



Press Release

GIRP study to show that full-line wholesaling provides massive pre-financing for medicines distribution and supply in Europe

Brussels, Belgium 6th June 2011 – GIRP, the European Association of Pharmaceutical Full-line Wholesalers presented today at the occasion of its Annual General Meeting preliminary findings in a recently commissioned study on the distribution sector in six European countries – France, Germany, Italy, Netherlands, Spain and United Kingdom. The study is being carried out by the Institute for Pharmaeconomic Research (IPF), a scientific research institute based in Vienna.

The aim of this study is to highlight the vital functions of pharmaceutical full-line wholesalers as indispensable providers of medicines. Full-line wholesaling is compared to other forms of distribution such as direct sales, reduced wholesale arrangements (RWA) and Direct to Pharmacy (DTP) models. The position of full-line wholesalers is considered from an economic and effectiveness as well as from an ecological and importantly a public health viewpoint.

Speaking to the press ahead of the release of the preliminary findings, Ms. Monika Derecque-Pois, GIRP Director General explained that “extremely high working capital is needed to fulfil the necessary financing function to ensure the availability of all medicines. Full-line wholesaling offers a very high level of pre-financing for the distribution and supply of all medicines which is not offered by other distribution models.”

The preliminary results of the study illustrate that full-line wholesalers are pre-financing in excess of € 12 billion for 46 days on average in the 6 countries reviewed in the study - France, Germany, Italy, Spain, Netherlands and U.K. “This means that full-line wholesalers pre-finance the entire medicines market in these 6 countries for 46 days in order guarantee the continuous availability of all medicines and thereby massively support the cash flow of social insurers and of course pharmacies” the Director General stressed.

In terms of satisfaction with distribution services, Derecque-Pois highlighted that “85.17 percent of the pharmacies surveyed so far are satisfied with the distribution services offered by full-line wholesalers”. This is compared to a 39.75 percent satisfaction rate with manufactures for direct delivery services. Concerning RWA and DTP distribution models 90.40 percent of pharmacies are unsatisfied with RWA and 84.90 with DTP models.

In terms of delivery time, the head of the association stated that “96.48 percent of the pharmacies surveyed are satisfied with the delivery time of full-line wholesalers whereas 49.94 percent are unsatisfied with the delivery time of manufactures for direct sales.” Concerning DTP and RWA distribution 72.70 percent of pharmacies are unsatisfied with delivery times under DTP modes and 57.20 unsatisfied with the delivery times under RWA modes.

Another important finding from the first results shows that pooling orders is a unique function to pharmaceutical full-line wholesaling which shows high efficiencies. Illustrating this point Derecque-Pois explained “in the 6 countries involved in the study the continuous supply of medicines involves more than 4.5 billion transactions between pharmacies, wholesalers and manufacturers each year. Without full-line wholesalers this

number would increase dramatically to 99.4 billion transactions per year.' The associated costs would have to be paid by manufacturers, pharmacies and finally patients.

Altogether, pharmaceutical wholesalers have a significant macroeconomic impact. Each euro invested in the sector of pharmaceutical full-line wholesaling generates 2.02 Euros in the overall economy of the 6 countries and creates 2.08 jobs for each workplace.

GIRP expects that the final results of the study will show that full-line wholesaling is the most supportive system for long term medicines distribution systems' sustainability and that it is the most robust system for supporting Europe's healthcare systems.

The final presentation of the findings of the report is expected for November.

Photos of the conference will be available from:

<http://flic.kr/s/aHsjYUVsm>

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