

## Rx Supply Chain

## November branded sales continues mid-teens growth

Industry Overview

## Brand sales up mid-teens, Generics up low-single digits

Total brand sales grew 14.5% in November vs. 15.9% in October and 14.9% in September (Exhibit 4). Total brand sales increased 14.1% y/y in 3Q'23 vs. 10.4% y/y in 3Q'22. Total generic sales increased 2.6% in November vs. 7.4% in October and 4.9% in September (Exhibit 5). Generic sales increased 3.8% y/y in 3Q'23 vs. (3.0)% y/y in 3Q'22. Branded price per script increased 15.7% in November vs. 14.8% in October and 15.7% in September. Generic price per script increased 2.2% in November vs. 6.0% in October and 3.8% in September. So far there have been 3 brand price increases for December 2023 vs. 0 brand price increases in December 2022 among the Top 500 tracked brand drugs.

## Stable trends continue for underlying Rx growth

The Rx supply chain debate has shifted from the impact of COVID to the stability of the channel, ongoing demand curve, and continuing signs of positive Rx volume growth on a real-time weekly basis (Exhibit 1). We expect to see further impacts across the channel as we enter 2024, with a greater focus on the pacing of utilization growth, impacts from the Inflation Reduction Act on drug pricing, and biosimilars. We continue to watch the shift in Rx trends and anticipate growth to remain steady on an underlying basis (against the backdrop of variable comps) for what has been a mostly stable end market at its core.

## Top 500 brand drug inflation

We have updated our brand drug inflation tracker, which monitors the top 500 brand drugs by sales pricing trends. So far there has been 3 brand price increases in December 2023 vs. 0 increases in December 2022 among the Top 500 brand drugs we track. We expect the ongoing focus around the pace of brand inflation to remain topical as policy debate continues.

## Weekly TRx growth improves to 4.6% vs 1.6% last week

We have been tracking weekly y/y growth of script (Rx) volumes to see real-time trends. The total (TRx) trend for the week ending 12/22 was 4.6% vs. 1.6% last week and 2.0% the week prior. It is important to note that while vaccine comps have been easy for the past few months, we are now in a period of tougher comps from September through December. Excluding Covid vaccines, total trend for this week was 5.0% vs. 2.3% last week and 2.5% the week before. Total new script (NRx) growth this week was 7.3% vs. 2.5% last week and 2.5% the week prior. Chain Stores and Food Stores were 3.6% and 5.0% vs. 1.3% and 1.1% the prior week. Long-term care (LTC) was 9.6% vs. 4.5% last week, while Independent Rx's were 5.0% this week vs. 1.4% last week and Mail Rx's were 2.7% vs. 0.7% the week before. On a two year basis, total growth was 6.2% vs. (0.3%) and (1.2%) the week before. On a two year basis, Chain Stores were 3.0% vs. (2.6%) the week before and Food Stores were 5.7% vs. 0.1% last week.

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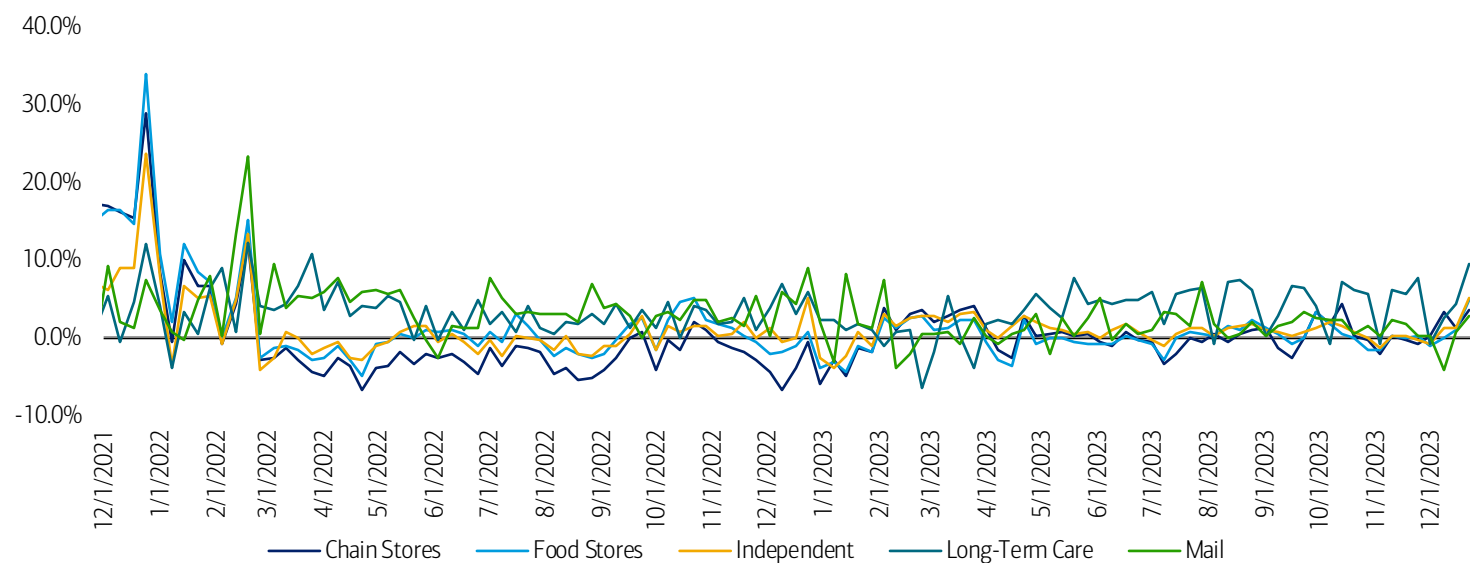
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**Exhibit 1: Weekly Total Rx Volume Growth 4.6% Y/Y by Channel (Dec'21-Dec'23)**

