GERMAN PHARMACIES

FIGURES · DATA · FACTS

2015

ABOUT THE ABDA

» The ABDA – Federal Union of German Associations of Pharmacists is the foremost organisation for pharmacists in Germany. The ABDA represents the interests of the pharmaceutical healthcare professions in politics and society while promoting high-quality, comprehensive pharmaceutical care in Germany.

» The ABDA has 34 members: 17 regional chambers of pharmacists and 17 regional associations of pharmacists – one from each of Germany's 16 federal states plus an additional representative from North Rhine-Westphalia which has been divided into North Rhine and Westphalia-Lippe due to its size.

» The 17 chambers of the Federal Chamber of Pharmacists (BAK) and the 17 associations in the German Pharmacists' Association (DAV) are combined under one roof in ABDA. Membership in the Chamber of Pharmacists is mandatory for all pharmacists while membership in associations for pharmacy owners, on the other hand, is voluntary.

» ABDA's Executive Board is composed of 13 members: the president, the vice president, an employed pharmacist from a community pharmacy along with five members each from the BAK and DAV executive boards.

» The annual general assembly for pharmacists takes place once per year as part of German Pharmacist Day. The annual general assembly is used to form political positions. Its resolutions are binding for the ABDA committees' actions.

» The offices of ABDA, BAK and DAV are in Berlin and are run by the general manager. In addition to the four business areas, a) pharmacy, b) pharmaceuticals, c) economic and social affairs, contracts and d) law, there are staff positions for a) finances, personnel and administration, b) communications and c) European affairs.

» European representation for ABDA is headquartered in Brussels (Belgium) and is responsible for representing its interests in European Union (EU) institutions.

» The ABDA is a member of the German Federation of Independent Professionals (BFB), the Pharmaceutical Group of the European Union (PGEU), and the International Pharmaceutical Federation (FIP).

» The ABDA receives professional support from many institutions, including the Drug Commission of German Pharmacists (AMK), the German Institute for Drug Use Evaluation (DAPI) as well as the Central Laboratory of German Pharmacists (ZL).

PHARMACIES IN GERMANY

- The red pharmacy A (with chalice and snake) is the identifying symbol for community pharmacies in Germany. This registered trademark of the German Pharmacists Association (DAV) enjoys special legal protection throughout Germany and Europe.
- In order to work as a pharmacist in Germany, one must study for 5 years at university: 2 years each of basic and main studies and 1 year of practical training. Each course of study ends with a state examination. Upon successful completion, one must apply for a license to practice medicine, which is authorisation to exercise the profession.
- Pharmacists in Germany are not only part of the healthcare profession (like doctors) and freelance professions (such as architects), but also pharmacy owners which means they are also merchants who are therefore required to pay business taxes.
- Freedom of establishment has been created for pharmacists in Germany. According to this principle, a pharmacist may establish a pharmacy anywhere and anytime, provided that he complies with the law. This also means that no pharmacist is protected from unwanted competition in the vicinity.
- In Germany, the owner / operator of a pharmacy must always be a pharmacist. This third-party ownership ban emphasises a pharmacist's personal responsibility and liability – and decouples the provisioning of pharmaceuticals from corporate profit goals.
- The ownership of multiple pharmacies is forbidden in Germany. However, a pharmacist may, in addition to the main pharmacy, operate up to three branch pharmacies in the nearby local vicinity. Each of these locations must also have a pharmacist in place as branch manager. There are no pharmacy chains in Germany.
- Selling pharmaceuticals via mail order is allowed in Germany. Approved mail-order pharmacies are "normal" community pharmacies with a special mail-order permit. According to a list from the Federal Ministry of Health, the mail-order trade is also allowed from a few other European countries.
- Prices for prescription-only pharmaceuticals are uniform nationwide; this is stipulated by the Drug Price Ordinance to protect consumers and pharmacists. In contrast, all pharmacies are free to set their own price for non-prescription medications.
- The pharmacist's fee for consultation on a prescription medication is regulated by the Drug Price Ordinance. Broadly speaking, this is a fixed fee of 8.35 euros per package. For non-prescription pharmaceuticals, each pharmacist may calculate their own fee for non-prescription pharmaceuticals.
- Pharmacists in Germany assume an obligation for the common good of society. This is not individually remunerated but, rather, it is individually subsidised. This includes creating formulations, dispensing psychotropic substances and performing comprehensive evening and emergency services.

MAP OF GERMANY

"APOTHEKE 2030" PERSPECTIVE PAPER

» The policy paper "Pharmacy 2030 – Perspectives on provision of pharmacy services in Germany" ("Apotheke 2030"), was adopted by a vast majority on German Pharmacist Day 2014 in Munich. This was preceded by an opinion-forming process in which several thousand pharmacists participated over the course of an entire year.

» The preamble reads as follows: "Pharmacists in Germany are experts in pharmaceuticals. Based on this core competency, they make an indispensable contribution to patients' well-being in outpatient care. As freelance health professionals, they carry out their legal mandate of comprehensive pharmaceutical provisioning to the German public via public, owner-operated pharmacies."

» The healthcare system in Germany faces great challenges such as demography, a lack of professionals and financial pressure on resources. Therefore, for the benefit of our patients, the healthcare role of the pharmacy must be actively defined so that healthcare may maintain a key role in the future as well.

» "Apotheke 2030" describes how the pharmacy's role and range of services should be advanced as a pillar of the healthcare system. Essentially, it concerns ways in which pharmacies may strengthen their role in healthcare while collaborating as part of a network with doctors and other specialised professionals thus making true medication management for patients possible.

» Three issues are at the forefront when strategically implementing the document: First, we must define the correct way in which to systematically implement medication management. Secondly, provisioning frameworks must be adapted for the future. Thirdly, we must determine what the future holds regarding pharmacist qualification (education, advanced and continuing education).

» Pharmacies in Germany wish to continue offering medication management as a crucial instrument for safe, effective and economical pharmaceutical therapy in the future. In so doing, all of a patient's medication, including self-medication, will be continually analysed. The goal is to avoid, detect, and solve problems related to pharmaceuticals and, in so doing, increase the effectiveness and efficiency of pharmaceutical therapy.

» Pharmacists wish to collaborate collegially both among each other and with other healthcare professions as part of a healthcare network. Pharmacies will actively co-design the healthcare network with clearly defined competencies and interfaces. As an integral component of the network, they will assume responsibility for pharmaceuticals, the safety of pharmaceutical therapy and the optimization of practices.

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As part of the editorial revision of figures, data and facts, the year in the title will henceforth refer to the year of publication and no longer the year of the database.

PATIENT CARE IN DAYTIME, NIGHTTIME AND EMERGENCY SERVICE*

> The more than 20,000 community pharmacies in Germany came into contact with a total of 1 billion patients in the year 2014. This equates to an average of 3.6 million per day.

> Patients who are unable to visit a pharmacy are supplied with pharmaceuticals via home delivery. 250,000 home deliveries are performed daily.

> Nighttime and emergency service guarantees comprehensive pharmaceutical provision around the clock. Around 1,400 pharmacies service 20,000 patients each night. Around 7 million pharmaceuticals are dispensed per year in approx. 510,000 emergency services performed outside of regular business hours. This consists of equal parts prescription and non-prescription pharmaceuticals.

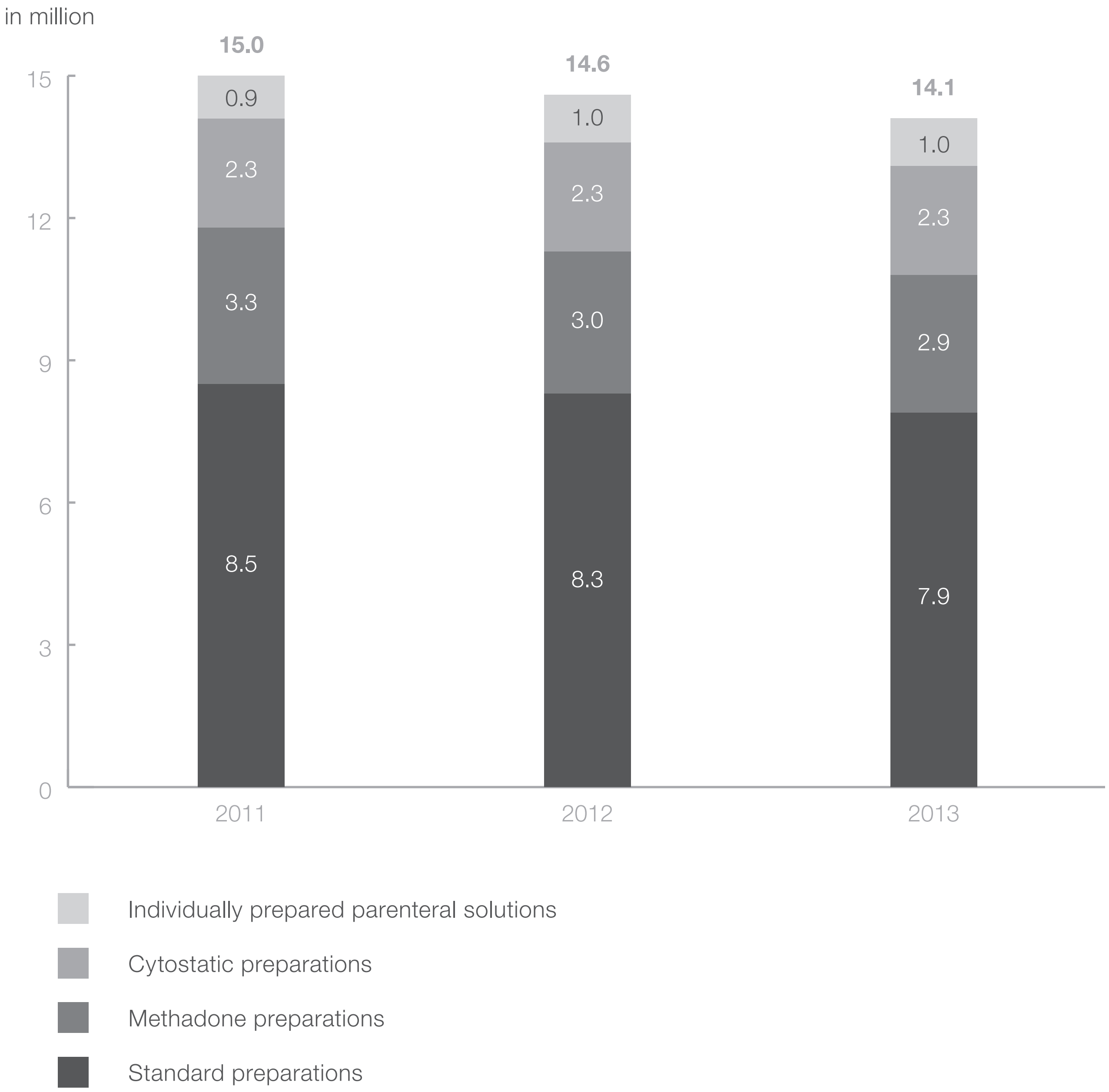
> Pharmacists' professional organisations have created "Apothekenfinder 22 8 33" [Pharmacy Finder 22 8 33]. This is an informational service through which the nearest on-duty pharmacies can be found at any time, day or night. The service has been used more than 7.5 million times; 6.8 million times online at the APONET (www.aponet.de) consumer portal and 750,000 times via telephone, text message or other mobile data services. The smartphone app alone has been used around 180,000 times.

* Figures 2014

Sources: Nacht- und Notdienstfonds, aponet.de, Deutsches Arzneiprüfungsinstitut e. V. (DAPI)

FORMULATIONS

In many cases, there are no ready-made pharmaceuticals for a patient's specific pharmaceutical needs. Pharmacies fill this gap by providing extemporaneous preparations as per a doctor's prescription. In 2013, a total of 14.1 million preparations were made for those insured under Statutory Health Insurance (SHI). Of these 14.1 million, 1 million were used to treat children.

