



Membership  
makes a difference.

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## 2019 Annual Report

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## IFPW Board of Directors...



Robert Andersson  
Oriola-KD



Ornella Barra  
Walgreens Boots Alliance  
IFPW Vice Chairman



Steve Collis  
AmerisourceBergen Corporation



John Davison  
Zuellig Pharma Asia Pacific



Zhiming Li  
Sinopharm Group Co., Ltd.



Maria Luisa Macchiavello  
Droguería del Sud S.A.



Elias Salomon Nader  
Fármacos Nacionales, S.A. de C.V.



Keisuke Nakakita  
Nakakita Yakuhin Co. Ltd.



Ken Suzuki  
VITAL-NET Inc.  
IFPW Chairman



Brian Tyler  
McKesson Corp

## IFPW Staff



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President



Christopher Goetz  
Executive Vice President  
and General Manager



George Bray  
Vice President  
Member Engagement



Christina Tucker  
Director of Membership  
& Meetings



Wendy Boutselis  
Director of Finance



Cecelia Campbell  
IFPW Intern



### *Who We Are...*

The International Federation of Pharmaceutical Wholesalers, Inc. (IFPW) is the global trade association for the full-service pharmaceutical wholesale distribution industry. Its members, from 19 countries and serving many more, are focused on ensuring that safe, properly handled, medicines and other essential health products are continuously available when and where they are needed and in the right quantity. IFPW members' businesses, and the wholesale distribution channel, are essential components of efficient healthcare systems, in both public and private settings, and serve as the cornerstone of new healthcare initiatives to broaden access and manage costs. The Federation continues to work in partnership with other stakeholders in its mission of Delivering Health to the World.

### *IFPW's Mission*

The International Federation of Pharmaceutical Wholesalers' (IFPW) role is to assist its members and stakeholders advance the safe, efficient and continuous access to pharmaceuticals worldwide through the promotion of good distribution practices and services.

### *Strategic Objectives*

The Association's strategic objectives, as established by IFPW's Board of Directors, are to:

- Improve the image and promote the value proposition of full-line wholesalers to all stakeholders.
- Strengthen key stakeholder relationships through engaging in meaningful and relevant dialogues
- Participate in initiatives to improve access to medicines and/or advance global health.
- Continue to service as the industry's international networking and information platform.

*In addition to its Wholesaler and Association members, IFPW has associate member categories for Manufacturers and Service Organizations.*

### *IFPW's Members*

*IFPW's global membership base spans Asia & Australia, Latin America, Europe/ Middle East/Africa, and the U.S., representing 19 countries. Wholesale Members include:*

AmerisourceBergen Corporation  
Baheal Pharmaceutical Group  
CV Protek Group  
Drogueria del Sud S.A.  
EBOS Group  
Eurapharma  
Fármacos Nacionales SA de CV  
McKesson Corporation  
Medipal Holdings Corporation  
Nadro, S.A. de C.V.  
Nakakita Yakuhin Co., Ltd.  
Oriola Corporation  
Profarma Distribuidora de Productos Farmaceuticos S/A  
SantaCruz Distribuidora  
Shanghai Pharmaceuticals  
Sinopharm Holdings Co., Ltd.  
Toho Holdings Co., Ltd.  
VITAL-NET Inc.  
Walgreens Boots Alliance  
Zuellig Pharma Asia Pacific

### *Association Members:*

China Association of Pharmaceutical Commerce (CAPC)  
Federation of Japan Pharmaceutical Wholesalers Association (JPWA)  
GIRP The European Healthcare Distribution Association (GIRP)  
Healthcare Distribution Alliance (HDA)  
Korean Pharmaceutical Distribution Association (KPDA)



### *Membership Benefits...*

Membership to IFPW affords benefits to its member companies that are unique from any other pharmaceutical wholesale organization in the world.

IFPW's platform for information sharing ensures that members of IFPW have access to high-level learning opportunities involving approaches and developments within other global markets that directly affect the wholesale and pharmaceutical sectors within each specific market as well as the global market overall.

IFPW's FOCUS newsletter, distributed bi-weekly in English, Spanish and Mandarin, is available to an unlimited number of recipients within each member company, and gives members up-to-date information on news and industry trends.

Members also benefit from IFPW's promotion of the pharmaceutical industry and the vital role it plays around the world. Members enjoy worldwide recognition as a "member" of IFPW's innovative and influential players that make up its membership base.

### *Networking Opportunities...*

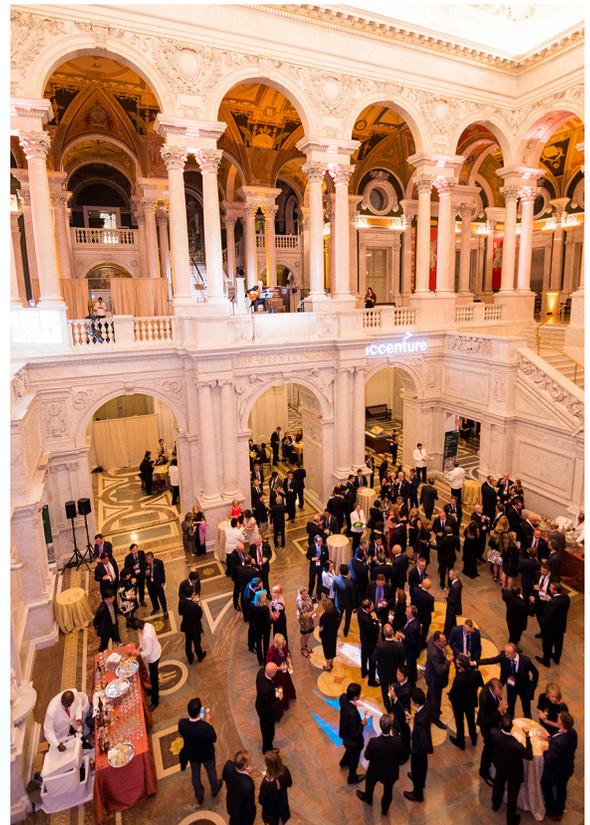
IFPW provides one-of-a-kind opportunities for participation in exclusive members-only events that allow for interface with senior executives from other IFPW member companies and distinguished senior industry leaders from around the world.