Weekly total Rx volumes see sequential growth of 4.6% vs. an increase of 1.6% in the prior week



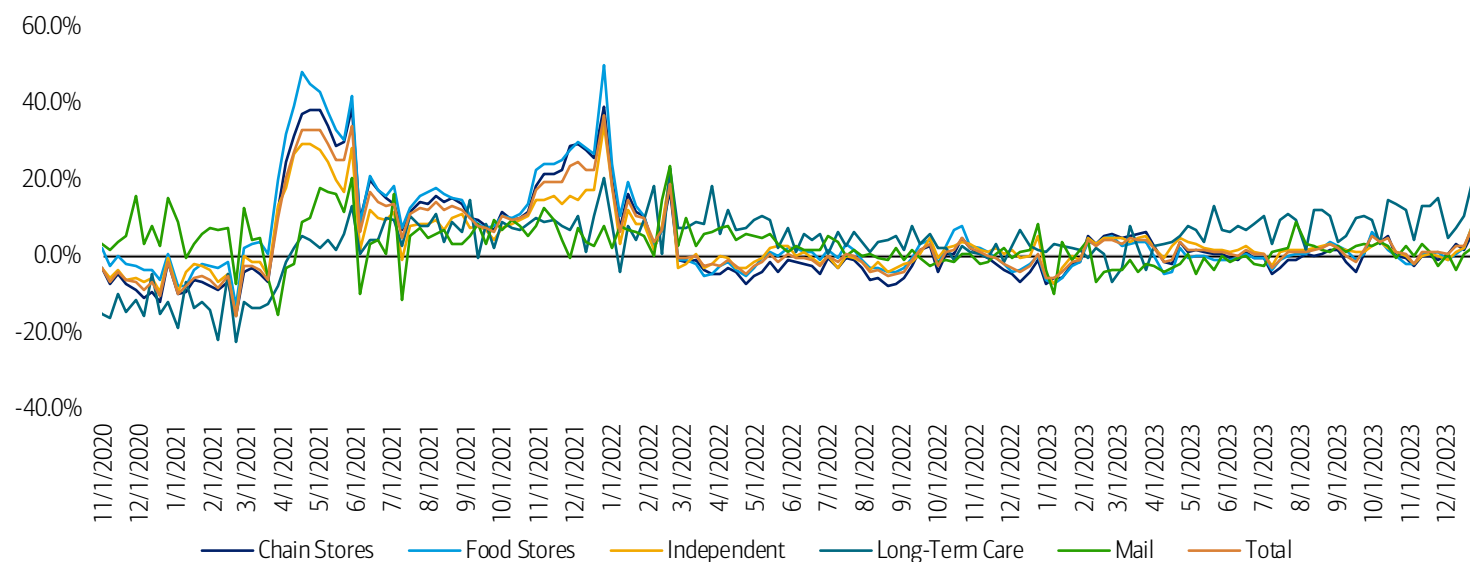
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**Exhibit 2: Weekly New Rx Volume Growth 7.3% Y/Y by Channel (Dec'20-Dec'23)**

