Rate %)



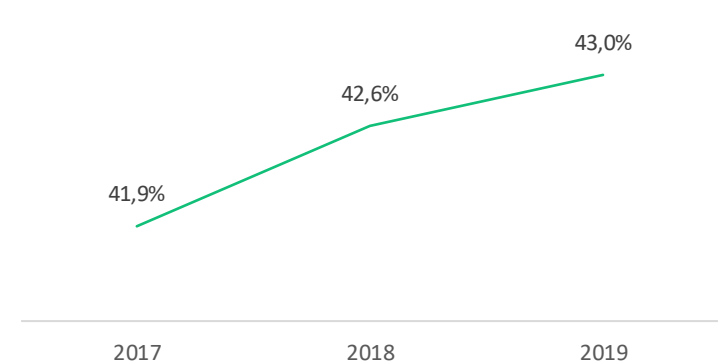
Pharma Market ¹

(2017-2019; Sell-Out Million Units; Annual Growth Rate %)



Pharma Market ²

(2017-2019; Generic Market Share % Counting Units)



- The growth observed between 2018 and 2019 is based on the increase in the value of generic (€29M) and branded medicines (€108M).
- Regarding new medicines, the biggest growth was in the B01 ATC class (14,3%) and A10 (12,4%), corresponding to €27,4M and €38,7M, respectively. Regarding generics, the most significant growth was in C10 class (€5,6M) and N10 (€5,3M).

- Compared with 2018, there is an increase of the number of antidiabetics, analgesics and active agent in renin-angiotensin sold (A10, N02 and C09 ATC classes);
- The growth observed in medicine classes used to treat conditions like diabetes, pain and cardiovascular diseases is in line with the prevalence of these chronic diseases in Portugal.

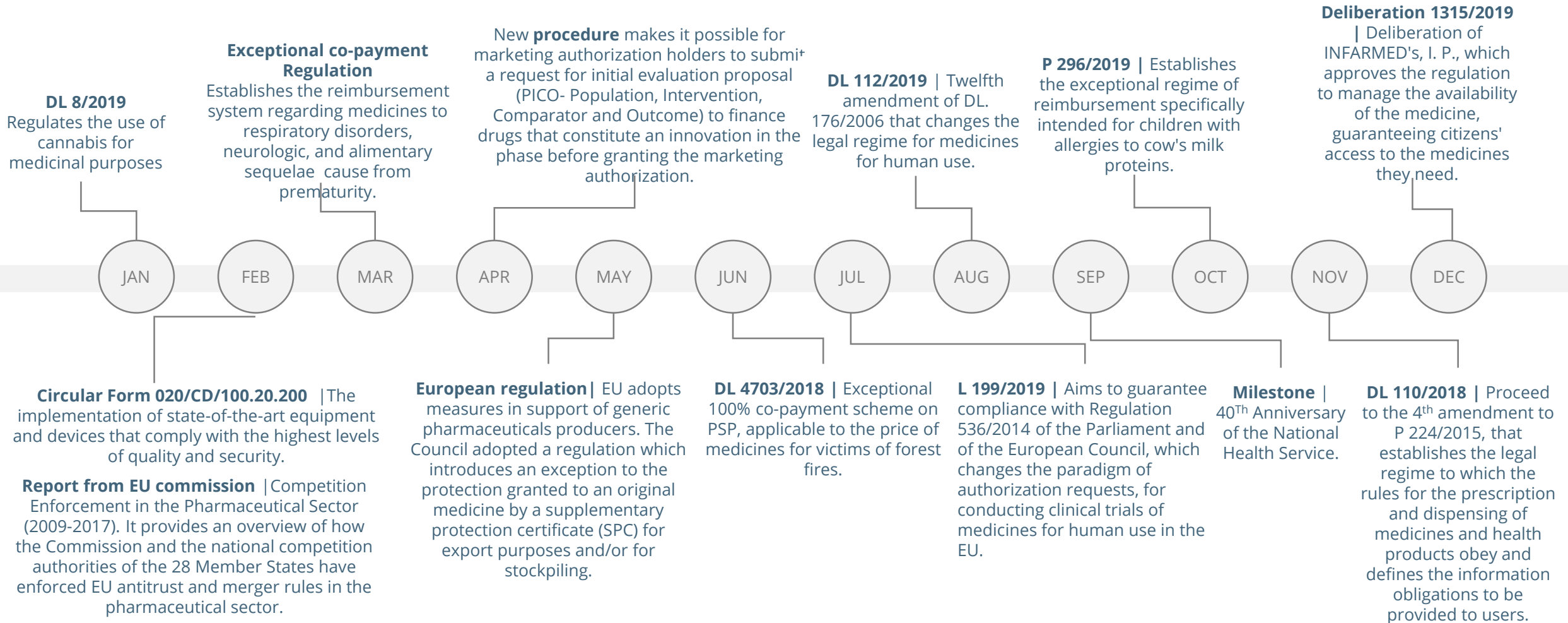
- Since 2017, there has been a gradual increase in the generic market share of prescription medicines (with and without reimbursement), explained by the increasing pace at which these medicines enter the market as well as the government's saving policies.

Notes: Generic market share includes reimbursed and non-reimbursed medicines; A10 - Drugs used in diabetes; B01 - Antithrombotic agents; C09 - Active agents in the renin-angiotensin system; C10 - Lipid modifying agents; N02 - Analgesics; N06 - Psychoanalytic agents excluding anti-obesity preparations.

Source: HMR; HMR Consulting Service analysis

PHARMA MARKET | REGULATORY CHANGES

The main regulatory modifications applicable to the outpatient market are related to changes in reimbursement and shifting consumption patterns

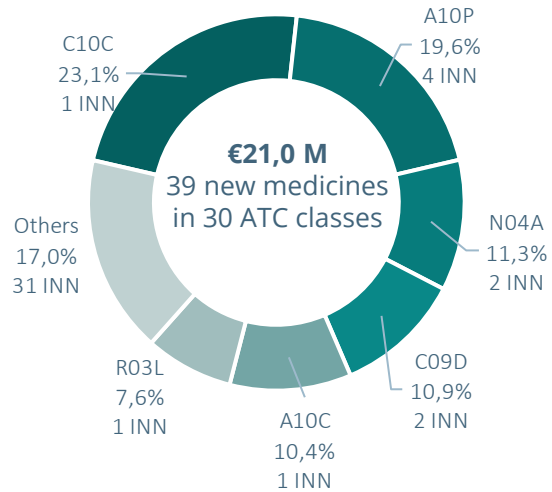


Notes: DL - Decree Law; L - Law; P - Ordinance;
Source: Infarmed; HMR Consulting Service analysis

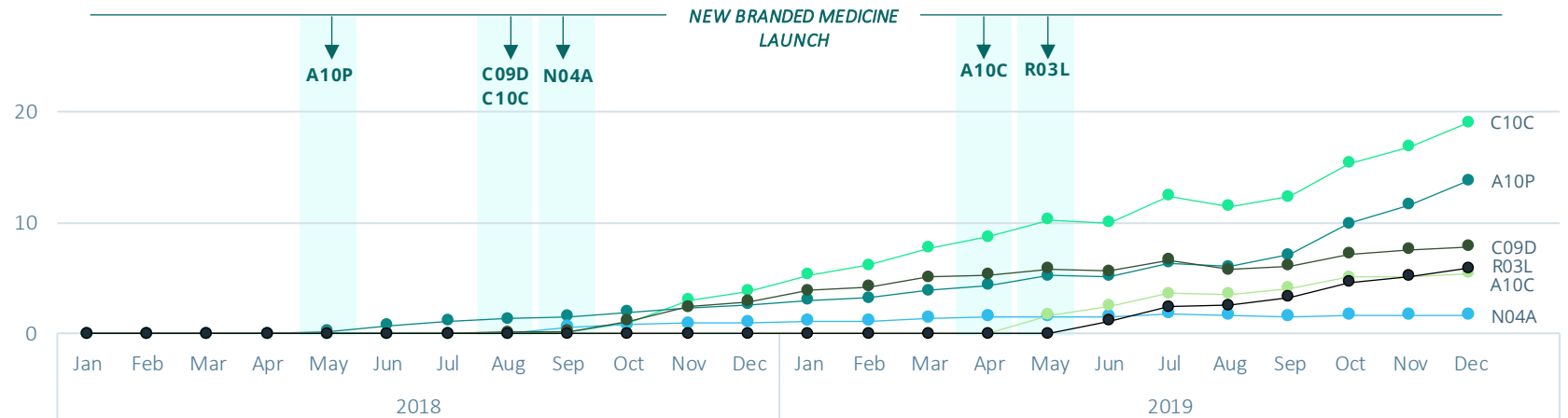
PHARMA MARKET | NEW BRANDED MEDICINES

New medicine launched in the market between 2018 and 2019 accounted for €21M in 2019 - 11 molecules of 6 ATC classes were responsible for 83% of the value

New Branded Medicines
(2019; Sell-Out Million €)



New Branded Medicines
(2018-2019; Sell-Out Thousand Units)



- There is a high concentration in the market for new medicines in 6 ATC classes (11 new INN), corresponding to 83,0% of the total value generated in 2019.

- The present analysis considered the new medicines launched in 2019 and the medicines launched in 2018 with high growth in 2019 and the consequent impact on market dynamics;
- In the area of diabetes, the entry of five new molecules – inhibitors of the sodium and glucose symporter and human insulins – generated a €5,7M (sell-out value);
- The launch of one new combination of statins generated €4,5M (sell-out value).

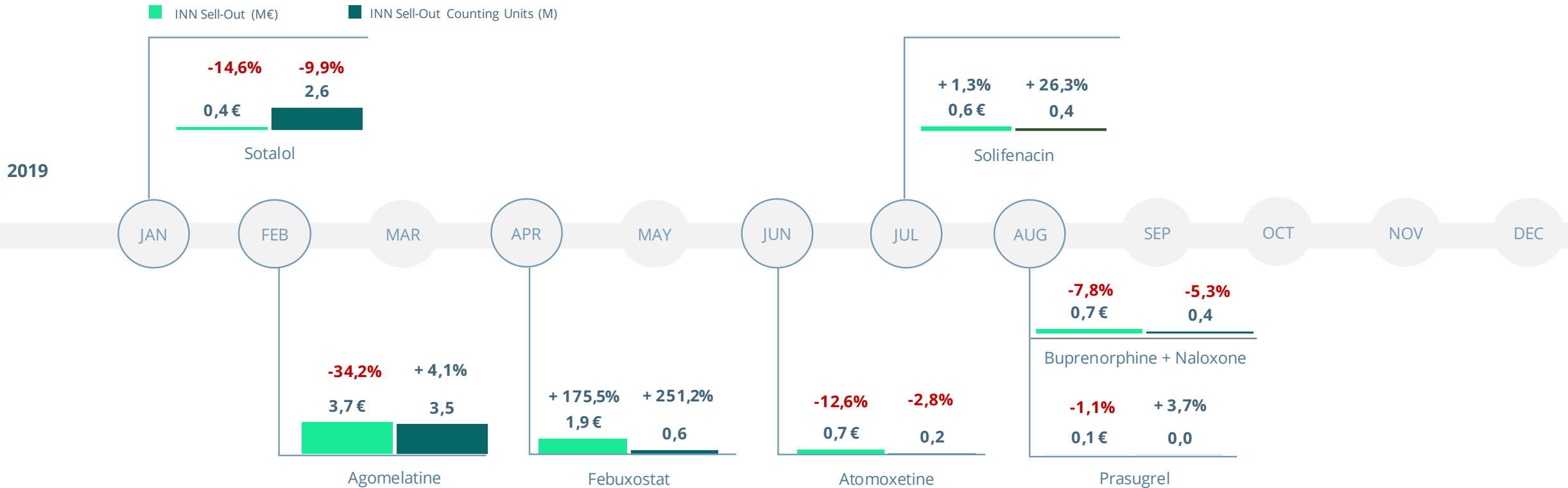
Notes: ATC – Anatomic, Therapeutic and Chemical; A10P – Na/Glu symporter inhibitor (SGLT2) antidiabetics; A10C - Human insulins and analogues; C10C - Associations between lipid regulators; C09D - Angiotensin-II antagonists associations ; N04A – Anti-parkinsonic drugs; R03L - Anticholinergics and B2-agonists associations;

Source: HMR; HMR Consulting Service analysis

PHARMA MARKET | NEW GENERIC MEDICINES (1/2)

The impacts generated by the entry of generic medicines into the outpatient market had different behaviours, with a generalized trend of decreasing the annual sales value for reimbursed INNs, except for Febuxostat and Solifenacin

Evolution of INN with generic entry in 2019
(2019; Sell-Out € and Counting Units; PYG%)



Notes: INN - International Non-proprietary Name; This analysis only includes medicines within a reference group - GH for reimburse medicines;