The IFPW CEO Roundtable, held annually in the spring, rotates between New York City and London. Attendees are given the chance to network with colleagues and establish new relationships with others in the pharmaceutical industry--all in a single location, both in group and one-on-one settings. This type of high-level access provides for unmatched "quality time" with key individuals and industry stakeholders.

The IFPW General Membership Meeting (GMM) is a biennial event that rotates between the IFPW's four global regions. Attendees from IFPW member companies (as well as member subsidiaries and member affiliates) can take advantage of generously discounted registration fees to attend this prestigious global event. The two-day business agenda features sessions on the latest industry trends by key industry experts. Also featured is a lively social program that includes a welcome reception, gala dinner and accompanying persons' program that serve to complement the other networking opportunities associated with the event.



*Doug Long & Per Troein give their Global Industry Review*



*Guests mingle beneath the stunning backdrop of the U.S. Library of Congress rotunda at the 2018 GMM Gala Reception and Dinner*



## Members in the News in 2019...

### January

Walgreens Boots Alliance (WBA) posted US\$33.8 billion in sales for the first quarter of its fiscal year 2019, a 9.9% increase year-over-year, with net earnings up 36.8% to US\$1.1 billion. Internationally, WBA's sales from retail pharmacy operations decreased 5.9% to US\$2.9 billion, reflecting a 2.3% adverse currency impact. The company attributed its 3.6% sales decrease on a constant currency basis in part to negative impacts of divesting Boots Contract Manufacturing the year before and a loyalty accounting change. The company noted that increased market share for Boots UK was offset by a weak retail environment. WBA also announced a new cost-management program aimed at bringing annual cost savings of more than US\$1 billion by the end of its third year. instituting initiatives aimed at optimizing divisions, global smart spending, global smart organizing and enterprise digitization to transform long-term capabilities.

Pharma manufacturers GlaxoSmithKline (U.K.) and Pfizer (US) plan to enter into a joint venture that will combine their consumer health businesses into a single entity. The combined sales for both totaled US\$12.7 billion in 2017. The all-equity transaction (of which GSK will control a 68% equity interest and Pfizer will control 32%) will have a global market share of 7.3%, leading the market in key areas such as the U.S. and China.

Cardinal Health has acquired Mirixa, a leading provider of technology-enabled solutions for medication therapy management, from the National Community Pharmacists Association. Mirixa will be combined with Cardinal's existing OutcomesMTM, bringing payers an enhanced pharmacy services network as well as standardized care delivery, documentation and billing, according to Cardinal. Through the platform, clinical services such as comprehensive medication reviews, medication adherence consultations and other vital interventions can be implemented and deployed. Terms of the transaction were not disclosed.

Sir Philip Hampton, chairman of GlaxoSmithKline's board of directors, will step down following the company's decision to split into two divisions and combine its consumer health business with Pfizer Inc., leaving more room for investment in its R&D pipeline. Hampton was appointed to the GSK board in January of 2015 and was made chairman in May of 2015 during GSK's involvement a scandal in China as well as major restructuring of a previously announced asset swap with Novartis. His replacement has not yet been announced.

Walgreens Boots Alliance (WBA) and Microsoft are partnering to bring together Microsoft's cloud and AI platform and Walgreen's retail network, consumer reach and industry knowledge. The companies goal of the partnership includes a multi-year research and development investment to personalize health care while making it not only affordable, but accessible. As part of the partnership, WBA will pilot as many as 12 "digital health corners" in 2019 – a "store-within-a-store" focused on merchandising and selling health care-related hardware and devices. The overall investment by both companies includes funding, subject matter experts, and tech and tools. It will also explore the potential of creating joint innovation centers in key markets.

Johnson & Johnson (J&J) posted stronger-than-expected 4th quarter earnings and forecasted a modest increase in full year sales for 2019. J&J looks to rebound from last month's steep share price declines triggered by a negative report concerning its iconic baby powder. Earnings for the quarter ending in December were US\$1.97 per share, topping street estimates, and 13.2% higher year-over-year. Group sales were US\$20.4 billion, also beating forecasts.

### February

GlaxoSmithKline is returning to the oncology arena with an upfront payment of US\$4.18 billion to Merck KGAA for access to its bifunctional immunotherapy, M7824 (bintrafusp alfa). The drug has been tested in



over 700 patients with 10 different types of tumors. Eight “high priority clinical development” non-small cell lung cancers (NSCLC) and biliary tract cancers. These include a Phase II study to investigate M7824 compared with Merck & Co., Inc.’s Keytruda, a market-leading checkpoint inhibitor in the treatment of patients with PD-L1-expressing advanced NSCLC.

BAHEAL Pharmaceutical Group (BPG) and U.S. medical device manufacturer, AtriCure, have joined forces in the form of a strategic cooperation agreement in the treatment of atrial fibrillation (AF). Qingdao BAHEAL Pharmaceutical Holdings Limited, a BPG subsidiary, will become an exclusive agent and distributor of AtriCure’s medical devices for AF ablation in China, serving over 10 million Chinese patients suffering from the disease. BPG also maintains strategic cooperation agreements with several other companies, including IBM, Oracle, Philips and others.

Sanofi CEO Olivier Brandicourt has been named as chairman of the Pharmaceutical Research and Manufacturers Association (PhRMA). He succeeds Robert A. Bradway, chairman and CEO of Amgen. Bristol-Myers Squibb chairman and CEO, Giovanni Caforio, was appointed chairman-elect, and Eli Lilly CEO, David Ricks, assumed the post of board treasurer.