Weekly new script growth is 7.3% with strength in Long-Term Care



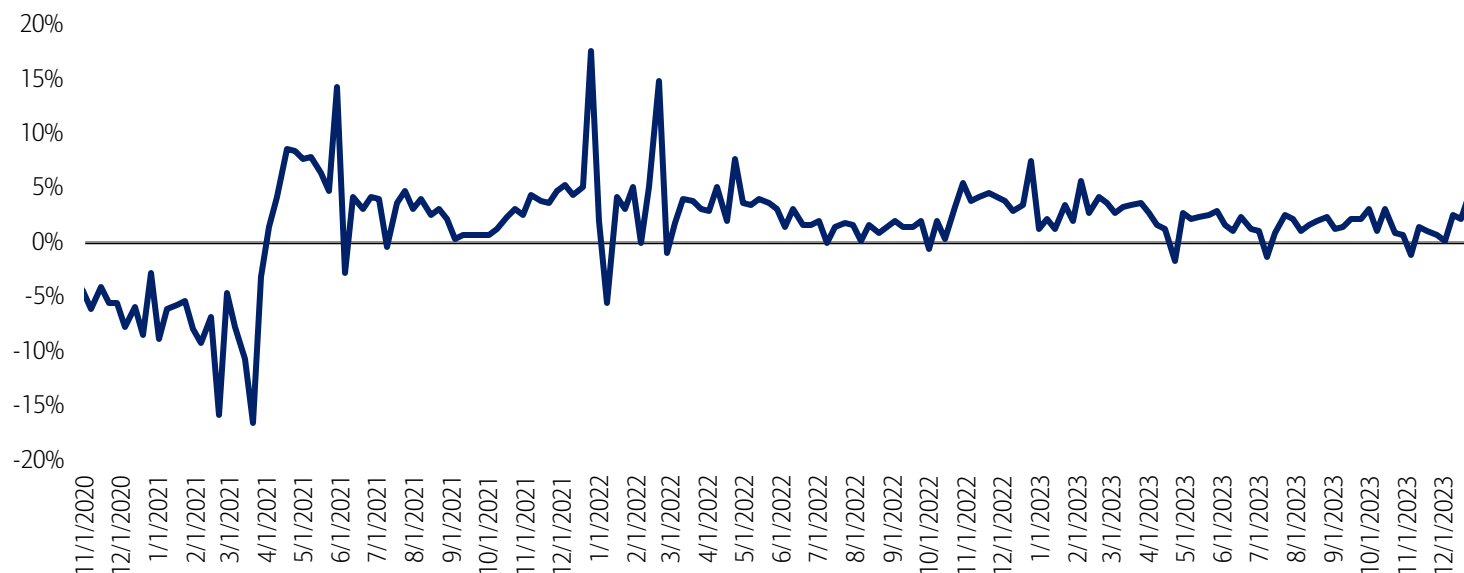
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**Exhibit 3: Weekly Total Rx Volume Growth ex-vaccine, 1-year (Dec'20-Dec'23)**

