



## 2013 ANNUAL REPORT

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# 2013 PRESIDENT'S MESSAGE

Dear Members,

In his acclaimed work, "The World is Flat", Thomas Friedman states that the Internet, among several other factors, has created a world where emerging markets can thrive and "catch up" to more developed markets. His point was that the free exchange of information has made it possible for governments and businesses in these markets to access critical knowledge and tools to enable accelerated growth. The technology has also enabled new business models, such as customer service and IT outsourcing, to name just two, which provide new economic growth to these countries that has fuelled a sudden presence of a middle class with disposable income and a desire for the benefits greater affluence, including modern medicines.

His claims have proven to be quite prophetic. There are more reasons than the Internet for the rise of Emerging Markets, but many industries that have benefited, ours being notable. At a time when mature developed markets of our Industry have faced increasing pressure on growth, emerging markets offer an enticing and irresistible source of top line growth and opportunity for expansion. The manufacturing community has clearly taken notice and redirected significant resources to these markets, as have a number of pharmaceutical wholesaler and healthcare services companies.

IMS reported to attendees at IFPW's CEO Roundtable, that the seven Pharmerging Markets generated significant percentage of the global industry growth in 2013 and that these markets would continue to be growth drivers over the next 5 years. IMS' definition of Pharmerging Markets was expanded to include 17 countries (classified into 3 tiers, based on market size) to provide greater data and insight into these dynamic and exciting parts of the world.

So we now have a world in which the developed markets are still very important, but they are not enough to provide the future growth opportunities they once did. It is in this world, this "New Order" of pharmaceutical growth markets, that we examine IFPW and the year of 2013.

These global changes are certainly no surprise for IFPW or its members. There has never been a better time to be a member of IFPW. The relationships that are formed and the education about marketplace trends and government healthcare initiatives underway throughout the world is invaluable as our members chart their path through the turbulent changes and new opportunities. Our members continue to expand into additional areas, such as Retail and Specialty Pharmaceuticals, as they build on their services portfolio of their business.

In 2013 we saw some of the highest attendance levels to our meetings. The attendance to the CEO Roundtable was a record for that event, as was the attendance for the very successful 2012 General Membership meeting in Cancun, Mexico - amongst the highest seen in years. The Cancun meeting was a truly global meeting with strong participation by all 4 regions of IFPW, particularly

from Asia and the Latin America. It is no coincidence that these two regions also happen to be home to most of the "Pharmerging Markets" across the Globe.

As we enter 2014, there are a number of opportunities to continue the successes of the past and build upon them for a more vibrant future. We continue to discover new ways to work with our stakeholder partners in the Industry. Most notably, a program that was initiated in 2011, the Global Healthcare Access to Medicines program, has blossomed due to the support of members and The European Pharmaceutical Wholesaler Association (GIRP). There are also new opportunities for education and networking that are developing with HDMA, the US Pharmaceutical Wholesaler's Association. Other exciting services initiatives are in the works as well. We also look forward to what promises to be a very well attended and dynamic General Membership Meeting, which will be held October 19-21st in Beijing, China.

These changes are very exciting and promise to open a bright future for the membership and the organization. Here's hoping that 2014 is a strong year for you and your organization.

Best Regards,



Mark W. Parrish

# ANNUAL REPORT 2013

## Global Representation

IFPW programs thrive with the help and involvement of its members and guided by the Board of Directors and their vision through the association's strategic plan. The Directors representing IFPW's membership during 2012-2014 are:

### Asia & Australia



Yoshiki Bessho  
Suzuken Co., Ltd.



Yesuike Nakakita  
Nakakita Yakuhin Co. Ltd.



Madam Jisheng Chen  
China Resources Pharmaceutical  
Commercial Group



Wei Yulin  
Sinopharm Group



Eric V. Zwisler  
Cardinal Health China  
*IFPW Chairman*

### Europe, Middle East & Africa



Ornella Barra  
Alliance Boots plc  
*IFPW Vice Chairman*



Liam FitzGerald  
UDG Healthcare

### Latin America



Maria Luisa Macchiavello  
Droguería del Sud S.A.



Elias Salomon Nader  
Fármacos Nacionales, S.A. de C.V.