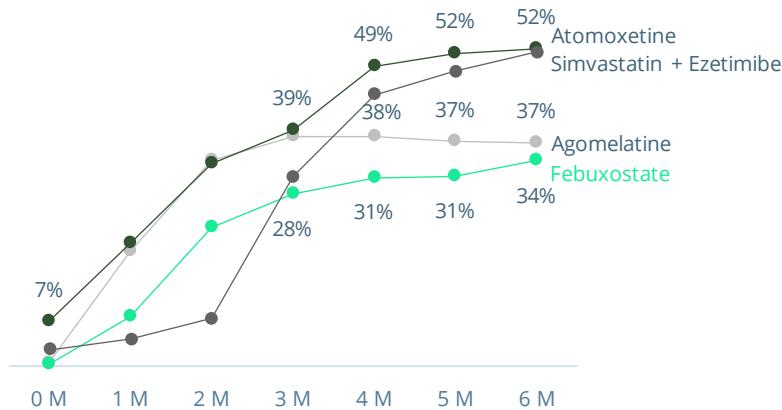
Source: HMR; HMR Consulting Service analysis

PHARMA MARKET | NEW GENERIC MEDICINES (2/2)

Simvastatin + Ezetimibe and Atomoxetine generics had the highest penetration rate, reaching a market share of around 52% in sell-out counting units, due to the practiced price, which reduced by 40% the average sales price

Generic Market Share

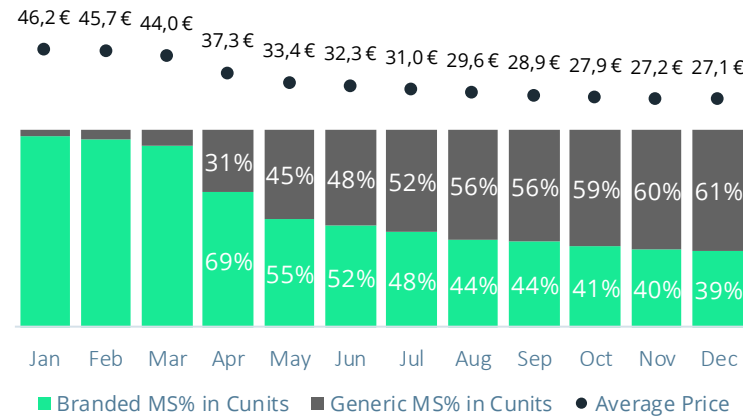
(Monthly evolution of generic market share in counting units)



- Atomoxetine, Simvastatin + Ezetimibe and Agomelatine - a high generic penetration was achieved. Generic medicines in INN Agomelatine faced supply issues.
- Febuxostat - The generic medicines entry occurred 15 months after the branded medicine's launch and both present high growth rates.

Simvastatin + Ezetimibe

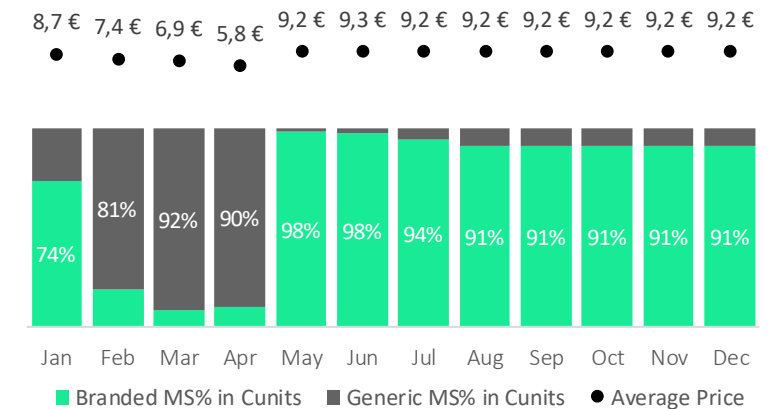
(2019; Generic and Branded Market Share in counting units %; Average Price €)



- In 2018, Simvastatin + Ezetimibe reference group was suspended, leading to the generic market share regression.
- In 2019, the generic medicines market share surpassed 60%, levered and lowered the average value per package by 40%.

Sotalol

(2019; Generic and Branded Market Share in counting units %; Average Price €)



- In the first four months following the Sotalol generic entry (1 generic medicine), the branded name medicine faced supply issues, which lead the generic medicine to 90% of market share;
- After the first four months, the generic medicine faced supply issues and holds presently 9% of market share.

Notes: INN - International Non-proprietary Name; This analysis only includes medicines within a reference group - GH

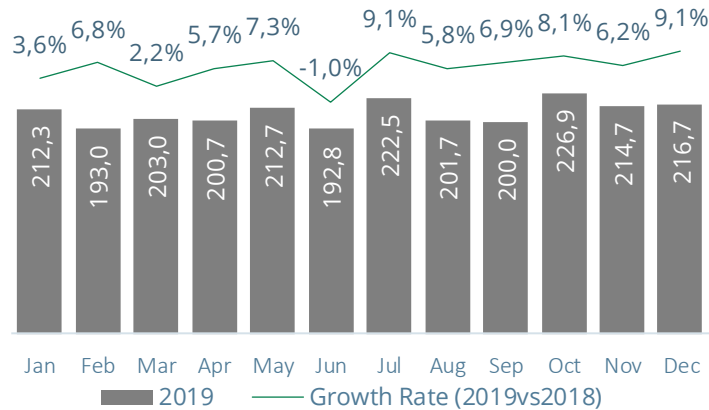
Source: HMR; HMR Consulting Service analysis

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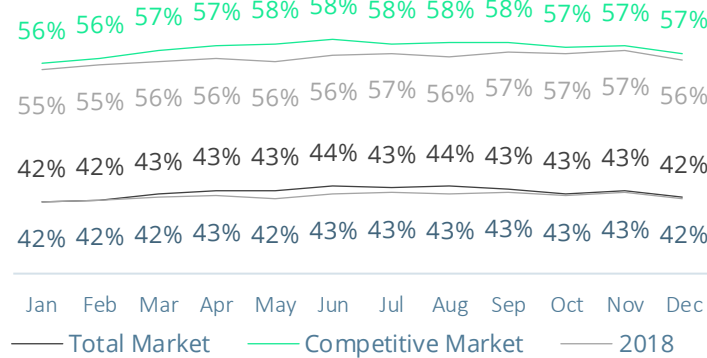
PHARMA MARKET | PRESCRIPTION-ONLY MEDICINES

Regarding the medicines subject to prescription, the increase in market penetration of generic drugs (compared to 2018) is highlighted, as well as the increase in the average price per pack in branded medicines – due to the entry of new medicines

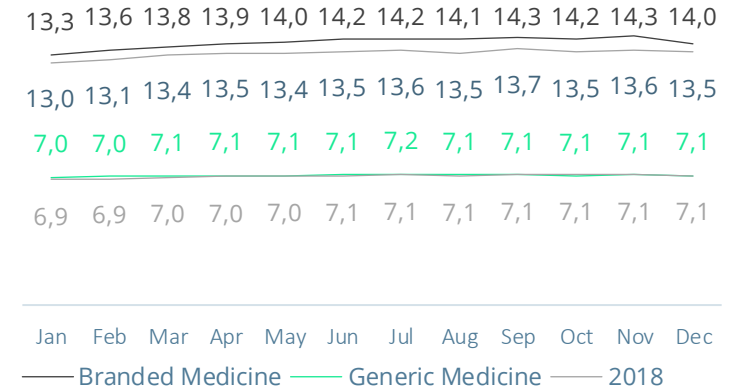
Sell-Out
(2019; Sell-Out Value Million €)



Generic Market Share
(2019 vs 2018; Sell-Out Counting Units %)



Average Price (Generic vs Branded Medicines)
(2019 vs 2018; Value €)



- Comparing to 2018, the market presented a similar monthly seasonality but with an overall growth;
- In units, the market grew 2,9% – a growth rate for the second consecutive year - and grew 5,8% in value.

- The market share of generics in the total market reached a maximum of 44% in 2019;
- Analyzing the medicines in the competitive market (with generics in the market) the generic share reaches 58%;
- Past political measures continue to influence these results (i.e. the government incentive to pharmacies that dispense generic packages).

- Compared to 2018, there was an increase in the average price, with higher expression in the branded medicines related to the entry of innovators;
- The entry of new medicines (branded and generic) led to an average increase to the average price per package of €0,15 for branded medicines and only €0,02 for the generic medicines.

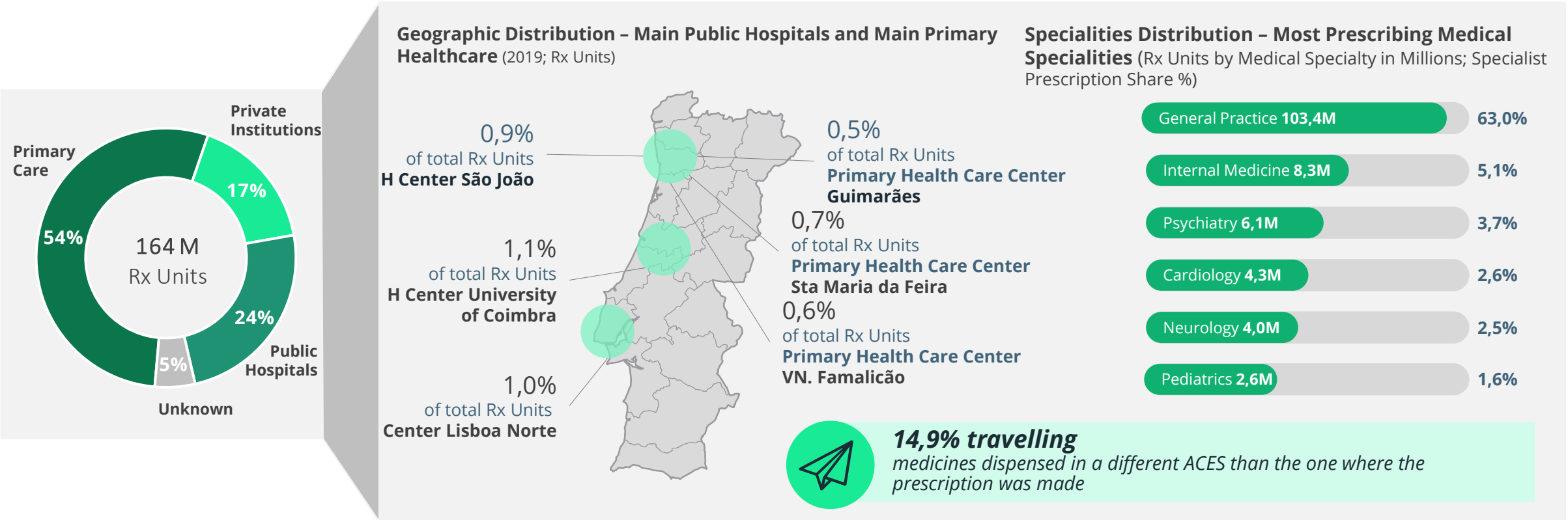
Notes: Competitive Market includes medicines within a reference group - GH and with generics in the market for non-reimbursed medicines

Source: HMR; HMR Consulting Service analysis

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PHARMA MARKET | PRESCRIPTION JOURNEY (1/2)

In 2019, 164 million outpatient medicines were prescribed by different medical specialities in public and private institutions, of which about 15% were dispensed in pharmacies outside the origin prescription ACES

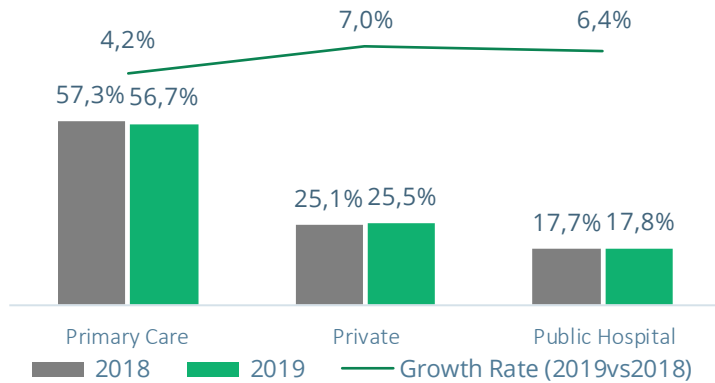


Notes: Rx units consists in sales of prescription medicines arising from a medical prescription; Main prescribing institutions and specialities based on the number of prescriptions made in 2019; ACES - Health Care Center Group
 Source: HMR; HMR Consulting Service analysis

PHARMA MARKET | PRESCRIPTION JOURNEY (2/2)

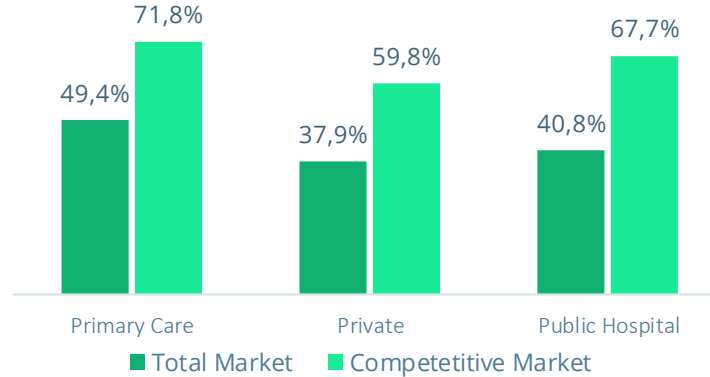
There was an increase in the volume of medical prescriptions as well as significant differences in the weight of generic medicines dispensed according to the origin of the prescription

Prescription Origin
(2018-2019; Rx Units Million)



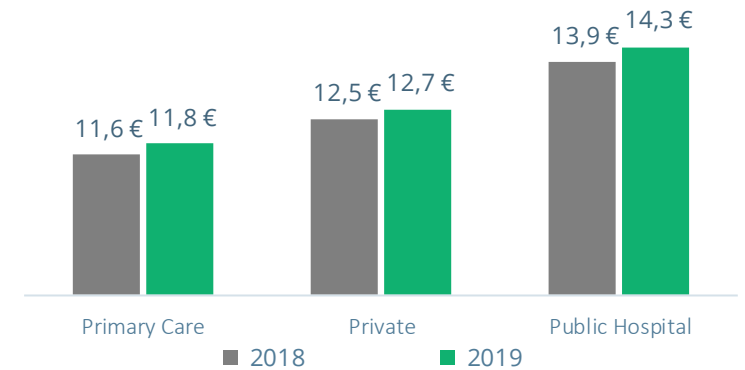
- There was a growth of 4% corresponding to 6,4M Units in the number of prescription medicines packages between 2018 and 2019;
- The number of Rx Units increased 2,6M in private health institutions, including private practices, private hospitals and private institutions of social solidarity.