1-year TRx ex-vaccine growth at 5.0% after 2.3% last week



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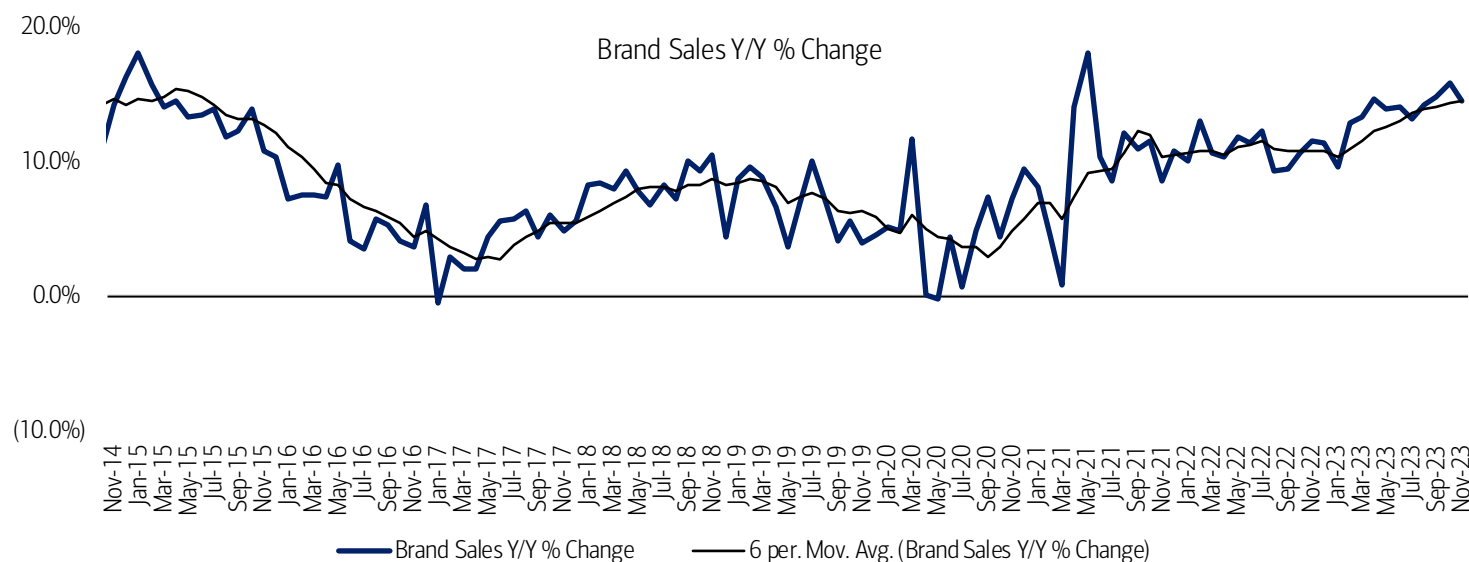
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## US Rx pricing/sales trends

### Sales growth by brand/generic

**Exhibit 4: Calendar-adjusted Brand Rx sales growth**

Brand sales growth has remained positive overall in recent months



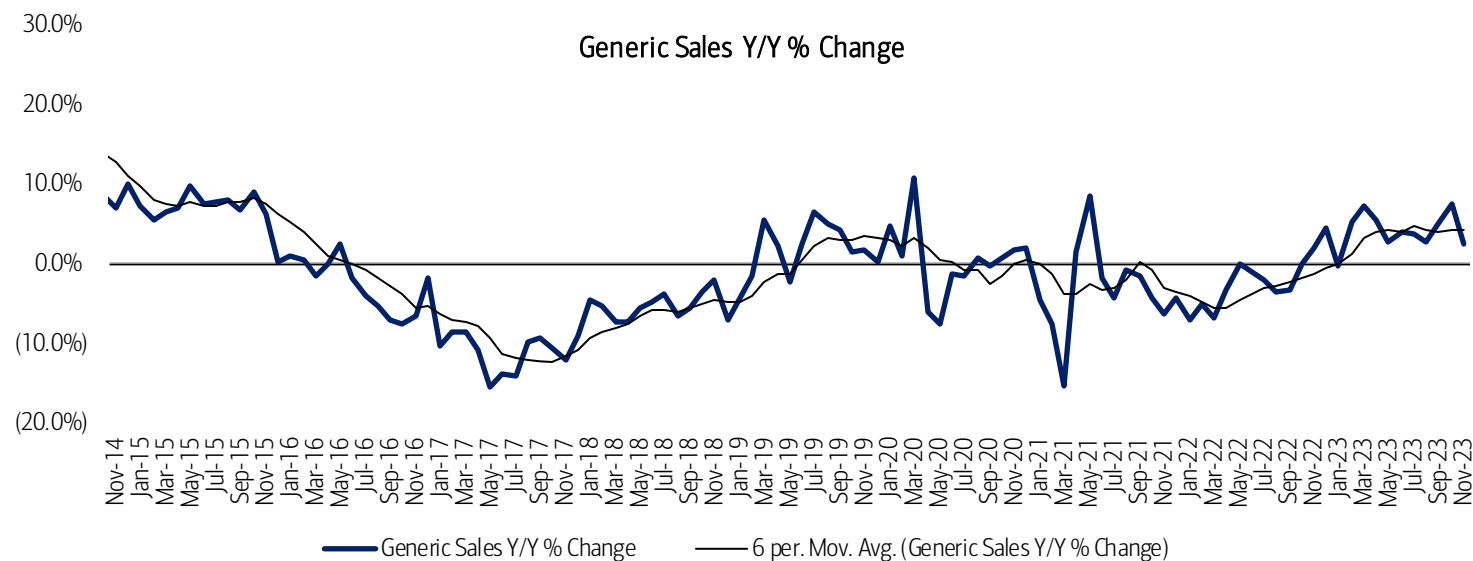
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**Exhibit 5: Calendar-adjusted Generic Rx sales growth**