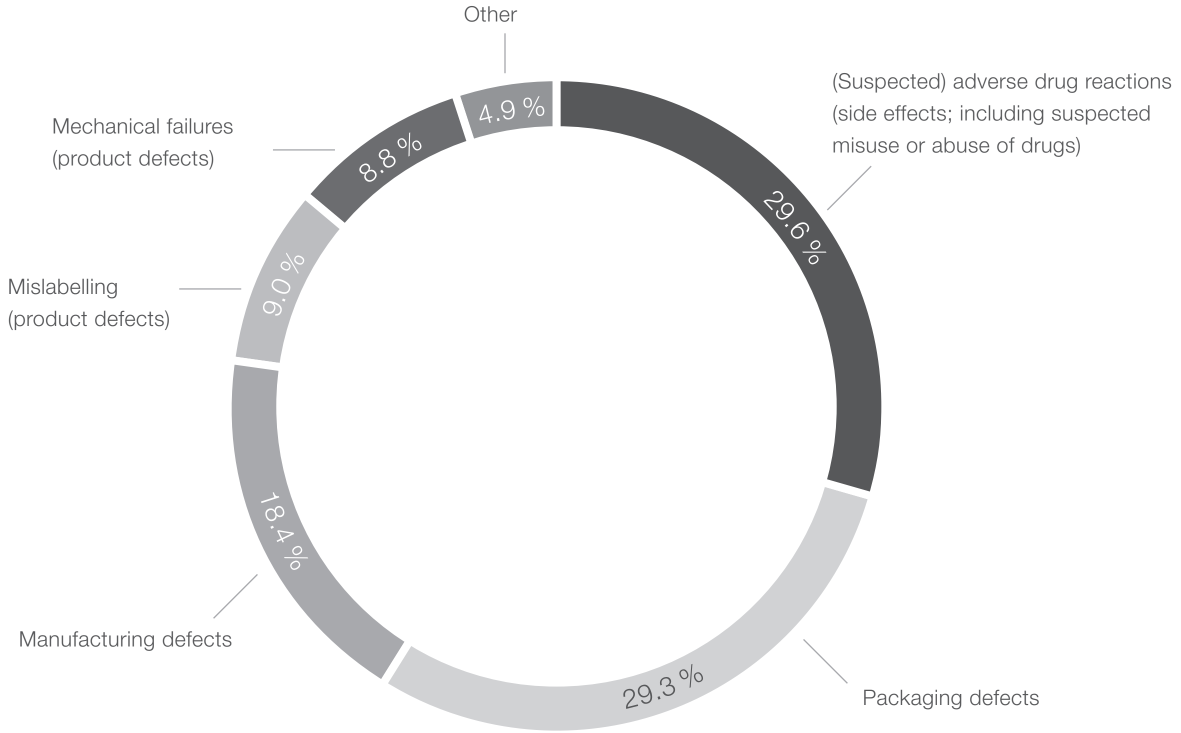


Sources: Arzneiverordnungsreport (AVR), Deutsches Arzneiprüfungsinstitut e. V. (DAPI), ABDA-Statistik

QUALITY ASSURANCE

Pharmacists check the quality of pharmaceuticals and report any quality deficiencies to the Drug Commission of German Pharmacists (AMK). The AMK collects and evaluates an increasing number of reported drug safety issues and, if necessary, issues warnings which constitute an important instrument of consumer protection.

Drug safety issues reported to the Drug Commission of German Pharmacists (AMK) 2014



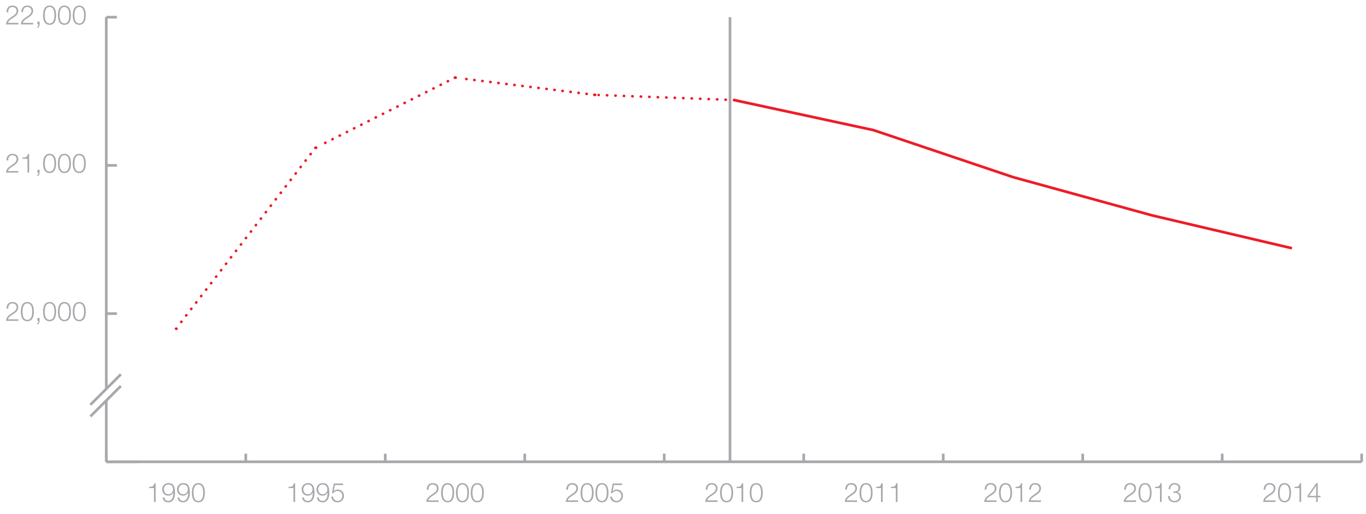
	2012	2013	2014		
	Absolute	Absolute	Absolute	Percent	Change from the previous year
(Suspected) adverse drug reactions (side effects; including suspected misuse or abuse of drugs)	2,299	2,287	2,616	29.6 %	+ 14.4 %
Packaging defects	2,049	2,162	2,587	29.3 %	+ 19.7 %
Manufacturing defects	2,179	1,529	1,624	18.4 %	+ 6.2 %
Mislabelling (product defects)	696	729	797	9.0 %	+ 9.3 %
Mechanical failures (product defects)	1,042	649	778	8.8 %	+ 19.9 %
Other	194	685	430	4.9 %	– 37.2 %
Total	**8,459**	**8,041**	**8,832**	**100.0 %**	**+ 9.8%**

Source: Arzneimittelkommission der Deutschen Apotheker (AMK)

NUMBER OF PHARMACIES

The number of community pharmacies in Germany has been decreasing since 2009. At the end of 2014, it reached 20,441, its lowest point since the early 1990s. The causes for this include healthcare-related political conditions as well as competition among pharmacies. Comprehensive pharmaceutical care for the population remains, however, unthreatened.

	1990	1995	2000	2005	2010	2011	2012	2013	2014
Number of pharmacies (incl. branch pharmacies)	19,898	21,119	21,592	21,476	21,441	21,238	20,921	20,662	20,441
broken down into									
Main / individual pharmacies*	19,898	21,119	21,592	20,248	17,963	17,577	17,068	16,661	16,269
Branch pharmacies	—	—	—	1,228	3,478	3,661	3,853	4,001	4,172
New openings	—	372	187	326	263	221	184	174	163
Closings	—	156	185	242	370	424	501	433	384
Pharmacy development	—	+216	+2	+84	–107	–203	–317	–259	–221



Year-end figures

* Pharmacies with an operating licence pursuant to Section 2 of the German Pharmacies Act [Apothekengesetz]

Source: ABDA-Statistik

PHARMACIES IN THE GERMAN FEDERAL STATES

The number of community pharmacies in the individual federal states depends, among other things, on the number of inhabitants, the population's structure and the land area. The most populous federal state, North Rhine-Westphalia, which is divided into the two chamber districts of North Rhine and Westphalia-Lippe, accounts for the highest number of pharmacies with more than 4,000 in total.

Federal State	Community pharmacies	Main / Individual pharmacies *	Branch pharmacies
Baden-Württemberg	2,612	2,048	564
Bavaria	3,266	2,623	643
Berlin	859	700	159
Brandenburg	579	447	132
Bremen	151	114	37
Hamburg	423	335	88
Hesse	1,530	1,228	302
Mecklenburg-Western Pomerania	410	331	79
Lower Saxony	2,000	1,590	410
North Rhine-Westphalia	4,388	3,483	905
North Rhine	2,348	1,886	462
Westphalia-Lippe	2,040	1,597	443
Rhineland-Palatinate	1,053	838	215
Saarland	313	269	44
Saxony	991	776	215
Saxony-Anhalt	612	482	130
Schleswig-Holstein	693	570	123
Thuringia	561	435	126
Total	**20,441**	**16,269**	**4,172**

Figures from the end of 2014

* Pharmacies with an operating licence pursuant to Section 2 of the German Pharmacies Act [Apothekengesetz]

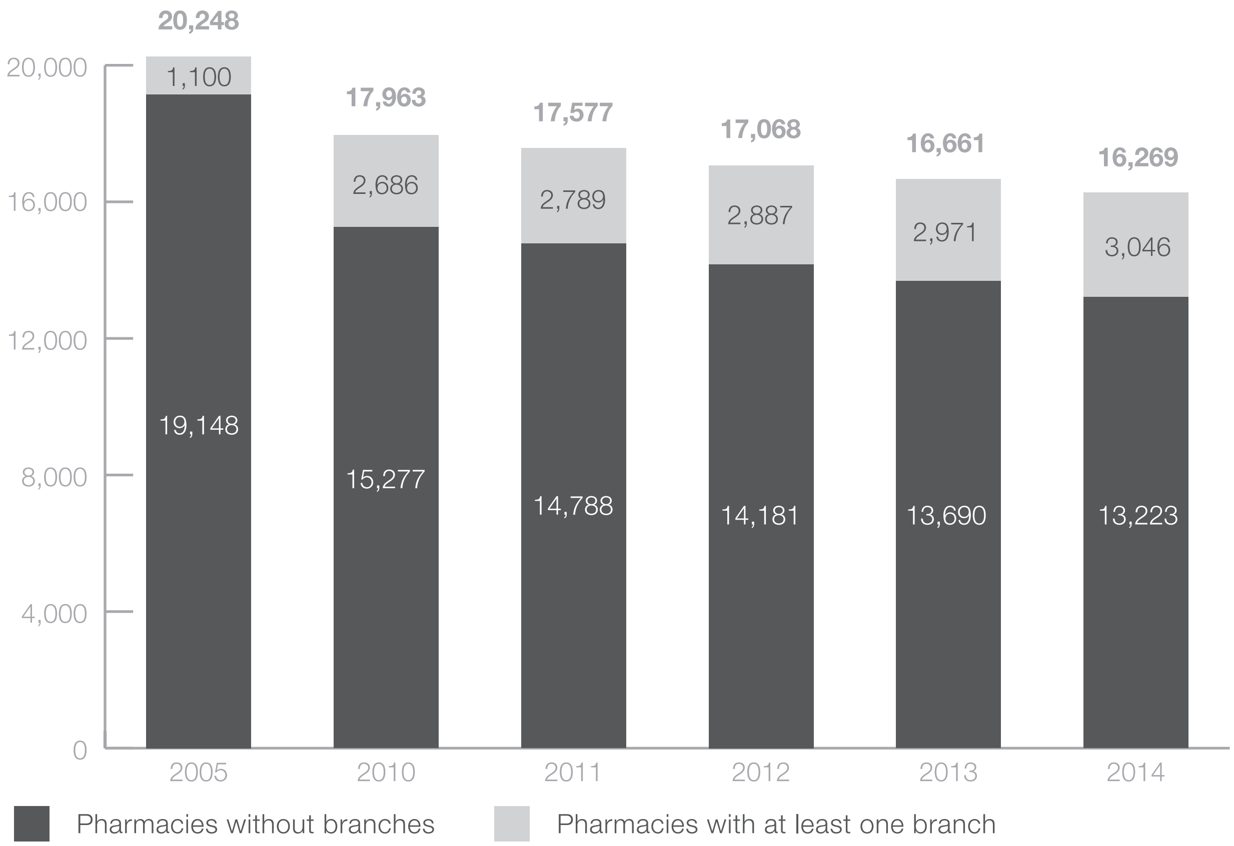
Source: ABDA-Statistik

BRANCH STRUCTURE

Of the combined 20,441 community pharmacies, 16,269 were individual and/or main pharmacies with branches as of the end of 2014. Branch expansion is on the rise. Following implementation of the SHI Modernisation Act of 2004 [GKV-Modernisierungsgesetz 2004] came into effect, a pharmacist is now allowed up to three branch locations. Each branch must have a pharmacist acting as the branch manager. Main and branch pharmacies must be located near one another.