Generic Market Share
(2019; Total Market and Competitive Market; Rx Counting Units %)



- As for generic medicines, the highest percentage comes from primary care rounding 50% Generic Share;
- Analyzing only the market for which there is a generic medicine (reference group - GH), although there is a significant volume in the dispensing of generic medicines, there is a divergence between primary care facilities and private of 12,0 p.p.

Average Price
(2018-2019; Value €)



- The increase in the average subsidized price for prescription medicines is in line with the market dynamics; it could be noted an increase in the average price across all the prescription sources. The weight of new medicines prescription at hospital level in relation to the proportion of more affordable medicines for the control of chronic conditions and performance indicators related with medicine expenditure in primary care might account for divergence among the prescription sources.

Notes: Unknown Prescription Entity Type excluded
Source: HMR; HMR Consulting Service analysis

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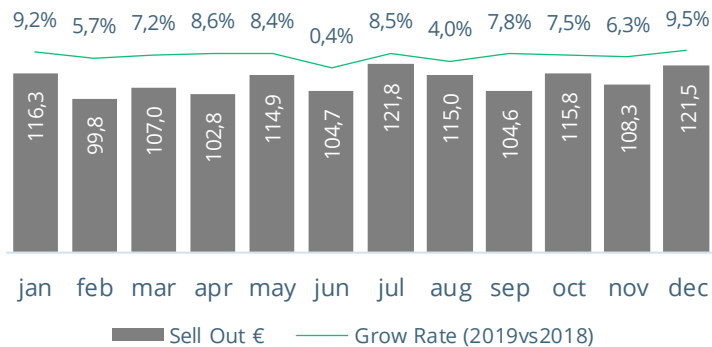
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CONSUMER HEALTHCARE MARKET (1/2)

The consumption behaviour of Consumer Healthcare products maintains a seasonality similar to the one observed in 2018, highlighting a greater growth in the consumption of these products in both channels, mainly in the Mass Market

Sell-Out - Total

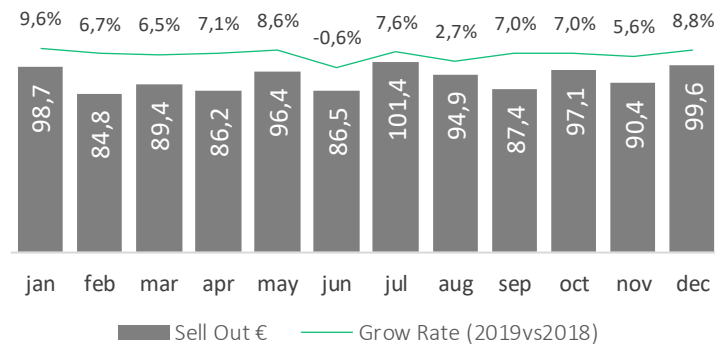
(2019; Sell-Out Value Million €; Growth Rate %)



- Compared to 2018, there was a market growth of 6,9%, corresponding to an increase of €86,3M;
- There is a slight decrease in the relative value of sales in Pharmacy, from 83,9% to 83,5%.

Sell-Out - Pharmacy

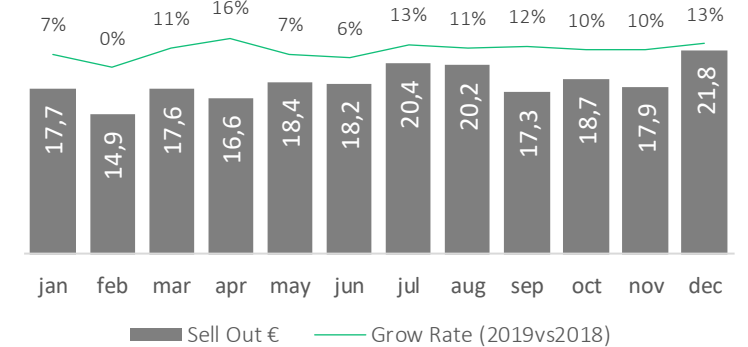
(2019; Sell-Out Value Million €; Growth Rate %)



- In the Pharmacy channel, there was a 6,4% growth of the market, corresponding to an increase of €66,8M;
- OTC segment represents 35,7% of Pharmacy network.

Sell-Out - Mass Market

(2019; Sell-Out Value Million €; Growth Rate %)



- The Mass Market network (chain stores Sonae, Jerónimo Martins, Auchan and ECI, excluding street parapharmacy) was characterized by an increase of 9,8%, corresponding to approximately €19,5M, compared to 2018;
- Personal care segment represents 43,6% of Mass Market network.

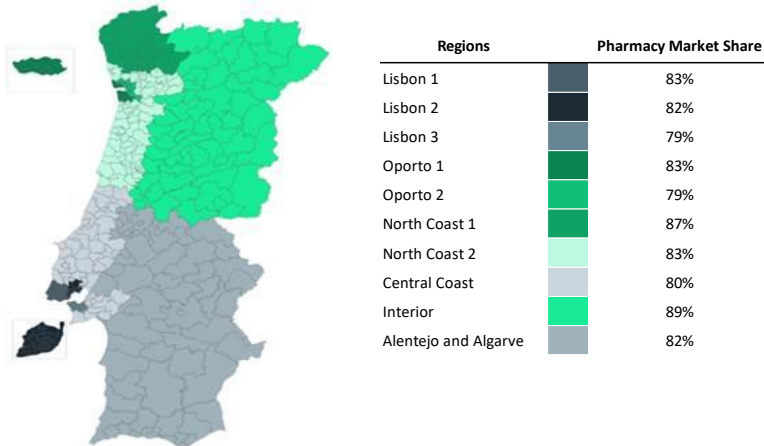
Notes: In this analysis, Consumer Healthcare includes OTC medicines, patient care, personal care, supplements ,nutrition and homeopathic segments

Source: HMR; HMR Consulting Service analysis

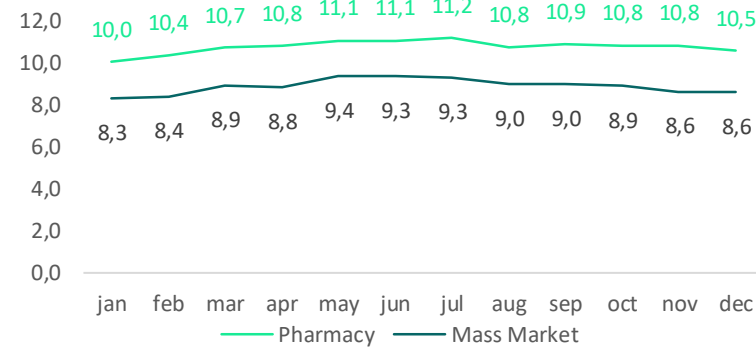
CONSUMER HEALTHCARE MARKET (2/2)

The Pharmacy remained as the preferred network for the Consumer Healthcare market and although it maintains the higher average prices, seasonally there is an approximation of the networks regarding the average sales per point-of-sale

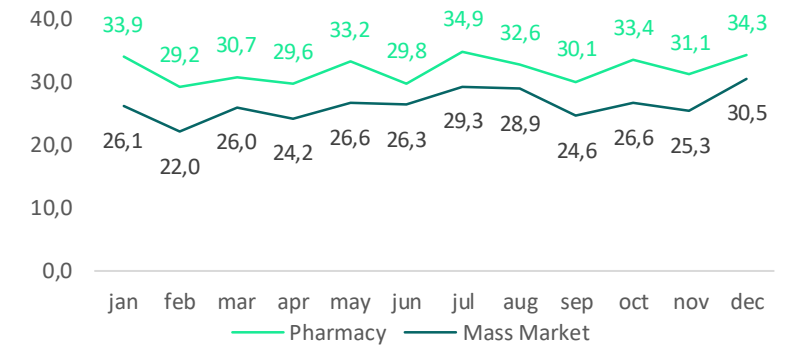
Pharmacy Market Share
(2019; % of Sell-Out Value)



Average Price
(2019; Sell-Out Average Price €)



Average Sale per Point-of-Sale
(2019; Sell-Out Average Value Thousand €)



- At national level, the Pharmacy network accounts 83,5% of the Consumer Healthcare market (supplements, nutrition, patient care, personal care and OTC). It represents less 0,4 p.p. than observed in 2018 (SO Values). SO Units analysis shows exactly the opposite trend;
- The outlying areas of the cities of Lisbon and Oporto stand out for Mass Market growing market share.

- When analyzing the six segments, the Pharmacy network presents a higher average price for the different typologies of products;
- Compared to 2018, the average price in the Pharmacy network increased by 3,5% (corresponding to €0,36) and by 1,0% (around €0,09) in the Mass Market channel.

- It is visible an alignment of the behaviour in the different networks, with a higher volume of average sales in the Pharmacy. In the summer and Christmas periods the Mass Market network leveraged by the increase in sales of personal care and OTC products, respectively;
- It should be noted the high disparity within the Mass Market network, by including physical stores (high volume of sales of personal care products) and medicine cabinet (OTC sales).

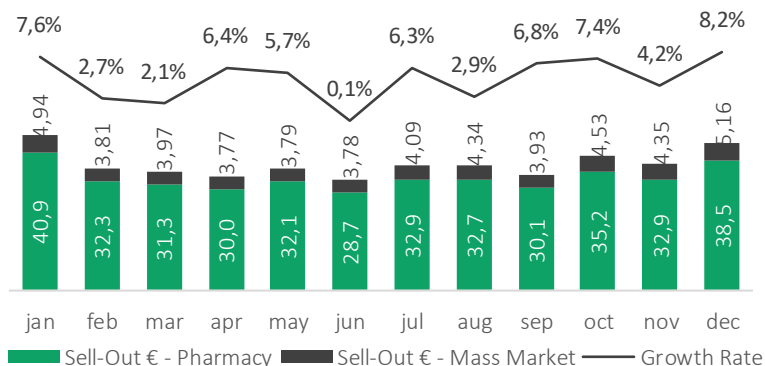
Source: HMR; HMR Consulting Service analysis

CONSUMER HEALTHCARE | OVER-THE-COUNTER MARKET

The consumption pattern has seasonal variants, namely in the OTC segment in both networks. Pharmacy network accounted for 88,7% of the sales of this segment

Sell-Out

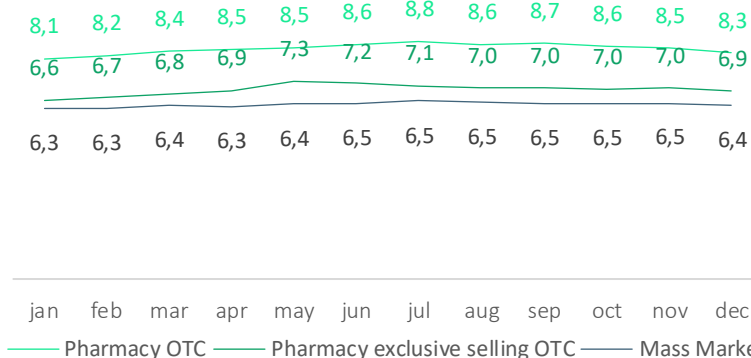
(2019; Sell-Out Value Million €; Growth Rate)



- In comparison to 2018, there is a 5,1% growth in the market, corresponding to an increase of €21,8M;
- About 9,8% of the sales of the Pharmacy network represents non-prescription medicines for exclusive sale in a Pharmacy (MNSRM-EF), noting an increase of 0,9 p.p. regarding 2018;
- The OTC segment accounts for 35,7% of the sales in the Pharmacy network and 23,0% in the Mass Market one.