Juan Mulder  
Quicorp



Sammy Birmarcker  
Profarma Distribuidora

### United States & Canada



Paul C. Julian  
McKesson Corporation



Steve Collis  
AmerisourceBergen  
Corporation

### IFPW Mission

The International Federation of Pharmaceutical Wholesalers' (IFPW) role is to help its members and stakeholders advance the safe, efficient and continuous access to pharmaceuticals worldwide through the promotion of good distribution practices and services.

### IFPW Members

IFPW's member companies span the following 25 countries and are segregated within four geographical regions.

Argentina	France	Norway
Australia	Germany	Peru
Austria	Hong Kong	South Africa
Belgium	Ireland	Switzerland
Brazil	Japan	United Kingdom
Chile	Korea, South	United States
China	Mexico	Venezuela
Finland	The Netherlands	

\* *Wholesaler/Distributor* - Individual pharmaceutical wholesale firms that participate directly in IFPW. There are thirty-four (34) wholesaler members. Most major wholesalers/distributors participate in IFPW.

\* *Manufacturer* - Suppliers of ethical pharmaceutical and proprietary medicines and producers of other products distributed by pharmaceutical wholesalers. There are three Manufacturer members.

\* *Service Organization* - Firms which provide a service, product or value to distributors for the distributors' internal use. There are three Service Organization members.

IFPW membership is classified by five membership categories:

\* *Association* - A national pharmaceutical distributors' organization. For countries which have no national trade association, the pharmaceutical distributor doing in excess of 50 percent of the wholesale trade would be considered an association member. There are five National Association members.

### IFPW Wholesaler Members

#### ASIA & AUSTRALIA

Chongqing Medicines Co., LTD.  
China Resources Pharmaceutical Commercial Group  
Medipal Holdings Corporation  
Nakakita Yakuhin Co., Ltd.  
Nanjing Pharmaceutical Co., Ltd.  
Sinopharm Group Co., Ltd.  
Suzuken Company, Ltd.  
Symbion  
Toho Holdings Co., LTD  
Zuellig Pharma Asia Pacific

#### LATIN AMERICA

D Center Distribuidora  
Droguería del Sud S.A.  
Droguería NENA C.A.  
Fármacos Nacionales SA de CV  
Grupo Casa Saba, S.A.B. de C.V.  
Nadro, S.A. de C.V.  
Profarma Distribuidora de Produtos Farmacêuticos S/A  
Prosper Log Distribuidora  
Quícorp  
SantaCruz Distribuidora  
Socofar S.A.

#### EUROPE, MIDDLE EAST & AFRICA

Alliance Boots Plc  
Celesio AG  
Eurapharma  
Mediq BV  
Oriola-KD Corporation  
Norsk Medisinaldepot A/S  
Parazelsus Ltd  
UDG Healthcare  
United Pharmaceutical Distributors (UPD)

#### UNITED STATES & CANADA

AmerisourceBergen Corporation  
Cardinal Health Inc.  
H.D. Smith  
McKesson Corporation

### JANUARY...

- ♦ At the annual **Chinese Association of Pharmaceutical Commerce** 2012 meeting held in Guangzhou, pharmaceutical wholesaler **Chongqing Medicines Group** received 5 awards: "AAA Grade Credit Enterprise", "Best Logistics Management Innovation Award", "Best Supplier Service Award", "Best Information Technology Practice Award" and "Best Quality Management Innovation Award."
- ♦ **Mediq** (Netherlands), a pharmaceutical wholesaler and international supplier of medical devices and services, reports that private-equity firm **Advent** has extended its offer period for all the issued and outstanding ordinary shares of Mediq by two weeks (until 18 January 2013).
- ♦ **Frost and Sullivan** will be holding its *8th Annual Patient Adherence eBroadcast* on January 24, 2013 at 2pm (Eastern Time) and will be focusing on building a world-class adherence program that drives behavior change in individual patients. Included will be a presentation from **McKesson Patient Relationship Solutions** that explores evolving opportunities for improving patient adherence and engagement through physician outreach, ePrescribing integration and pharmacy interactions.
- ♦ Ireland-based **United Drug**, a pharmaceutical wholesaler and international healthcare solution provider, reported a 5% increase in revenue to €1.83 billion (US\$2.4 billion) and a 10% increase in operating profit to €84.4 million (US\$112.4 million) in 2012. The company completed 5 acquisitions last year.
- ♦ US wholesaler **H. D. Smith** has established **H. D. Smith Specialty Solutions**, an organization structured to provide focus and alignment around specialty and traditional brand products, solutions and services. Senior industry veteran *Joseph Conda* will serve as president of H. D. Smith Specialty Solutions.
- ♦ *Madam Jisheng Chen*, chairwoman of **China Resource Pharmaceutical Commercial Group** (China), has been named an Honorary Professor at the UK's **Nottingham University Business School** through 2015. She looks forward to strengthening the business activities between Chinese healthcare community and the British pharmaceutical industry while helping Nottingham students to better understand the Chinese healthcare industry.
- ♦ The **California Department of General Services** (DGS) expects its new drug supply pact with US wholesaler **AmerisourceBergen Drug Corp.** to save US\$17.4 million over the course of the agreement. Each year, California state agencies buy