	2005	2010	2011	2012	2013	2014
Pharmacies without branches (individual pharmacies)	19,148	15,277	14,788	14,181	13,690	13,223
Main pharmacies with one branch	989	2,057	2,097	2,135	2,172	2,187
Main pharmacies with two branches	94	466	512	538	568	592
Main pharmacies with three branches	17	163	180	214	231	267
Main/individual pharmacies	**20,248**	**17,963**	**17,577**	**17,068**	**16,661**	**16,269**

Year-end figures



Source: ABDA-Statistik

PHARMACY DENSITY IN EUROPE

Germany lies below the European average with 25 pharmacies per 100,000 inhabitants. The 28 European Union member states have an average pharmacy density of 31 pharmacies per 100,000 inhabitants.

	Pharmacies per 100,000 inhabitants	Number of pharmacies*
Greece	99	11,000
Cyprus	55	477
Malta	51	210
Bulgaria	50	3,652
Spain	46	21,559
Belgium	45	4,998
Lithuania	45	1,482
Ireland	40	1,818
Romania	40	7,932
Latvia	37	825
Slovakia	36	1,935
Estonia	35	469
France	35	22,655
EU average	**31**	
Italy	30	18,102
Poland	30	11,297
Portugal	28	2,885
Croatia	26	1,111
Germany	**25**	20,441
Czech Republic	25	2,581
Hungary	24	2,334
United Kingdom	22	14,186
Luxembourg	18	91
Austria	16	1,317
Slovenia	16	321
Finland	15	816
Sweden	14	1,326
Netherlands	12	1,974
Denmark	6	314

* Last available year

Sources: ABDA-Statistik, Zusammenschluss der Apotheker in der Europäischen Union (ZAEU), nationale Apothekerverbände, Europäische Kommission (EC)

PHARMACISTS IN GERMANY

At the end of 2014, there were more than 60,000 pharmacists employed in Germany. The overwhelming majority work in community pharmacies yet pharmacists are also employed in the pharmaceutical industry, in hospital pharmacies, universities and government agencies. About two-thirds of those who have received certification are women.

Pharmacists employed in Germany	**2012**	**2013**	**2014**	**Percentage of women**
Community pharmacies	48,422	49,288	49,821	71.3 %
of which pharmacy management	17,068	16,661	16,269	46.7 %
Hospital pharmacies	2,034	2,143	2,183	66.4 %
Industry, administration, associations, science	9,283	9,692	9,969	59.6 %
Pharmaceutical industry	5,079	5,436	5,679	58.6 %
Testing institutes	280	332	308	65.3 %
Federal armed forces	221	221	227	28.2 %
Government agencies and statutory corporations	875	874	919	63.3 %
Universities	1,336	1,280	1,238	54.4 %
Educational institutions and vocational schools	490	473	462	77.3 %
Other fields	1,002	1,076	1,136	64.3 %
Total	**59,739**	**61,123**	**61,973**	**69.2 %**

Source: ABDA-Statistik

JOBS IN PHARMACIES

More than 150,000 people work in community pharmacies. About one-third of these are certified pharmacists. Two-thirds work as pharmaceutical technical assistants (PTA) or pharmaceutical commercial employees (PCE).

Year's end	2012	2013	2014	Percentage of women
Pharmacists	48,422	49,288	49,821	71.3 %
Pre-registration trainee pharmacists	1,462	1,435	1,467	77.4 %
Pharmaceutical engineers	7,193	6,846	6,543	96.9 %
Pharmaceutical technical assistants PTA (incl. interns)	58,368	59,903	61,973	97.9 %
Pharmaceutical commercial employees (PCE) / other	33,269	33,220	32,946	98.5 %
Total number of job positions	**148,714**	**150,692**	**152,750**	**89.1 %**

Source: ABDA-Statistik

PHARMACY STUDENTS

The amount of pharmacy students and newly-certified pharmacists in Germany is increasing as is the demand for pharmacists on the job market and in the industry as a whole. 22 universities in 14 federal states offer pharmacy study programmes. The study programme is structured into three sections: basic studies (2 years), main studies (2 years) and practical training (1 year).

Academic year	Students	New students	Certifications
2013/2014	14,632	2,708	1,947
2012/2013	14,183	2,754	1,929
2011/2012	13,603	2,853	1,868
2010/2011	12,719	2,508	1,874
2009/2010	12,485	2,468	1,858

Source: Statistisches Bundesamt, zuständige Behörde der Länder

STUDY LOCATIONS

Federal state	University	Certifications in the 2013/2014 winter semester	Certifications in the 2014 summer semester
Baden-Württemberg	Freiburg	90	0
	Heidelberg	45	0
	Tübingen	140	0
Bavaria	Erlangen-Nürnberg	131	0
	München U	105	88
	Regensburg	140	0
	Würzburg	45	45
Berlin	Berlin FU	65	65
Brandenburg	–	–	–
Bremen	–	–	–
Hamburg	Hamburg	60	0
Hesse	Frankfurt/Main	89	87
	Marburg	150	100
Mecklenburg-Western Pomerania	Greifswald	66	65
Lower Saxony	Braunschweig	82	75
North Rhine-Westphalia	Bonn	89	90
	Düsseldorf	67	67
	Münster	80	72
Rhineland-Palatinate	Mainz	43	43
Saarland	Saarbrücken	32	32
Saxony	Leipzig	36	0
Saxony-Anhalt	Halle-Wittenberg	172	0
Schleswig-Holstein	Kiel	62	62
Thuringia	Jena	82	0
Total		**1,871**	**891**

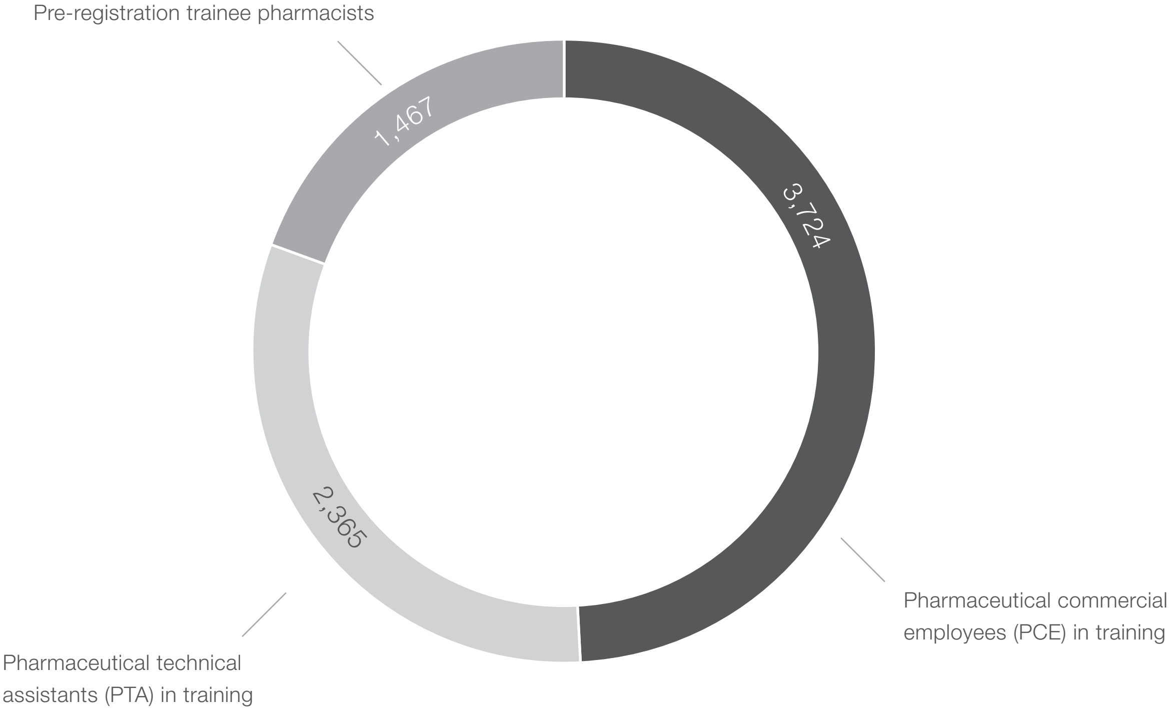
Source: Stiftung für Hochschulzulassung (ZVS)

TRAINEE POSITIONS IN PHARMACIES

Pharmacies offer apprenticeships for more than 7,500 young people. These trainees complete their practical training period at a pharmacy. This year is completed either as part of dual training to become a pharmaceutical commercial employee (PCE), part of training to become a pharmaceutical technical assistant (PTA), or as the last section of their pharmacy programme at university.

	2012	2013	2014
Pharmaceutical commercial employees (PCE) in training	4,244	3,903	3,724
Pharmaceutical technical assistants (PTA) in training	2,451	2,391	2,365
Pre-registration trainee pharmacists	1,462	1,435	1,467
Total number of trainee positions	**8,157**	**7,729**	**7,556**

Trainee positions 2014



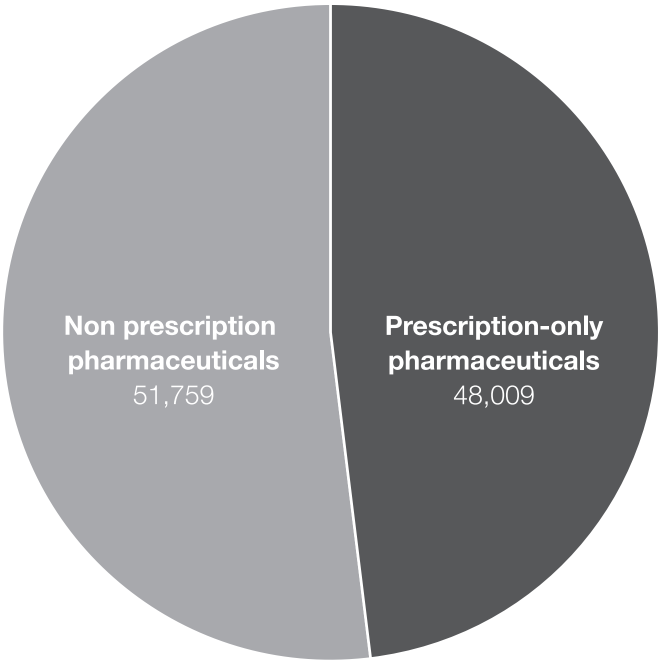
Year-end figures

Source: ABDA-Statistik

PHARMACEUTICALS APPROVED IN GERMANY

Around 100,000 different pharmaceuticals have received governmental approval in Germany. Each packaging size, potency or dosage form is considered an individual pharmaceutical, even if the brand name is the same. About half of all pharmaceuticals are prescription-only. Governmental approval for nationwide use may be granted at either the federal level in accordance with the German Pharmaceutical Act or at the European level.