IQVIA’s financial results for Q4 and FY 2018 were announced with revenues of US\$2.4 billion, an increase of 8.1% year-over-year. Revenue FY 2018 was US\$10.4 billion, an increase of 6.8% over 2017 and net new business growth for 2018 reach 28.9 percent. Clinical research reached US\$1.4 billion for Q4, and IQVIA’s technology and analytics solutions showed impressive results of US\$1.2 billion. Management suggested that TAS momentum would likely continue in 2019 with 100 pending contract wins for its orchestrated customer management (OCE) platform, which connects sales, marketing, medical and other functions.

Merck & Co. Inc. announced a deal to buy Immune Design Corporation for US\$300 million. Immune Design’s proprietary GLAAS and ZVex technologies help activate “the immune system’s natural ability to generate and/or expand antigen-specific cytotoxic immune cells to fight cancer and other chronic diseases.

The deal is likely to expand Merck’s oncology franchise, which has been performing well thanks to its cancer drug Keytruda.

Louisiana’s largest non-profit academic health system, Oschner Health System, has entered into a multi-year strategic alliance with Pfizer, Inc. to develop innovative models for clinical trials. Through this partnership, Pfizer and Oschner (through its innovation lab, InnovationOschner along with Oschner Research) will explore ways to enhance the clinical trial experience and ease participation for both patients and healthcare professionals.

The Ministry of Health, Labor and Welfare (MLHW) of Japan is moving to amend the Pharmaceuticals and Medical Devices Law with a related bill expected to be submitted in June. It is proposing to amend the Health Sciences Council’s subcommittee pharmaceuticals and medical devices regulations by abolishing the inclusion of package inserts and instead provide the information through “electronic means.” The proposed amendment stemmed from growing concern among pharmaceutical wholesalers that the task of providing paper-based labels on “first deliveries” is physically impossible. According to wholesalers, the rule is unrealistic because staffers who actually deliver the products cannot open and check the actual products until they are delivered, according to a representative from the Federation of Japan Pharmaceutical Wholesalers Association (JPWA).

### March

Biologics by McKesson entered into an exclusive distribution agreement with Sanofi Genzyme as the exclusive pharmacy provider of CABLIVI (caplacizumab) as well as therapies for six other complex oncology conditions. Biologics by McKesson has recently made significant investments to leverage more than 25 years of oncology experience. CABLIVI was approved on February 6, 2019 by the U.S. FDA for use in the treatment of adults experiencing an episode of acquired thrombotic thrombocytopenic purpura (TTP), a rare life-threatening blood disorder. It is used in conjunction with plasma and immunosuppressive therapy for the treatment of adults with TTP. Biologics by McKesson



is an independent specialty pharmacy with extensive experience in connecting patients to life-changing medications in oncology and other therapeutic areas. Separately, McKesson Corporation announced a collaboration with technology company Navigating Cancer to offer an enhanced Patient Relationship Management (PRM) platform for community-based oncologists. The platform is a comprehensive clinical workflow tool for oncology teams providing integrated and personalized care and capturing patient-reported outcomes and symptom management pathways.

Walgreens Boots Alliance (WBA) has named Heather Dixon as senior vice president, global controller and chief accounting officer effective March 18th. She leaves behind her position of vice president, controller and chief accounting officer at Aetna, as well as similar positions at PepsiCo. and American Express. She will report to James Kehoe, executive vice president and global chief financial officer for WBA.

AmerisourceBergen's patient support service company, Lash Group, announced a partnership with AllazoHealth, an artificial intelligence and predictive analytics company specifically focused on patient outcomes. The partnership will enhance patient adherence and engagement programs through targeted and personalized recommendations that will empower at-risk patients to make healthier choices. Studies show medication nonadherence can be caused by both situational and behavioral barriers unique to each patient through the use of AllazoHealth's proprietary AllazoEngine. Lash Group will be the first HUB services provider to leverage individualized patient predicted risk combined with machine learning to provide personalized interventions unique to each patient.

Pharmaceutical manufacturer Merck and NGM Biopharmaceuticals Inc. (NGM) announced that Merck has exercised its option to extend the research phase of the companies' broad, strategic collaboration for an additional two years to March of 2022. This collaboration focuses on discovering, developing and commercializing novel biologic therapies across a varied range of therapeutic areas. Merck retains

one additional extension option to march of 2021. Separately, Merck KGaA will invest US\$1.13 billion in its headquarters based in Darmstadt, Germany. The company signed a comprehensive agreement with the Joint Works Council at Darmstadt covering the 11,000 employees to secure its "future viability."

#### **April**

Walgreens Boots Alliance announced solid sales of US\$34.5 billion (a gain of 4.6% year-over-year) as well as strong retail pharmacy performance in the U.S., but industry-wide headwinds plagued the company in its fiscal second quarter. Net earnings decreased to US\$1.2 billion, down 14.3% from the prior-year period. Executive vice chairman and CEO, Stefano Pessina, attributed the difficulties to reimbursement pressure and deflation, along with ongoing U.S. and U.K. consumer market challenges, calling it "the most difficult quarter we have had since the formation of Walgreens Boots Alliance." Pessina also said that the company would be pursuing various efforts to counteract headwinds, including senior appointments to help speed up the business' digitization and transformation, as well as cost-cutting initiatives.

McKesson Corporation announced that Brian Tyler, a 22-year veteran of the company, would assume the role of John Hammergren, who has led the company as CEO since 1999 and will remain as board chairman for Change Healthcare while also supporting Change Healthcare as an advisor. McKesson also announced that Edward Mueller would be taking over the board of directors. Mueller previously served as lead independent director since 2013 and has served on McKesson's board since 2008. Separately, McKesson announced that effective April 1st, its Las Colinas campus in Irving, Texas would serve as McKesson's headquarters.

AmerisourceBergen Corporation announced the grand opening of its newest office located in the Austin Ranch community of Carrollton, Texas, and reinforced its commitment to attract and retain top talent in the Texas community. The 300,000 sq. ft. facility includes



state-of-the-art conference and business centers, specialized rooms for mothers, fitness and yoga, and a coffee shop, café and micro-market. As part of AmerisourceBergen's effort to promote sustainability and employee wellbeing, the new office is also actively pursuing LEEDS Silver Certification.

