

A Potential Growth Road Map For Greece

Basic Principles and Benefits of Investment in the Pharmaceutical Sector

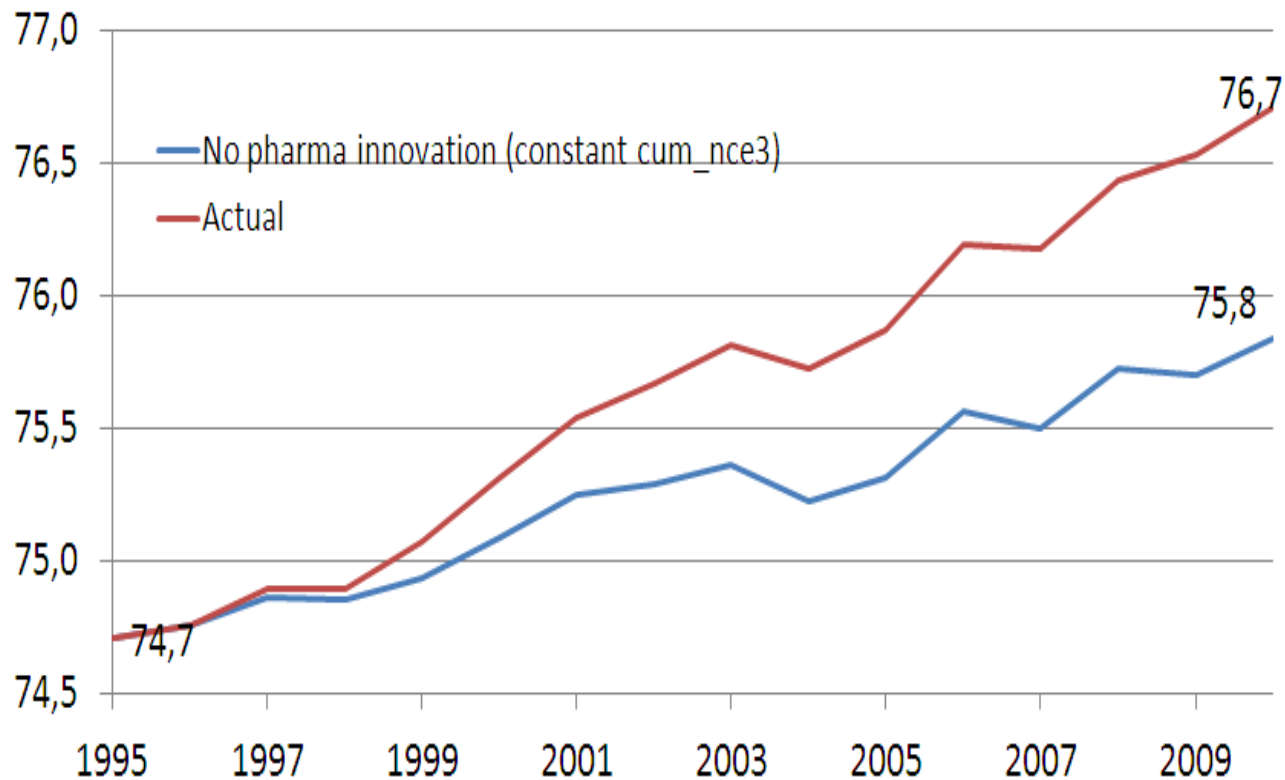
Jim Sage

President PhRMA Innovative Forum (PIF)