Prescription-only narcotic pharmaceuticals	1,425
Pharmaceuticals requiring a special prescription (T-prescription)	13
Other prescription-only pharmaceuticals	46,571
Pharmacy-only pharmaceuticals	19,577
Over-the-counter pharmaceuticals	32,182
Total number of marketable pharmaceuticals	**99,768**

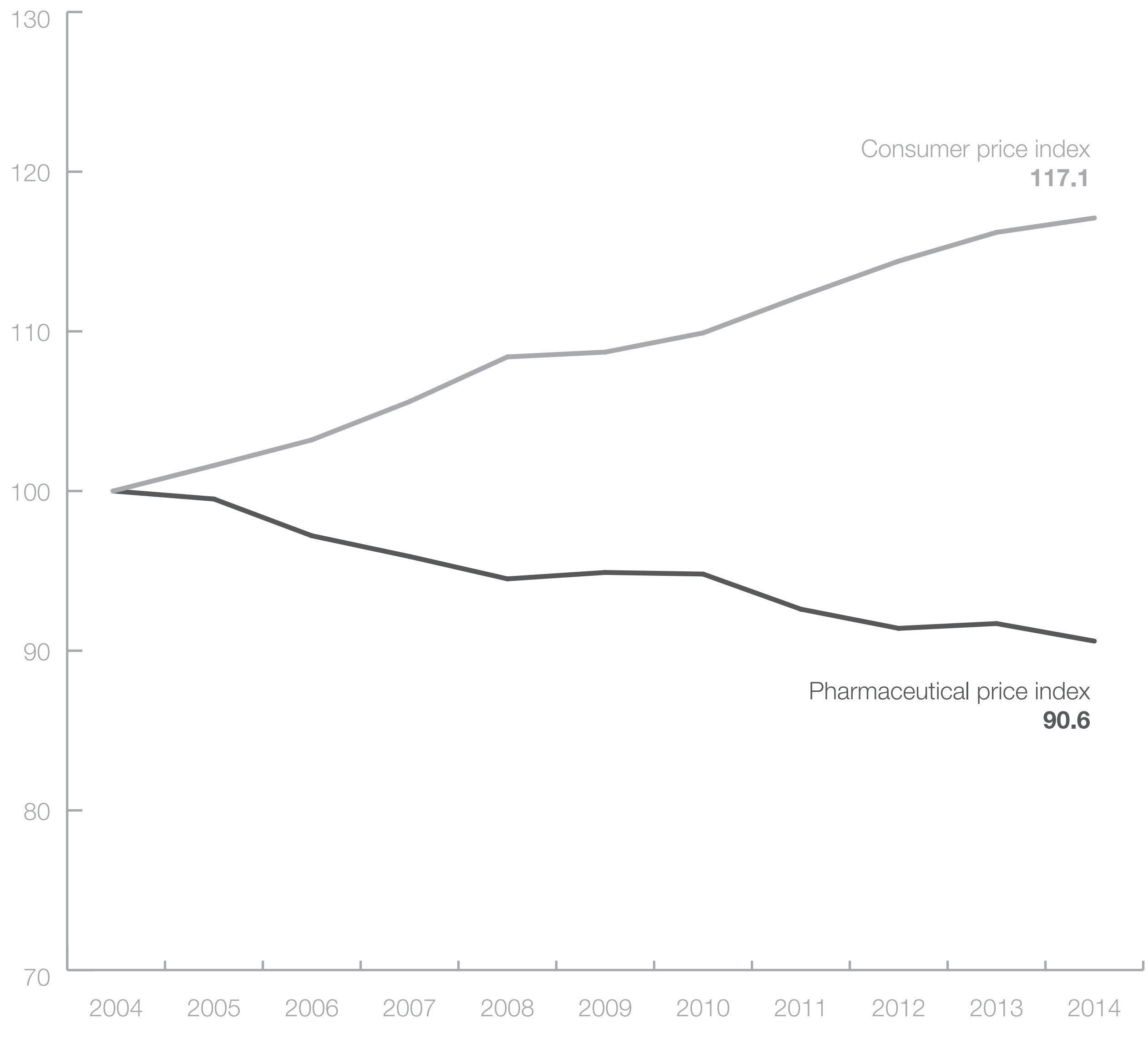


Date: January 2015

Source: Bundesinstitut für Arzneimittel und Medizinprodukte (BfArM)

PHARMACEUTICAL PRICE INDEX

The pharmaceutical price index describes the average price development (incl. VAT) of pharmaceuticals which are prescribed at the expense of the Statutory Health Insurance (SHI). Pharmaceutical prices have sharply decreased over the last two years, while consumer prices have continued to rise.



Sources: Wissenschaftliches Institut der AOK (WIdO), Statistisches Bundesamt (Destatis)

VALUE-ADDED TAX ON PHARMACEUTICALS

Value-added tax on pharmaceuticals varies greatly in the 28 member states of the European Union. Germany has one of the highest value-added tax rates – behind Denmark and Bulgaria. In contrast, Malta, Great Britain, Ireland and Sweden have made certain pharmaceuticals exempt from value-added tax.

		Tax rate for pharma-ceuticals in 2015	General VAT tax rate in 2015
Denmark		25.0	25.0
Bulgaria		20.0	20.0
Germany		**19.0**	**19.0**
Latvia		12.0	21.0
Finland		10.0	24.0
Italy		10.0	22.0
Czech Republic		10.0	21.0
Austria		10.0	20.0
Slovakia		10.0	20.0
Slovenia		9.5	22.0
Romania	Prescription-only pharmaceuticals Non-prescription pharmaceuticals	9.0 24.0	24.0
Estonia		9.0	20.0
Poland		8.0	23.0
Greece		6.5	23.0
Portugal		6.0	23.0
Belgium		6.0	21.0
Netherlands		6.0	21.0
Hungary		5.0	27.0
Croatia	Pharmaceuticals within the national health services Non-prescription pharmaceuticals	5.0 25.0	25.0
Lithuania	Reimbursable pharmaceuticals Non-reimbursable pharmaceuticals	5.0 21.0	21.0
Cyprus		5.0	19.0
Spain		4.0	21.0
Luxembourg		3.0	17.0
France	Reimbursable pharmaceuticals Non-reimbursable pharmaceuticals	2.1 10.0	20.0
Sweden	Prescription-only pharmaceuticals Non-prescription pharmaceuticals	0.0 25.0	25.0
Ireland	Pharmaceuticals for oral use Pharmaceuticals for non-oral use	0.0 23.0	23.0
United Kingdom	Pharmaceuticals within the national health services non-prescription pharmaceuticals	0.0 20.0	20.0
Malta		0.0	18.0

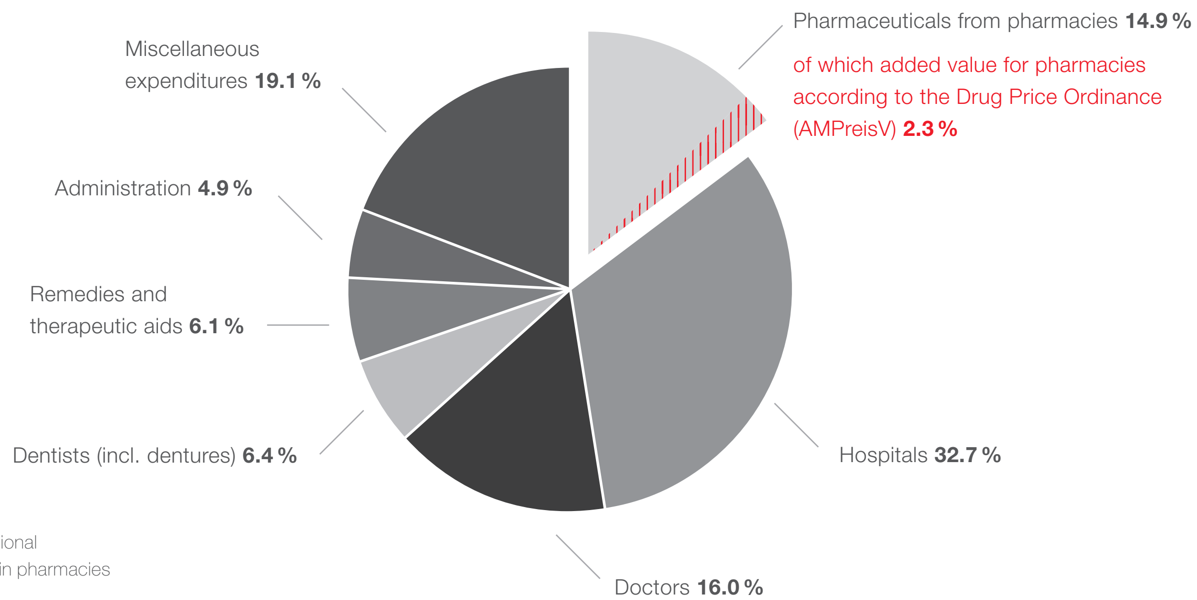
Source: Europäische Kommission (EC)

BREAKDOWN OF TOTAL EXPENDITURE FOR STATUTORY HEALTH INSURANCE (SHI)

Of the more than 200 billion euros that the Statutory Health Insurance (SHI) spent in 2014, 2.3 percent were accounted for by pharmacies and their employees. This is less than half of SHI administration expenditures (4.9 percent). The largest percentage of expenditures was for hospitals and doctors. Pharmaceutical expenditure (incl. pharmacies) ranked third with 14.9 percent.

	Total SHI expenditures (billion EUR)	in % Doctors	Dentists (incl. dentures)	Remedies and therapeutic aids	Hospitals	Administration	Miscellaneous costs	Pharmaceuticals**	of which added value for pharmacies according to Drug Price Ordinance (AMPreisV)
2014*	205.33	16.0	6.4	6.1	32.7	4.9	19.1	14.9	2.3
2013	194.49	16.2	6.5	5.9	33.0	5.1	19.1	14.2	2.4
2012	184.25	15.3	6.4	5.9	33.5	5.2	19.1	14.6	2.3
2011	179.61	15.4	6.5	5.9	33.4	5.3	18.7	14.9	2.3
2010	175.99	15.4	6.5	5.6	33.0	5.4	18.1	15.9	2.5
2009	170.78	15.5	6.6	5.6	32.5	5.2	18.2	16.4	2.6
2008	160.94	15.2	6.8	5.7	32.4	5.1	18.3	16.6	2.6
2007	153.93	15.1	6.9	5.6	32.8	5.3	17.6	16.6	2.6
2006	148.00	15.2	7.0	5.6	33.7	5.5	16.8	16.1	2.6
2005	143.81	15.2	6.9	5.8	33.7	5.7	16.3	16.4	2.8
2004	140.18	15.5	8.0	5.9	33.7	5.8	16.6	14.5	2.6

Total 2014 Expenditures for Statutory Health Insurance (SHI)*: 205.33 billion EUR