Average Price

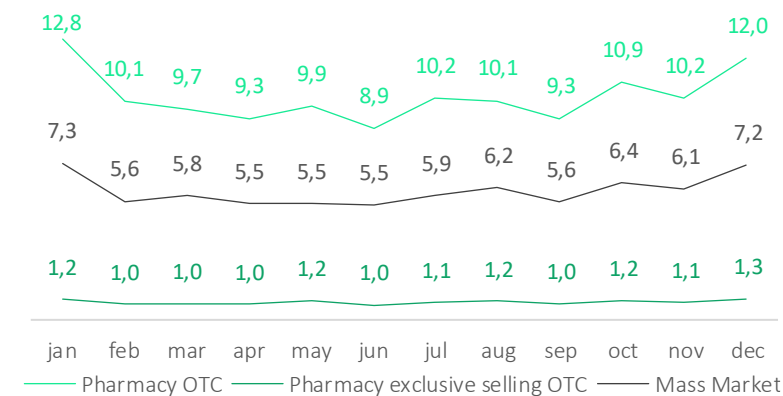
(2019; Sell-Out Average Price €)



- It is noteworthy a higher average price practised in the Pharmacy network, transversal to the main classes of OTC medicines, maintaining the tendency verified in 2018;
- Overall there is an increase in the average price per unit in the Pharmacy network, from €8,0 to €8,3 and in the Mass Market network from €6,2 to €6,4.

Average Sale per Point-of-Sale

(2019; Sell-Out Average Value Thousand €)



- The OTC market stands out for maintaining the seasonal consumption patterns, both in the Pharmacy and Mass Market networks;
- Monthly average sales in the Pharmacy network increased by about 4,5% and 1,3% in the Mass Market network, potentially due to the opening of new selling points of cabinet typology.

Notes: Over-the-counter are medicines that can be sold directly to a consumer without a prescription from a healthcare professional

Source: HMR; HMR Consulting Service analysis

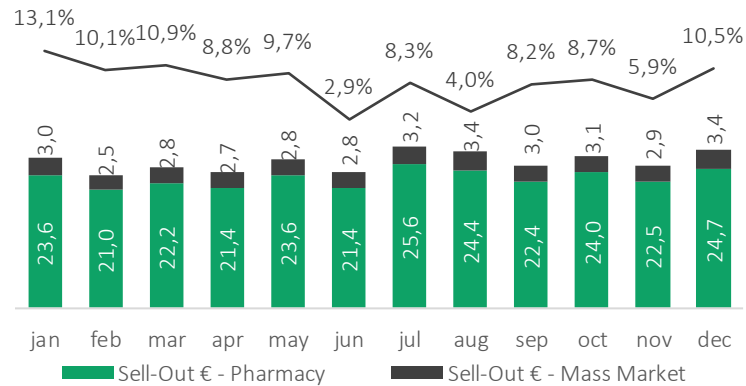
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CONSUMER HEALTHCARE | PATIENT CARE MARKET

Although a growth of €24,1M is highlighted in the patient care market, monthly fluctuations in consumption remain in comparison to 2018

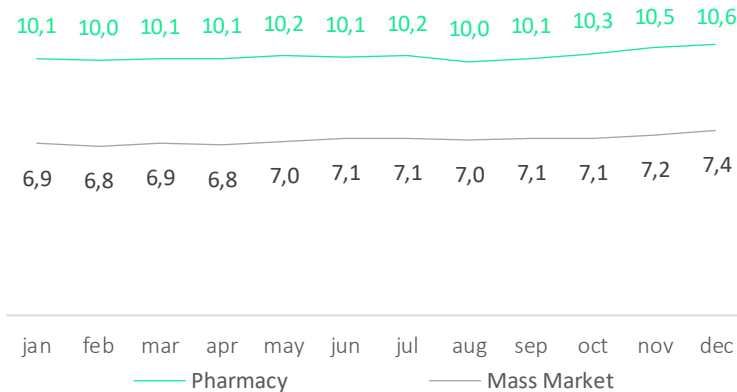
Sell-Out

(2019; Sell-Out Value Million €; Growth Rate)



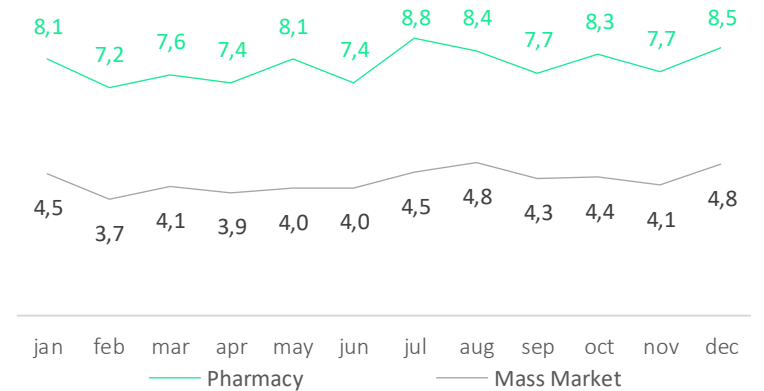
Average Price

(2019; Sell-Out Average Price €)



Average Sale per Point-of-Sale

(2019; Sell-Out Average Value Thousand €)



- There was an increase of 8,4% of the market, corresponding to an increment of €24,1M, with a growth of 8,1% in the Pharmacy network and 10,7% in the Mass Market network;
- The weight of sales in the Pharmacy network accounted for about 88,6%;
- The patient care segment represents approximately 24,9% of the Pharmacy sales and 16,2% of the Mass Market network.

- It is noteworthy a lower average price practised in the Mass Market network, to the main groups of patient care, maintaining the tendency verified in 2018.

- The patient care market stands out for the maintenance of seasonal consumption patterns, both in the Pharmacy and Mass Market networks;
- Monthly average sales in the Pharmacy network increased by 8,0%. In the Mass Market network was also observed an increase of 2,0%.

Notes: Patient Care segment includes medical and personal devices; Reimbursed medical devices are included in the present analysis

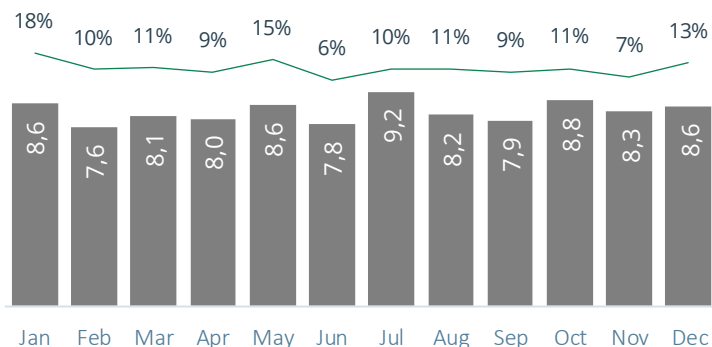
Source: HMR; HMR Consulting Service analysis

CONSUMER HEALTHCARE | PATIENT CARE MARKET REIMBURSED

MEDICAL DEVICES

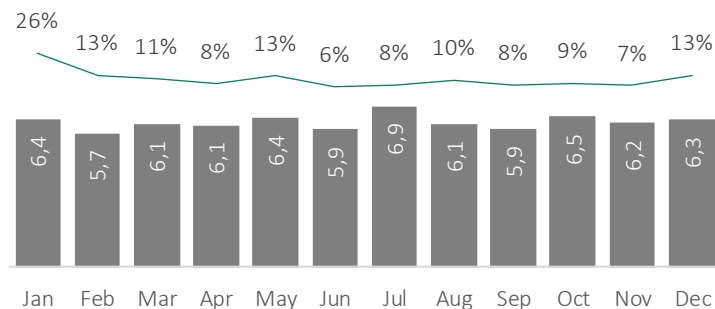
The continuous growth in the market for reimbursable medical devices since 2018 is due to the launch with reimbursement of a new non-invasive interstitial glucose control device in January 2018, accounting for €12,2M in market sales value in 2018 and €21,7M in 2019

Reimbursed Medical Devices Sell-Out
(2019; Sell-Out Value Million €; Growth Rate %)



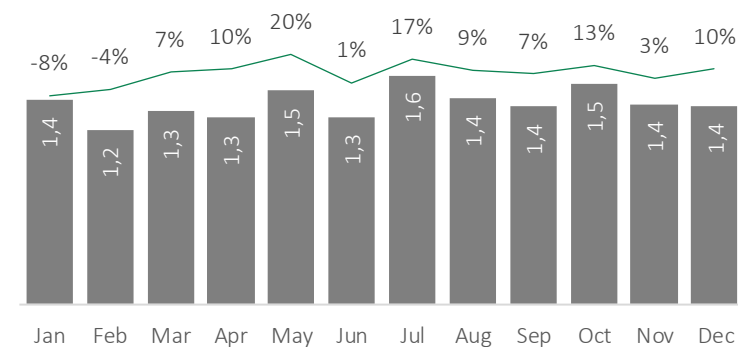
- There was a growth of 10,8% in sales of reimbursable medical devices, corresponding to an increase of €9,7M compared to 2018; From the annual market value of 2018 (€99,7M), 21,6% corresponds to the new glucose monitoring device in the interstitial liquid, launched in January 2018;
- The medical devices included in the Diabetes Protocol represent 74,8% of the market, followed by the group of Elimination Ostomy Aids, with 16,9%.

Diabetes Protocol Sell-Out
(2019; Sell-Out Value Million €; Growth Rate %)



- After a period of increase in 2018, the segment has grown 10,8%, corresponding to around €10 M between 2018 and 2019.

Elimination Ostomy Aids Sell-Out
(2019; Sell-Out Value Million €; Growth Rate %)



- The market has remained stable in the last year, with an annual growth of 6,8%.

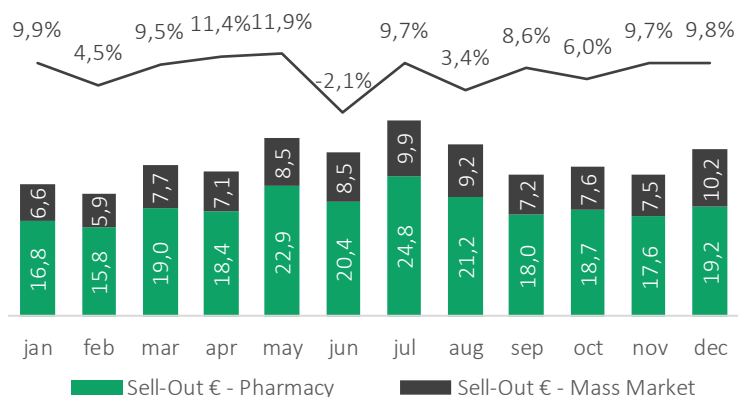
Source: HMR; HMR Consulting Service analysis

CONSUMER HEALTHCARE | PERSONAL CARE MARKET

The personal care segment stands out for the seasonal oscillation, being responsible for an increment in the summer and end-of-year months, with greater emphasis on the Mass Market groups

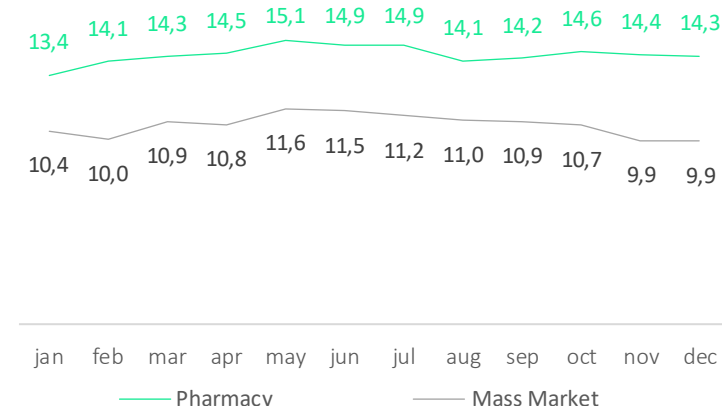
Sell-Out

(2019; Sell-Out Value Million €; Growth Rate)



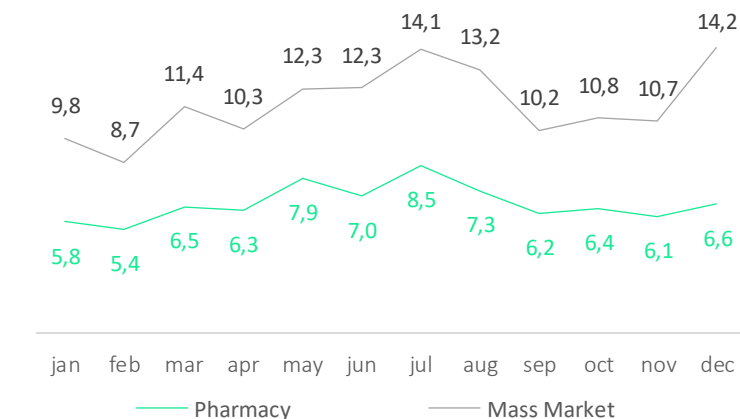
Average Price

(2019; Sell-Out Average Price €)



Average Sale per Point-of-Sale

(2019; Sell-Out Average Value Thousand €)



- There was a 7,5% increase in the market (€23,0M) with a growth of 6,5% in the Pharmacy network and an increase of 10,2% in the Mass Market network;
- The weight of sales in the Pharmacy network accounted for about 70,8%, with a decrease of 0,7% compared to 2018;
- The personal care segment represents about 20,9% of the sales of the Pharmacy network and 43,6% of the Mass Market sales.

