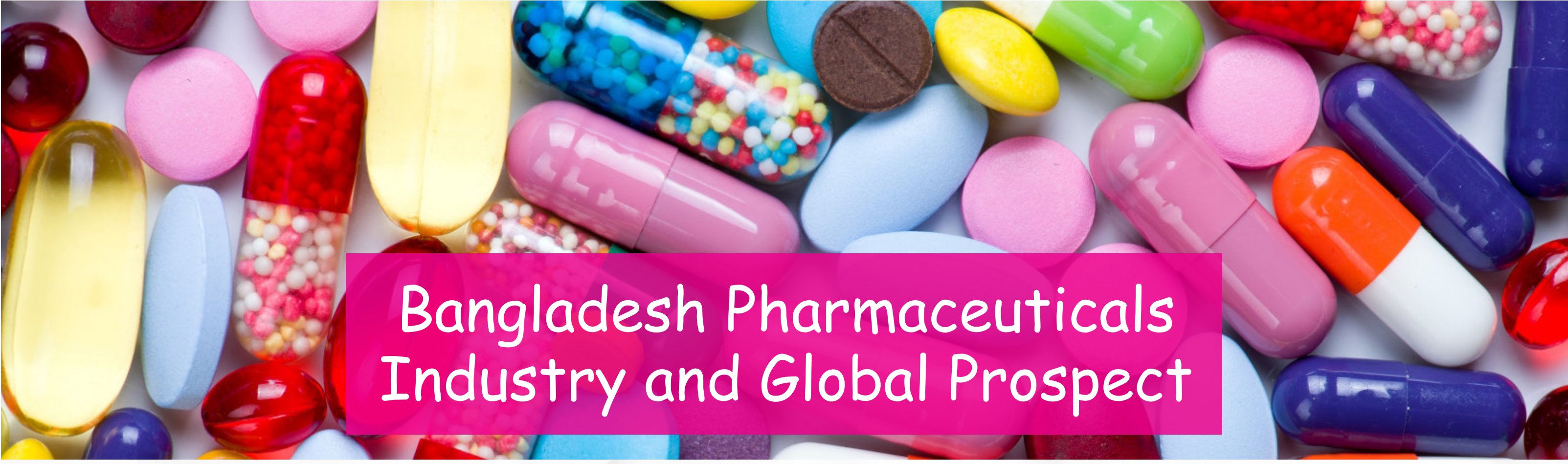

Bangladesh Pharmaceuticals Industry and Global Prospect

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Bangladesh Pharmaceutical Market

Bangladesh Pharmaceuticals Industry made us proud to the 600 billion peoples of 182 countries of the world. It gives us the highest export to more than 100 countries and accounted for earning of over USD 100 Million, after RMG sector. It managed supply of 97% medicine(present Bangladesh Pharma Market is about Tk. 24,000 Crore) need of 160 million low earning population of Bangladesh. Top ten players of this sector contribute more than 60% of Domestic market, top twenty companies contribute more than 80%. But out of top ten only five are listed with the stock exchange. Total Market Capitalization of Pharmaceuticals and Chemical Sector is about Tk. 53,604 crore and 15.4% of DSE market Cap as of February 25, 2019. We shall see in this paper the profitability, NAV, PE ratio and Market share of the companies. It will facilitate reader understanding of pharmaceuticals market, contribution in Stock market Capitalization, share of foreign investment.

Listed Pharma Companies

In DSE we find Pharmaceutical and Chemical Sector with 31 issues contributing a market capitalization of Tk. 53,604 crore and 15.4% of DSE market Cap as of February 25, 2019. There are sixteen pharmaceuticals manufacturing and marketing companies out of these 31. Out of these sixteen Pharma companies, following five companies (it bagged about Tk.37,970 crore, 71% of pharmaceuticals and chemicals sector market capitalization) are the topper of the top ten Pharmaceuticals companies as per IMS;

1. Square Pharmaceuticals Limited with market Cap. Tk. 21,375 crore
2. Beximco Pharmaceuticals Limitedwith market Cap. Tk. 3,694 crore
3. Renata Limitedwith market Cap. Tk. 9,425 crore
4. ACI Limitedwith market Cap. Tk. 1,500 crore
5. The ACME Laboratories Limited with market Cap. Tk. 1,975 crore

