

## China Healthcare

## 2023 product sales at retail pharmacies in China

Industry Overview

## Overview of product sales at retail pharmacies in 2023

For all the products, including the non-drug category, retail pharmacies in China recorded total sales of RMB441.2bn/465.7bn/482.3bn/492.2bn/543.3bn/539.4bn in 2018/19/20/21/22/23, implying a YoY change of 6.9%/5.6%/3.6%/2.1%/10.4%/-0.7%. The slight dip in annual sales was mainly attributable to the high-base effect as China lifted COVID control measures in Dec 2022 leading to a demand surge for antipyretics, drugs for cough, antibiotics, and antiviral drugs. From the monthly sales standpoint, total sales at the retail pharmacies were RMB50.8bn/38.9bn/48.4bn/42.3bn/45.6bn/42.6bn/40.6bn/40.8bn/43.4bn/45.2bn/48.5bn/52.5bn over Jan-Dec 2023, representing a YoY change of 12.6%/11.8%/10.5%/3.4%/9.1%/1.9%/-2.4%/-1.2%/2.8%/4.1%/6.8%/-35.3% and MoM change of -37.4%/-23.4%/24.4%/-12.6%/7.8%/-6.6%/-4.7%/0.5%/6.4%/4.1%/7.3%/8.2%, respectively. Overall, sales grew in most months of 2023 compared to those in 2022, besides Jul (-2%), Aug (-1%), Dec (-35%), signaling that the retail pharmacy market remained on a healthy uptrend.

By product category, sales composition of chemical drugs/TCM patent drugs/biologics/TCM decoction pieces/medical devices/health supplements/food and other non-drug product was 42.8%/32.3%/5.6%/6.2%/5.6%/5.0%/2.4% of total sales at retail pharmacies, and each category saw a 3.4%/-3.6%/12.1%/7.5%/-19.2%/-5.2%/-12.5% YoY change in 2023, respectively. In sum, the drug sales at retail pharmacies rose 1.0% YoY while sales of non-drug products fell 7.3% YoY. Still, the high base in Dec 2022 was largely responsible for the decline of non-drug products, as the monthly sales of medical devices/health supplements and food/other non-drug products dropped 68.1%/31.5%/48.4% YoY in Dec 2023.

## Rx drug gained market share in retail pharmacy channel

Over 2018-23, the Rx comprised 52.0%/53.5%/55.8%/56.9%/54.3%/55.8% of the total drug sales at retail pharmacies, while OTC drugs made up 48.0%/46.5%/44.2%/43.1%/45.7%/44.2% of the total, respectively. Supported by encouraging policies, including the establishment of DTP pharmacy and dual sales channel for NRDL products, the Rx drug gained 3.8ppt share in the overall drug sales at retail pharmacies over 2018-23, posting 11%/11%/4%/12%/6%/4% YoY growth in annual sales in the same period, respectively. Among the top-selling drugs at retail pharmacies, Angong Niuhuang/amplodipine/sildenafil/atorvastatin/human albumin, the top-5 best-selling drugs, saw a YoY change in 2023 sales of 20.1%/-5.5%/3.3%/-4.0%/22.7%, respectively, per the IQVIA data derived from the sample retail channel. Even though drugs for chronic diseases, such as hypertension, hyperlipidemia, and T2DM, took most spots in the top-selling drugs, oseltamivir ranked seventh in terms of 2023 sales at retail channels, growing 367.6% YoY. Further, osimertinib, the third-generation EGFR TKI for NSCLC, was ranked 20th, with sales rising 17.8% YoY as one of the few drugs for oncology in the top-selling drugs.

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TCM: Traditional Chinese Medicine

OTC: Over the counter

T2DM: Type-2 diabetes mellitus

EGFR TKI: Epidermal growth factor receptor tyrosine kinase inhibitors

NSCLC: Non-small cell lung cancer

DTP: Direct-to-patient

NRDL: National Reimbursement Drug List

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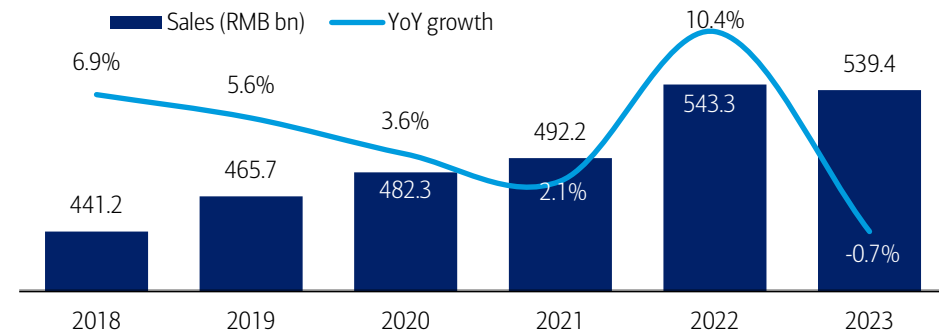
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# Charts of sales at retail pharmacy in China

