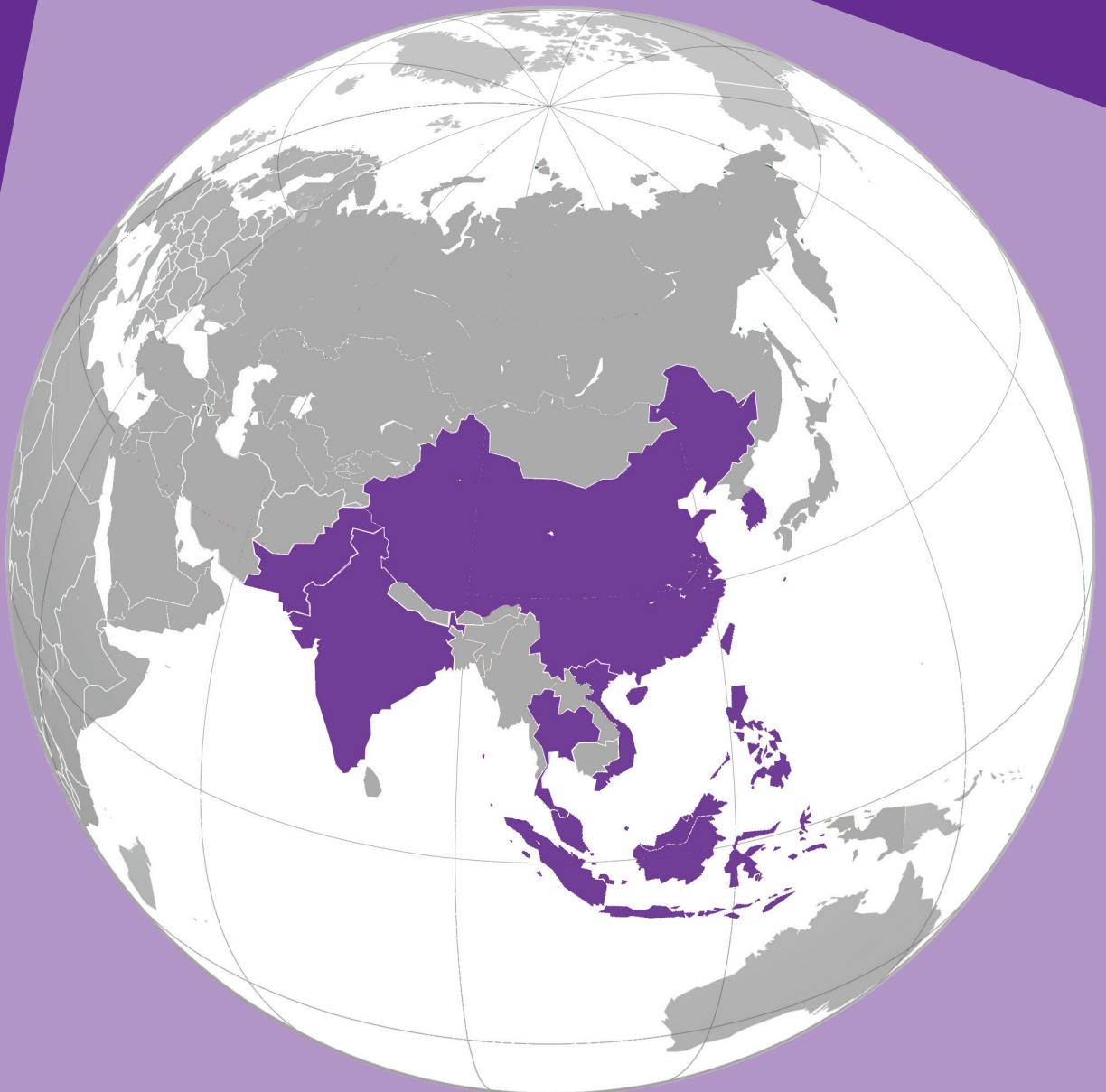


Asia Market Guides:

OTC Markets in Asia under the Spotlight

Nicholas
Hall

Benchmarking the world of OTC





Asia Market Guides: OTC Markets in Asia under the Spotlight

Asia is the largest contributor to OTC sales globally, accounting for one-third of total OTC market sales. The region features some of the fastest-growing markets in the world, including China, India and Vietnam, and is forecast to grow at an average 6% a year over the next 10 years (closer to 8% if Japan is discounted).