Oriola Corporation, in conjunction with Celgene and the Association of Cancer Patients in Finland, has released a survey of multiple myeloma patients' behaviors to study how health information on the internet affects patients. In 2015, 84% patients reported that their primary source of information related to their condition came from physicians specialized in the field. Subsequently, in 2019, 80% of patients reported getting their information from the internet, including sources such as Facebook pages of patient organizations and digital information channels. "The patients who participated in the survey strongly felt that taking initiative and having a healthy lifestyle are important for a person's health and wellbeing. This also explains the increase in patient proactiveness in seeking information about their condition," said Heli Salminen-Mankonen, team lead for Oriola's Real World Evidence services.

In a report by global consulting firm IQVIA, the Japanese pharmaceutical market expanded 87.1% over the past three decades. In the Heisei era (up to 1998) Japan showed only mild growth in drug spending, a time that also reflected a significant gap between NHI prices and market prices. After the first Heisei decade, the pharmaceutical market showed robust growth in tandem with the increases in overall healthcare spending, with the percentage of drug costs hovering around 20-22%. From 2008 to 2016, the market scored nine consecutive years of growth, countering a series of price revisions.

## May

Walgreens announced that its safe medication disposal program has collected more than 1.2 million pounds of unwanted prescription drugs ahead of National Prescription Drug Take-Back Day. The

campaign is aimed at combatting the opioid epidemic that has plagued the U.S.. Walgreens is working with AmerisourceBergen, Pfizer and Prime Therapeutics to expand its safe medications disposal kiosks across the country. Separately, Walgreens kicked off Mental Health Month in the U.S. in collaboration with the National Council for Behavioral Health and the American Pharmacists Association to train select Walgreens pharmacists and associates in mental health first aid, including mental health literacy, risk factors and warning signs, as well as addiction concerns. The company will also train 300 human resources employees in mental health first aid. Additionally, the company announced a collaboration for cancer prevention, research and support. The transatlantic partnership is between Walgreens and leading European, British and American cancer organizations to support people living with cancer at all moments of their journey.

U.S. wholesaler McKesson reported fiscal 2019 fourth quarter and full year financial results, with revenues of US\$52.4 billion and year-end 2019 revenues of US\$214.3 billion, an increase of 3%. The company also reported renewed pharmaceutical distribution relationship with CVS Health through June of 2023, as well as an increased cost savings target of US\$400 million to US\$500 million by the end of fiscal 2021.

Bayer will spend US\$150 million to create a new 40,000-square-foot facility for biologics development and manufacturing. Named The Cell Culture Technology Center, it will be built on Bayer's Berkley, California campus and will focus primarily on biologic therapies for oncology, cardiology and additional specialty care areas.

Brazilian wholesaler Profarma announced first quarter 2019 results, with an increase in sales of 12.6% year-over-year to US\$322 million and increased revenues of US\$297.2 million, up 21.3% year-over-year. Average sales per store and same store sales rose by 7.8% and 2.1% respectively. Specialty sales rose by 19.5%.

Merck & Co. has acquired Pelaton Therapeutics



for just over US\$1 billion as an addition to their portfolio of cancer treatments. Pelaton, a privately-held biotech company, specializes in small molecule medicines that target a specific protein that, when mutated, can promote tumor development. Currently, Pelaton's most advanced drug is under investigation for kidney cancer. Merck's immunotherapy, Keytruda, has enjoyed tremendous success, including its most recent approval for use in renal cell carcinoma. Sales of Keytruda total over US\$2 billion per quarter.

Johnson & Johnson is planning ten potential blockbuster filings by 2023, each potentially delivering more than US\$1 billion. Among those with positive advancements are Tremfya, Erleada, Spravato and Balversa. Others added to the list cover a variety of treatments for diseases such as multiple myeloma, non-small cell lung cancer, and a gene therapy for retinal disease.

World Courier, a subsidiary of AmerisourceBergen, will continue to invest in technology by expanding its commercial third-party logistics storage and global distribution depots. The specialty logistics services company will expand in 11 of 14 of its pharmaceutical depots, each of which is located in a strategic global healthcare market. Locations include Argentina, Australia, Brazil, Chile, Colombia, India, Japan, Mexico, Perú, Russia and Singapore.

All of Japan's four top pharmaceutical wholesalers achieved operating margins of over 1 percent, which is seen as the threshold for "reasonable profit rates" in their wholesale business. The average margin rose 0.2 percent over the previous year to 1.33 percent, according to Crecon Research and Consulting. The ethical drug market remained flat for the period April 2018 – March 2019. However, the negative impact of NHI price revisions in FY2018 was offset by growth in sales of new hepatitis C treatments and anti-cancer drugs. Included in these top four wholesaler spots is Alfresa Holdings, Medipal Holdings, Suzuken, and Toho Holdings.

Verily, Alphabet's life sciences-focused subsidiary, announced early details of collaborations aimed at

driving trial recruitment and fast-forwarding clinical evidence. Among those targeted in these collaborations are Pfizer, Novartis, Sanofi and Otsuka, and will use Verily's technology data tools in clinical studies "over the coming years" giving pharma companies the promise of improved patient engagement in trials and better management of data.

## June

HDA President and CEO, John Gray, announced he will retire effective May 2, 2020. Mr. Gray, who has led HDA since 2004, is credited with restructuring and streamlining the organization's membership base while strengthening partnerships with stakeholders within and beyond the pharmaceutical supply chain. He also headed the HDA advocacy team to significant federal legislative accomplishments, including the Drug Supply Chain Security Act (2013). Mr. Gray has been a friend and strong supporter of IFPW throughout the years, and IFPW wishes him well on his pending retirement.