Generic sales have moderated in the low to high-single digit range in recent months



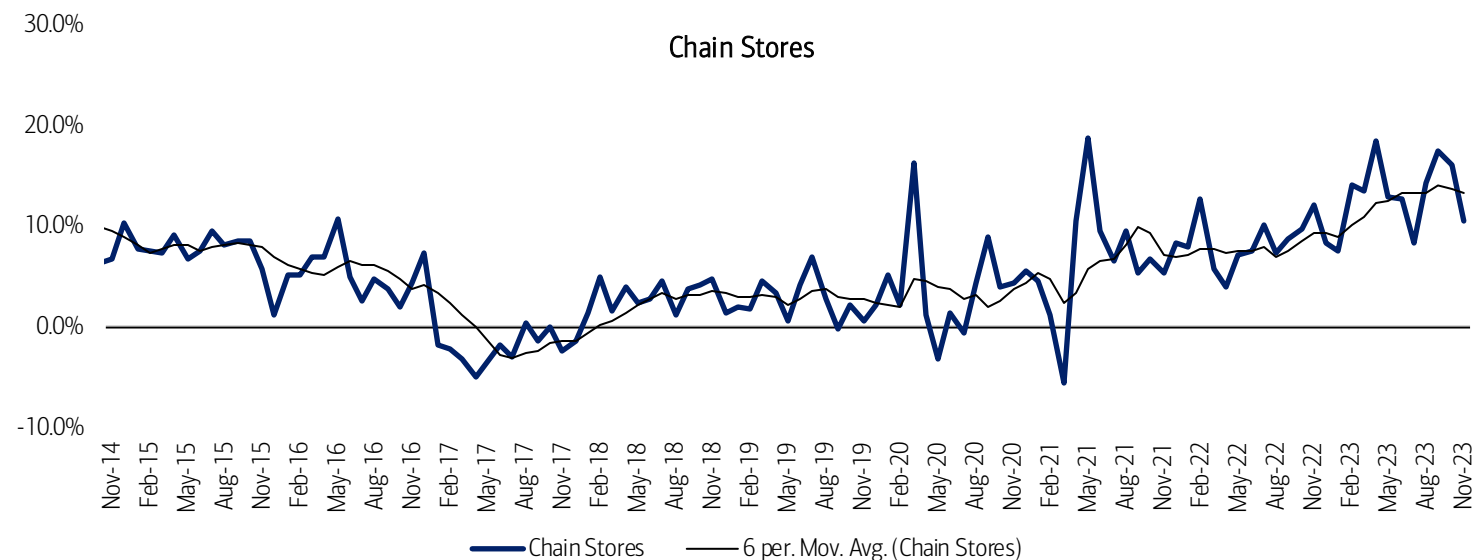
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**Sales growth by dispensing channel****Exhibit 6: Chain Store Total Sales y/y change**

Chain store sales have seen low double digits to high-teens growth in recent months



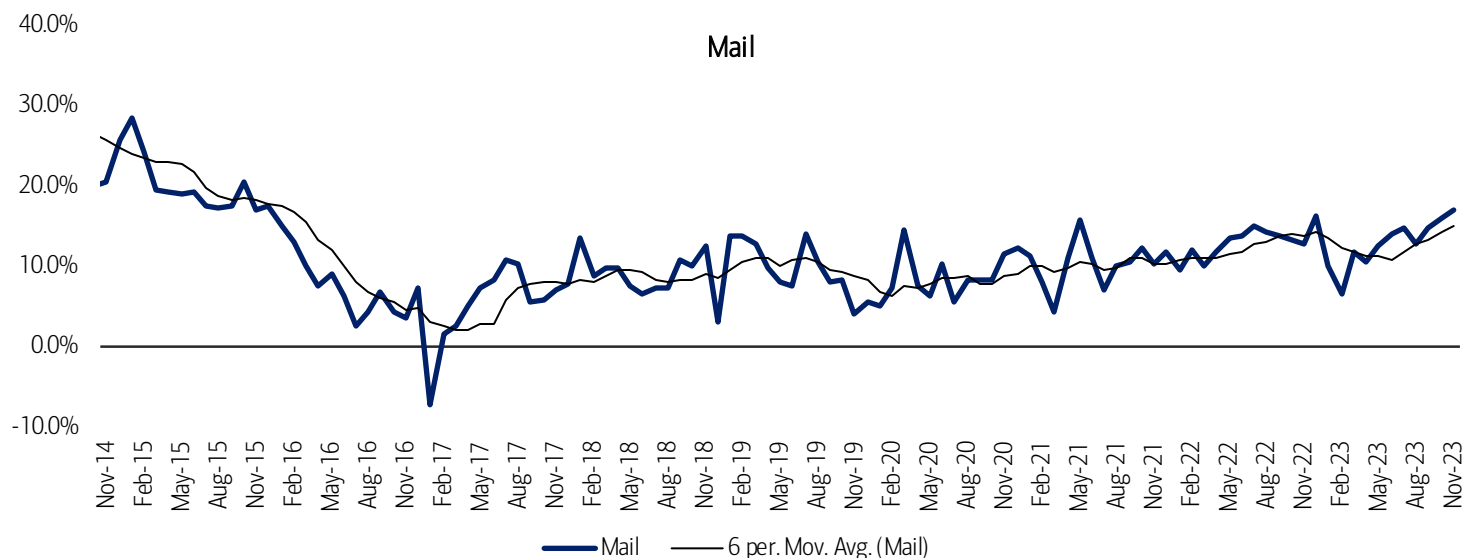
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**Exhibit 7: Calendar-adjusted mail Rx sales growth**