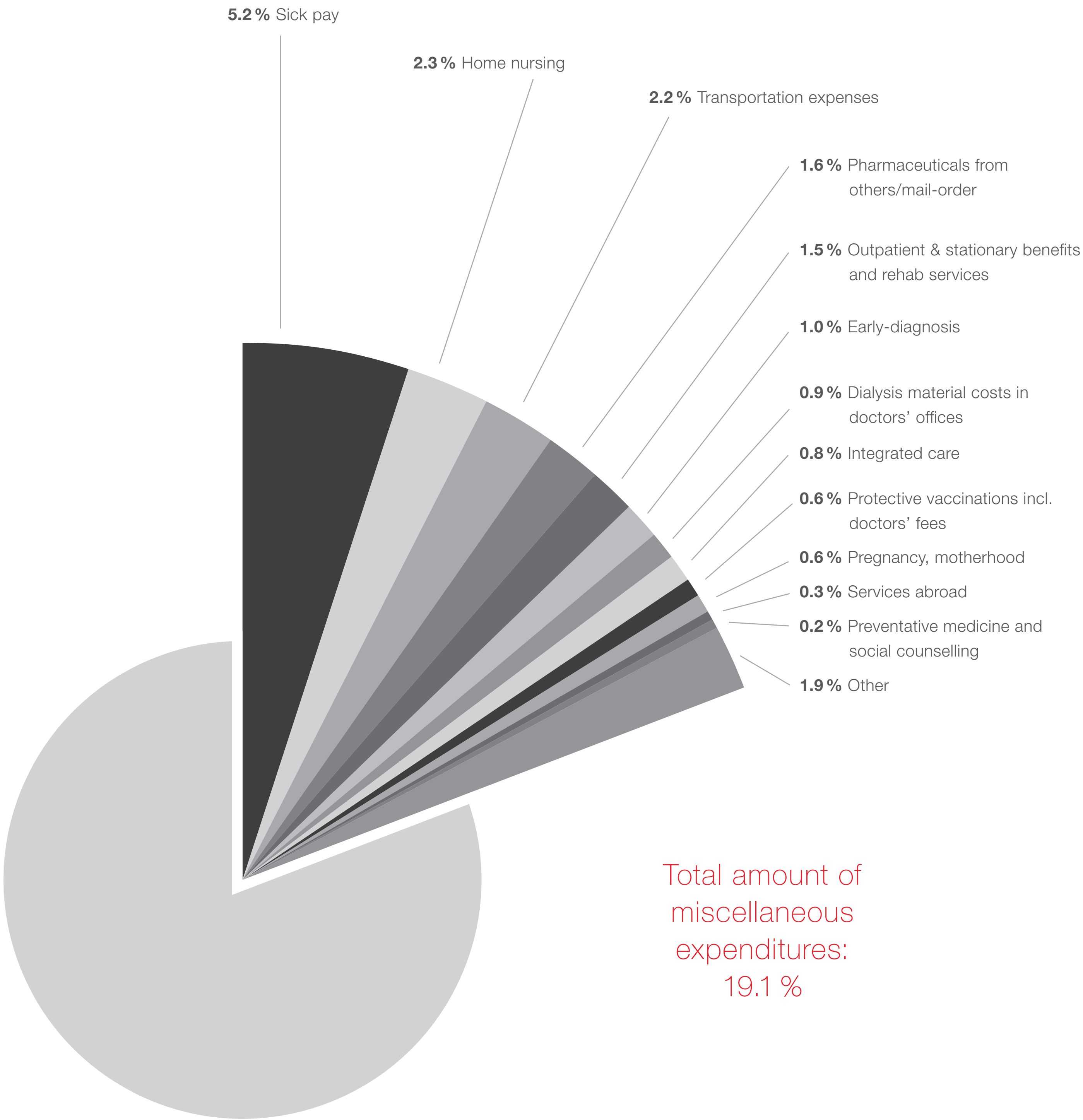


* provisional
** sold in pharmacies

Sources: Bundesministerium für Gesundheit (BMG), ABDA-Statistik

MISCELLANEOUS HEALTH INSURANCE FUND EXPENDITURES

Statutory Health Insurance (SHI) spent exactly 19.1 percent of its funds for “other” in 2014. This includes sick pay, home nursing and transportation expenses. “Pharmaceuticals from others / mail-order” refers to overseas mail-order pharmacies or health authorities. “Protective vaccinations incl. doctor’s fees” are also included herein.



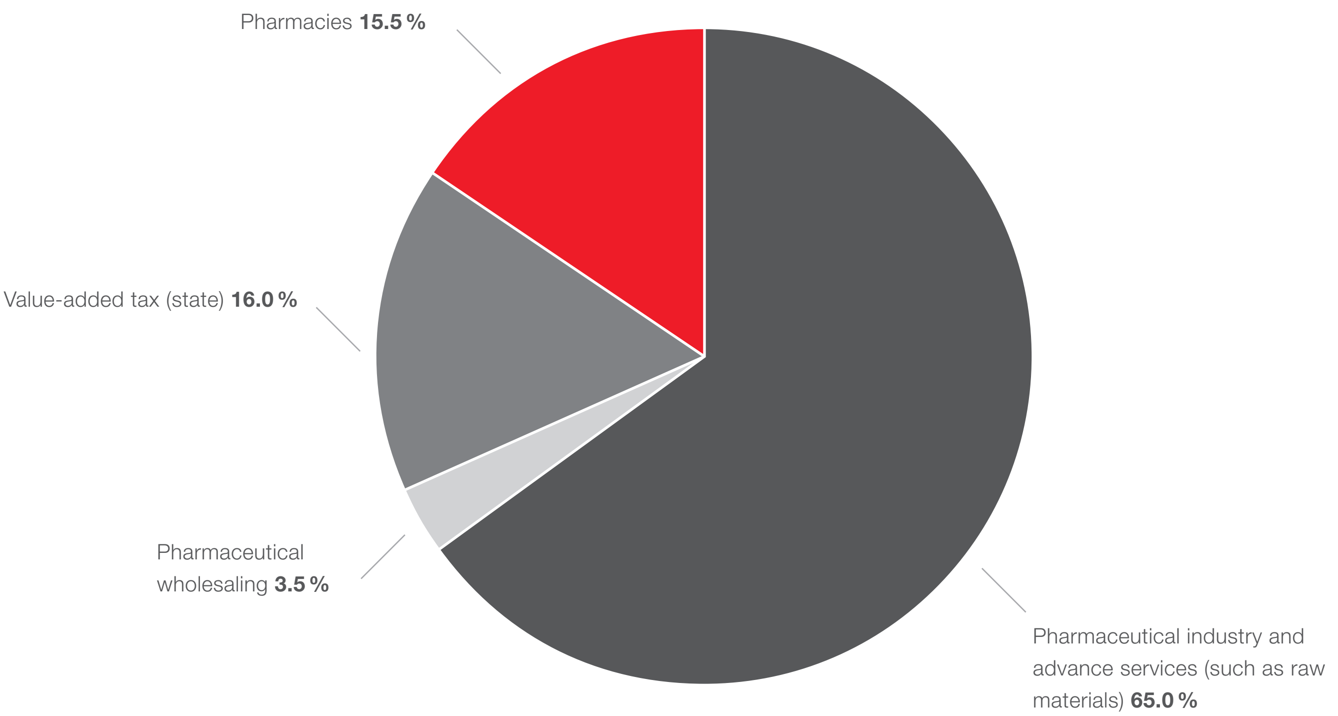
Sources: Bundesministerium für Gesundheit (BMG), ABDA-Statistik

STATUTORY HEALTH INSURANCE (SHI) EXPENDITURES FOR PHARMACEUTICALS

The pharmaceutical industry accounted for the majority of Statutory Health Insurance's (SHI) expenditures for pharmaceuticals. Expenditures for the 19 percent value-added tax on pharmaceuticals in 2014 were still higher than expenditures for pharmacies' services.

	2012		2013		2014*	
	in billion EUR		in billion EUR		in billion EUR	
Pharmaceutical industry and advance services (such as raw materials)	17.37	64.6 %	17.60	63.7 %	19.83	65.0 %
Pharmaceutical wholesaling	0.99	3.7 %	1.02	3.7 %	1.07	3.5 %
Value-added tax (state)	4.30	16.0 %	4.42	16.0 %	4.88	16.0 %
Pharmacies	4.22	15.7 %	4.59	16.6 %	4.73	15.5 %
Total Statutory Health Insurance (SHI) expenditures for pharmaceuticals **	**26.88**	**100.0 %**	**27.63**	**100.0 %**	**30.51**	**100.0 %**

Statutory Health Insurance (SHI) expenditures for pharmaceuticals 2014



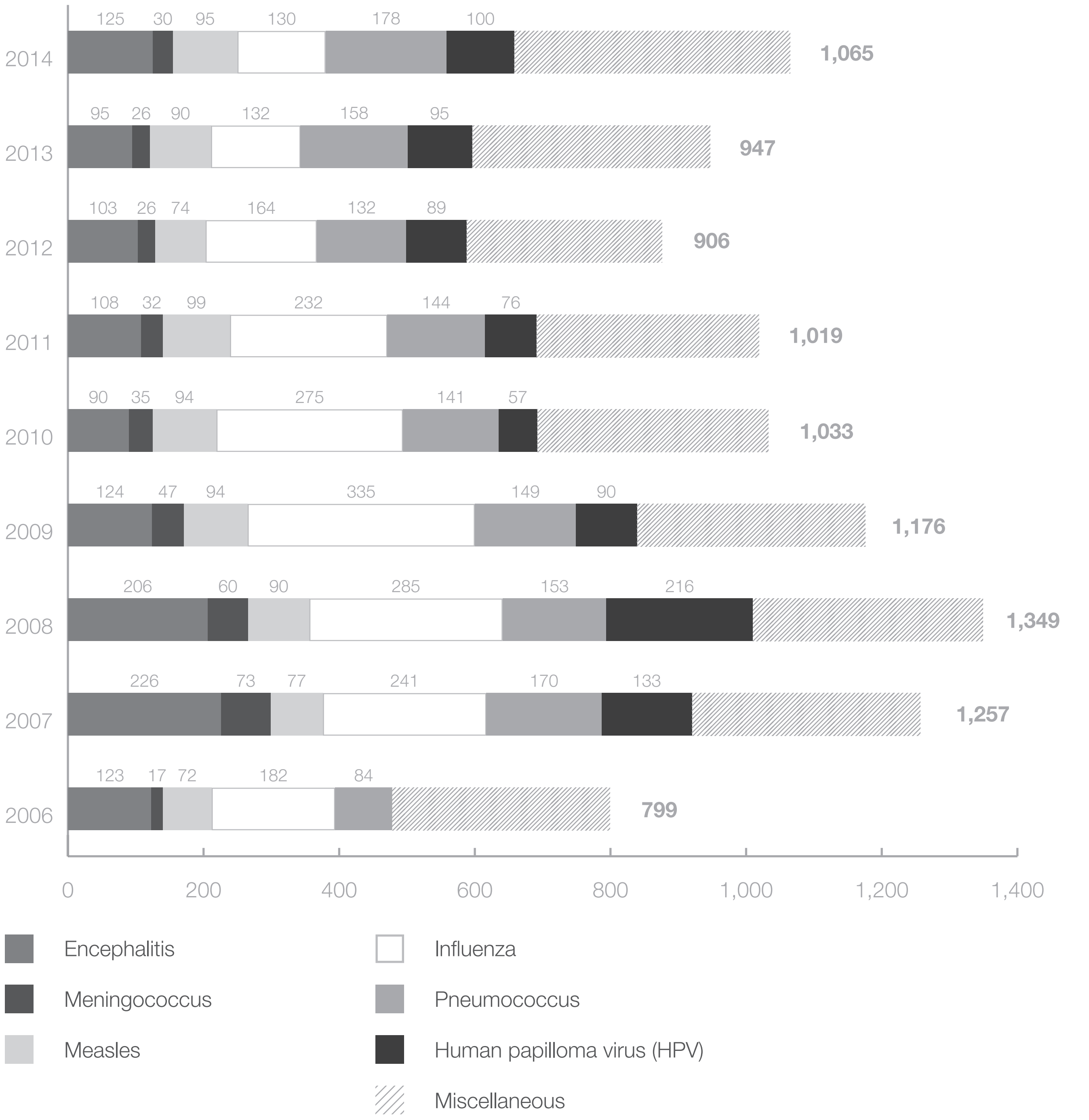
* provisional
** incl. formulations, therapeutic aids and surgical dressings from pharmacies

Sources: Bundesministerium für Gesundheit (BMG), ABDA-Statistik

VACCINE SALES (SHI)

Statutory Health Insurance (SHI) spends one billion euro per year (incl. VAT) on vaccines. They are generally prescribed on a pink prescription slip as a requirement for consultation hours. Since 2007, protective vaccines have been included in the SHI catalogue of required services accounting for the turnover peak reached in 2008. Flu epidemics and recommendations from the competent vaccine commission account for seasonal or annual fluctuation.

in million EUR (incl. VAT)



Source: Deutsches Arzneiprüfungsinstitut e. V. (DAPI)

PHARMACEUTICALS PRICING

The selling price for a prescription pharmaceutical and the pharmacy fee are determined according to legal stipulations laid out in the Drug Price Ordinance [Arzneimittelpreisverordnung]. To ease the financial burden on health insurance funds, lawmakers have stipulated rebates and discounts along with co-payments from insured individuals.