Sanofi announced that Paul Hudson will replace Olivier Brandicourt as CEO. Hudson is currently head of pharma at Novartis AG and comes with a wealth of experience in the pharma industry, including head of pharma for AstraZeneca in North America. Brandicourt, who joined Sanofi in 2015, was looking to retire, spurring Sanofi to look for his successor earlier this year. Hudson will be replaced at Novartis by Marie-France Tschudin, President of the French nuclear medicine specialist company, Advanced Accelerator Applications SA.

Big box retail giant Walmart has joined MediLedger, a consortium spearheaded by San Francisco-based blockchain company, Chronicled, that is building a blockchain for tracking pharmaceuticals. The move represents Walmart's desire to deepen its involvement with blockchain technology. MediLedger uses an enterprise version of the Ethereum blockchain which is built with a modified version of the Parity client and a consensus mechanism called proof of authority. Other Members of MediLedger include pharmaceutical wholesalers McKesson, AmerisourceBergen and Cardinal Health.



U.S. drug manufacturer Pfizer has announced that it is acquiring Array Biopharma, a commercial stage biopharmaceutical company that focuses on discovery, development and commercialization of targeted small molecule medicines used in the treatment of cancer and other diseases with a high level of need. Pfizer will pay US\$11.4 billion (US\$48 per share) in cash for the company. The acquisition will make Pfizer a leader in the treatment of colon cancer.

The U.S. Food and Drug Administration handed drug manufacturer Merck Inc. a key approval for Keytruda (pembrolizumab) for use in patients with metastatic small cell lung cancer who show disease progression after previous treatment. The accelerated approval is based on tumor response rate and durability of response in studies, giving the FDA the ability to require further confirmatory data at a later date. Keytruda is already used in the treatment of non-small cell lung cancer and other conditions ranging from melanoma to lymphoma.

Sanofi announced that it will create a virtual lab with Google in order to enable precision health care as well as optimize research and development, and commercial operations. The French pharmaceutical manufacturer is undertaking the big data collaboration just months ahead of incoming CEO Paul Hudson's start. Details of the partnership are limited, but it is known that the alliance is not between Sanofi and Google's healthcare spinoff Verily Life Sciences LLC. Sanofi has also inked artificial intelligence partnership with IBM Life Science, Schrodinger Inc. and Exscientia Ltd., all with a focus on drug discovery efforts.

Walmart, consulting firm KPMG, and pharmaceutical manufacturer Merck have been chosen by the U.S. Food and Drug Administration to be included in a program to support the U.S. Drug Supply Chain Security Act. The pilot program is intended to assist drug supply chain stakeholders, including the FDA, in developing an electronic interoperable system that will identify and trace prescription drugs as they are distributed within the country, and will create a shared permissioned blockchain network that allows for real-time monitoring of products while reducing the time needed to track and

trace inventory.

## July

Walgreens Boots Alliance announced its third quarter 2019 earnings, with sales of US\$34.6 billion, an increase of 0.7% attributed to growth in its American retail pharmacy and pharmaceutical wholesale divisions. Net earnings came in at US\$1 billion (a 23.6% decrease over the same quarter in the prior year.) "Following a difficult second quarter, we made progress in the third quarter against the strategic goals we set, and are pleased to report an improvement in our U.S. comparable growth compared to the first half of the year," said WBA executive vice chairman and CEO, Stefano Pessina. Internationally, WBA saw retail pharmacy sales of US\$2.8 billion, a 7.3% decrease over the prior year, and a reflection of a 5.7% adverse currency impact. The company's pharmaceutical wholesale division realized sales of US\$5.9 billion.

The Federation of Japan Wholesalers Association (JPWA) expressed concern that October's NHI price revision associated with the consumption tax hike will result in extremely complicated price negotiations and set back efforts to improve distribution practices. Subsequently, it has asked the Japanese government for support in order to promote the guidelines. Additionally, JPWA stated that medical institutions and pharmacies would shun purchases or even return products before the re-pricing for drugs that go through a price reduction in October. This could cause challenges in deliveries and stock shortages. Alternatively, drugs that will suffer price increases in October could see healthcare providers rushing to hoard product ahead of the price revision. This would hinder the industry's efforts to improve distribution practices. Takeshi Nakahara, chairman of JPWA's Wholesaler Issues Review Committee, asked the government to "promote earlier price settlements, such as in August, for first-half price negotiations on the assumption that the drug price survey will be conducted in September."



Pharmaceutical manufacturer GlaxoSmithKline (GSK) has opened two new facilities in Singapore and expanded one of the production buildings on its Jurong site. The move will enable the company to “accelerate the supply of new breakthrough medicines to patients globally” by reducing production time for medicines such as ingredients used in HIV medicines.

AmerisourceBergen Corporation announced that it has entered into a long-term agreement with OneOncology, a leader in cancer care in the U.S. OneOncology partners with the U.S.’s top community oncology practices and their physicians to support delivery of comprehensive cancer care to patients. Once its public launch in September of 2018, the organization is now comprised of four large practices across the U.S., representing nearly 250 physicians at more than 70 sites of care.

Brazilian wholesaler and distributor Profarma Distribuidora posted its best second quarter performance in the last two years. Gross revenues rose by 19.1% in the period to US \$5.8 billion, and gross profit rose by 19.9% to US\$27.3 million. Its retail division saw an increase of 5.4% for same store sales while specialties sales rose by 4.6%.

Pharmaceutical manufacturer GlaxoSmithKline is expected to name Jonathan Symonds to the position of Chairman. Symonds previously served as CFO for Novartis and AstraZeneca. He will replace Philip Hampton. Hampton announced that he would be stepping down in January of 2019. Symonds is well versed in the life science industry, and his experience with major deals makes him an excellent choice for the chairmanship. GSK is currently in the middle of the creation of a consumer health joint venture with Pfizer in preparation for a spinoff.