approximately US\$300 million of pharmaceuticals; the contract with AmerisourceBergen will be used by state prisons, state hospitals and state developmental centers, and other state and local agencies to collectively meet their pharmaceutical needs.

- ♦ Netherlands-based wholesaler and international healthcare provider **Mediq** reported that private equity group **Advent** has increased its public offer for all issued and outstanding ordinary shares from €13.25 per share to €14.00 per share (US\$17.65 to US\$18.65). The new offer price is final and will not be increased further and represents a bid premium of 61.8% compared to the closing share price as of 21 September 2012, the day before the initial announcement.

- ♦ **Novartis'** long-time chairman and former CEO *Daniel Vasella* will depart the board as of February 22nd. The board has proposed that *Dr Joerg Reinhardt*, currently chairman of **Bayer HealthCare**, should replace Dr Vasella, effective 1 August. Dr Reinhardt was previously COO of Novartis but left in 2010 when *Joe Jimenez* was promoted to CEO, after Dr Vasella stepped aside.

### FEBRUARY...

- ♦ Brazilian wholesaler **Profarma Distribuidora de Produtos Farmacêuticos** (Profarma) recently announced it will acquire **CSB Drogarias** for US\$43.7 million and acquire 50% of Drogarias Tamoio for initial installments totaling approximately US\$53 million. CSB Drogarias is a pharmaceutical retailer headquartered in Rio de Janeiro which operates 85 stores under the brands *Farmalife* and *Drogasmil* while the Drogarias Tamoio drugstore chain, with a strong presence in beauty and skin care products, consists of 57 stores in 18 cities. These acquisitions are in line with the Company's new strategic positioning focus, of becoming a major pharmaceutical retailer in Brazil, acting in the distribution and retail segment. With approximately 140 points of sale in Rio de Janeiro State, Profarma becomes the 2nd largest drugstore chain in the state and among Brazil's top ten chains.

- ♦ The "Big 3" US wholesalers recently reported results for their quarters ended December 31, 2012: **McKesson Corporation** reported revenues of US\$31.2 billion (+1%) and a 3% increase in GAAP earnings per diluted share (to US\$1.24) for its fiscal 3rd quarter; **Cardinal Health** reported revenue of US\$25.2 billion (-7%) and operating earnings of US\$506 million (+13%) for its fiscal 2nd quarter; and **AmerisourceBergen**

### FEBRUARY *continued...*

reported revenue of US\$21.5 billion (up 5.7%) and gross profit of US\$671.9 million (up 15.1%) for its fiscal 1st quarter.

- ♦ *IFPW* extends its special thanks to *Gabriel Saba* of **Grupo Casa Saba** (Mexico) for his many years of active involvement and support of *IFPW*, which culminated in the hosting of *IFPW*'s successful 2012 GMM last year in Cancun. He is stepping away from the pharmaceutical distribution business that he successfully led for the past 13 years to pursue other interests. We wish Gabriel all the best in his future endeavors!!

- ♦ Private equity firm **Advent International** has declared its offer for Netherlands-based wholesaler and healthcare service provider **Mediq** unconditional, with more than 95% of the outstanding shares tendered and accepted. Settlement will take place on February 13th and remaining shares can be tendered in a post-acceptance period which ends February 12th.