Yet MNCs remain underinvested in many of these markets, in some instances (China, Indonesia, South Korea) barely taking 10-15% of OTC sales, leaving the lion's share of the market to local and regional players. Lack of understanding of these markets – their regulations, retail environments, infrastructure and cultures – is a major factor in this under-involvement.

There are undoubtedly barriers to overcome for foreign players looking to gain a foothold, but Asian markets represent some of the best opportunities for savvy OTC marketers in the coming decade. Several markets are deregulating, as governments look to OTC to ease the healthcare burden, widening access to self-medication. Others are opening up to foreign direct investment, making it easier for marketers to find a way in. Several countries have bullish economies and consumers with rising disposable incomes. Growth of smartphone penetration and use of social media in Asia is among the fastest in the world.

What is needed is a guide to the opportunities and pitfalls.

Asia Market Guides: OTC Markets in Asia under the Spotlight is an invaluable go-to resource for anyone who wants to know the ins & outs of the key Asian OTC markets, from regulatory developments to OTC category insights, from consumer preferences to leading brand performances.

Nicholas Hall
Chairman & CEO, Group of Companies

Asia Market Guides Report Coverage

10 countries are covered in this report:

- China • India • Indonesia • Malaysia • Pakistan
- Philippines • Singapore • South Korea • Thailand • Vietnam

Each country profile includes key facts & figures, regulatory issues, player profiles, in-depth OTC category analysis, and forecasts & strategies for the future.

Country Profile Contents:

Key OTC Markets Facts & Growth Drivers

OTC sales data and factors driving the market

Risk Evaluation

Analysis of the economic and political situation, potential for foreign investment, barriers to entry and other factors for consideration

Regulatory Environment

Overview of regulatory developments affecting OTC, plus prospects for Rx-to-OTC switch

Distribution Overview

Appraisal of the OTC retail environment, including chains and mass market development

Competitive Landscape & Key OTC Players

Leading marketers and brands, with mini-profiles of the key OTC players

OTC Categories

Detailed analysis of Analgesics, CCA, GIs, VMS, Derma & Lifestyle OTCs

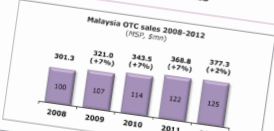
Eye on the Horizon

A look at what the future holds, including the main opportunities and challenges

Strategies for Success

Mapping out the best route to success using analysis of future market performance, likely developments and exploitable new niches.

Malaysia – Key OTC market facts



OTC sales 2012: 377.3mm

OTC sales growth 12/11: +2.3%

OTC sales per capita 2012: \$13.01

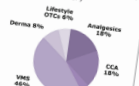
Leading OTC marketers: GSK, Beckitt

CCM Pharmacy, Merck KGAA, Abbott, KOF, NIN, J&J, B, P&G Healthcare

Forecast OTC sales 2012: 363.5mm

Forecast OTC CAGR 2012/11: +5.1%

Malaysia OTC category split 2012 (MSP)



Category	2011	2012	CAGR 12/08
Analgesics	66.2	72.1	+9%
Cough, cold & allergy	69.4	73.1	+5%
Gastrointestinal	15.0	15.2	+1%
Vitamins, minerals & supplements	172.0	172.0	0%
Dermatologicals	22.3	22.3	0%
Lifestyle OTCs	31.2	31.2	0%
Total	377.3	377.3	+2%

India – Key OTC growth drivers

- Rising education and growing income and affordability continued to drive OTC in urban India first with busy lifestyles (little time for doctor visits), while in rural areas it is driven by inadequate and uneven availability of medical services
- Several launches and sustained A+P spends across a range of OTC categories
- However, recent government measures to increase price control in a bid to expand access for the masses has led to future growth concern among companies
- Systemic analgesics were driven by increasingly stressful and busy lifestyles which caused frequent headaches and body aches; topical analgesics continued to thrive on their strong heritage, supported by high A+P spends; and the repositioning of brands as modern remedies
- The launch of affordable smaller SKUs and widespread availability also helped drive growth of analgesics
- CCA sales were boosted by A+P efforts and increasing acceptance of self-care for cold symptoms, although restrictions on codeine held back cough remedies
- GIs were driven by innovative launches in key categories like antacids, coupled with high A+P spends; traditional digestive remedies continued to thrive
- Derma was driven by new launches, re-launches and A+P spends
- VMS saw continued growth owing to poor diets / nutritional deficiencies; growing demand for traditional remedies drove Chyawanprash
- Lifestyle OTCs remain underdeveloped but a few (EHC, smoking control) posted strong performances thanks to increased consumer awareness