President and Managing Director, Pfizer Hellas

Pharmaceutical innovation significantly contributes to better health

Mean age at death, Greece, 1995-2010



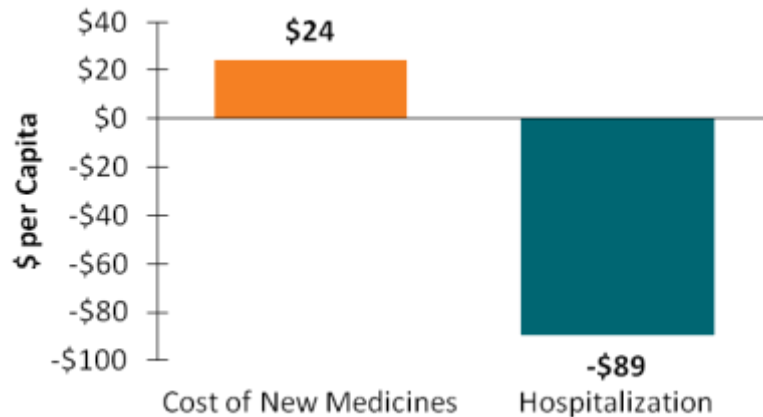
Pharmaceutical innovation increased longevity in Greece by 0.87 years during the period 1995-2010

The impact of pharmaceutical innovation on longevity and hospitalization in Greece, 1995-2010;
F. R. Lichtenberg; Presentation at the 9th PanHellenic Congress on Management, Economics
and Health Policy, Athens, December 2013

Medicines use yields savings in other parts of the HC system

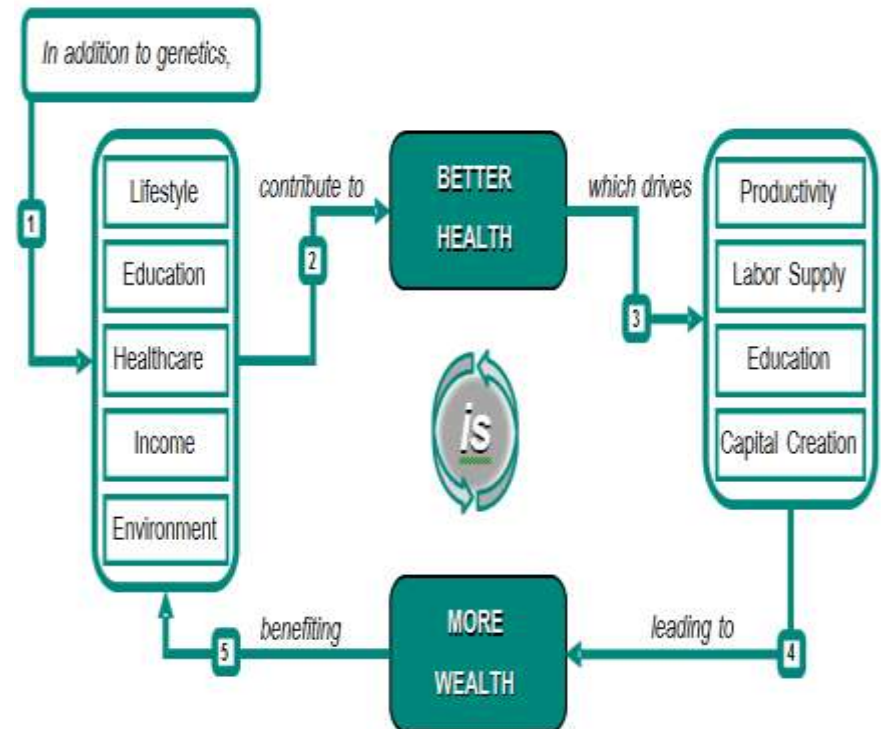
Savings and Better Health leads to more wealth

New Cardiovascular Medicines led to direct savings on hospitalizations from 1995-2004



Per capita expenditure on cardiovascular hospitalizations would have been **\$89 (70%) higher** in 2003 had new cardiovascular medicines not been introduced in the period 1995–2003.²