- ♦ The Nomination Committee of wholesaler **Oriola-KD** (Finland) recommended the following in regards to the company's Board of Directors: the Board of Directors will consist of six members; the present members - *Mr. Jukka Alho*, *Mr. Harry Brade*, *Mr. Per Bätelson*, *Ms. Outi Raitasuo* and *Mr. Mika Vidgrén*, would be reelected; *Mr. Karsten Slotte* would be elected as a new member; and *Mr. Jukka Alho* will be elected as Chairman.

- ♦ US wholesaler and healthcare service provider **Cardinal Health** will acquire privately-held **AssuraMed**, a leading US provider of medical supplies to patients in the home, for US\$2.07 billion. AssuraMed currently serves more than 1 million patients in the US with more than 30,000 products. In addition to broadening Cardinal Health's reach into the home, AssuraMed's expertise in products for specific disease categories and small parcel logistics will significantly enhance Cardinal's ability to service customers across the broad ambulatory care channel, including care sites such as physician offices and in support of home health agencies.

- ♦ Japanese wholesaler **Suzuken** reported sales of US\$15.3 billion (+1.7%) and net income of US\$72.2 million (-17.5%) for its fiscal 3rd quarter ended December 31.

Pharmaceutical wholesaler and retailer **Oriola-KD** (Finland) reported net sales of US\$3.3 billion (up 15.3%) and an operating profit of US\$35.6 million last year.

- ♦ **Toho Holdings**, a leading Japanese wholesaler, reported consolidated net sales of US\$9.2 billion (+3%) and net income of US\$83.9 million (+17.2%) for its 3rd quarter ended

December 31st.

- ♦ Netherlands-based wholesaler and healthcare service provider **Mediq** reported net sales of US\$903 million (-3%) and a net result of US\$13 million for its 4th quarter. Cash flow from operations was US\$32 million for the period.

### MARCH...

- ♦ **Andreae-Noris Zahn AG** (ANZAG) announced the retirement of CEO *Dr. Thomas Trümper* effective 31 July 2013 and the appointment of *Dr. Ralf Lieb*, currently CFO, to succeed him. ANZAG is headquartered in Frankfurt and is a member of **Alliance Boots Group** and its wholesale division **Alliance Healthcare**. With approximately 2,730 employees, 3 foreign subsidiaries and annual sales of around €4.6 billion (US\$5.96 billion), the company is a leading pharmaceutical wholesaler in Germany with 25 offices. Separately, Alliance Boots announced that ANZAG shares were de-listed from the Frankfurt Stock Exchange on February 7th.

- ♦ Australian wholesaler and healthcare service provider **Symbion** will build a new multi-million dollar 12,000-square-meter warehouse in Melbourne, which will be operational in the second half of 2015. The facility will incorporate the latest iterations of Symbion's integrated warehouse technology systems including *Goods-to-Person* and high speed A-frame order assembly. CEO *Patrick Davies* commented, "This is a significant investment, not only in technology and infrastructure but also in terms of the level of service we are committed to providing to our customers now and into the future." He added, "The challenges facing pharmacists and their businesses are changing all the time, and we are determined to help our customers meet those challenges and prosper while also sustaining our business model for the long term. We believe this development underlines not only our confidence in our future growth but also that of the industry as a whole."

- ♦ US wholesaler and healthcare service provider **AmerisourceBergen** elected the following 8 individuals to serve on the company's board of directors for 1-year terms at its recent annual stockholder meeting: *Steven H. Collis*, *Douglas R. Conant*, *Richard W. Gochnauer*, *Richard C. Gozon*, *Edward E. Hagenlocker*, *Kathleen W. Hyle*, *Michael J. Long*, and *Henry W. McGee*.