India OTC categories by growth rate 2012 (12/11, MSP)



Vietnam – Distribution overview

- OTC distribution is restricted to pharmacies / 42,000 pharmacies, of which there are approximately 100,000 pharmacies
- Bulk of OTC sales are through independent pharmacies, but there is a growing presence of local chains (especially in Ho Chi Minh City)
- Key local chains include ECO (Eco Pharmacy), SPC (Saphan) and V-Pharm (Pharm), which meet GPP standards
- A GPP (Good Pharmacy Practice) Code was introduced by the DAV in order to curb unsafe, registered products (in risk of counterfeiters / spurious medicines), wider range of products and prices, better merchandising, pharmacy point-of-care, etc. to employ certified pharmacists and invest in infrastructure and equipment
- Government undertakes periodic checks for GPP compliance, but shortage of inspectors has resulted in weak enforcement
- The shortage of certified pharmacists means patients are often given inadequate health advice or information on OTC medicines
- Foreign companies are allowed to distribute directly, but often find it cost-effective to go through a local distributor; key distributors include Zuebig and OKG
- Local companies are increasingly expanding overseas to strengthen their competitive position and reduce dependence on foreign distributors
- Although online sales are currently small, numerous online pharmacies exist; OTC and Rx products are easily available online, but there is a risk of counterfeiters
- While the vast majority of sales are currently generated in urban Singapore, the wealth of untapped opportunities in rural areas points to the need of expanding rural distribution

Vietnam OTC sales by retail channel 2012 (MSP)



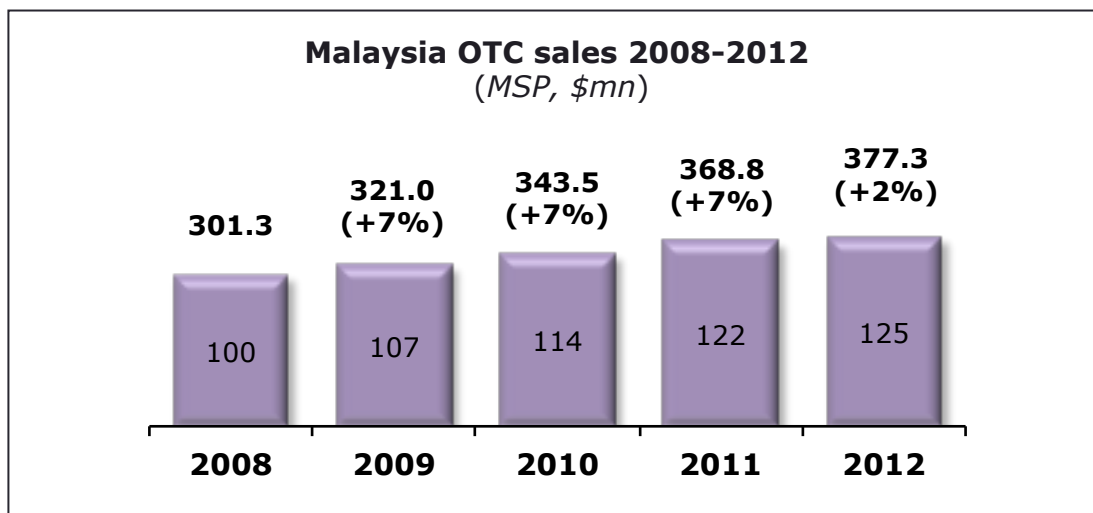
Singapore – Competitive landscape

(MSP)	Market	2011	12/11	CAGR 12/08	% share
1	GlaxoSmithKline	23.9	+7%	+11%	13.6
2	Beckitt Benckiser	11.9	+1%	+3%	6.8
3	Shiro	8.3	+5%	+6%	4.0
4	Bayer	7.1	+3%	+6%	3.7
5	Johnson & Johnson	6.5	+1%	+2%	3.3
6	Pfizer	5.8	+8%	+1%	2.6
7	GSK	4.8	+1%	+3%	2.5
8	Merck KGAA	4.3	+4%	+10%	2.3
9	Haw Par Healthcare	3.5	+10%	+10%	2.0
10	Allergan	99.3	+3%	+5%	54.2