- It is noteworthy a higher average price practiced in the Pharmacy network, in the main groups of personal care products, maintaining the tendency verified in 2018;
- There is an increase in the average price per product compared to 2018 for the Pharmacy network of 1,4% and a decrease of 0,3% in the Mass Market.

- The seasonal pattern of consumption of personal care products presents a more significant expansion in the Mass Market network: increase compared to the previous month in the sunscreen from May to August and anti-ageing group and wrinkle for women in March and December;
- Comparing with 2018, there is an increase in the average value by point-of-sale in Pharmacy (6,5%), as well as in Mass Market (1,4%).

Notes: Personal Care segment includes beauty and personal hygiene

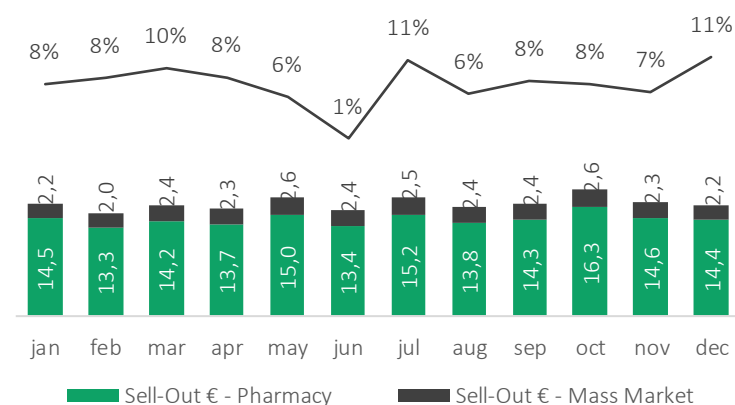
Source: HMR; HMR Consulting Service analysis

CONSUMER HEALTHCARE | SUPPLEMENT MARKET

The supplement segment, concentrated on 85,9% of the Pharmacy network, presented a sales growth in Pharmacy and the Mass Market, maintaining the sales peaks in May, July and October

Sell-Out

(2019; Sell-Out Value Million €; Growth Rate)



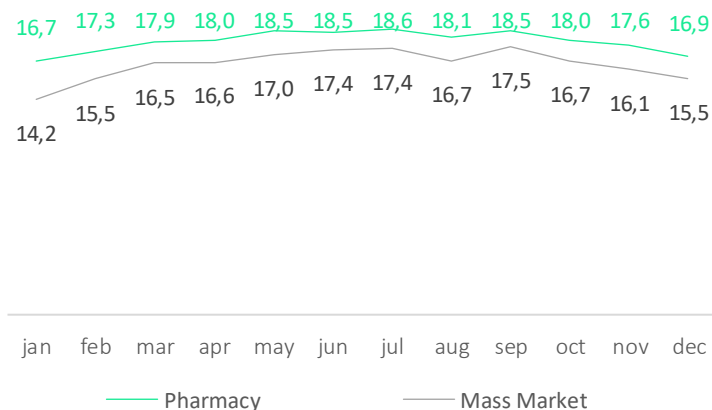
- In comparison to 2018, the market increased 7,6% (€14,2M), with a growth of 7,4% in the Pharmacy network and 8,5% in the Mass Market channel;
- The weight of sales in the Pharmacy network accounted for 85,9%, with a decrease of 0,1 p.p. compared to 2018. The supplements segment represents about 15,5% of the Pharmacy network sales and 12,9% of the Mass Market network.

Notes: Supplement segment includes alimentary supplements

Source: HMR; HMR Consulting Service analysis

Average Price

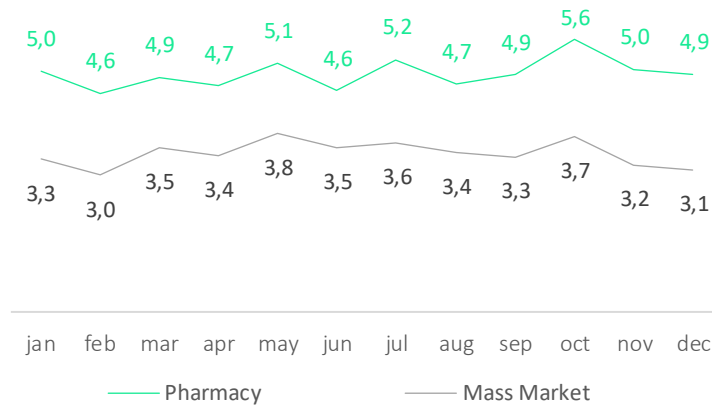
(2019; Sell-Out Average Price €)



- It is noteworthy a higher average price practiced in the Pharmacy network, to the main groups of supplements, maintaining the tendency verified in 2018;
- Although there is a higher average price in the Pharmacy network, the proximity of the values may be explained by the high proportion of sale of anti-hair loss or hair strengthening and anti-aging supplements in the Mass Market network, for example.

Average Sale per Point-of-Sale

(2019; Sell-Out Average Value Thousand €)



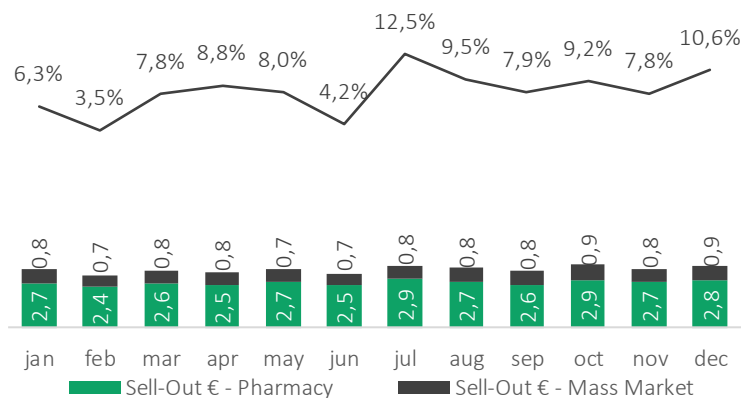
- The average sales value showed similar behaviour in both networks, with a peak referring to the increase in the sales in the area of hair care and multivitamins, in October.

CONSUMER HEALTHCARE | NUTRITION MARKET

The nutrition segment presented a growth of 8,1% due mainly to the increase in the volume of sales in the Pharmacy network (9,0%)

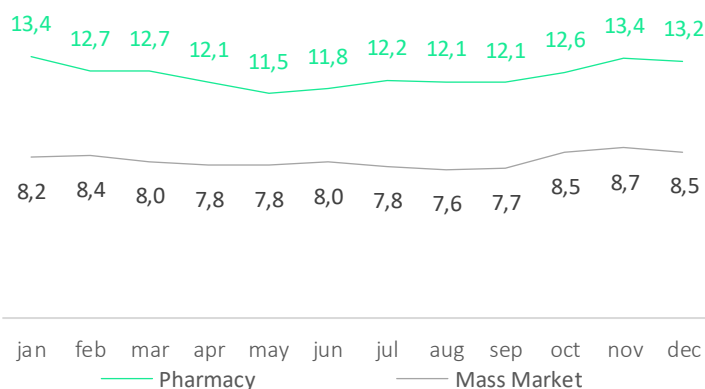
Sell-Out

(2019; Sell-Out Value Million €; Growth Rate)



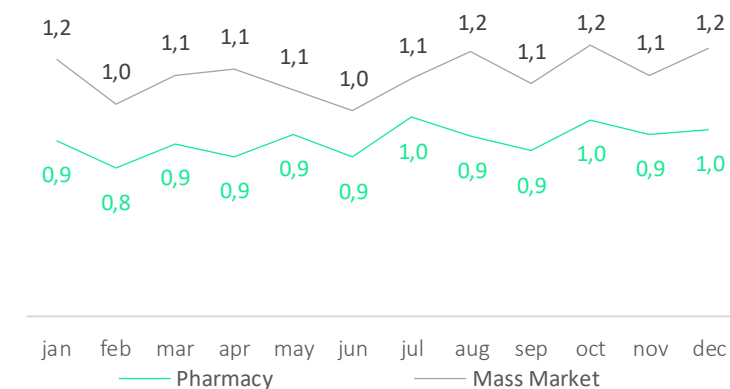
Average Price

(2019; Sell-Out Average Price €)



Average Sale per Point-of-Sale

(2019; Sell-Out Average Value Thousand €)



- The segment presents an 8,1% growth (€3,1M) in sell-out, highlighting the growth of the Pharmacy by 9,0% and 4,8% in the Mass Market;
- The weight of the Pharmacy in 2018 was of 77,3%, presenting an increase of 0,7 p.p. compared to the homologous period;
- The nutrition segment represents about 2,9% of the Pharmacy network sales and 4,3% of the Mass Market one.

- The Pharmacy presents an average price higher than the Mass Market, justified by the sale of specific food products (rare metabolic diseases or phenylketonuria);
- The Mass Market stands out by the high ponder of infantile feeding (formulas and porridges) that lower the average price;
- There is a decrease in the practiced average prices, 2,7% in the Pharmacy channel and 6,8% in the Mass Market one.

- Although the Pharmacy network practices a higher average price, the specificity of the products sold, concentrated in some pharmacies, decreases the average monthly sales value per Pharmacy, to one below that observed in the Mass Market
- Regarding 2018, the Pharmacy network had a growth of 9,0% of the average sales value per store, while the Mass Market had a decline of 3,5%.

Notes: Nutrition segment includes dietetic and nutrition products

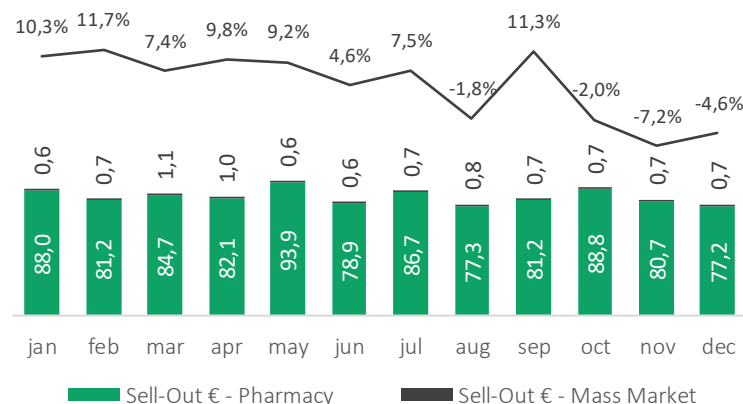
Source: HMR; HMR Consulting Service analysis

CONSUMER HEALTHCARE | HOMEOPATHIC MARKET

The homeopathic segment, concentrated on 99,1% in the Pharmacy network, presented a sales growth only in Pharmacy network, with a sales peak in May

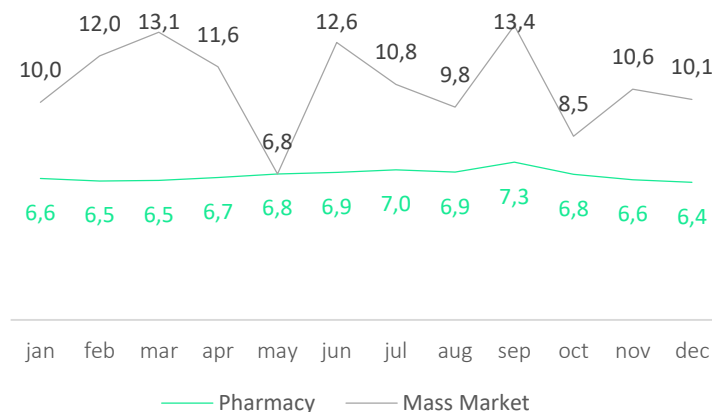
Sell-Out

(2019; Sell-Out Value Million €; Growth Rate)



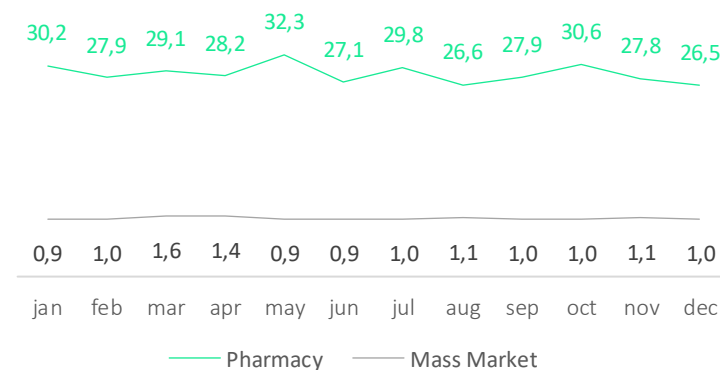
Average Price

(2019; Sell-Out Average Price €)



Average Sale per Point-of-Sale

(2019; Sell-Out Average Value Thousand €)



- There was a 4,4% increase in the market (€42,7m) with a growth of 5,7% in the Pharmacy network and a marked decrease of 55,0% in the Mass Market network;
- The weight of sales in the Pharmacy network accounted for about 70,8%, with a decrease of 0,7 p.p. compared to 2018;
- The homeopathic segment represents about 0,1% of the sales of the Pharmacy network and less in the Mass Market sales.