### MARCH continued...

- ♦ *Mr. Jukka Mäkelä*, has been appointed Vice President, Development of Finland-based pharma manufacturer, wholesaler and retailer **Oriola-KD Corporation**. Effective April 1, he will also be a member of the company's Group Management Team and will be responsible for the Group's strategic development programs, the Group's IM and Logistics and Quality Development functions as well as Group strategy process.
- ♦ **IMS Health** has acquired Seattle-based **Appature**, a Software-as-a-Service (SaaS) company, for an undisclosed sum to further expand its commercial services capabilities. Appature offers clients a cloud-based relationship marketing platform to address the complex multi-stakeholder healthcare environment, and to enable the measurement and optimization of relationship marketing programs across channels.

### APRIL...

- ♦ US wholesaler and healthcare service provider **AmerisourceBergen Corporation** will sell its Canadian pharmaceutical distribution business, **AmerisourceBergen Canada Corporation**, to **Kohl & Frisch Limited**, a Canadian-owned national full-line distributor, for between US\$80-\$100 million. AmerisourceBergen will retain its Canadian specialty business. The Canadian distribution business represented approximately 2% of ABC's total revenues. Separately, AmerisourceBergen agreed to sell its contract packaging business, **AndersonBrecon**, to an entity formed by affiliates of an investor group led by **Frazier Healthcare VI, L.P.** for US\$308 million in cash.
- ♦ Brazilian pharmaceutical wholesaler and retailer **Profarma** reported a 14.6% increase in consolidated gross revenues (to US\$1.9 billion / R\$3.8 billion) and a 53.6% increase in consolidated net income (to US\$20.1 million / R\$40.6 million) for FY2012. For the year, revenues in the generics and health and beauty categories increased by 29.6% and 22.8%, respectively.
- ♦ Pan-European wholesaler and retailer **Celesio** reported a 0.5% increase in revenues from continuing operations (to US\$28.7 billion / €22.3 billion) and a 43% increase in net profit from continuing operations (to US\$140.8 million / €109.6 million) for 2012.
- ♦ China's largest distributor of pharmaceuticals, **The Sinopharm Group**, raised approximately HK\$4 billion (US\$515 million) in net proceeds from the sale of 165.7 million new shares in a private Hong Kong placement involving 6-10

non-retail investors. The company plans to use the funds to support the further expansion of its sales and distribution network and for "replenishment of liquidity".

- ♦ US wholesaler and healthcare service provider **McKesson Corporation** has launched *Medisoft Mobile*, a no-fee application for the iPad and iPhone (now available for download from the Apple App Store) which offers a seamless integration of mobile computing technology and [medical] practice management systems.
- ♦ *Yoshiki Bessho* (Chairman and CEO of Suzuken and an IFPW Director) will end his second term as president of **The Federation of Japan Pharmaceutical Wholesalers Association (JPWA)** in May. Mr. Bessho has expressed the wish to step down, and most industry watchers expect *Ken Suzuki* (President, VITAL-NET) to take over as president.
- ♦ **Oriola-KD** (Finland) announced that following its annual general meeting the Board of Directors is composed of six members. *Mr. Jukka Alho*, *Mr. Harry Brade*, *Mr. Per Båtelson*, *Ms Outi Raitasuo* and *Mr. Mika Vidgrén* were re-elected while *Mr. Karsten Slotte* was elected as a new member. *Mr. Jukka Alho* was named Chairman.
- ♦ Pharmaceutical manufacturer, wholesaler and retailer **Oriola-KD** (Finland) will acquire Sweden's 5th largest pharmacy chain, **Medstop Group Holding AB** ("Medstop"), from **Segulah Management IV Limited** for approximately €176 million (US\$229 million). The Medstop pharmacy chain has a total of 65 pharmacies servicing the Stockholm, Gothenburg and Malmö areas. Separately, Oriola and **Merck Sharp & Dohme** (MSD) have signed an agreement in which Oriola will distribute and market MSD human prescription products in Estonia, Lithuania and Latvia. The distribution of MSD products to all Baltic countries will take place centrally from the warehouse of Oriola Vilnius as of September 2013. MSD will continue to be in charge of marketing authorization and product strategy - including market access, medical affairs and clinical research in these Baltic countries.
- ♦ Japanese wholesaler **Toho Holdings** has established a new wholly-owned company, **Orphan Trust Japan**, to meet the needs of specialty drug distribution. With the expansion of specialty niche fields including anticancer agents and orphan drugs, the company will provide customers with its distribution management and sales know-how and Orphan Trust Japan will



### APRIL *continued...*

serve as a contact point for Toho Holdings in specialty drug fields. The new company will also be in charge of information gathering on overseas specialty drug distribution, as well as the provision of information to healthcare professionals and patients. Headquartered in Tokyo, Orphan Trust Japan has appointed *Shinichi Kurakata* as president and has 10 employees.