Bayer, Bristol-Myers Squibb and Ono Pharmaceuticals announced a clinical collaboration agreement to evaluate the combination of Bayer’s kinase inhibitor Stivarga (regorafenib) and BMS/Ono’s anti-PD-1 immune checkpoint inhibitor Opdivo (nivolumab) in the treatment of patients with micro-

satellite stable metastatic colorectal cancer. Full details of the collaboration were not disclosed.

## August

U.S. wholesaler and distributor AmerisourceBergen (ABC) delivered third quarter fiscal 2019 earnings per share of US\$1.76, surpassing analysts’ expectations. Revenues for the pharmaceutical distribution segment totaled US\$43.53 billion, an increase of 4.7% year-over-year, and operating income totaled US\$411.7 million, up 4.9% year-over-year. ABC’s Consulting Services, World Courier and MWI Veterinary Supply segment came in at US\$1.73 billion, up 8.6% year-over-year. The company attributed this upside to growth in Canada and its MWI business unit.

McKesson Corporation announced earnings with revenues of US\$55.73 billion for the quarter ended June 2019, up 6% year-over-year. “McKesson is off to a strong start in fiscal 2020, and our first-quarter earnings performance exceeded our expectations,” said Brian Tyler, chief executive officer. “Based on the momentum from our first-quarter results and our confidence in the full year outlook, we are raising our previous guidance range for fiscal 2020 and now expect Adjusted Earnings per diluted share of \$14.00 to \$14.60.”

Japanese wholesaler Medipal Holdings announced that it will launch a stock buyback after its largest shareholder, Takeda Pharmaceutical, offered to give away its 5.12% stake in the company. Medipal will buy back 12.5 million shares through a tender offer, which will last from August 1st to August 29th. Takeda currently holds a total of 11.4 million shares. Medipal said that the two companies’ favorable partnership will continue even after Takeda’s share ownership declines.

Pfizer announced a US\$500 million plan to ramp up its gene therapy manufacturing operations with a major expansion in Sanford, NC. “We’re going to be a leading player in gene therapy,” said Bob Smith, the SVP for global gene therapy at Pfizer. Building on to their operations in North Carolina gives the BD team an open highway to more deals as Pfizer continues to add to their existing gene therapy pipeline they already have built.



In another change across its executive team, GlaxoSmithKline announced that its U.S. pharmaceutical president, Jack Bailey will step down at the end of the year. He will be succeeded by Maya Martinez-Davis, who currently serves as the president of Merck KGaA's Latin American pharmaceutical business. A number of leaders within GSK have left the company since the departure of CEO Andrew Witty, who was succeeded by Emma Walmsley.

### September

Walgreens and Kroger will expand their partnership beginning this fall. The pilot program will include locations in Knoxville, TN. In total, 35 Walgreens locations will carry roughly 2,700 of Kroger's "Our Brand" products. Some locations will have a more limited selection of approximately 2,300 products. Separately, Walgreens' Boots Pharmacy Division in the U.K. is introducing a pilot program using electric vehicles to delivery prescriptions in certain areas of London. Should the program be successful, plans to expand the program to other regions will be initiated. In addition to electrifying their fleet, Boots U.K. also introduced measures to cut costs and improve their environmental footprint.

Bayer (Germany) hired former Johnson & Johnson executive Marianne De Backer to manage acquisitions and licensing deals for its drug unit. De Backer will assume the role of Head of Business Development and Licensing at Bayer's pharmaceuticals division. While at Johnson & Johnson, De Backer lead business activities across different therapeutic areas and regions.

The U.S. Food and Drug Administration granted Mylan NV tentative approval for its generic version of Eli Lilly's lung cancer drug Alimta. A tentative approval signals that the FDA has signed off on the company's marketing application, but that it cannot sell the medicine until the U.S. patents have expired. Lilly loses patent protection on its branded version of the chemotherapy drug, known generically as pemetrexed, in 2022.

Walgreens is partnering with Alphabet's Wing Aviation to make drone delivery of items from Walgreens stores a reality. Starting next month, consumers in

Christiansburg, Virginia will be able to order items from Walgreens using the Wing app for delivery within minutes via drone. Walgreens stated that the pilot would be used to explore the future of health-and-wellness product and retail delivery by air. The companies selected Christiansburg as the test market because Wing has been working closely with Virginia Tech in nearby Blacksburg to test drone delivery as part of the Department of Transportation's pilot program since 2016.

Abbott Laboratories entered into a collaboration with biopharmaceutical manufacturer Sanofi that integrates glucose sensing and insulin delivery technologies which would help further simplify the management of diabetes. The companies plan to adopt a pioneering approach to connected care by developing tools that combine the revolutionary FreeStyle Libre technology with Sanofi's insulin dosing information for future smart pens, insulin titration apps and cloud software.

Pfizer is in the planning stages to establish a multinational network of digital research hubs with a focus on artificial intelligence and big data analysis. The first facility will be located in Thessaloniki, Greece and will concentrate on developing tech that can be incorporated into its development pipeline of medicines and vaccines. The facility will be the first of six and will be operational by 2020.

According to Alan Thomas, director of Thought Leadership at IQVIA Solutions Japan, the Japanese pharmaceutical market is expected to shrink at a CAGR of 0.7% over the next five years (FY2019-FY2023.) The decrease is attributable to products losing exclusivity and drug price revisions. Speaking at a media seminar on September 4th, Thomas pointed out that while the market of NHI price-listed drugs was valued at more than 10 trillion yen (US\$92.5 billion) in FY2018, it would fall below that mark by FY2023.

Sanofi is partnering with mental health digital therapeutics firm Happify Health with a proposed app to improve mental health in patients with



multiple sclerosis. The app is currently in a proof-of-concept online trial that includes several thousand MS patients and is Sanofi's first proposed digital therapeutic. Sanofi purposely chose MS as an entry point due to its extensive experience with the disease. The software platform was developed by Happify and is already used for a non-specific solution for anxiety and depression.