Mail Rx sales have seen stable, positive growth in the last several years



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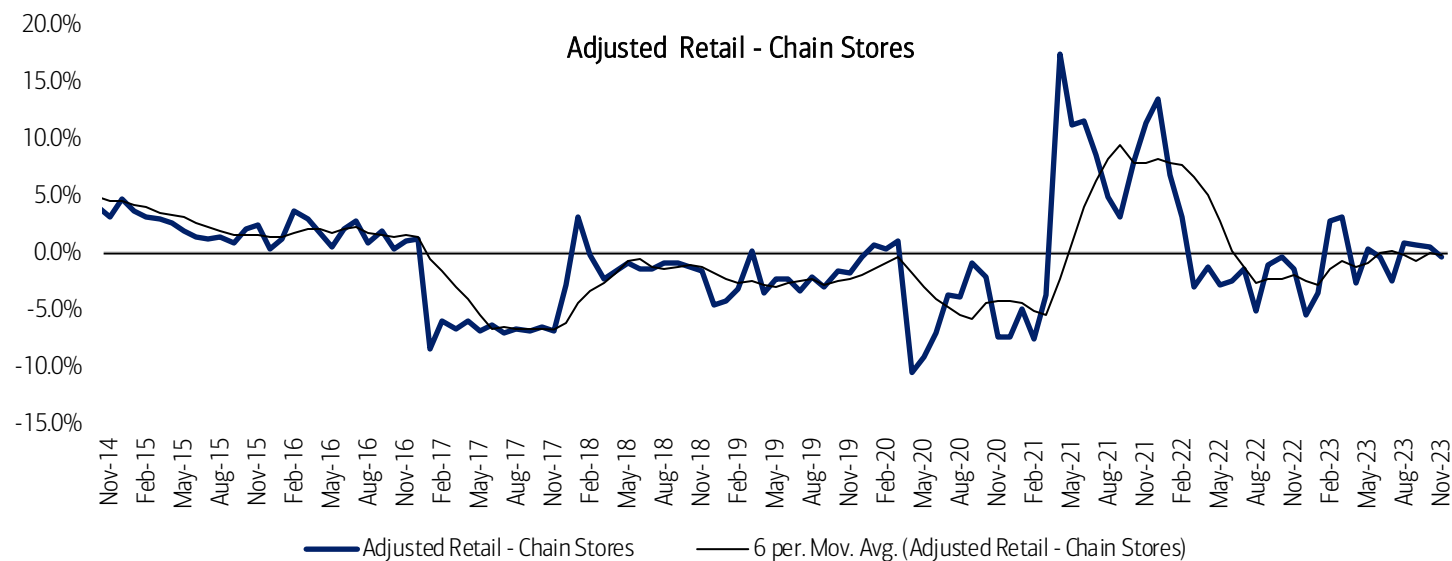
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## US Rx volume trends

**Exhibit 8: Calendar-adjusted retail Rx volume growth – Chain Pharmacies/Stores**

Adj. chain stores Rx growth have seen ~flat to low single digit increases in the past three months