Example of a prescription-only, finished prescription

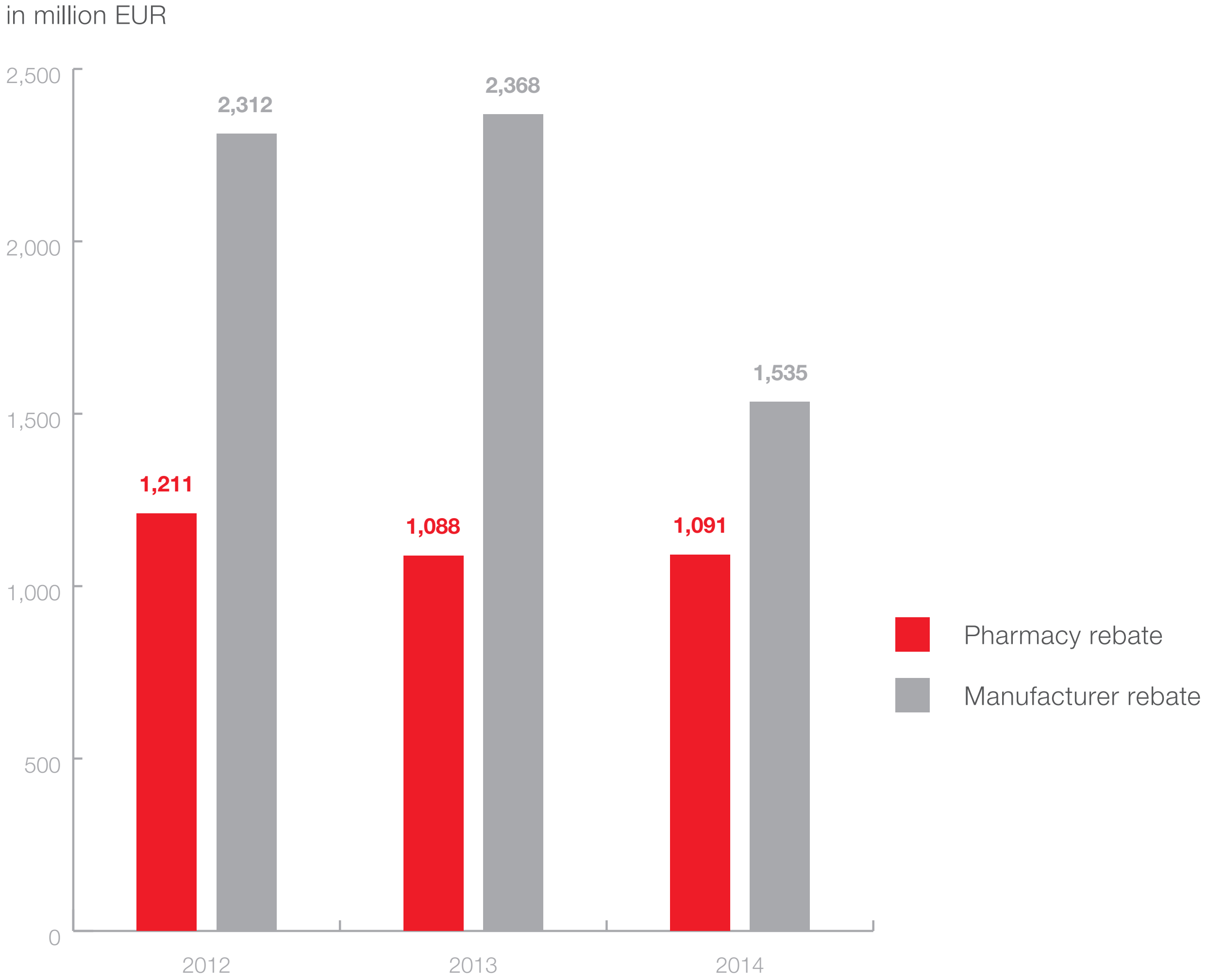
Manufacturer sale price (HAP)	50.00 euro
+ Maximum wholesale mark-up (3.15 % of the HAP + 0.70 euro)	2.28 euro
= Pharmacy purchase price (AEP)	**52.28 euro**
+ Pharmacy mark-up (3 % of the AEP + 8.35 euro)	9.92 euro
+ Emergency services mark-up (0.16 euro)	0.16 euro
= Net pharmacy sale price (AVP)	**62.36 euro**
+ Value-added tax (19 % of the net AVP)	11.85 euro
= Gross pharmacy sale price (AVP)	**74.21 euro**
– Statutory co-payment from the insured individual (10 % of gross AVP)	7.42 euro
– Statutory pharmacy rebate (1.77 euro)	1.77 euro
– Statutory manufacturer rebate* (7 % of HAP)	3.50 euro
= Effective expenditures for Statutory Health Insurance (SHI)**	**61.52 euro**

* The manufacturer rebate for pharmaceuticals which are not bound to fixed prices amounts to 7 percent; in contrast, the amount for medication that is bound to fixed prices is generally 10 percent.
** does not include any rebate agreements which reduce costs for Statutory Health Insurance (SHI)

Source: ABDA-Statistik

PHARMACY AND MANUFACTURER REBATES

Over the course of the year, lawmakers have introduced various instruments to limit Statutory Health Insurance (SHI) expenditures for pharmaceuticals. Pharmacies as well as pharmaceutical manufacturers must guarantee rebates to the SHI when dispensing prescription-only pharmaceuticals. The pharmacy rebate is currently set at 1.77 euro (incl. VAT). This amount must be reimbursed to the health insurance fund from the pharmacist's fees for each package dispensed at the expense of the SHI. This amounts to more than one billion euros per year.



Source: ABDA-Statistik

REBATE PHARMACEUTICALS (SHI)

As of 2007, health insurance funds are able to enter into rebate contracts with manufacturers in order to dispense pharmaceuticals at a lower cost. There are currently more than 18,600 fund-specific rebate contracts stipulating which insured person can receive which pharmaceutical from which manufacturer. Compliance with these manifold agreements as part of patient care has caused a drastic increase in administrative effort for the pharmacies.

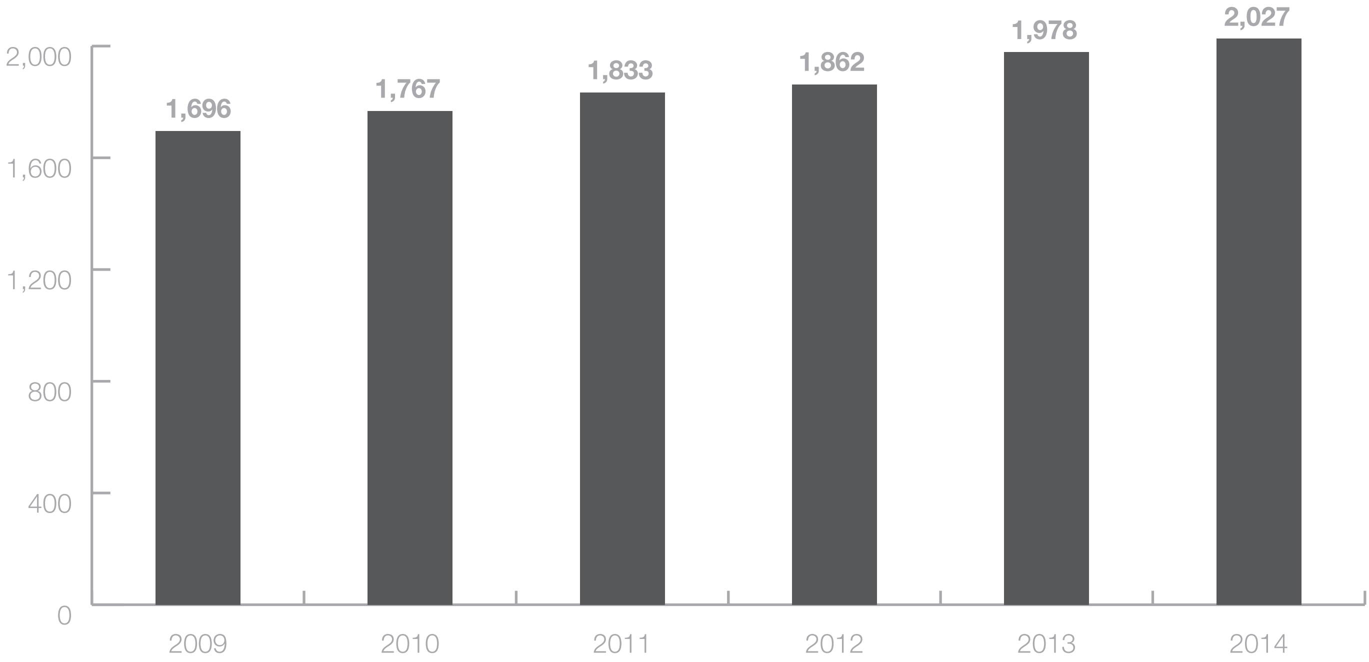
18,600	Amount of rebate contracts at the end of 2014
3.2 billion EUR	in savings from rebate contracts in the year 2014
131	Health insurance companies involved at the end of 2014
136	Pharmaceutical companies involved at the end of 2014
15,700	Amount of rebate pharmaceuticals (pharmaceutical registration numbers) at the end of 2014
31 %	Percentage of rebated, prescription-only pharmaceuticals which were subject to no or reduced co-payments at the end of 2014
348 million	Dispensed generic drugs in 2014
7.3 million	Data sets used in pharmacy computer systems at the end of 2014

Sources: ABDATA, Pro Generika e. V. , Bundesministerium für Gesundheit (BMG)

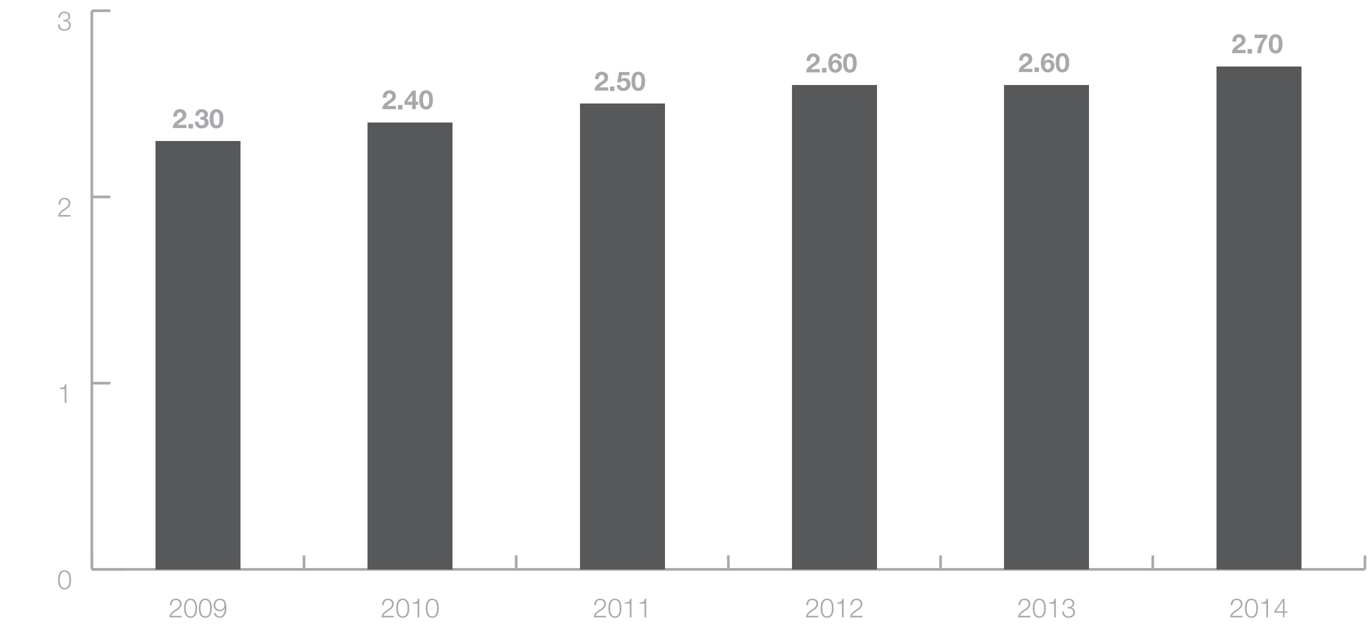
PATIENT CO-PAYMENTS

SHI insured patients must make co-payments to their health insurance funds for certain services. This amounts to 10 percent of the pharmaceutical's price for prescribed pharmaceuticals; at least 5 but no more than 10 euro. There is a 2.70 euro average because some medications do not require a co-payment and some insured persons are exempt from co-payments. Health insurance funds save two billion euro per year thanks to the co-payments which community pharmacies are legally required to collect from patients.