## October

Pfizer's Board of Directors unanimously elected current CEO Albert Bourla to the position of chairman effective Jan. 1, 2020. He succeeds current Chairman, Ian Read, who will retire effective December 31, 2019. Bourla began his career with the company in 1993 in the animal healthcare unit and most recently served as the company's COO until being named CEO on January 1, 2019. Bourla said, "I am honored to have been chosen to succeed Ian as the chairman of the board of this wonderful company...I want to thank Ian for his unwavering dedication to Pfizer over the past four decades and during this leadership transition."

Dr. Reddy's and Novartis AG's Sandoz have recently decided to halt distribution of their generic OTC versions of Zantac (ranitidine) due to discoveries of the drug being tainted with N-nitroso dimethylamine (NDMA) during its manufacturing. With the risk of stopping medication being higher than the risk of taking the drug, the FDA urged patients to continue to take their medication while they work towards a solution. Canada, and other regulators, decided to stop distribution of the drug until there was further knowledge of the risks. Sanofi, maker of Zantac, has decided to continue with distribution of the drug except in Canada, while CVS has halted sales of the drug at its stores across the U.S. GlaxoSmithKline's Japan unit initiated a voluntary recall of the drug on September 26th.

Emma Walmsley, CEO of GlaxoSmithKline since 2017, was nominated as a Microsoft Board Member. Walmsley currently holds two other appointments: Co-chair of the Consumer, Retail and

Life Sciences Council and Honorary Fellow of the Royal Society of Chemistry. The decision, to be made at the annual shareholders meeting Dec. 4, would benefit both companies as GSK delves deeper into digital transformation and Microsoft wades further into healthcare.

Doug Long, IQVIA's Vice President of Industry Relations, presented at NACDS' Total Store Expo in August 2019 with a rundown of pharmaceutical trends for the year. U.S. market dollar sales are up 6%, prescriptions are down 1%, 90-day prescriptions grew 3%. The 2019 flu season was less severe than 2018, but vaccine sales were good. Regarding prescriptions in stores, a U.S. retail store fills greater than 22,000 adjusted prescriptions per quarter, chains average 30,756 scripts, and independent average 12,233 scripts. Reimbursement issues will continue to worsen as they have in the past 10 years. Generic sales have decreased, despite the number of approvals in 2019, less products are making it to market. This has led to mergers and alliances like Bristol-Myers and Celgene, AbbVie and Allergan, and Upjohn and Mylan in an effort to consolidate the sector.

Eisai's Indian subsidiary entered a license agreement with the Mylan's business unit in India, giving them the right to distribute and promote Eisai's anticancer drug Halaven (eribulin) under the brand name Teceris in India. Eisai's market is mainly urban areas with a tiered-pricing plan that ranges from full price to free, based on patient income.

In its effort to collect unwanted and unused medications, Walgreens has collected more than 885 tons of unwanted prescriptions as of Aug. 31. "We are proud to be the leader in making 'drug take-back day' available every day, just as we are grateful to the organizations across the health care community who have joined us to address the opioid epidemic," said Rick Gates, senior vice president of pharmacy and health care, Walgreens. "We recommend everyone utilize drug disposal options available throughout their community or participate in DEA's National Prescription Drug Take Back Day in an effort to safely dispose of unwanted medications." Walgreens has been working with AmerisourceBergen, Pfizer and Prime Therapeutics to expand the availability of the kiosks nationwide. Currently, there are more than 1,500 kiosks in



46 states and Washington, D.C.

With the discontinuation of the chemo drug vincristine by Teva Pharmaceuticals (used in the treatment of serious pediatric cancers) Pfizer has stepped up to fill the serious shortfall by expediting additional shipments. The drug, which is critical in treatments and clinical trials, is now a priority for Pfizer, and the company is strongly committed to making sure it is available to patients in need.

Pharmaceutical manufacturer Johnson & Johnson (J&J) posted stronger-than-expected third quarter earnings and lifted its full-year sales and profit guidance, as pharmaceutical revenues surprised to the upside. Group revenues rose 1.7% to US\$20.7 billion. J&J's pharmaceutical business saw a rise of 5.8% to US\$10.9 billion.

U.S. healthcare distribution solutions provider McKesson Corporation posted total revenues of US\$57.6 billion, reflecting 9% growth in its second quarter of 2020. U.S. pharmaceutical and specialty solutions segment saw revenues of US\$46.0 billion, up 10 percent. Operating profit came in at US\$639 million with an operating margin of 1.39%, down 14 basis points due to higher volume of specialty pharmaceuticals. Adjusted operating profit was up 1% to US\$641 million due to continued growth in the specialty businesses and partially offset by customer and product mix.

Pharmaceutical manufacturer GlaxoSmithKline has agreed to sell its rabies and tick-borne encephalitis vaccines to Novartis. The deal includes a combination of an upfront payment (US\$335 million) and inventory (valued at US\$177 million) as well as potential milestones covering technology transfer and transfer of approvals worth US\$550 million. The decision comes as GSK's vaccines group posted strong growth, due in large part to its shingles vaccine, Shingrix, which won FDA approval in October of 2017.

## November

Brazilian wholesaler and distributor Profarma Distribuidora announced financial results for the third quarter of 2019, with gross revenue of R\$1.4 billion

(US\$335.1 million) an uptick of 18.6% year-over-year. Consolidated cash flow was R\$24.7 million (US\$3.32 million) and R\$13.9 million (US\$5.9 million) for the first nine months of 2019, the company's best performance since 2014. Average retail sales per store and mature same store sales both rose by 1.8%.

U.S. wholesaler AmerisourceBergen announced revenues of US\$45.6 billion for the fourth quarter of 2019, a 5.4% increase over the same quarter last year. Annual revenues of US\$179.6 billion were up 6.9% year-over-year. "In fiscal 2019, AmerisourceBergen performed extremely well, driven by execution across our Pharmaceutical Distribution and Global Commercialization Services and Animal Health team. Working as a unified and connected organization, we created value for our shareholders, partners, customers, and the patients they service," said Steven H. Collis, Chairman, President and Chief Executive Officer of AmerisourceBergen.