Singapore leading OTC brands 2012

(MSP)	Brand	Category	2011	12/11
1	Panadol (GSK)	systemic analgesic, systemic cold & flu	16.4	+6%
2	Ricola (Shiro for Ricola)	sovereign remedies & medicated confectionery	8.3	+5%
3	Fisherman's Friend (GSK)	sovereign remedies & medicated confectionery	4.6	+1%
4	Tiger Balm (Haw Par Healthcare)	topical analgesics	4.2	+8%
5	Strepsils (Beckitt Benckiser)	sovereign remedies & medicated confectionery	4.1	+1%
6	Redoxon Double Action (Bayer)	vitamin C	3.6	+13%
7	Paniflex (GSK)	topical analgesics	2.6	+11%
8	Centrum (Pfizer)	multivitamins	2.6	+2%
9	Dettol (Beckitt Benckiser)	antiseptics & disinfectants	2.5	+1%
10	Breacel (Merck)	cough & cold range	2.5	+1%

Malaysia – Key OTC market facts



OTC sales 2012: \$377.3mn

OTC sales growth 12/11: +2.3%

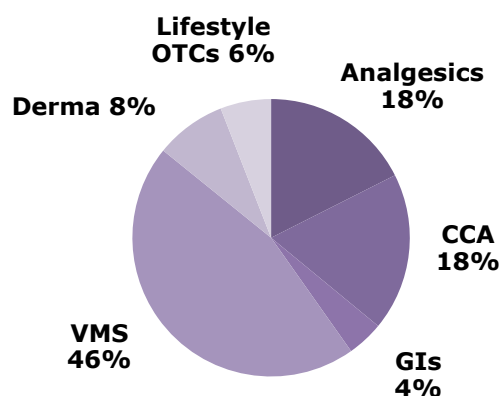
OTC sales per capita 2012: \$13.01

Leading OTC marketers: GSK; Reckitt Benckiser; J&J; Sanofi; Blackmores; CCM Pharma; Merck KGaA; Abbott; Kotra; Nin Jiom; BI; PGT Healthcare

Forecast OTC sales 2022: \$621.5mn

Forecast OTC CAGR 22/12: +5.1%

Malaysia OTC category split 2012
(MSP)