## Exhibit 1: Total sales at retail pharmacy, 2018-23

Total sales at retail pharmacy was RMB539.4bn in 2023

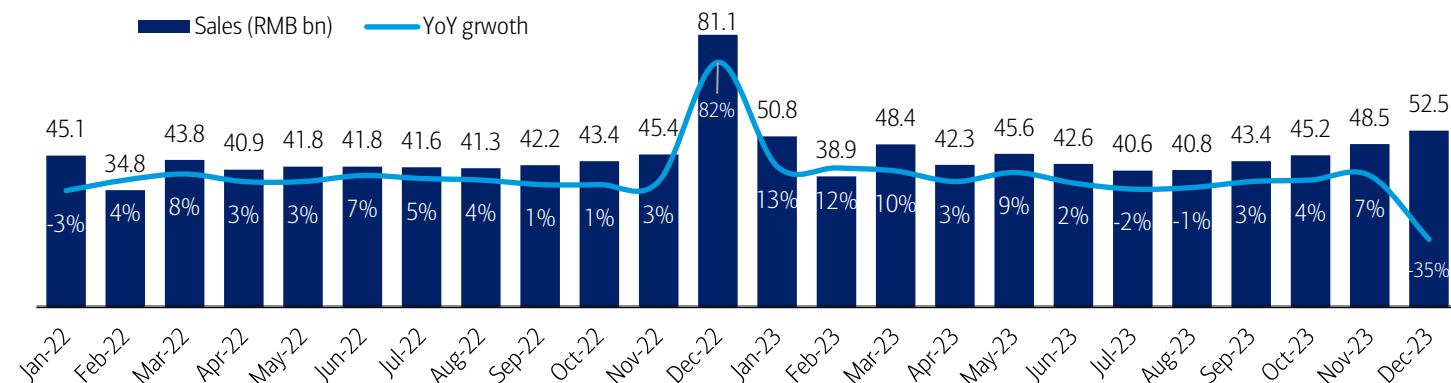


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## Exhibit 2: Monthly sales at retail pharmacy, 2023

The monthly sales in Dec 2023 fell 35% YoY

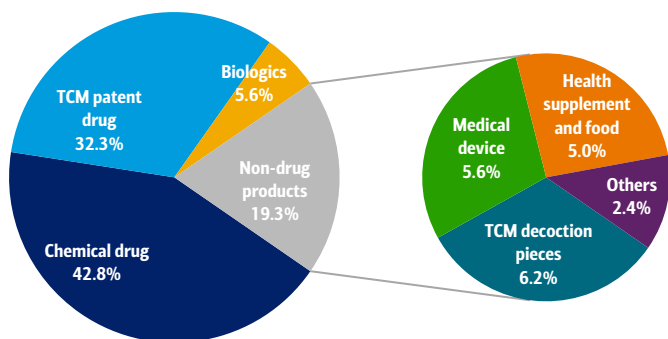


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## Exhibit 3: Breakdown of sales of product at retail pharmacy, 2023

TCM patent drug made up 32.3% of the total sales

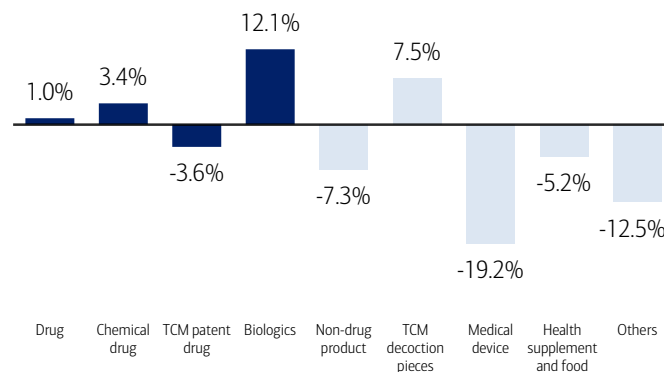


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## Exhibit 4: YoY change of 2023 sales of products at retail pharmacy, 2023

Biologics sales rose 12.1% YoY in 2023

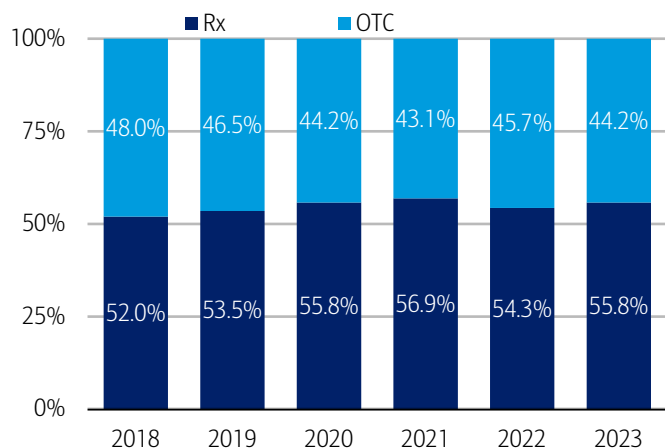


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**Exhibit 5: Breakdown of drug sales at retail pharmacy, 2018-23**