In a new corporate ad campaign (the largest in its history), pharmaceutical manufacturer Bayer launched its new slogan "Why We Science" with a series of TV ads, along with digital and social media. The campaign shows the value of its products, from healthcare to agriculture, in consumers' lives.

Numerous news sources have reported that Walgreens Boots Alliance (WBA) is looking into the possibility of taking the company private. WBA has been in preliminary talks with large private equity firms and would be the largest leveraged buyout ever. Anonymous sources said the company has retained Evercore Partners to see whether a deal would be possible. WBA announced 4th quarter sales up 1.5% to US\$34 billion (up 2.6% on a constant currency basis) a fiscal 2019 financial results with sales up 4.1% to US\$136.9 billion (up 5.8% on a constant currency basis).

Mylan reported third quarter revenue of US\$2.9 billion, missing analysts' expectations of US\$3.01 billion. Reported earnings per share came in at US\$1.17, compared to analysts' forecasted EPS of US\$1.13. Separately, Mylan and Pfizer announced



that the new company formed by the planned combination of Mylan and Pfizer's Upjohn division will be named Viatrix. The companies said the latin-derived name is meant to embody the new company's goal of providing a path (Via) to three (tris) core goals: expanding access to medicines, leading by innovating to meet patient needs, and being a trusted partner for the healthcare community.

U.S.-based Cardinal Health reported its first quarter fiscal year 2020 revenue of US\$37.3 billion, an increase of 6% year-over-year. It posted a first quarter GAAP operating loss of US\$5.3 billion, including a US\$5.6 billion accrual related to opioid litigation. Non-GAAP operating earnings increased 6% to US\$577 million. "We are off to a solid start to fiscal year 2020, giving us confidence in our operating rigor and path forward," Cardinal CEO Mike Kaufmann said. "Our disciplined cost management is enabling strategic investment across the enterprise."

## December

Walgreens' Shot@Life and the UN Foundation have officially helped to provide 50 million vaccinations to children worldwide with its Get a Shot Give a Shot program which launched in 2013. Walgreens has set a new goal of provided 50 million more vaccines by 2023. "At Walgreens we are immensely proud of our longstanding collaboration with the UN Foundation, providing vaccines to remote areas of the world where vulnerable populations have limited access to healthcare," said Alex Gourlay, president of Walgreens and co-COO of parent company Walgreens Boots Alliance. "By being a part of this coordinated worldwide vaccination effort, we have helped make significant progress in reducing cases of measles and polio." The program is aimed at helping to meet the commitment of the UN's Sustainable Development Goals.

Japan's four leading pharma wholesalers had profit margins topping 1% in April-September, the minimum threshold that needs to be secured to sustain the wholesaling business, according to a Jiho tally. In the first half of 2019, Alfresa Holdings, Medipal Holdings, Suzuken and Toho Holdings delivered combined sales of 3.96 trillion yen (US\$32.8 billion), up 6.3% year-over-year, and operating profit totaling 53.5 billion yen (US\$443.2 million), up 40.3%.

Walgreens Boots Alliance and McKesson Corporation have signed an agreement to create a joint venture that will combine their respective pharmaceutical wholesale businesses in Germany, Alliance Healthcare Deutschland and GEHE Pharma Handel. WBA will have a 70% controlling interest in the joint venture and McKesson will have a 30% ownership interest. The new joint venture is expected to enhance the ability to compete and deliver high customer satisfaction through new services and operational excellence. WBA Co-chief operating office, Ornella Barra, said "Combining our wholesale operations is the right decision to secure the long-term success of both businesses. This is a strategic step that will offer benefits for all. We are creating a sustainable company to drive success for our customers and the German healthcare system."

McKesson Corporation has been selected by the U.S. Department of Veteran Affairs to continue as the prime pharmaceutical supplier for the agency. Under the new agreement, effective August 2020, McKesson will supply all VA medical centers and outpatient clinics, as well as the VA's consolidated mail outpatient pharmacies. The initial two-year contract includes options for up to three two-year extensions.

Sanofi (France) will move away from its three-year-old relationship with Verily and their virtual diabetes clinic, Onduo. This follows Sanofi's decision to pull back from new diabetes research. The joint venture recently celebrated completion of its expansion across the continental U.S.



## Balance Sheet

December 31, 2019  
(in US dollars)

<b>Assets</b>			
Cash & Investments		737,018	
Accounts Receivable		643	
Deposits & Prepaids		<u>46,217</u>	
	<b>Total Assets</b>		<b>783,878</b>
<b>Liabilities</b>			
Accounts Payable		8,335	
Dues Paid in Advance		634,000	
Advance Sponsorship/Exhibit		<u>50,000</u>	
	<b>Total Liabilities</b>		<b>692,335</b>
<b>Members' Capital</b>			
Retained Earnings		230,041	
Net Income		<u>(138,498)</u>	
	<b>Total Members' Capital</b>		<b>91,543</b>
	<b>Total Liabilities &amp; Capital</b>		<b>783,878</b>

## 2019 Income Statement

(in US dollars)

<b>Operating Revenue (Dues)</b>			1,057,000
<b>Operating Expenses</b>			
Management Fees & Staff Expenses	985,014		
Directors' Expenses	-		
Office Expenses	24,065		
IFPW Foundation Support	<u>100,000</u>		
		<u>1,109,079</u>	
	<b>Net Operating Income</b>		<b>(52,079)</b>
<b>Meeting Revenues</b>			
CEO Roundtable Revenues	<u>21,000</u>		
		21,000	
<b>Meeting Expenses</b>			
CEO Roundtable Expenses	<u>111,692</u>		
		<u>111,692</u>	
	<b>Net Meeting Income</b>		<b>(90,692)</b>
<b>Other Revenue</b>			<u>4,273</u>
	<b>TOTAL NET INCOME / (LOSS)</b>		<b>(138,498)</b>



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