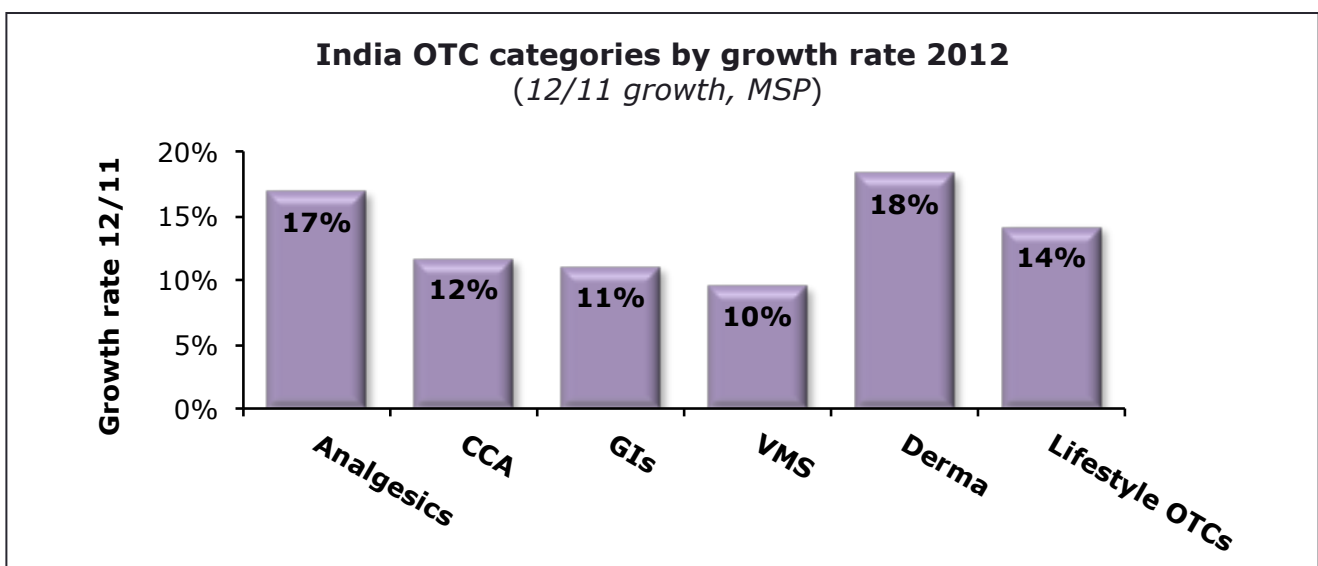


Malaysia OTC sales by category 2012 (MSP)			
Category	\$mn	12/11	CAGR 12/08
Analgesics	66.3	+2%	+7%
Cough, cold & allergy	69.4	+3%	+4%
Gastrointestinals	16.0	+6%	+9%
Vitamins, minerals & supplements	172.0	+2%	+6%
Dermatologicals	31.2	+3%	+4%
Lifestyle OTCs	22.3	+3%	+5%
Total	377.3	+2%	+6%

India – Key OTC growth drivers

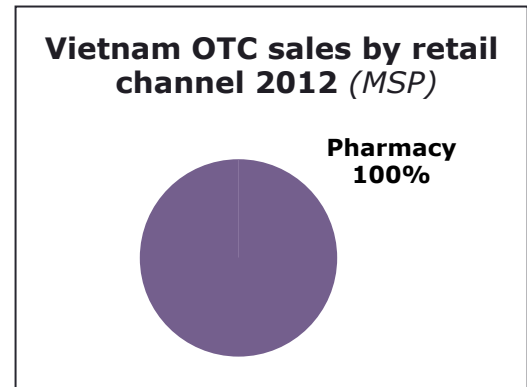
Rising self-care trend sustains significant growth

- Rising education and growing income and affordability continued to drive OTC
- OTC in urban India fits well with busy lifestyles (little time for doctor visits), while in rural areas it is driven by inadequate and uneven availability of medical services
- Several launches and sustained A+P spends across a range of OTC categories helped sustain growth
- However, recent government measures to increase price control in a bid to expand access for the masses has led to future growth concern among companies
- Systemic analgesics were driven by increasingly stressful and busy lifestyles which caused frequent headaches and body aches; topical analgesics continued to thrive on their strong heritage, supported by high A+P spends, and the repositioning of brands as modern remedies
- The launch of affordable smaller SKUs and widespread availability also helped drive growth of analgesics
- CCA sales were boosted by A+P efforts and increasing acceptance of self-care for cold symptoms, although restrictions on codeine held back cough remedies
- GIs were driven by innovative launches in key categories like antacids, coupled with high A+P spends; traditional digestive remedies continued to thrive
- Derma was driven by new launches, relaunches and A+P spends
- VMS saw continued growth owing to poor diets / nutritional deficiencies; growing demand for traditional remedies drove chyawanprash
- Lifestyle OTCs remain underdeveloped but a few (EHC, smoking control) posted strong performances thanks to increased consumer awareness



Vietnam – Distribution overview

- OTC distribution is restricted to pharmacies / drugstores, of which there are approximately 42,000 nationwide
- Bulk of OTC sales are through independent pharmacies, but there is a growing presence of local chains (especially in Ho Chi Minh City)
- Key local chains include ECO (Eco Pharmacy), SPG (Sapharco) and V-Phano (Phano), all of which meet GPP standards
- A GPP (Good Pharmacy Practice) Code was introduced by the DAV in order to curb OTC sales and to establish up-to-date medicines storage and supply conditions
- Improved standards are expected to bring in better service standards, e.g. sale of safe, registered products (no risk of counterfeits / spurious medicines), wider range of products and prices, better merchandising, pharmacy point-of-care, etc.
- However, implementation has been slow, with January 2011 originally set as the date for country-wide GPP compliance; small drugstores often find it unprofitable to employ certified pharmacists and invest in infrastructure and equipment
- Government undertakes periodic checks for GPP compliance, but shortage of inspectors has resulted in weak enforcement
- The shortage of certified pharmacists means patients are often given inadequate health advice or information on OTC medicines
- Foreign companies are allowed to distribute directly, but often find it cost-effective to go through a local distributors; key distributors include Zuellig and DKSH
- Local companies are increasingly expanding networks to strengthen their competitive position and reduce dependence on foreign distributors
- Although online sales are currently small, numerous online pharmacies exist; both OTC and Rx products are easily available online, but there is a risk of counterfeits
- While the vast majority of sales are currently generated in urban drugstores, the wealth of unexploited opportunities in rural areas points to the merits of expanding rural distribution