Patient co-payments for pharmaceuticals in million EUR



Average co-payment per package in EUR



Source: Deutscher Apothekerverband (DAV)

CO-PAYMENT EXEMPTIONS

A hardship provision in Section 62 of the Social Insurance Code (SGB V) stipulates that SHI insured persons need only to contribute a maximum of two percent of their yearly gross income for co-payments. The limit is reduced to one percent for chronically ill persons. Therefore, out of around 70 million SHI insured people in Germany, one in ten people are exempt from additional co-payments. The decline in co-payment exemptions in 2013 can essentially be traced back to the fact that the physician-consultation fee had been abolished that year, thereby creating some financial relief for insured persons.

Co-Payment Exemptions	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Chronically ill patients in millions	6.4	6.6	6.8	6.9	7.0	6.5
Remaining patients in millions	0.4	0.4	0.4	0.5	0.5	0.4
Total amount of co-payment exempt persons in millions	**6.8**	**7.0**	**7.2**	**7.4**	**7.5**	**6.9**
Percentage of co-payment exempt persons out of all persons insured by Statutory Health Insurance (SHI)	9.7 %	10.1 %	10.3 %	10.7 %	10.7 %	9.9 %

Source: Bundesministerium für Gesundheit (BMG)

OPERATIONAL RESULTS FOR THE AVERAGE PHARMACY

Three-fourths of a pharmacy's average revenue of two million euros per year will be spent on the cost of sales. Personnel and other costs must be deducted from the remaining gross profit. Pre-tax earnings were at 129,000 euros on average in 2014. However, this amount does not translate directly as gross income due to the fact that pharmacy owners, as freelancers, not only deduct from this amount to pay taxes, but also make investments into the pharmacy and cover their retirement plans fully.

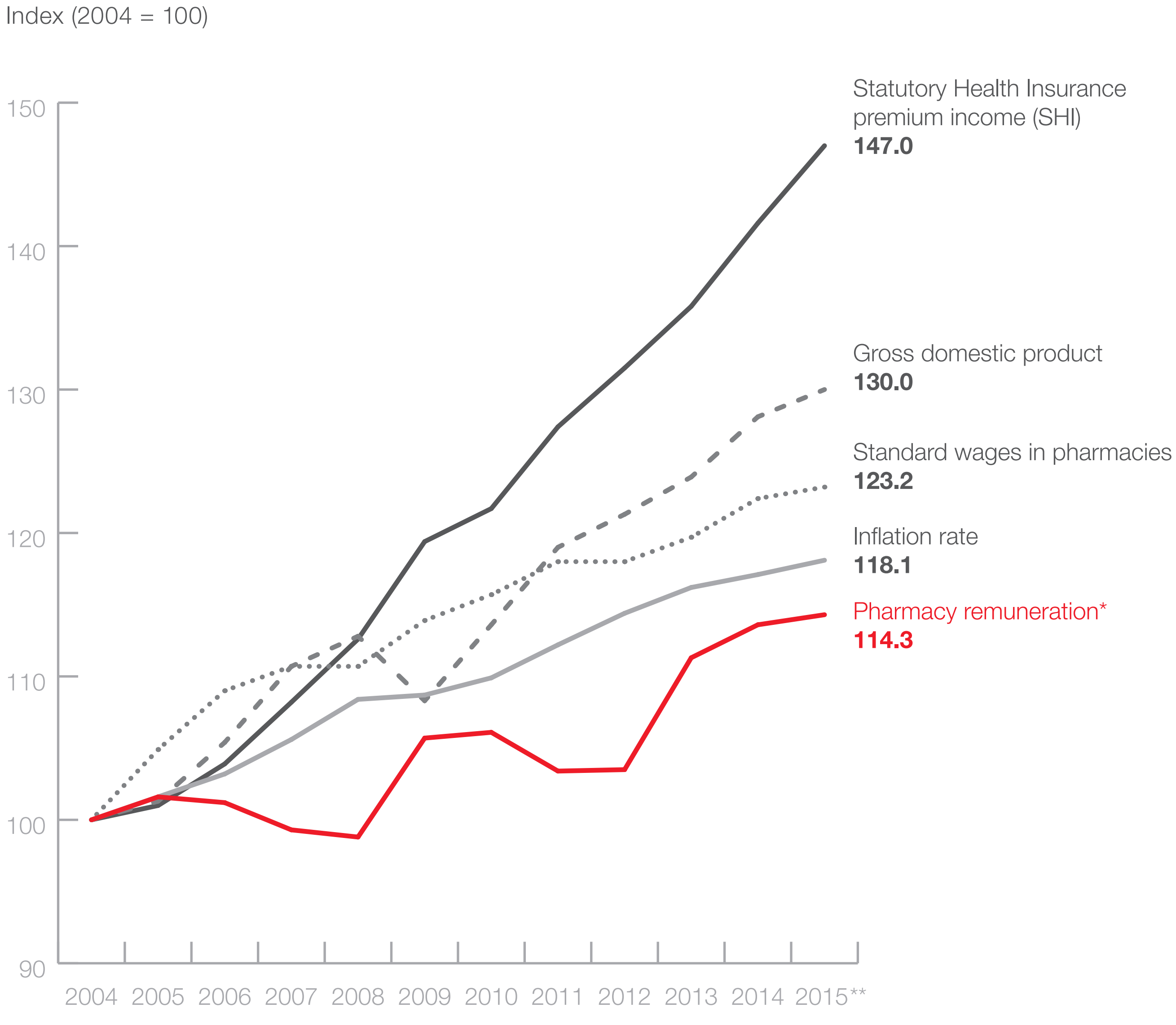
	2012	2013	2014
Net revenue* in thousands of EUR	**1,847**	**1,887**	**2,024**
– Cost of sales	1,388	1,405	1,519
= Gross profit	459	482	505
– Personnel costs	200	202	216
– Other tax-deductible costs	154	156	160
= Fiscal operating result (pre-tax profit)	**105**	**124**	**129**
Partial operating result for the Statutory Health Insurance (SHI)**	58	76	79
Grants from DAV Night and Emergency Service Fund	–	2	6

* Without sales tax and Statutory Health Insurance (SHI) rebates
** Cost allocation was performed using the 50-50 revenue/discount method

Source: Treuhand Hannover

DEVELOPMENT OF PHARMACY REMUNERATION

In 2004, the pharmacy fee was set to 8.10 euro per prescription-only pharmaceutical. In 2013, it was raised, for the first time in ten years, to 8.35 euro. In addition, there is a 3 percent mark-up. In the meantime, material costs (e.g. energy costs) and personnel costs (e.g. standard wages) have increased significantly.



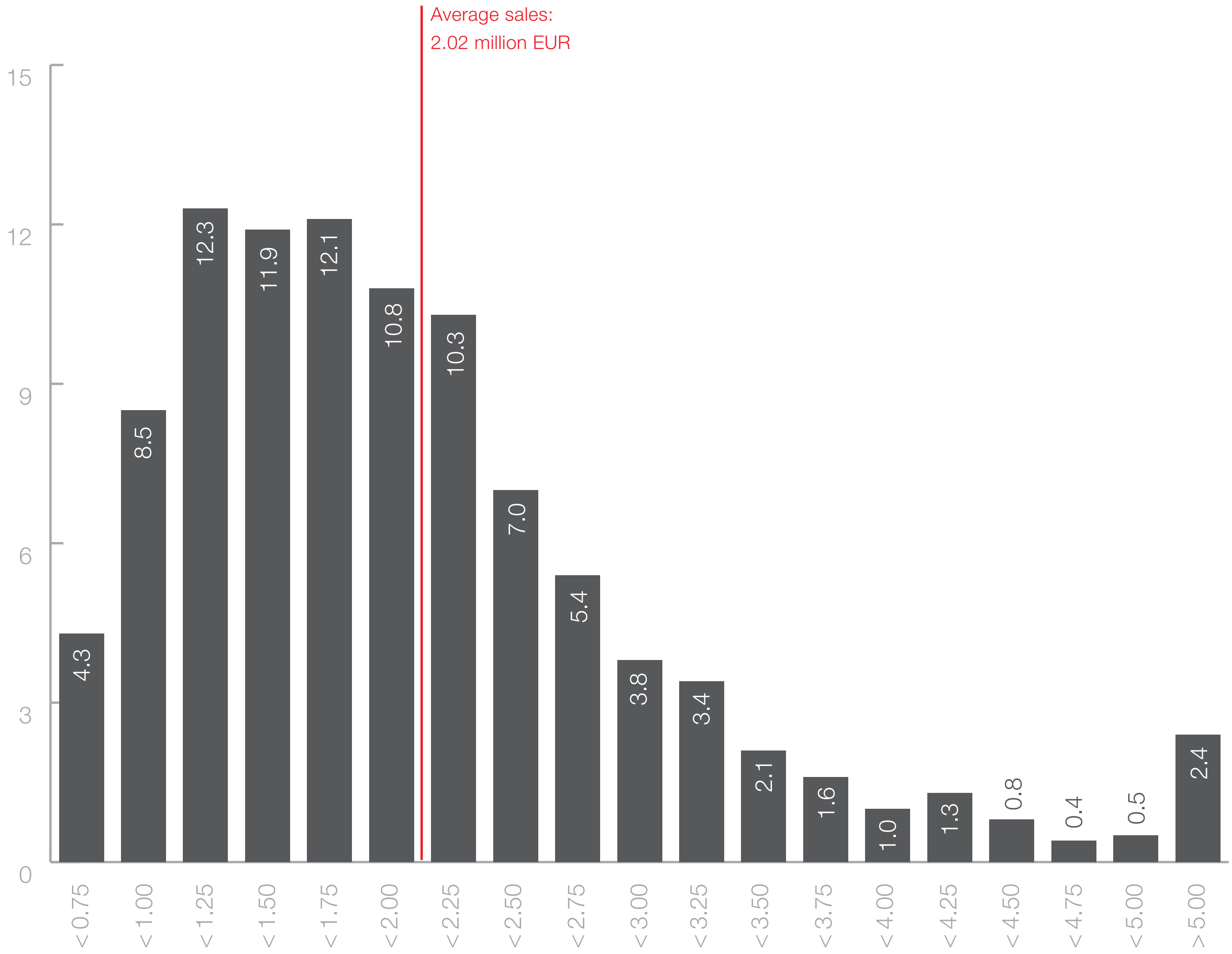
* Pharmacy remuneration per prescription-only pharmaceutical package pursuant to Section 1 of the German Drug Price Ordinance (AMPreisV) in conjunction with Section 130 of the Social Insurance Code (SGB V)
** provisional

Sources: Bundesministerium für Gesundheit (BMG), GKV-Schätzerkreis, Bundesregierung, Statistisches Bundesamt (Destatis), ADEXA, ABDA-Statistik

PHARMACIES ACCORDING TO SALES CATEGORIES

Average sales for a pharmacy in Germany are around two million euros per year (without VAT). There are however large differences found when comparing individual pharmacies. Around 60 percent of pharmacies do not reach the average sales amount, while a few large pharmacies greatly exceed it.