- It is noteworthy a higher average price practiced in the Mass Market network, with exception of May;
- The higher average price in the Mass Market network may be explained by the high price of the product "V-C 15 Forte Neo", that has a high weight in this network sales. This product may also explain the drop of the average price observed in this network, as it registered a fall in its sales.

- Although the Mass Market network practices a higher average price, the huge concentration of the sales in this segment increases the average monthly sales value per Pharmacy;
- Regarding 2018, the Pharmacy network had a growth of 5,6% of the average sales value per store, while the Mass Market had a decline of 53,6%.

1

PORTUGAL'S OUTPATIENT MARKET

1.1

PHARMA MARKET

1.2

CONSUMER HEALTHCARE MARKET

2

PORTUGAL'S KEY INDICATORS

3

ABOUT HMR - HEALTH MARKET RESEARCH

POLITICAL CONTEXT (1/2)

Regarding freedom indicators, Portugal has positive stable levels

Context (1/2)

- Portugal is a stable parliamentary democracy with a multiparty political system and regular transfers of power between the largest parties;
- Regarding freedom indicators, ongoing concerns include corruption, certain legal constraints on journalism, and poor or abusive conditions for prisoners;
- In recent years, prosecutors have pursued corruption cases against top officials;
- The exposure of high-profile corruption cases (corruption scandals involving high-level politicians, local administrators and businesses abusing public funds) and the limited political engagement have contributed to poor public perception of political corruption.

Freedom Indicators

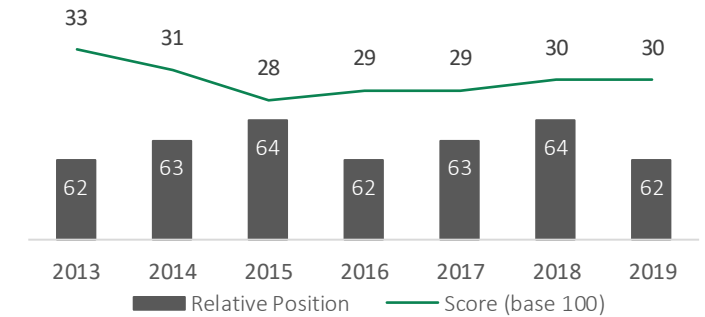
(2019)

Political Freedom
Free - Freedom Rating 1/7 Political Rights 1/7 Civil Liberty 1/7 (1=Most Free, 7=Least Free)
World Press Freedom Index
Score 12.63 (-1,54 compared to 2018) World Ranking 12/180 (2 places up compared to 2018)

- Political Freedom provides an evaluation of the state of freedom as experienced by individuals, and measures freedom according to two broad categories (political rights and civil liberties);
- Press freedom reflects the degree of freedom enjoyed by journalists, the media and digital citizens and the means used by states to respect and uphold this freedom.

Corruption Perceptions Index

(2013-2019)



- Portugal is the 30th least corrupt nation out of 180 countries, according to the Corruption Perceptions Index;
- There is a moderate to low risk of corruption when dealing with Portuguese police (score 62/100);
- New allegations of politician corruption have caused internal discomfort.

Source: Freedom House - Freedom in the World 2019; Worldwide Press Freedom Index 2019; Transparency International - Corruption Perceptions Index; HMR Consulting Services analysis

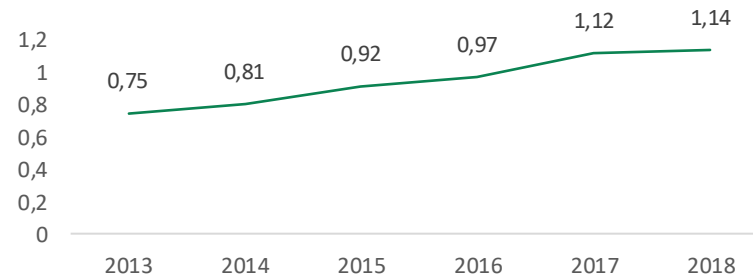
POLITICAL CONTEXT (2/2)

Portugal has maintained relative political stability, which leads to greater confidence for foreign investment and better results in credit ratings.

Context (2/2)

- António Costa, the Socialist Party (PS) leader, was appointed prime minister in October 2019. His minority government faces political pressures without any working coalition;
- Despite the current political stability and Portuguese improving economy, unions have been hard to appease;
- Portugal exited its EU/IMF bail-out in 2014 and is repaying its IMF loan ahead of schedule, although the weak financial sector continues to pose risks;
- Thanks in part to this economic recovery, Portugal's credit rating was lifted from speculative grade.

Political Stability Index
(2013-2018)



- Since 2013, there is a constant growth of the world bank political stability index and, in 2017, Portugal has it's first appearance in the FDI Confidence Index (22nd place);
- In December 2018, the government has received 47 strike notifications across a range of sectors, most concerningly, in the healthcare system.

Risk Indicators
(January 2020)

	S & P	Moody's	Fitch
Rating	BBB	Baa3	BBB
Outlook	Positive	Positive	Positive

- In general, a credit rating is used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness of Portugal thus having a big impact on the country's borrowing costs;
- According to these results, Portugal has "capacity and commitment to honor obligations currently but somewhat susceptible to changes in economic climate".

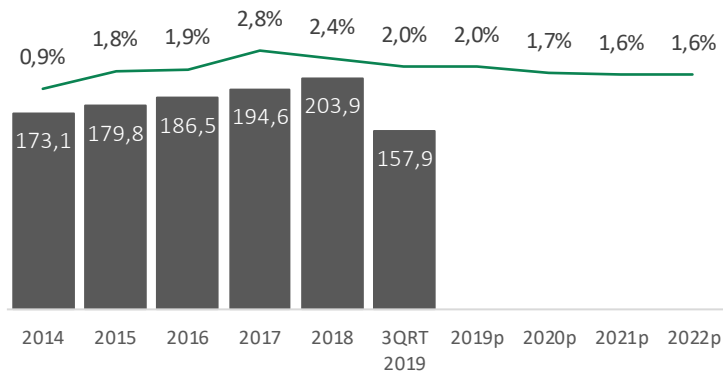
Notes: Political Stability Index (-2,5 weak; 2,5 strong); FDI – Foreign Direct Investment

Source: The Economist Intelligence Unit; Agency for Investment and Foreign Trade of Portugal (AICEP); The World Bank - Worldwide Governance Indicators 2018; Trading Economics; Diverse Portuguese Media; HMR Consulting Service analysis

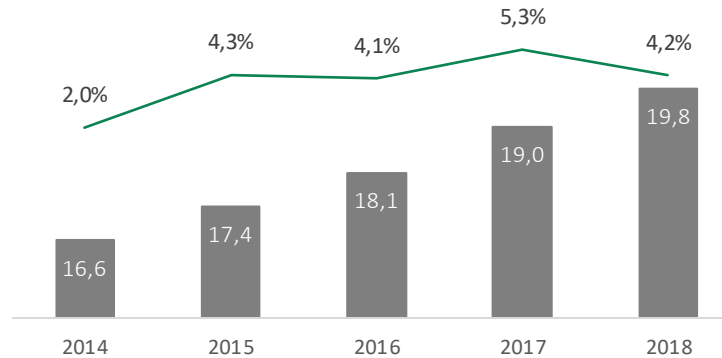
ECONOMIC INDICATORS (1/3)

Real GDP growth stood at 2,4% in 2018, and it's estimated an expansion of 2,0% in the end of 2019 and a growth forecast of 1,7% on average in 2020. This recent prosperity has allowed the country to reduce its budget deficit

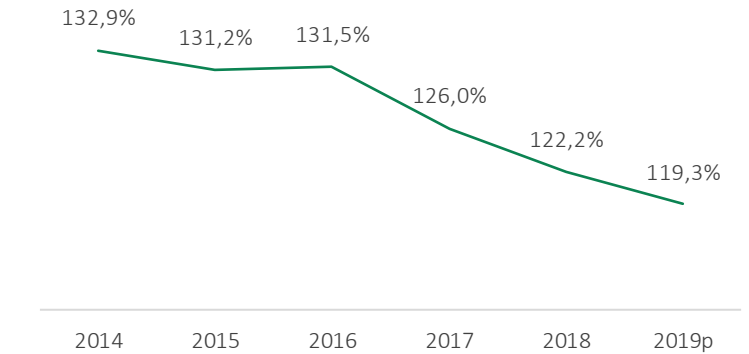
Nominal GDP and GDP Growth Rate
(2014-2019; Current Price in Billion €; %)



GDP per capita
(2014-2019; Current Price in Thousand €; %)



Public Debt
(2014-2019; % of GDP)



- The Portuguese economy grew 2,4% in 2018 according to the AICEP;
- According to Banco de Portugal, the economy is expected to continue to grow, but more slowly, over the 2019-22 year span.

- Between 2014-2018 there was a constant growth of GDP per capita in Portugal;

- There was a positive development in the reduction of public debt to 124,8% of GDP at the end of 2017, 4,4 p.p. below the recorded in 2016;
- In October 2018, public debt stood at €251,1b, increasing €2,1b from the end of September;
- Portuguese public debt as a percentage of GDP is still among the highest in the European Union.

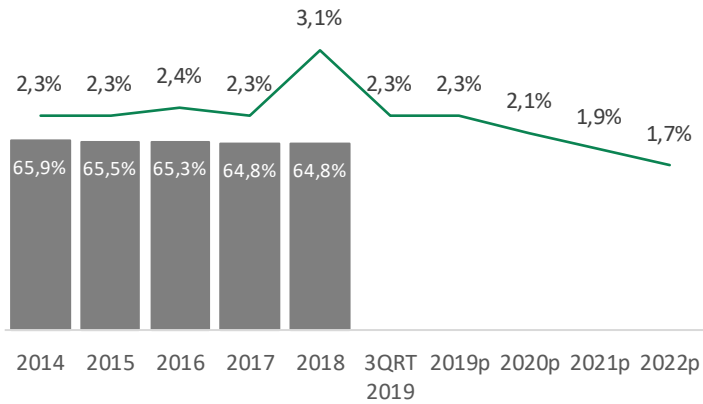
Notes: p – projection; GDP - Gross Domestic Product

Source: National Institute of Statistics; AICEP - Portugal Main Economic Indicators December 2018; Banco de Portugal – Projections for the Portuguese Economy December 18th; European Commission; HMR Consulting Service analysis

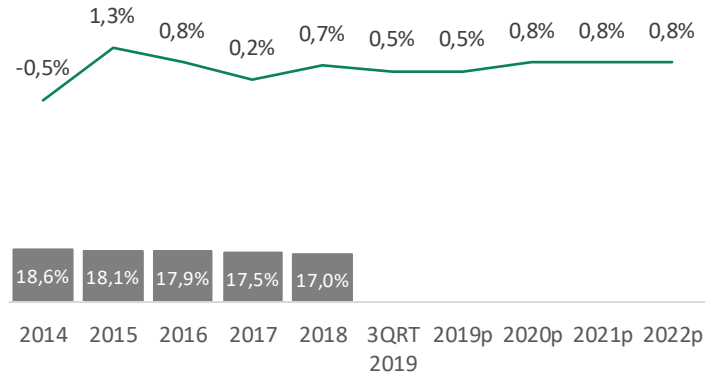
ECONOMIC INDICATORS (2/3)

The Portuguese economy grew in 2018 as a result of higher growth of exports, domestic demand (investment) and private consumption

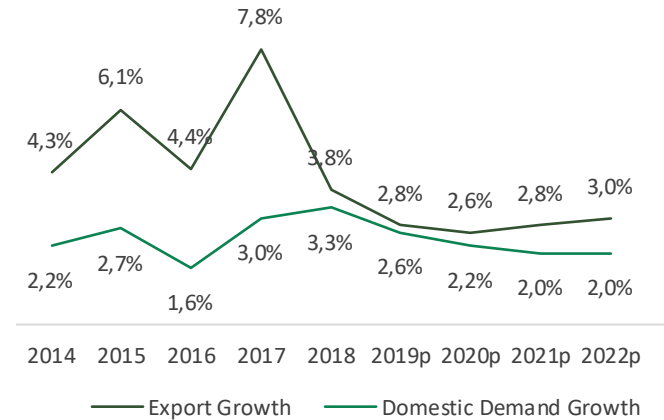
Private Consumption and respective Growth (2013-2020p; % of GDP; Change year on year in %)



Public Consumption and respective Growth (2013-2020p; % of GDP; Change year on year in %)



Exports and Domestic Demand (2013-2020p; Change year on year in %)



- The weight of private consumption in GDP has remained unchanged and respective growth projections are consistent with the expected growth of economy;
- According to the projections of Banco de Portugal, these trends are expected to continue and are consistent with a sustainable growth profile of the Portuguese economy.

- In 2019 (3QRT), public consumption increased 0,5% due the growth of number of civil servants in the first half of the year and the punctual impact of expenses related to the wildfires;
- It is expected a gradual stabilization of public consumption.