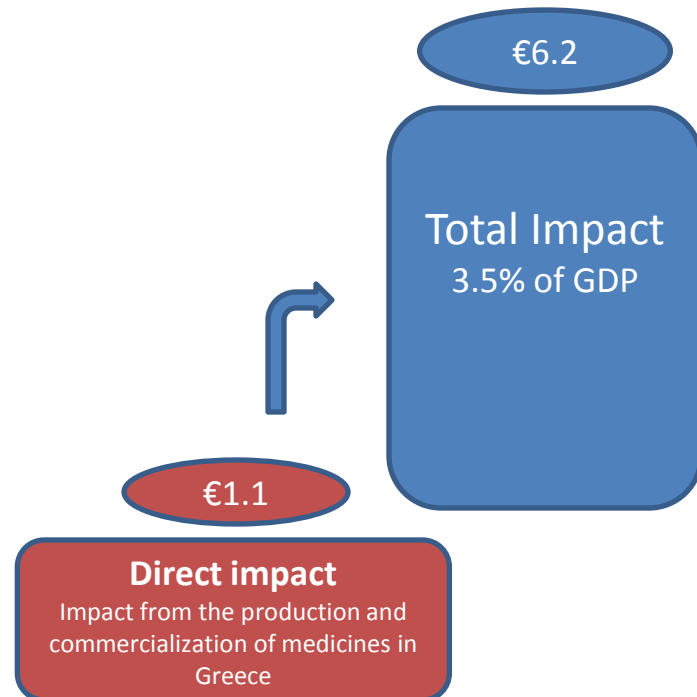
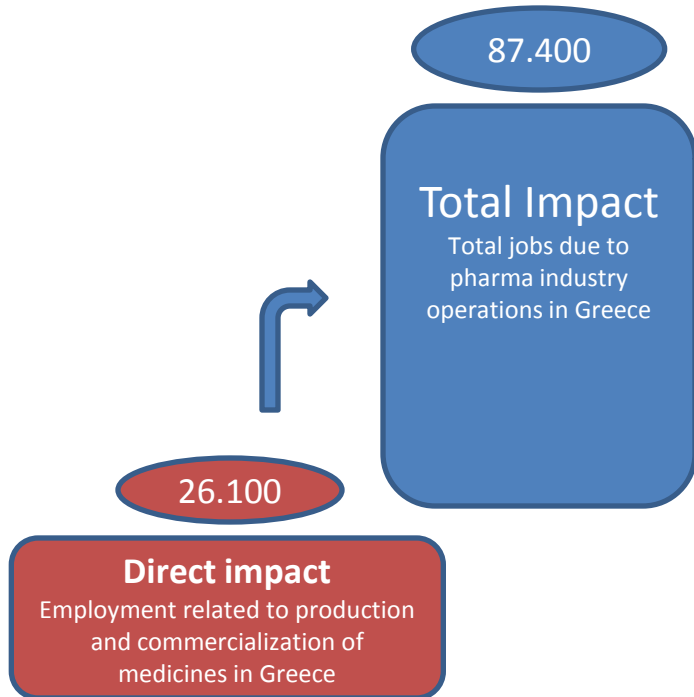
Better Health = More Wealth



The pharmaceutical sector significantly contributes to Greek Employment & Economy

The pharmaceutical industry is responsible for >87,000 jobs in Greece

And contributes 6.2 B € or 3.5% of GDP

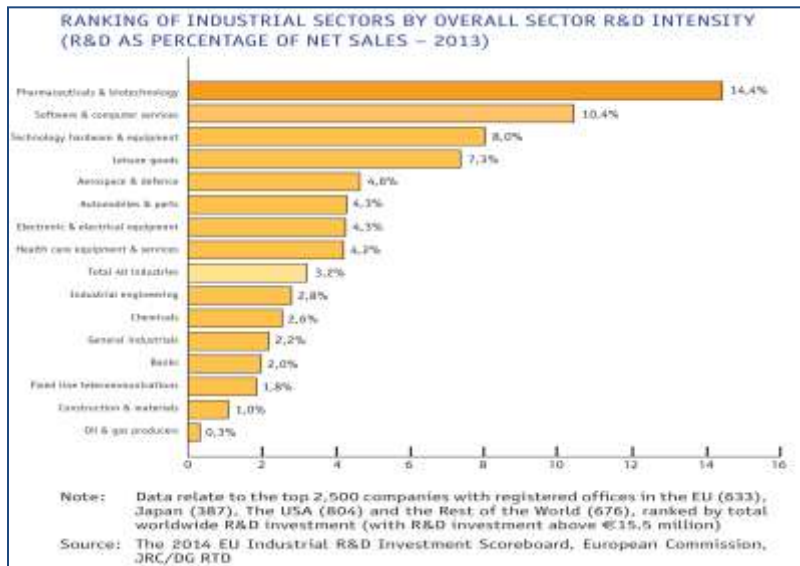


Pharma employees in Europe generate **80%** more value per employee vs other industries