### MAY...

- ♦ US wholesaler and healthcare service provider **AmerisourceBergen** reported revenue of US\$41.6 billion (+4.8%), gross profit of US\$1.4 billion (+10%) and cash flow from operations of US\$743.7 million for its first half ended March 31st.

- ♦ Pharmaceutical manufacturer and wholesaler **Shanghai Pharmaceuticals** (China) reported a 17.6% increase in operating revenues to RMB19.6 billion (US\$3.2 billion) and a 8.5% increase in net profit to RMB626 million (US\$101.5 million) for its first quarter. The Company indicated that in the future it will actively participate in Pilot Programs of pharmacy trusteeship with hospitals and make forward-looking plans during its reformation process, while emphasizing profitability in its distribution business through strategies like offering value-added services and strictly controlling SG&A expenses.

- ♦ **Mediq** (Netherlands), an international company delivering medical devices, pharmaceuticals and related care services, announced that its subsidiary **Mediq Suomi** has acquired **ILS Laboratories Scandinavia Oy**, a Finnish distributor of clinical laboratory diagnostics, for an undisclosed sum. The products expand Mediq Suomi's current laboratory product portfolio and strengthens Mediq's market position in Finland.

- ♦ US wholesalers **Cardinal Health** and **McKesson** announced the renewal of their respective contracts with **CVS Caremark**, one of the largest retail chain and mail order pharmacies in the US. Cardinal Health said that it has signed new agreements to supply pharmaceuticals to a network of CVS Caremark Corporation's retail pharmacies and distribution centers through mid-2016. The stores and distribution centers serviced under the new arrangement are essentially the same as those serviced in the prior arrangement. On the same day, McKesson Corporation also announced that it has renewed its current distribution agreement with CVS Caremark.

- ♦ US wholesaler **Cardinal Health** reported a 9% decrease in revenue (to US\$24.6 billion) and a 4% increase in earnings from continuing operations (to US\$346 million) for its fiscal 3rd quarter. Separately, Cardinal is reportedly eliminating approximately 170 positions, including about 70 at its Dublin, Ohio headquarters, amid changes in the health-care industry and partly due to the loss of its second-largest customer, **Walgreen Co.** The jobs are primarily salaried professional positions in the main corporate staff and the pharmaceutical business segment, with some in the medical supply division. Some of these positions did directly support Walgreens.

- ♦ *Madam Chen* has been named CEO of China's **China Resources Pharmaceutical Group** (CRPG), effect immediately. CRPG is the parent company of **CRPCG**, which Madam Chen was the chairperson. In this new role, Madam Chen will not only be responsible for healthcare distribution business, but also be responsible for manufacturing business, which includes three publicly listed companies. This promotion is a signal that CRPG seeks to create synergy between its own manufacturing and distribution businesses and to speed up possible partnerships with global pharmaceutical, wholesalers, and retail pharmacy companies.

- ♦ Brazilian wholesaler (and now retailer) **Profarma** reported gross revenues of US\$487.2 million (+3.3%), gross profit of US\$28.9 million (+30.1%) and net income of US\$3.4 million (-27.2%) for the 1st quarter.

- ♦ Pan-European wholesaler and retailer **Celesio** reported a 5% decrease in group revenue (to €5.4 billion/US\$6.9 billion) for the 1st quarter, largely attributable to the continuing intense discount competition in German pharmaceutical wholesale market. Operating earnings (EBITDA) for the period totaled €126.6 million/US\$163.1 million.

- ♦ Pharmaceutical wholesaler and healthcare service provider **United Drug** (Ireland) reported a 14% increase in revenue to (€1.0 billion / US\$1.3 billion) and a 13% increase in operating profit for the 6 months ended March 31st.

- ♦ To avoid violence in the western Mexican state of Michoacan, several major firms have decided to relocate their distribution centers. Included are yogurt giant **Dannon** and pharmaceutical company **Grupo Casa Saba**, who have moved to the states of Queretaro and Jalisco, respectively.