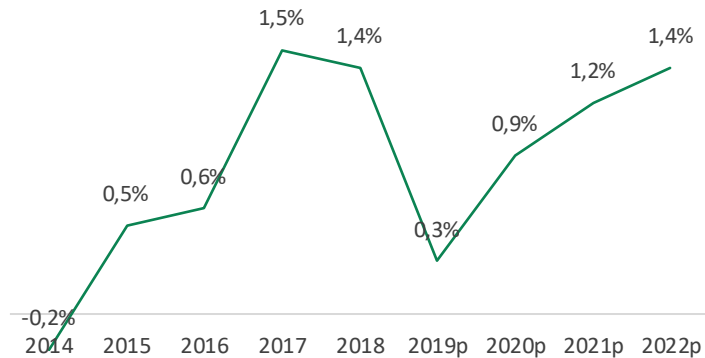
- In 2019 it's expected a Export growth of 3,1%, the minimal of the last 5 years;
- The contribution made by domestic growth is also projected by Banco de Portugal to decrease over the projection horizon.

Notes: p – projection; GDP - Gross Domestic Product

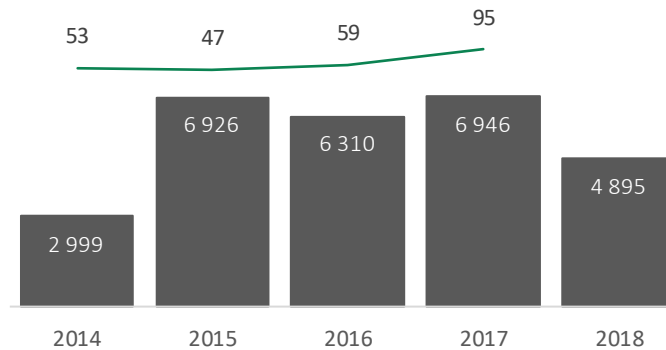
Source: National Institute of Statistics; AICEP - Portugal Main Economic Indicators December 2018; Banco de Portugal – Projections for the Portuguese Economy December 18th; HMR Consulting Service analysis

Foreign Direct Investment is considered a priority by the Portuguese Government

Inflation and Consumer Price Index Growth Rate
(2014-2021p; %)



Foreign Direct Investment (FDI)
(2014-2018; Million USD; Number of projects)



Foreign Direct Investment Promotion

- The country has recently launched the development of renewable energies, specifically solar energy (Portugal has the second largest solar power station in the world) and wave power (obtained from wave movements). These sectors could provide new opportunities to foreign investors, so as the IT and tourism sectors. Portugal also created "free zones" to strengthen technology-driven investments. Citizenship by Investment (CBI) via Portugal's Golden Visa programme offers a fast track for non-EU investors to gain citizenship in six years; the programme requires investing EUR 350,000 in Portuguese companies or EUR 250,000 in companies being revitalised.
- The government also launched the "Startup Visa" programme, a hosting program for foreign investors who wish to develop new projects in the Iberic country. Portugal offers a diversified economy and benefits from its EU member status, but bureaucratic and judicial burdens can discourage FDI.

- Inflation is expected to grow, after the 2019 fall, over the projection horizon, reflecting some domestic inflationary pressures stemming from wage costs;
- According to Banco de Portugal, the external environment is the source of the main risk factors and uncertainty surrounding the current projection.

- According to the UNCTAD World Investment Report 2018, FDI flows decreased in 2018 compared to the previous year;
- The country ranks 34th (out of 190) in the World Bank's 2019 Doing Business ranking, a sign of trust in Portugal's business environment.

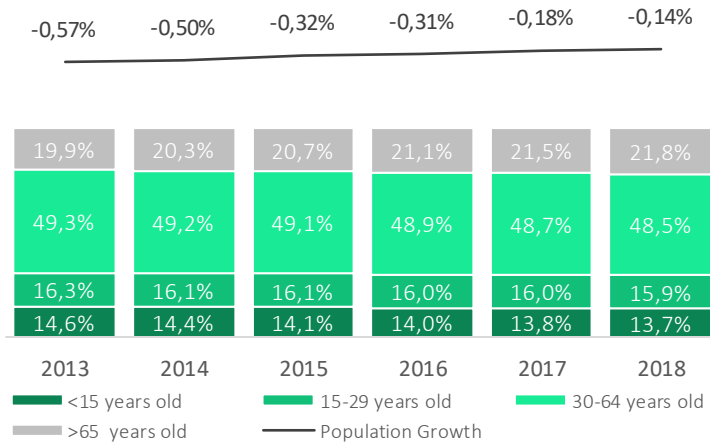
Notes: p – projection

Source: National Institute of Statistics; AICEP - Portugal Main Economic Indicators December 2018; Banco de Portugal – Projections for the Portuguese Economy December 18th; UNCTAD World Investment Report 2019; HMR Consulting Service analysis

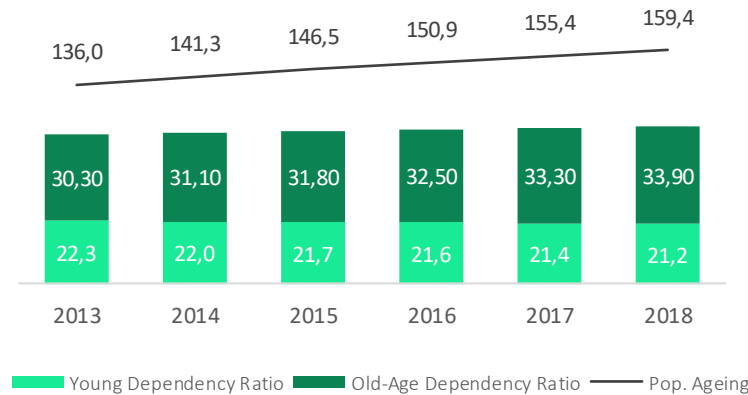
SOCIAL AND DEMOGRAPHIC CONTEXT (1/3)

Portugal's resident population continues its slow decline, with major concerns in the active population range, in part due to the disproportion in the migration balance, with a visible impact on the dependency ratios

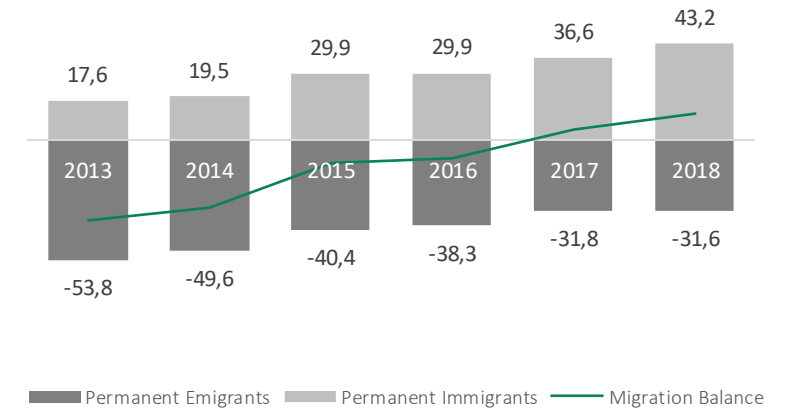
Resident Population
(2013-2018; 10⁶)



Population Ageing and Dependency Ratios
(2013-2018)



Migration Balance
(2013-2018; 10³)



- The Portuguese population has been declining since 2010, although the rate of decline has eased over the last five years;
- According to INE, the resident population in Portugal at the end of 2018 was estimated at 10.276.617, a decrease of 14.410 inhabitants from the previous year;
- There is evidence of a growing weight of older generations over the younger generations.

- There was an increase in total dependency ratio, between 2013 and 2018, from 52,6 to 55,1 (dependent population over the working class), due to the gradual increase on the Old-Age Dependency Ratio, influenced by the positive evolution of the Portuguese population's ageing index.

- Unlike most European nations, who are trying to reduce the influx of migrants, Portugal is bucking the trend by looking to immigration as a way to counter its declining population;
- In 2017, Portugal registered a positive migration balance for the first time in six years;
- In 2018 this inversion migration balance increased more.

Notes: INE - National Institute of Statistics

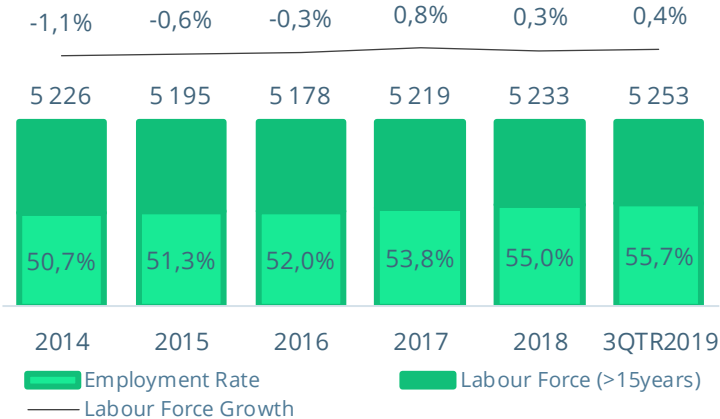
Source: The World Bank; National Institute of Statistics; United Nations Development Programme; HMR Consulting Service analysis

SOCIAL AND DEMOGRAPHIC CONTEXT (2/3)

In the third quarter of 2018, the active population was of 5.286.900 people, with an employment rate of 55,4% and an unemployment rate of 6,8%, representing a fall of 1,8pp on the previous year's rate, maintaining the decreasing trend

Labour Force and Employment Rate

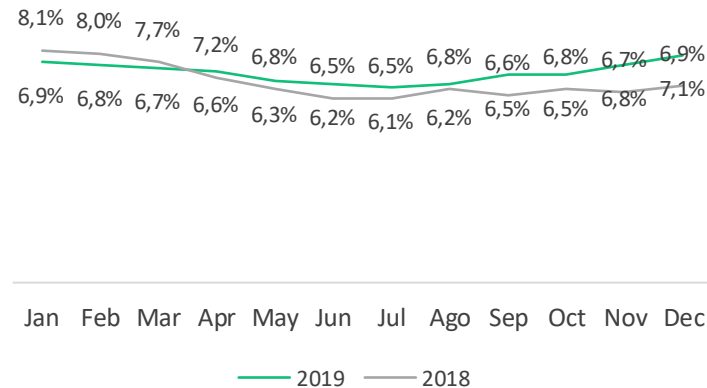
(2015-2018; Thousands; %)



- In recent years, there has been a stabilization of the labour force in Portugal, with a slight increase in annual growth and labor force participation rate (58,8% to 59,4% between 2014 and 2018);
- OECD's forecast for the Portuguese labour force in 2019 will be 5.253.813 people.

Unemployment Rate

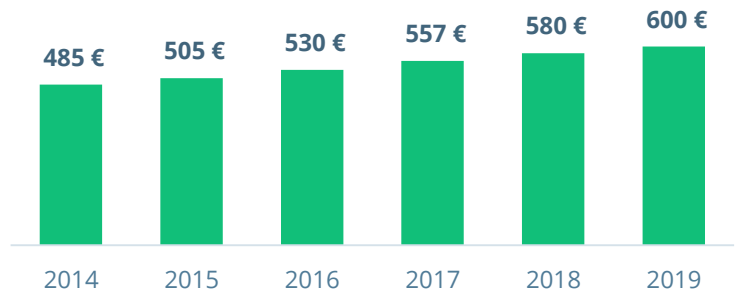
(2018-2019)



- In the last two years, the observable job creation has brought the unemployment rate down to 6,7% percent in November 2019. Employment has increased faster than unemployment reduction, suggesting that Portuguese market has incorporated new entrants and previously unemployed citizens simultaneously into the workforce;
- According CIA, the employment growth in Portugal has been broad-based, including both permanent and temporary jobs.

Minimum Monthly Wage

(2014-2019; Value in euros before taxes)

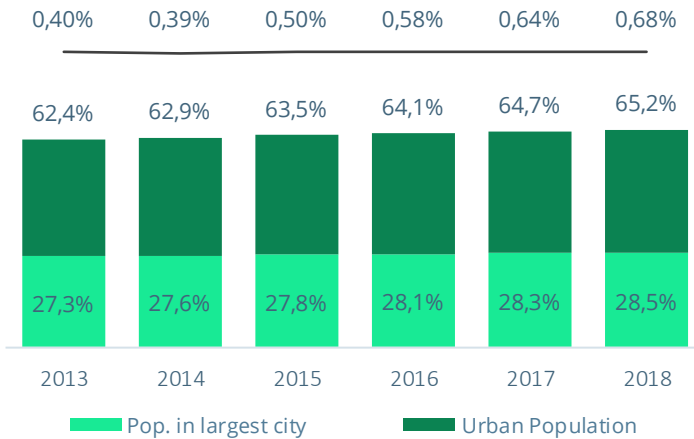


- The national minimum wage in Portugal is updated annually based on the cost of living, national productivity and the government's prices and incomes policy (€600 in 2019);
- Portugal's minimum wage is in line with countries such as Spain, Slovenia, Greece and Malta;
- 22 out of 28 EU member states have an official minimum wage, from €260 to €1.999.