Singapore – Competitive landscape

Singapore leading OTC marketers 2012					
(MSP)	Marketer	\$mn	12/11	CAGR 12/08	% share
1	GlaxoSmithKline	23.9	+7%	+11%	13.6
2	Reckitt Benckiser	11.9	+1%	+3%	6.8
3	Shriro	8.3	+5%	+6%	4.7
4	Bayer	7.1	+3%	+6%	4.0
5	Johnson & Johnson	6.5	+1%	+2%	3.7
6	Pfizer	5.8	+8%	+7%	3.3
7	GBA	4.6	+1%	+1%	2.6
8	Merck KGaA	4.5	+4%	+5%	2.5
9	Haw Par Healthcare	4.3	+4%	+10%	2.5
10	Allergan	3.5	+10%	+10%	2.0
	Others	95.3	+5%	+5%	54.2

Singapore leading OTC brands 2012				
(MSP)	Brand	Category	\$mn	12/11
1	Panadol (GSK)	systemic analgesics, systemic cold & flu	16.4	+4%
2	Ricola (Shriro for Ricola)	sore throat remedies & medicated confectionery	8.3	+5%
3	Fisherman's Friend (GBA)	sore throat remedies & medicated confectionery	4.6	+1%
4	Tiger Balm (Haw Par Healthcare)	topical analgesics	4.2	+4%
5	Strepsils (Reckitt Benckiser)	sore throat remedies & medicated confectionery	4.1	+1%
6	Redoxon Double Action (Bayer)	vitamin C	3.6	+13%
7	Panaflex (GSK)	topical analgesics	3.2	+13%
8	Centrum (Pfizer)	multivitamins	2.6	+11%
9	Dettol (Reckitt Benckiser)	antiseptics & disinfectants	2.6	+2%
10	Breacol (Menarini)	cough & cold range	2.5	+1%

**OTC sales
MAT June 2012
from Nicholas Hall's
*DB6 Global
OTC Database***

●

**Published in PDF Format
on CD-ROM
Quick delivery
Versatile format**

●

**Available as a complete
report or individual
country chapters**

●

**5% discount on
payments by credit card**

●

Scan to buy online



PRIORITY ORDER FORM FOR ASIA MARKET GUIDES

A global licence will be needed if you wish to put this report on your company's intranet. All prices are quoted in Pound Sterling (£).

Please tick as appropriate. I would like to order:

- | Global licence | Full Rate |
|--|-----------|
| <input type="checkbox"/> Complete report | £14,000 |
| <input type="checkbox"/> Individual modules ticked below | £2,000 |
| Country licence | |
| <input type="checkbox"/> Complete report | £11,200 |
| <input type="checkbox"/> Individual modules ticked below | £1,500 |

- | | | | |
|------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| <input type="checkbox"/> China | <input type="checkbox"/> Malaysia | <input type="checkbox"/> Singapore | <input type="checkbox"/> Thailand |
| <input type="checkbox"/> India | <input type="checkbox"/> Pakistan | <input type="checkbox"/> South Korea | <input type="checkbox"/> Vietnam |
| <input type="checkbox"/> Indonesia | <input type="checkbox"/> Philippines | | |

DELIVERY DETAILS

Mr/Mrs/Ms/Dr/Other _____ First Name _____
Last Name _____
Job Title _____
Company _____
Address _____
_____ Post/zip code _____
Country _____
Tel _____ Fax _____
Email _____

PAYMENT DETAILS

Cheque (payable to Nicholas Hall & Company) for GBE _____ is enclosed / will follow under separate cover.

Please invoice my company quoting order no/ref: _____ (material will be sent when full payment is received)

I claim 5% discount for payment by credit card. Please debit my
 Visa American Express Other

Card no:

Expiry date:

Security code (not needed for Amex)

Card billing address (if different from above)

_____ Post/Zip code _____

Signed: _____ Date: DD / MM / YYYY

If you do not wish to receive future information from us, please tick as appropriate: mail fax email

Please fax the completed order form to +44 (0) 1702 220 241 or email to info@NicholasHall.com.

Nicholas Hall & Company

35 Alexandra Street, Southend-on-Sea, Essex, SS1 1BW, UK

T: +44 (0) 1702 220 200 F: +44 (0) 1702 430 787

E: info@NicholasHall.com W: www.NicholasHall.com