Percentage of pharmacies in %
Sales in million EUR (without VAT)

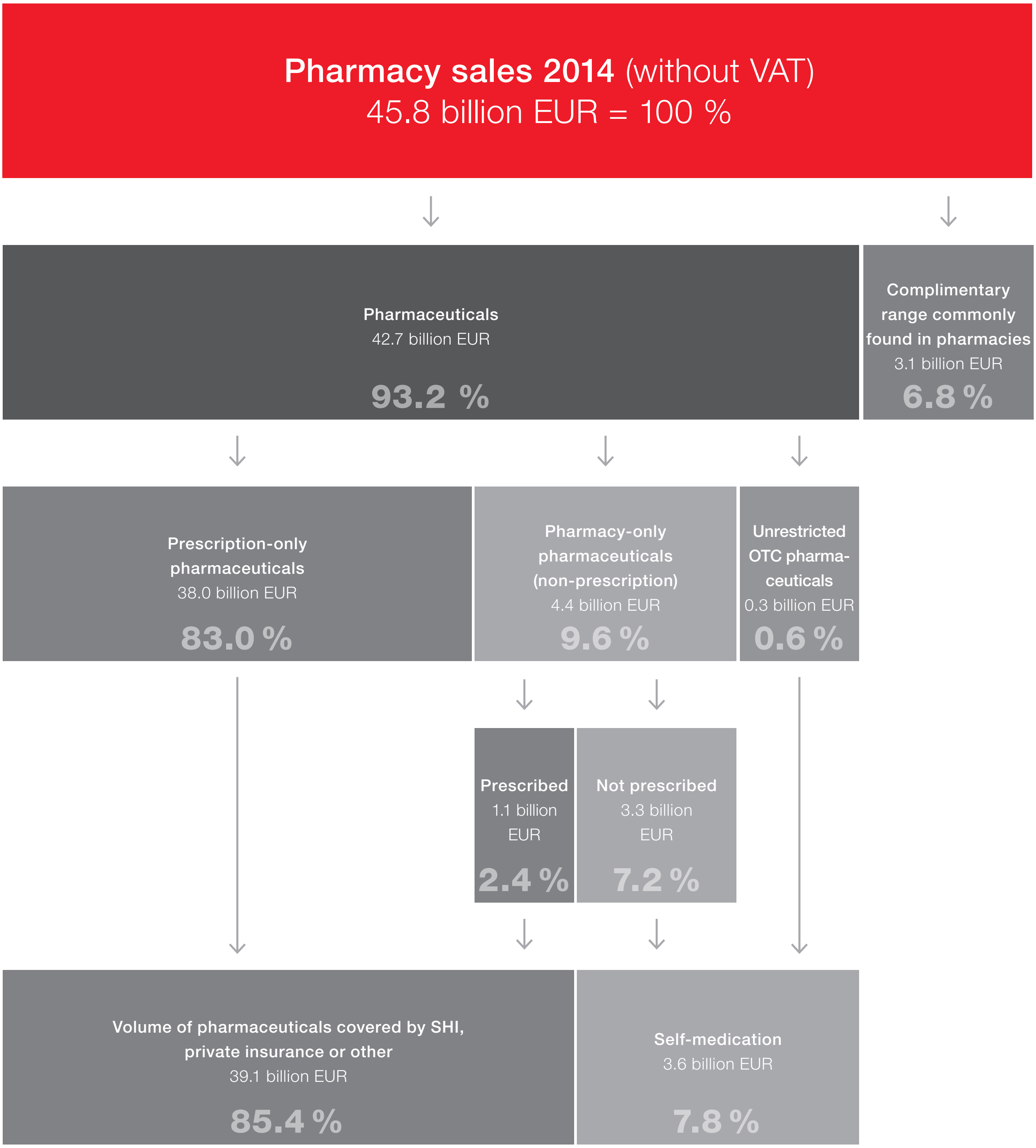


Source: Treuhand Hannover

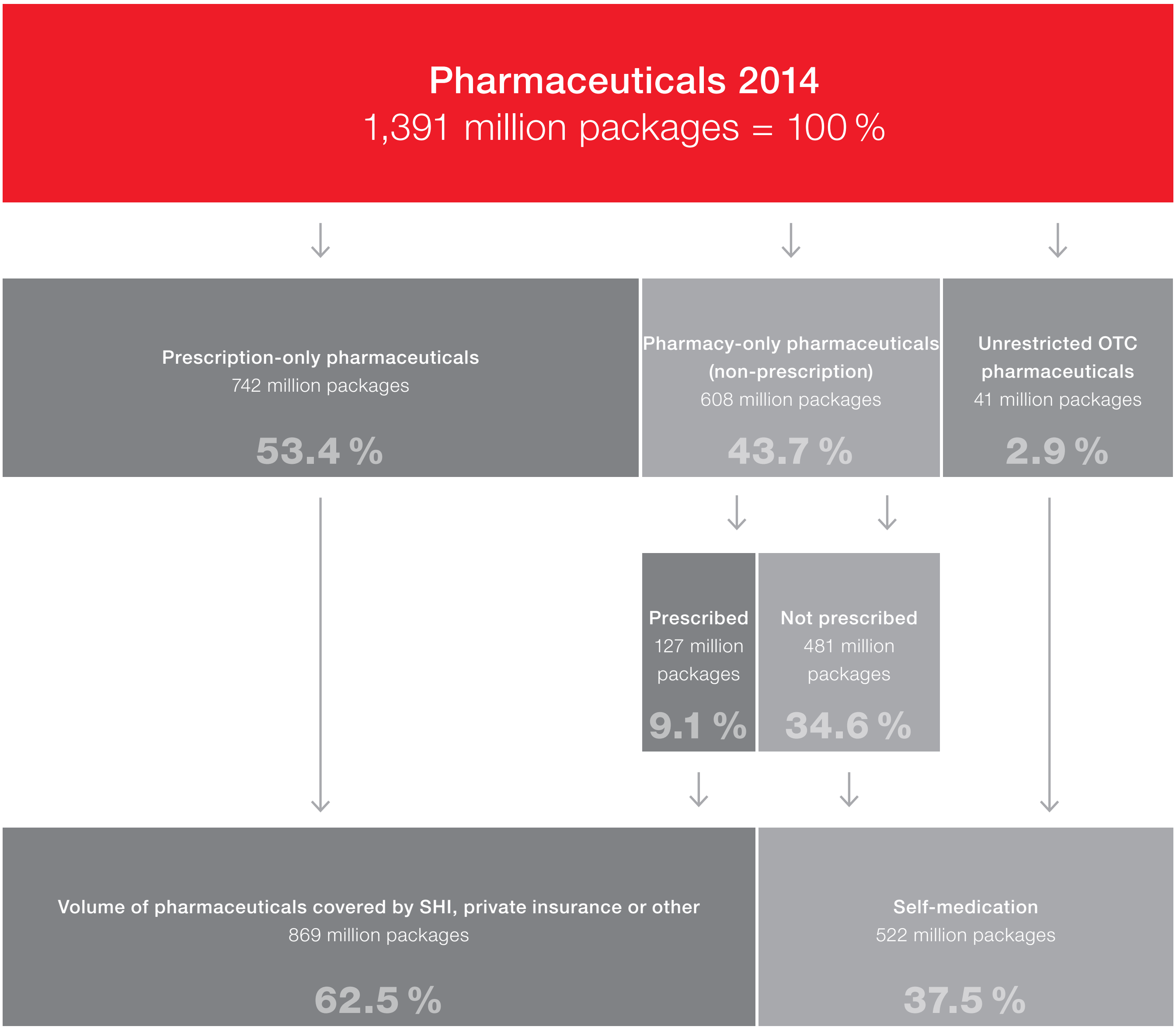
SALES STRUCTURE AND DISPENSED PACKAGES

Dispensed pharmaceuticals account for more than 90 percent of revenues in pharmacies with the complementary range commonly found in pharmacies accounting for the remaining ten percent. More than 80 percent of sales resulted from prescription-only pharmaceuticals which were prescribed by a doctor or a dentist.

MEASURED IN SALES FIGURES



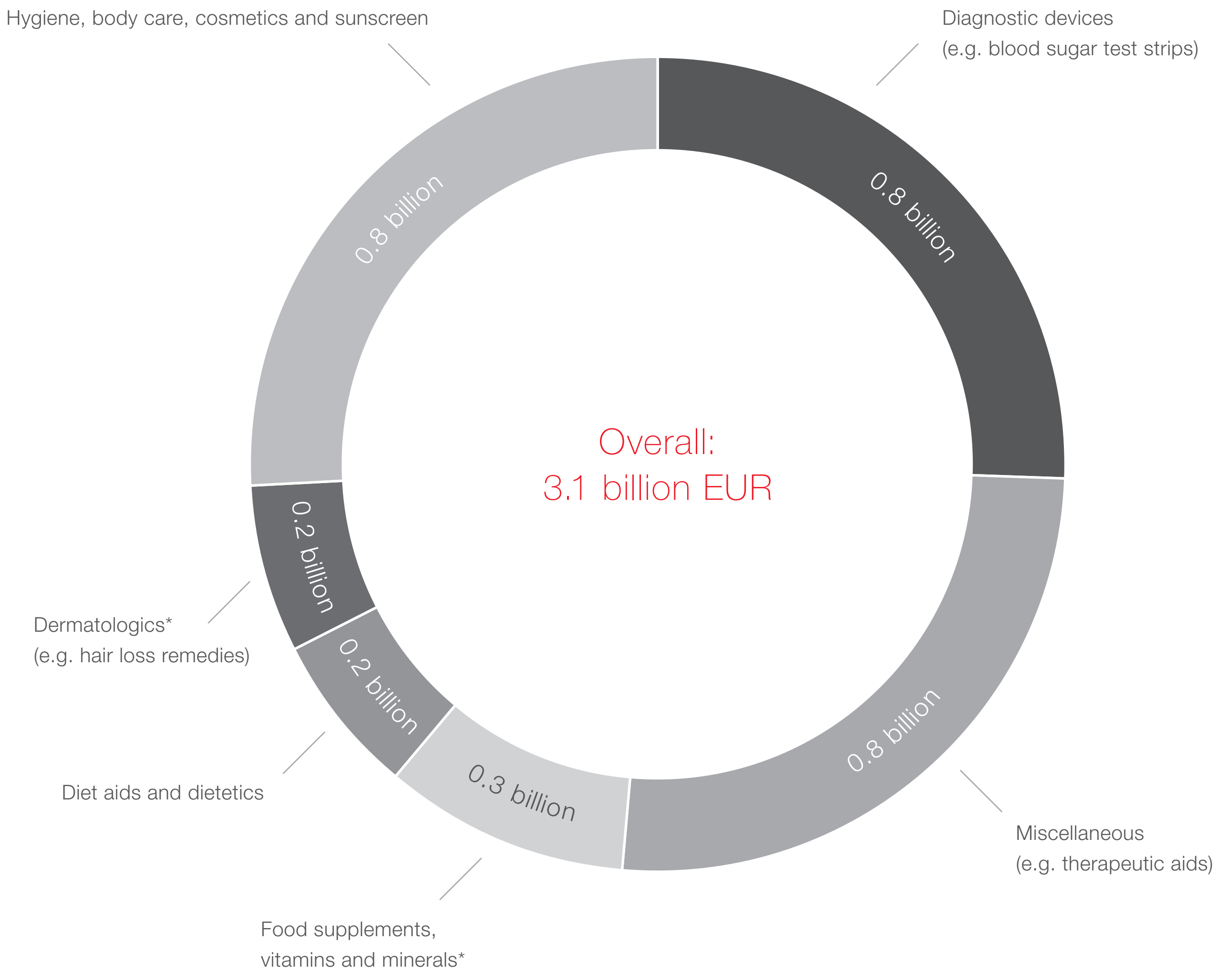
MEASURED IN PACKAGE FIGURES



Note: database is altered for non-prescription pharmaceuticals and complimentary products commonly found in pharmacies, therefore it can only be compared to the previous year to a limited extent.

COMPLIMENTARY PRODUCTS COMMONLY FOUND IN PHARMACIES

The complimentary range includes all non-pharmaceuticals dispensed and sold in the pharmacy. These include therapeutic aids, food supplements, vitamins and minerals, but also cosmetics and sunscreen. They account for approximately 10 percent of overall sales.



* unless it is classified as a pharmaceutical

Note: database and presentation form are altered, therefore it can only be compared to the previous year to a limited extent

Source: INSIGHT Health GmbH & Co. KG

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