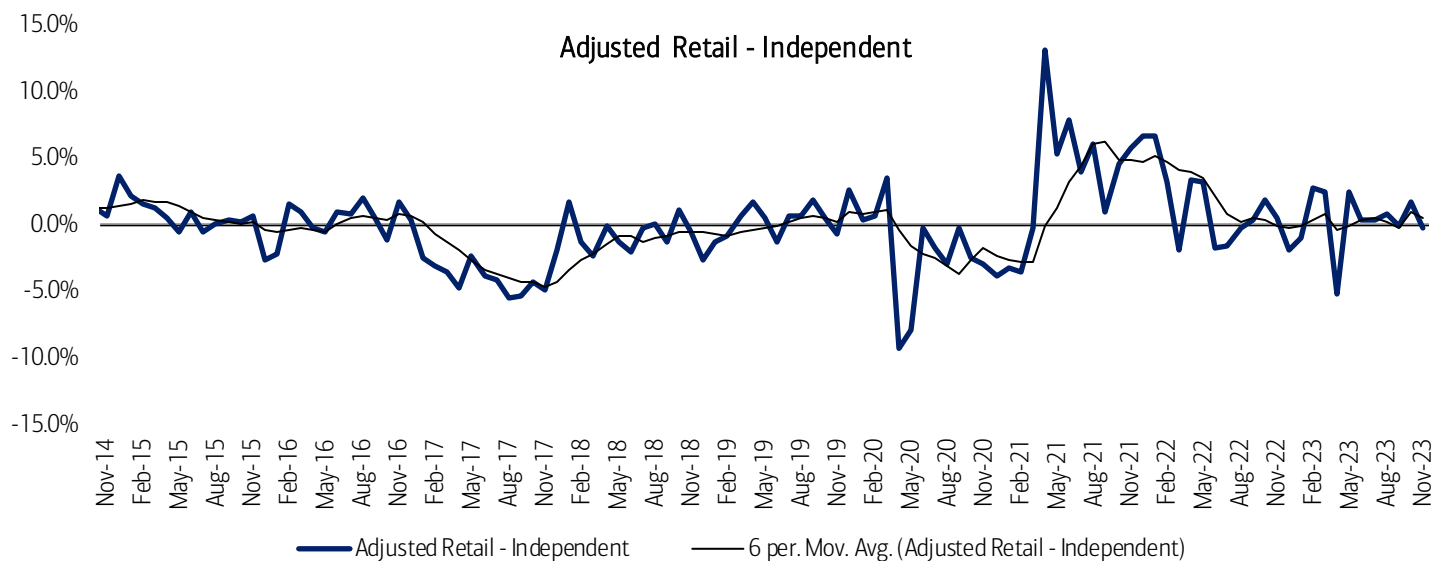
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**Exhibit 9: Calendar-adjusted retail Rx volume growth – Independent Pharmacies**

Adj. independent Rx volume growth has seen ~flat to low single digit increases in the past three months



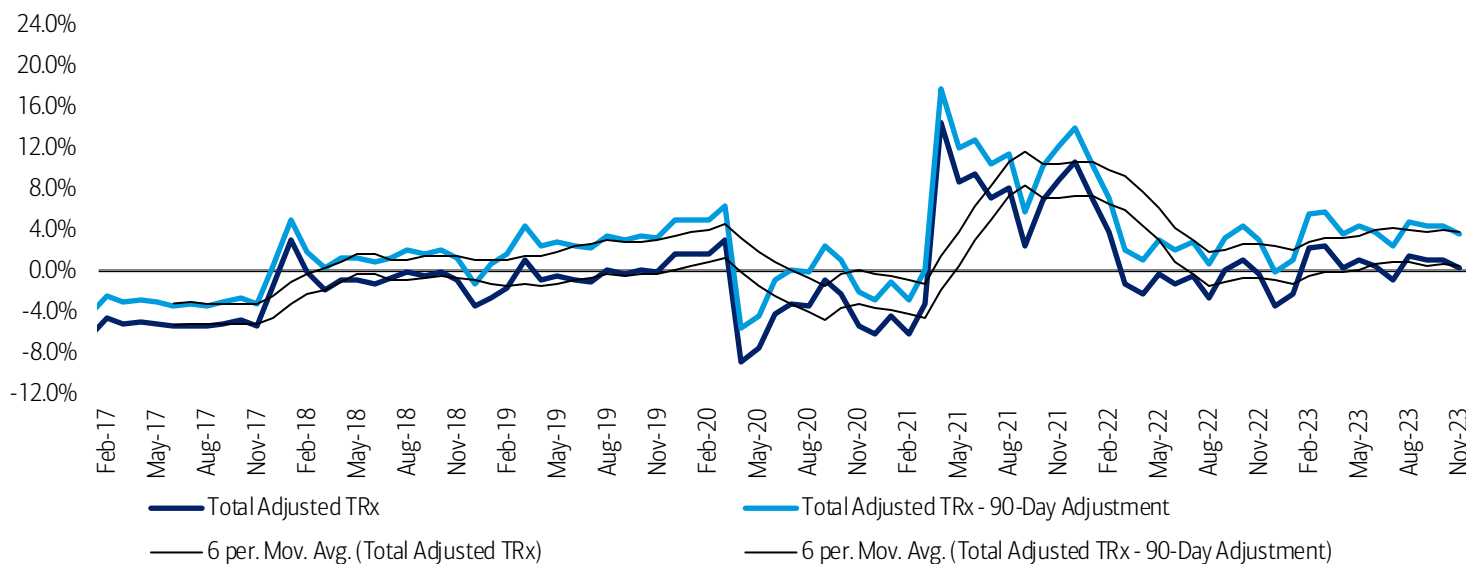
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**Exhibit 10: Total 2018-2023 adjusted Rx volume growth –adjusted for 90-day equivalence factor**