Rx gradually gaining market share since 2018

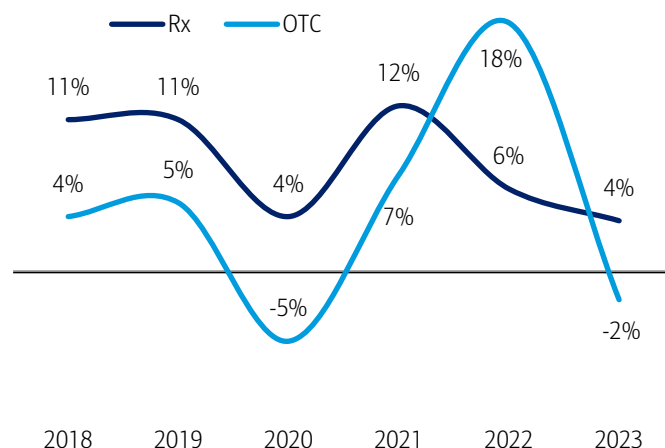


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**Exhibit 6: YoY change of drug sales at retail pharmacy, 2018-23**

OTC sales dropped 2% YoY in 2023

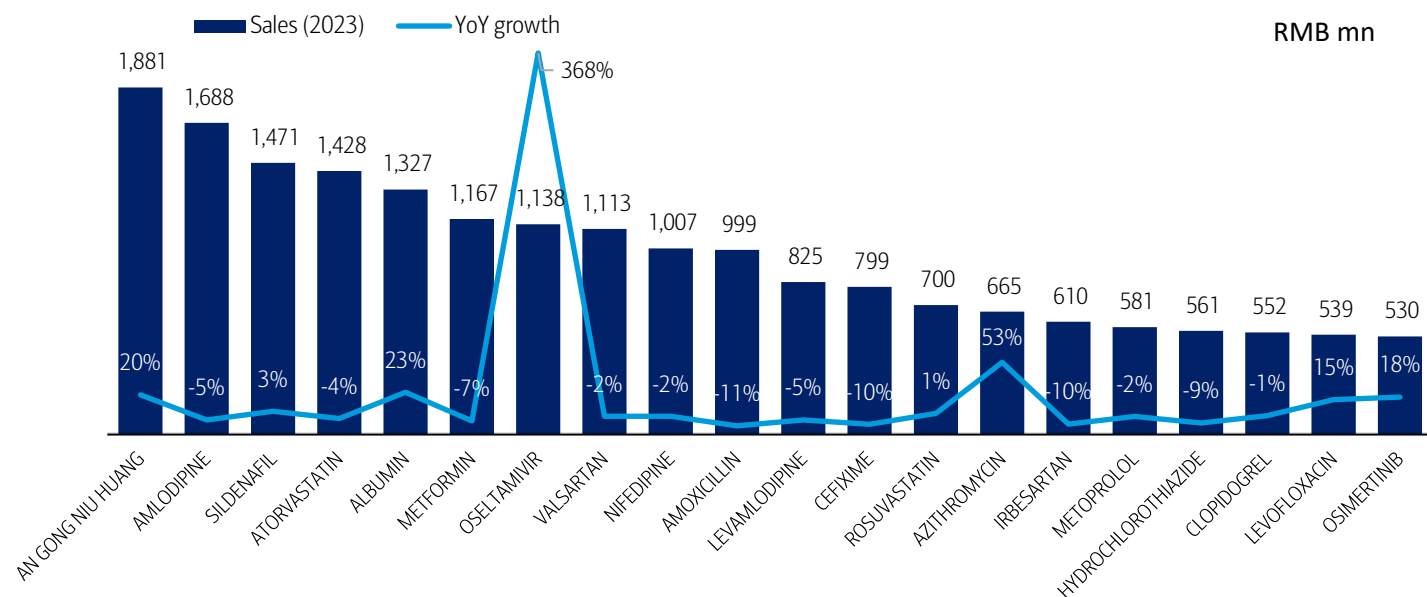


Source: BofA Global Research, Sinohealth

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**Exhibit 7: Sales of top-20 selling drugs at retail pharmacy by generics name, 2023**

Angong Niu Huang is the best-selling product at retail pharmacy



Source: BofA Global Research, IQVIA

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