

# Evaluate Japan Drug Forecasts

## Japan Market Focus

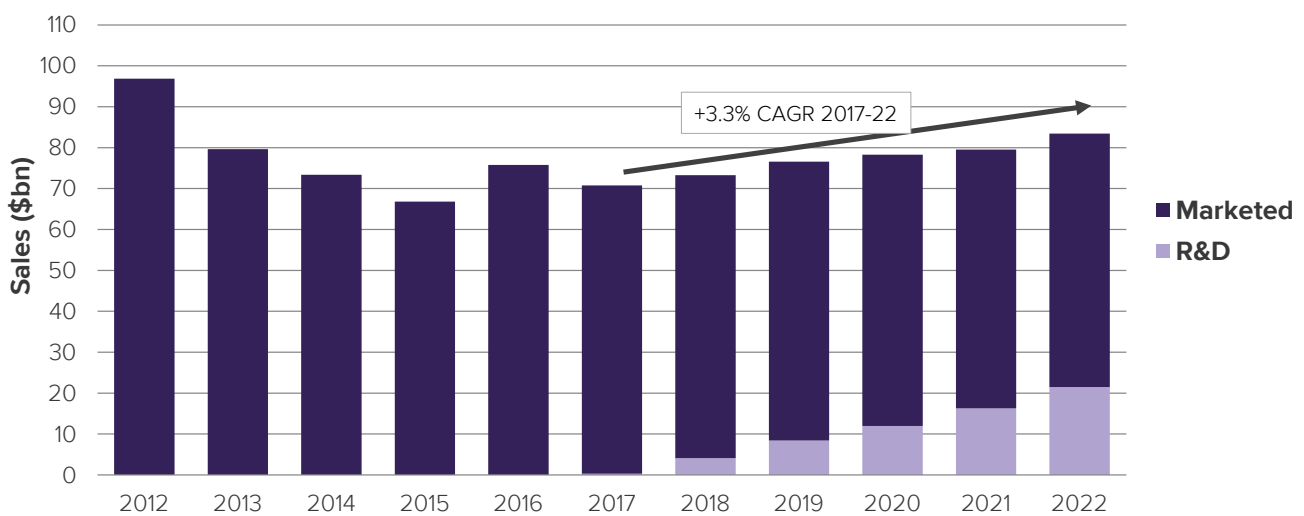
According to Evaluate, the Japanese pharmaceutical market is set to grow at a compounded average growth rate (CAGR) of 3.3% between 2017 and 2022, significantly lower than the worldwide outlook (6.5% CAGR).

The enforcement of a much more stringent pricing revision policy, both for new products as well as off-patent brands, is behind the decline of the products currently in the market which are forecast to drop by around 2% annually.

### Japan Total Market Sales (\$bn)

Marketed and R&D

Source: Evaluate Japan Drug Forecasts\*, June 2017



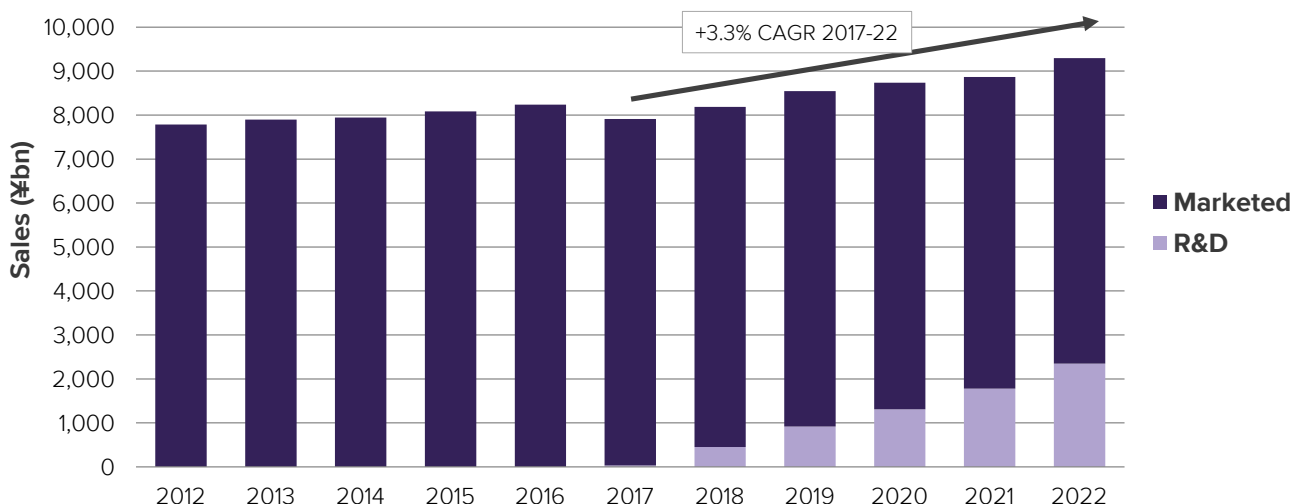
The prices of Gilead's HCV blockbusters Sovaldi and Harvoni have been subject to significant price scrutiny and most recently the Japanese government has forced a price reduction of 50% on Opdivo, BMS' novel PD-1/PD-L1 agent.

However, the sales decline of marketed products is counterbalanced by the optimism surrounding the new therapies - expected to account for 34% of the Japanese market in 2022.

### Japan Total Market Sales (¥bn)

Marketed and R&D

Source: Evaluate Japan Drug Forecasts, June 2017



Note: \*In 2012 there was a decline in the value of the yen leading to a decline in dollar value of the Japanese Pharmaceutical market.