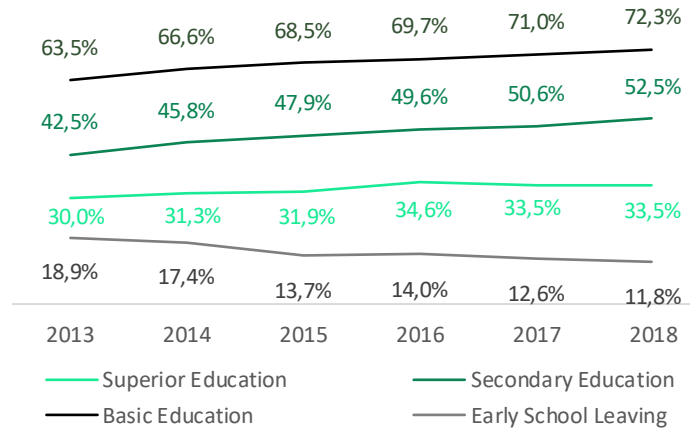
SOCIAL AND DEMOGRAPHIC CONTEXT (3/3)

Portugal has climbed two places in the United Nations' human development ranking and remains among those countries whose level of development is classed as "very high", based on indicators including health, education, employment, national wealth, safety and perception of well-being

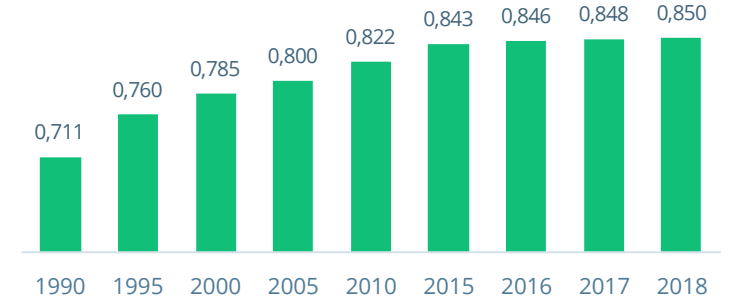
Urbanization
(2013-2018; %)



Education Attainment
(2013-2018; %)



Human Development Index (HDI)
(1990-2018)



- This statistic shows the share of urban population in the total population in Portugal from 2013 to 2018. In 2018, 65,2% of Portugal's total population lived in urban areas and cities, and 28,5% lived in Lisbon;
- According to CIA estimative, the urban population represents 65,2% of the total population in Portugal in 2018 and the annual rate of change between 2015-2020 reached 0,47% .

- According to OCDE's 2018 Report, in Portugal, 47% of adults aged 25-64 have completed upper secondary education, lower than the OECD average (74%);
- Conversely, according to the same source, participation in early childhood education has increased considerably over the past decade, and enrolment rates among 2, 3 and 4-year-olds are all above the OECD average.

- The Human Development Index (HDI) of Portugal, used by the United Nations to measure the progress of a country, was 0,850 points in 2018, leaving it in 40th place in the table of 189 countries - very high human development category;
- Between 1990 and 2018, Portugal's HDI value increased 19,1%, from 0,711 to 0,850.

Notes: Annual rate of change corresponds to the projected average rate of change of the size of the urban population; CIA - Central Intelligence Agency

Source: The World Bank; National Institute of Statistics; CIA - The World Factbook; United Nations Development Programme; OCDE - Education at a Glance 2018 - Portugal Country Note; HMR Consulting Service analysis

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PORTUGAL'S OUTPATIENT MARKET

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PORTUGAL'S KEY INDICATORS

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ABOUT HMR - HEALTH MARKET RESEARCH



About us.

Created in 2009, HMR is a Portuguese multinational company specialized in the developing Knowledge for the Healthcare sector.

Today, HMR is a reference company for the knowledge it can provide and for the specialized consultancy services is able to provide to all healthcare players.

Specialized in developing Knowledge based on daily information collected at a pharmacy level, HMR is reinforcing this information by combining data from different sources, allowing our Clients to take well informed decision.

 **4** countries
Portugal
Spain
Ireland
Germany

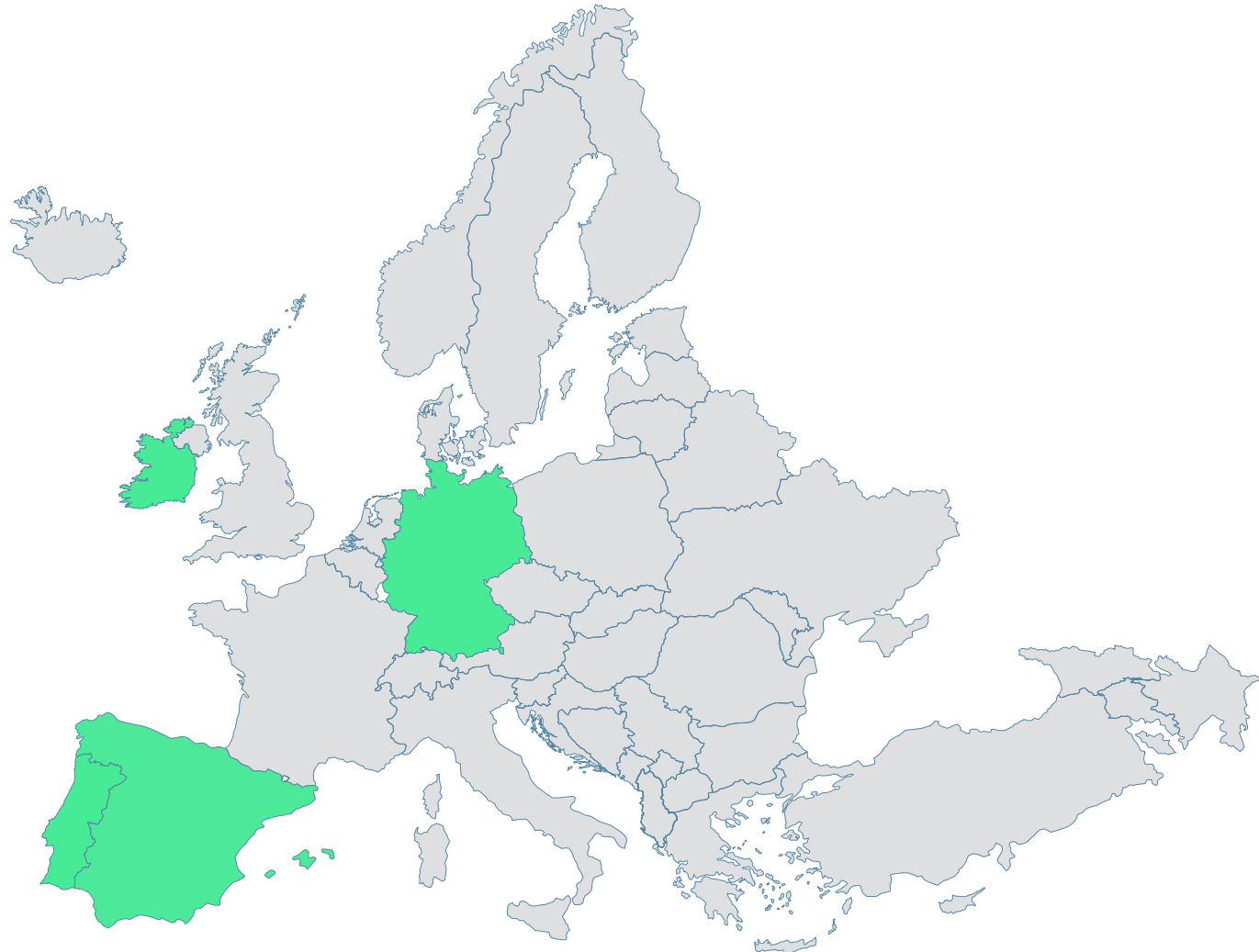
 **170** Team experts

 **+200** clients in Europe

 **2.500** regular users

 **+19.500** pharmacies

HMR GEOGRAPHIC FOOTPRINT



2009

HMR PORTUGAL

Launch of the commercial operations in Portugal. First HMR commercial unit

2014

HMR SPAIN

Launch of the commercial operations in Spain.

2015

HMR IRELAND

Launch of the commercial operations in Ireland in a partnership with IPU.

2018

HMR GERMANY

Creation of HMR in Germany.

OUR VISION

**We believe that
the power of
knowledge grows
when is shared.**

**And can change
lives.**

OUR MISSION

The partner that generates knowledge in the healthcare market, providing solutions to measure and improve business.



Data

A pharmacy level transactional data is the most effective way to get relevant market knowledge.



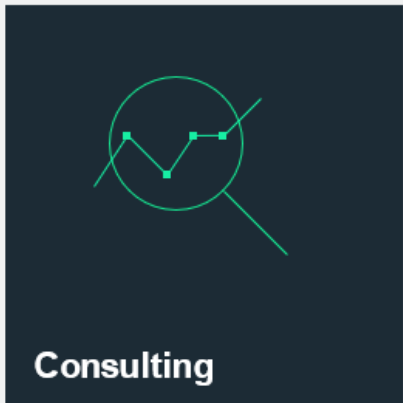
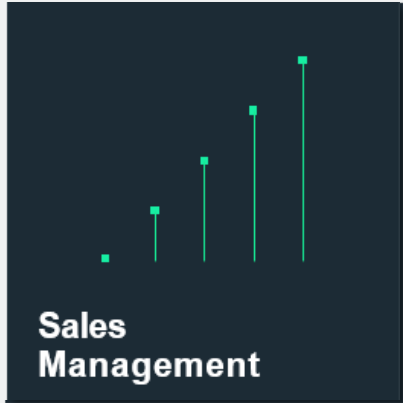
Technology

The most up-to-date technology allow us to share knowledge and helps to improve business decision-making.



Expertise

Our international team of experts guarantees the excellence of the analysis, providing insightful knowledge.



Our solutions.

To share the full power of knowledge we provide different types of solutions and skills.

the most suitable level of service to all our customers, independently of the market segment or product life cycle stage.

DATA TREATMENT

The data and information on this publication are collected from more than 2.400 pharmacies HMR Portugal panel, which represents 90% in pharmaceutical value market. This is done in a daily basis with transactional data. This data is then projected to the universe, and the valorization is in street price.

GLOSSARY (1/2)

- **Branded medicines** – includes all non-generic medicines such as branded original products that have been developed by a pharmaceutical company and are still protected by patent, branded products that no longer are protected by a patent, or others;
- **Consumer Healthcare Market** - **In this specific study** includes the following segments: OTC medicines, patient care, personal care, supplements and nutrition that are made available in the pharmacy channel;
- **Generic medicines** - Medicinal product that has the same qualitative and quantitative composition in active substances and the same pharmaceutical form as a reference medicinal product, and which bioequivalence with it has been demonstrated;
- **Homeopathy** - Includes Homeopathic medicines with a valid Marketing Authorization in Portugal and Homeopathic Pharmaceutical Products under the transitional period.
- **INN** - International Nonproprietary Names (INN) identifies pharmaceutical substances or active pharmaceutical ingredients. Each INN is a unique name that is globally recognized and is public property. A nonproprietary name is also known as a generic name. The selection and publication of INNs fall under the responsibility of the EMP/RHT/TSN team (World Health Organization) of the INN Programme;
- **New Medicines** – New medicines approved with new INNs or new combinations of INNs;
- **Nutrition** - Includes products as food for specific medicinal purposes and intended for a special diet, and food for weight reduction. It also includes infant formulas (e.g. milk, meals);

GLOSSARY (2/2)

- **OTC medicines** - The OTC (over-the-counter) segment identifies medicines that are not subject to prescription to be dispensed in a Pharmacy. It covers the following dispensing classifications defined by INFARMED: MNSRM and MNSRM-EF. MNSRM - Medicines intended for the treatment of minor non-serious health problems, which dispensing does not require the presentation of a medical prescription;
- **Patient Care** - It includes products intended for the care of the patient, in which are included the medical devices present in several markets. In this specific study reimbursed medical devices are not included;
- **Personal Care** - In this segment are classified products intended for personal care, including healthcare and wellness products (Dermocosmetics and Personal Hygiene);
- **Pharma Market** - Includes prescription medicines, available in the pharmacy channel;
- **Prescription Medicine** - Medicines that based on information from the national regulatory entity - INFARMED, have one of the following dispensing classifications: - Medicine Subject to Prescription (MSRM), Special MSRM, Special MSRM and Restricted (b) and (c), Restricted MSRM (b) and (c). It does not include the medicines used exclusively in the hospital setting, associated with the dispensing classification - MSRM special and restricted article a) or MSRM restricted article a);
- **Reference Group (GH)** - A group of medicinal products, reimbursed by the Portuguese National Health System, that contain the same active ingredient, in the same strength, pharmaceutical form and route of administration, including at least one generic medicine;
- **Supplement** - Includes food supplements intended to complement or supplement the normal diet.



Knowledge for better health

Any questions related to GDPR compliance or data protection please email privacy@hmr.co.com.
To learn more about how we comply with GDPR and, as a result, care for the security and privacy of personal data we collected from our clients, visit <http://www.hmr.co.com/Privacy-Policy>.



Knowledge for better health