Investment in R & D and manufacturing are key elements of economic value offered by Pharmaceuticals

Pharma has highest R & D intensity

Manufacturing is a key driver for economic success



Up to 91% of new medicines have been developed by the Private sector and Research based pharmaceutical companies

Source :New England Journal of Medicine (NEJM), "The Role of Public-Sector Research in the Discovery of Drugs and Vaccines"

The Pharmaceutical Industry Has Already Made a Significant Investment in and Contribution To The Greek Economy: Pfizer Hellas Example

Pfizer in Greece



Pfizer, which was founded in Brooklyn, USA in 1849, began operating in Greece in the 1960s with the establishment of Pfizer Hellas AE. Since then, Pfizer has contributed significantly to economic and workforce development in Greece, invested heavily in innovation and research to support the development of new medicines, and given back to the community through new partnerships and philanthropic ventures. Pfizer has a leading portfolio of products and medicines that support wellness and prevention, as well as treatment and cures for diseases across a broad range of therapeutic areas, such as oncology, neurology, cardiovascular, metabolic, and autoimmune diseases.



Key Facts and Figures About Pfizer Hellas



Strategic Alliances

Pfizer Hellas has a strategic alliance with a Greek company for the production of medicines in our country. Every year, **4.6 million units of Pfizer medicines** are produced in Greece, amounting to **15% of the annual Pfizer Hellas units' supply**.



Pfizer Hellas partnered with **473 vendors** in 2015.

*All information is 2016, except workforce contribution, economic impact, and clinical trial information which reflect end of year 2015.

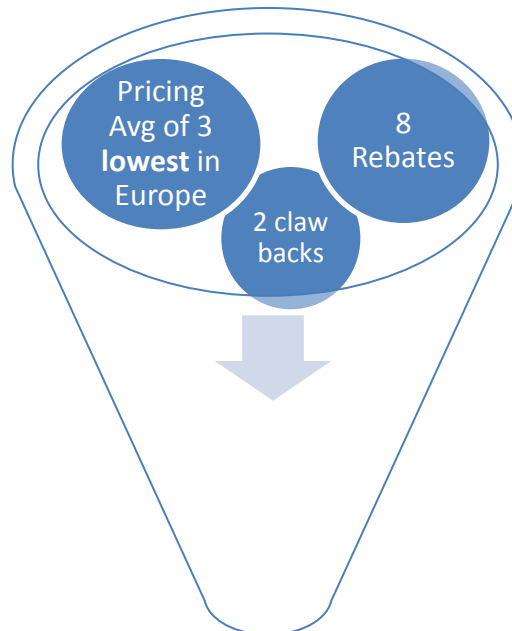
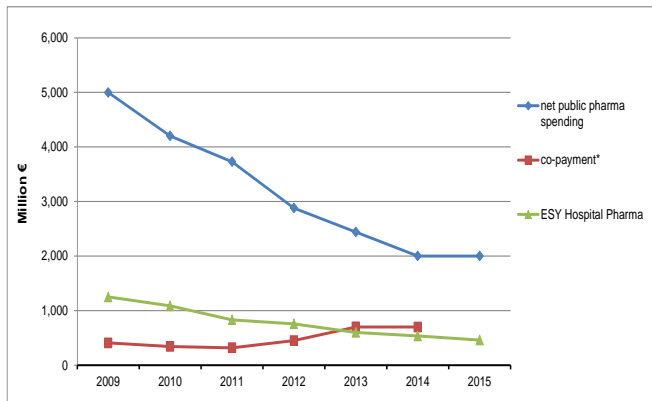
Unfortunately current conditions erode the value of existing investments and limit future ones