Financial Performance of Top Pharma Co. in Stock Market

Company Name	Square	Beximco	Renata	ACI	ACME
Turn Over In Tk. Corore	2131.8	1110.9	1057.00	1121.00	797
Market Share %	16.95	8.26	5.20	4.38	3.52
Net Profit in Tk. Crore	629.52	148.70	168.97	66.37	77.60
EPS	7.98	3.670	21.08	13.30	3.69
NAV	81.58	69.20	232.03	291.06	79.89
PE Ratio	17.17	12.43	27.79	28.35	12.47
Foreign Investment %	19.68	38.53	22.39	-	.73

Note: *The figure are taken from DSE as per disclosed in half yearly ended on December 31, 2018. The ranking market share and tanking from IMS not as reported figure.*

Portfolio performance in 3rd Quarter 2018:

In Bangladesh Market we have about 2,500 generic drugs and of about 50 therapeutic classes and groups. Considering market size by terms of Sales volume for the 9 months (September 30, 2018) to fifteen Portfolio is given below as per IMS;

Portfolio	Value Sale (Crore Tk.)	Rank-1	Rank-2	Rank-3
Antiulcerants	3,013	Square	HealthCare	Incepta
Cephalosporins & Combs	1,687	Square	Incepta	Renata
Human Insulin + Analogues	702	Novo Nordisk	Incepta	Eli lilly
Calcium	700	Square	Radiant	Eskayef

Portfolio	Value Sale (Crore Tk.)	Rank-1	Rank-2	Rank-3
Antirheumatic Non-Steroid	659	Square	Novartis	ESkayef
Anti-Epileptics	650	Incepta	Roche	Square
Non-Narcotics Analgesics	643	Beximco	Square	Renata
DPP-IV Inhibitor A-Diabs	518	Novartis	Incepta	Beximco
Antihistamines Systemic	449	Square	Renata	Helthcare
Antileuk Anti-Asthmatics	444	Acme	Incepta	Drug International
Cholest. &Trigy regulator	440	Beximco	Square	Incepta
Macrolides & Similar	426	Square	Renata	Incepta
Vitamin B & Combinations	418	Square	General	Incepta
Angioten-II Antag, Plain	381	Beximco	Incepta	Square
Sulphonylurea A –DIABs	342	Square	Servier	Sanofi

Considering the above figure it is clear that Square, Beximco, Incepta, Renata, Healthcare, Eskyef, Acme and Novartis are the contributor in the Bangladesh Pharmaceuticals market.

Highly growing portfolios in 3rd Quarter 2018

Considering top twenty portfolio of the Pharmaceuticals market sales for the third quarter ended September 30, 2018 as per IMS we find the following portfolios have grown in double digit but industry as a whole grown at 6.24%.

Portfolio	Growth %	Diseases
DPP-IV Inhibitor A-Diabs	18.38%	Diabetics
Angioten-II Antag, Plain	18.22%	Hypertension
Platelet Aggreg Inhibitor	16.77%	Hypertension
Beta Blockers	15.51%	Hypertension
Antileuk Anti-asthmatics	14.54%	Asthmatics
Human Insulin + Analogues	13.07%	Diabetics
Calcium	12.98%	Supliments
Cholest. &Trigy regulator	12.23%	Lipid Lowering
Antihistamines Systemic	449	Square
Antileuk Anti-Asthmatics	444	Acme
Cholest. &Trigy regulator	440	Beximco
Macrolides & Similar	426	Square
Vitamin B & Combinations	418	Square
Angioten-II Antag, Plain	381	Beximco
Sulphonylurea A –DIABs	342	Square

It reveals from the above figure that the life style diseases are increasing very rapidly due change of lifestyle and higher life expectancy.

Foreign Investment in Listed Pharmaceutical Sector

Pharmaceuticals sector claimed a good amount of foreign investment as of January 31, 2019. Out of 16 listed companies foreign investors selected following 8 companies for investment:

1. Square Pharmaceuticals Limited
2. Beximco Pharmaceuticals Limited
3. Renata Limited
4. The ACME Laboratories Limited
5. Ambee Pharmaceuticals Limited
6. Orion Pharma Ltd.
7. GlaxoSmithKline (GSK) Bangladesh Ltd.
8. Orion Infusion Ltd.