Total adjusted Rx volume growth has seen flat to low single digit sequential increases y/y over the past few months



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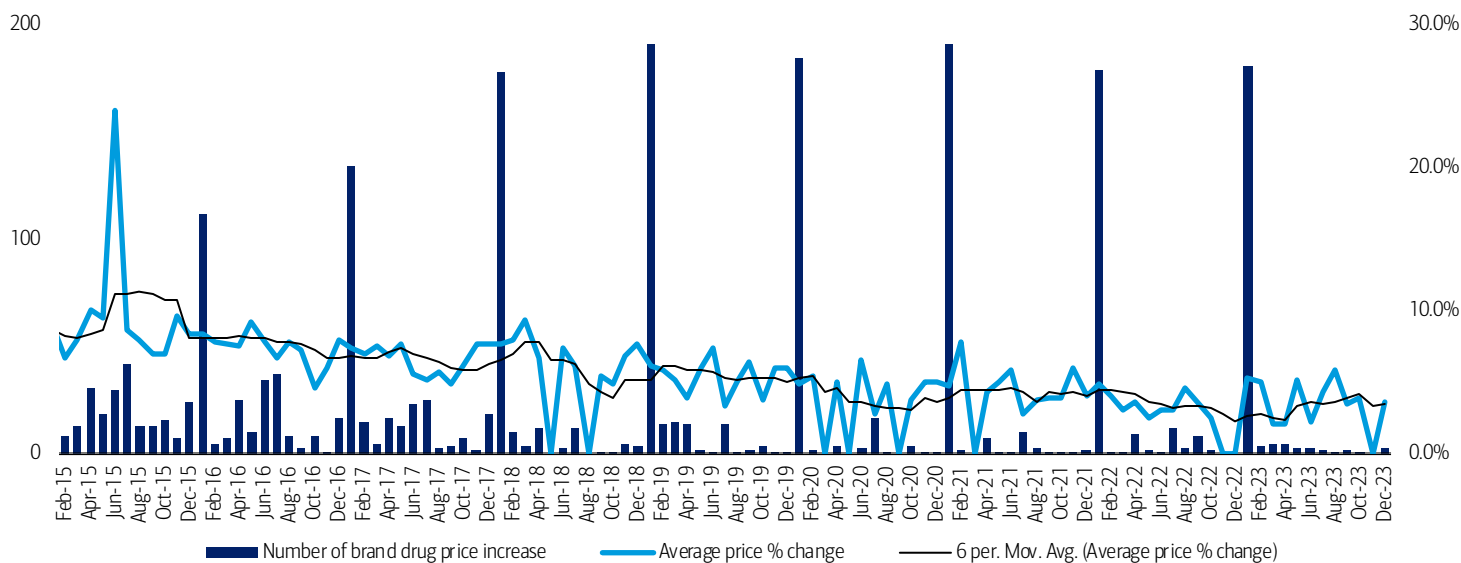
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# Top 500 brand drugs by sales

## Exhibit 11: Top 500 brand drugs by sales pricing trend

Brand price increases have moderated in recent years as the drug pricing debate continues



Source: PriceRx

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