The Pharma Industry is < 1/2 the size it was 6 years ago

The Tax on during business continuous to increase

Public Arrears have reached unsustainable levels

Evolution of pharmaceutical expenditure 2009-2015



1.2 B €



Arrears

> 9 months



DSO

600 M euros Industry clawback & rebates repayments

Note: hospital and out-patient spent data are based on annual budget objectives

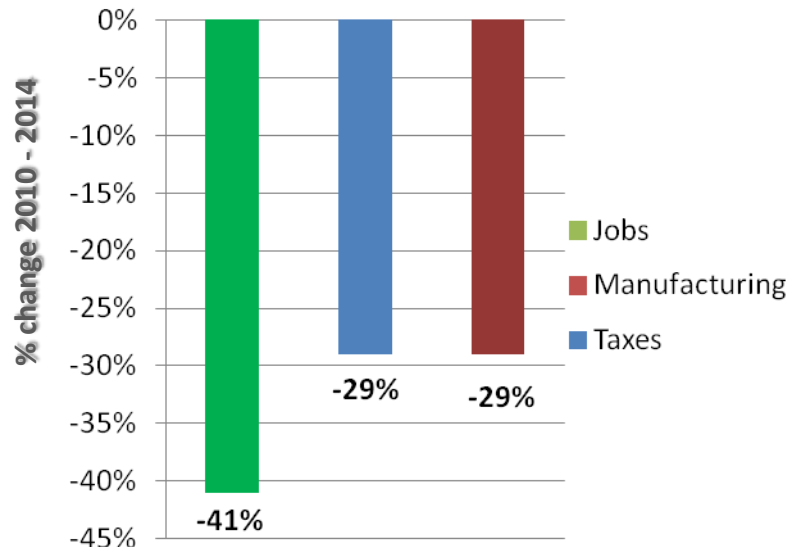
**: estimation*

Divesting or Devaluing Pharma Innovation is bad for the Business and Health of Greece

Pharma jobs, manufacturing & tax contributions have all declined over the past 5 years




Importantly we are also seeing signs of decline in patient health

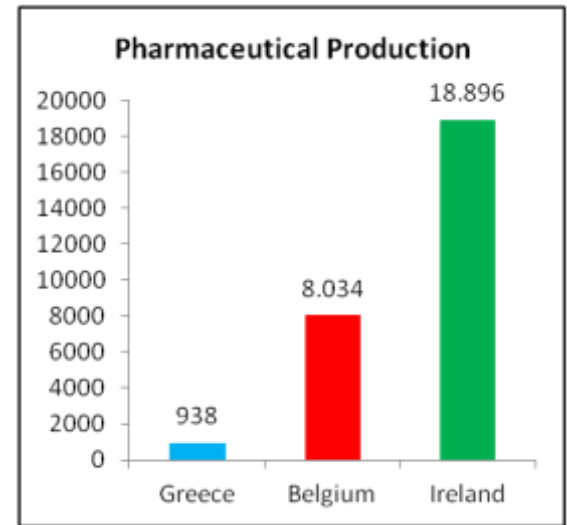
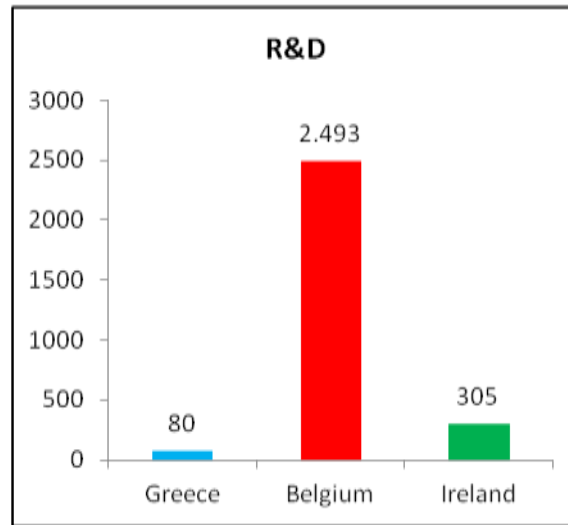
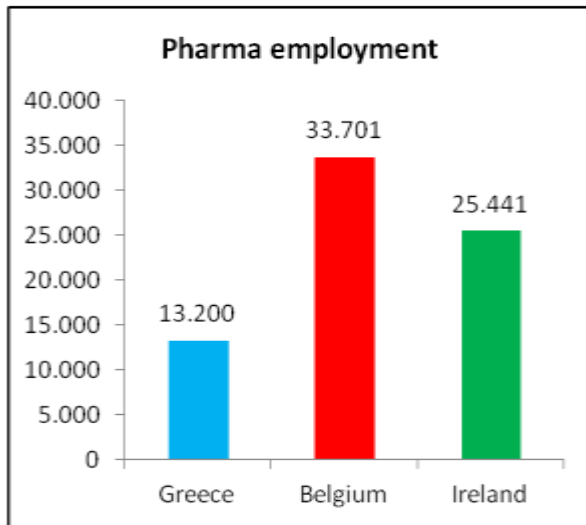
Pharma jobs, manufacturing & tax contributions have all declined over the past 5 years