Global Pharmaceuticals Trade

Reference Trade Map, International Trade Centre the top ten pharmaceuticals Exporter and Importers for the year 2017 are as follows:

Importing Countries			Exporting Countries		
Country	Amount in USD Billion	% of Total Global Import	Country	Amount in USD Billion	% of Total Global Export
United States	96.60	17.2%	Germany	84.5	16.1%
Germany	54.00	9.60%	Switzerland	70.3	13.4%
Belgium	34.70	6.20%	United States	44.9	8.6%
United Kingdom	33.10	5.90%	Belgium	43.2	8.2%
Switzerland	28.70	5.10%	Ireland	38.3	7.3%
China	25.40	4.5%	United Kingdom	32.7	6.2%
Italy	23.2	4.1%	France	31.4	6.0%
France	23.1	4.1%	Italy	25.7	4.9%
Japan	22.5	4%	Netherlands	23.7	4.5%
Netherlands	14.1	2.5%	Denmark	12.9	2.5%
Total	355.3	63.2%	Total	407.6	77.59%
Global Total	525.3	100%	Global Total	525.3	100%

If we consider the above figure all developed countries are the top importers and exporters. If we follow the importer side US, Japan, China, are the net importer and its mainly generic drugs.

Export of Pharmaceuticals from Bangladesh

We have experiences compound annual growth rate of the local market at 16.51% (Q3 MAT, 2014 to Q3

MAT, 2018). It is equally grown in the globalmarket as per statistics of Export Processing Bureau, Bangladesh:

Year	Export (Million USD)	Growth
2017-18	110	23.60%
2016-17	89	8.40%
2015-16	82.11	13.02%
2014-15	72.65	4.93%
2013-14	69.24	15.75%
2012-13	59.82	

Considering Global pharmaceutical trade and our export volume there is abound of scope to grow in the global market. India is one of the top player (number one in Asia) and they are exporting USD 17.27 billion in 2017-18. India is exporting 65% of DPT and BCG and 90% measles Vaccine demand of WHO.

Export Incentive to the Pharmaceuticals Industry

Government has made a wise decision by approving incentive (10% on the FOB value having 30% minimum Value additions and no Duty draw back) facility for the pharmaceutical industry from July 2018. It will make exporters more competitive in the global market. The industry and the regulator should be very judicious to use this benefit.

Bangladesh Pharmaceutical Industry Outlook 2019 onward

Bangladesh Pharmaceuticals industry experienced double digit growth over last two decade. We are receiving its impact in our life (substantial reduction in infectious disease, increment in per capital life expectancy, reduction of mortality of mother and new born). But it will not reduce the use of medicine or medicine requirement of us. We expect continuation of growth episode. The use or requirement of medicine will be increasing as we are growing old, our per capita income is growing, access to medicine and health care professional (every year more than 10,000 graduate doctors passing out) is getting easier every day. The cost of medicine may be increased, as we are heavily import dependent for actives, excipients and packing materials minimum wage and cost of doing business is increasing every day.

Growth Challenges of Bangladesh Pharmaceutical Industry

We have seen steady growth in pharmaceuticals export in last decade. Our export are mostly to the developing and least devloped countries. The opportunities of pharma export is greatly increased after accreditation from TGA Australia, MHRA UK, FDA USA and WHO by Bangladeshi Pharma industry. For generic pharma market USA, UK, Australia and EU is the topper. We are facing following solvable challenges to enter into huge export market of USA, UK and EU;

1. Buying ANDA for US market, MA for UK and EU market is Costly (very payment from Bangladesh to foreign beneficiary is subject to AIT (30%) and VAT (15%)) Government may exempt it for the sake of development of industry for a period.
2. Limitation of Capital Account Convertibility (It is essential to have an office at the target market and get tax and resident benefit of that market).
3. Limitation of sending expenses for foreign office (It is allowed to transmit USD 30,000 per year for a foreign office which is very insufficient for any business in anywhere of the world).
4. Lack of Mutual Acceptance of GMP Approval of DGDA. WHO and PICS countries are working on it. Till date accreditation from Bangladesh Drug authority is not accepted by any country irrespective of LDC or Developing country. DGDA should come with big initiative to increase capacity building and develop industry benchmark for the country and the Global reference.

Remark of the Writer

We are ahead of any other country of the world in so many competitive advantages (very close proximity of global supply chain, supply of huge talented human resources for the industry e.g Chemist, Bio Chemist, Chemical Engineers, Pharmacist, Biologist, Pharma technicians). We need a planned (policy support) use of these so that we can introduce us a medicine supplier of the world. Top browsers and investors are ready to invest in capital for Pharmaceutical sector (we have seen high PE in this sector). In this case we take reference of Indian Pharma industry development.

Disclaimer: This paper reflects the view of the writer's personal not of his position or that of the ICMAB.

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