- Patients have reduced their spend on H.C. **30%**
- **30%** reduction in MD visits
- **60%** patients face Compliance challenges.

Pharma investment in similar sized countries

Population	10, 992, 589	11, 203, 992	4, 604, 029
			



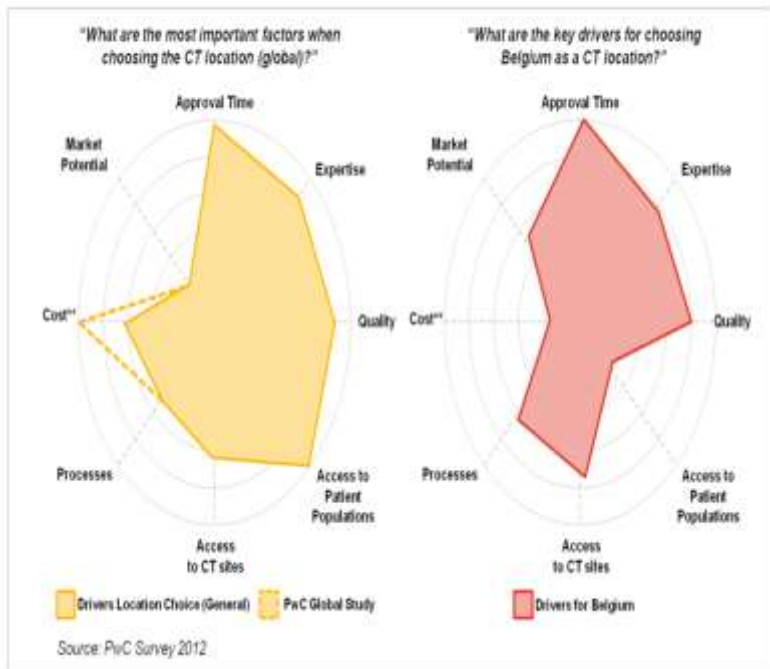
If Ireland and Belgium can why not Greece?



Skilled workforce			
Medical / Manufacturing Expertise			
Access of patients			
Predictable environment			
Regular payments			
Tax breaks & Incentives for investment			
Adoption of innovation & fair pricing			
Public -Private partnership			

The case of Belgium / key drivers and POA

Figure 21: Comparison of drivers for choosing Belgium as clinical trial location with global drivers for location choice



R&D Incentives

- ✓ Patent income deduction (PID)
- ✓ R&D investment deduction, for qualifying investments in R&D
- ✓ Direct cash grants to R&D and innovation projects
- ✓ Partial exemption of 80% of withholding tax for employing scientific researchers
- ✓ Incentives to employ highly qualified foreign employees



'Pact for the Future'

What we need to maintain and increase investments in HC

- ✓ Immediate payment of public arrears
- ✓ Collaboration between the industry and Government
- ✓ Development of a national multi-year plan for pharmaceuticals to contribute to the economic growth of Greece
- ✓ Stable P&R systems that recognize and reward innovation
- ✓ Creation of an R&D and manufacturing friendly environment with the right incentives and conditions
- ✓ Encourage collaboration with local research institutions (eg. clinical research centers, university medical schools, hospitals)
- ✓ Investment incentives