### MAY continued...

♦ **Alliance Boots** reported annual revenues of £22.4 billion (US\$33.89 billion) - down 2.6% (up 0.6% in constant currency) for the year ended March 31, 2013. Overall trading profits were £1,265 million (US\$1.9 billion) - up 6.1% (up 7.4% in constant currency). In Health & Beauty, profits were £865 million (US\$1.3 billion) - up 6.8% (up 7.0% in constant currency) –Pharmaceutical Wholesale profits were £435 million (US\$658 million) - up 5.1% (up 8.2% in constant currency). Underlying profit (after tax) was £805 million (US\$1.2 billion) - up 12.7%; cash generated from operations was £1,648 million (US\$2.5 billion); and, net borrowing reduction was £1,124 million (US\$1.7 billion).

♦ **Alliance Boots** announced a collaboration with **BioCity**, the UK's leading bioscience incubation company, to establish a new business incubator focused on health and wellness called *MediCity*. *MediCity*, a new subsidiary of **BioCity**, will provide innovative start-up and growing businesses in the health and wellness sector with fully serviced office and laboratory space, based within the Nottingham Enterprise Zone on the Alliance Boots site in Beeston.

♦ **KNAPP** has made organizational and management changes to its operations in Sweden, Norway and Finland. The company has appointed *Benny Thøgersen* as Managing Director of KNAPP AB in Sweden; *David James* – formerly Managing Director of KNAPP UK – is to become Regional Director with overall responsibility for the UK, Sweden, Norway and Finland. KNAPP A/S in Denmark will work directly with parent group, KNAPP AG, with *Jes Boldsen* continuing as Managing Director.

♦ Australian market leader **Symbion** is to be acquired by New Zealand's **EBOS Group** in an agreement that will create the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products, as well as a leading Australasian animal care products marketer and distributor. The NZD\$1.1 billion (US\$795.8 million) transaction will see EBOS acquire 100% of Symbion while **The Zuellig Group** (current owners of Symbion) will take a 40% shareholding of the enlarged EBOS Group. There will be no change to the current management of Symbion's operations. Chief Executive Officer *Patrick Davies* said the structure of the new entity further strengthened Symbion's commitment to the Australian pharmacy industry. "While this agreement

creates an organization that has very significant scale, resources and opportunities, it achieves this while maintaining everything that is important to our customers," he said.

♦ **GlaxoSmithKline Plc (GSK)** acquired **Okairos AG**, a Swiss developer of vaccine technologies, for €250 million (US\$324 million) to expand its range of inoculations.

♦ **IMS Health** announced the acquisition of **360 Vantage**, a leading provider of cloud-based multi-channel CRM and closed loop marketing technologies, to further extend its commercial Software-as-a-Service capabilities for life sciences and healthcare organizations around the globe. 360 Vantage solutions become part of IMS One, the company's commercial platform that combines IMS Health and third-party data for sales, marketing and performance management activities.

### JUNE...

♦ The **European Association of Pharmaceutical Full-Line Wholesalers (GIRP)**, in collaboration with the **Institute of Pharmacoeconomic Research (IPF)**, updated wholesaling data for the 6 largest European countries (France, Germany, Italy, the Netherlands, Spain & UK). In 2010, for the 6 countries studied, full-line wholesalers pre-financed the supply of medicines totaling approximately €10.2 billion (US\$13.6 billion) over a period of 41 days. In 2012, the numbers increased to €10.5 billion (US\$14 billion) and 44 days, respectively, resulting in an increase of €300 million (US\$400 million) and 3 days in just 2 years.

♦ **Oriola-KD**, a European wholesaler and retailer, completed its acquisition of **Medstop** pharmacy chain in Sweden. The total value of the acquisition was approximately €176 million (US\$235 million). Oriola-KD now owns both Kronans Droghandel and Medstop pharmacy chains in Sweden, with some 290 pharmacies and 1600 employees, and its market share is approximately 21%.

♦ Pan-European wholesaler and retailer **Celesio AG** has appointed *Martin Fisher* (53) to the management board, which he will join on or before October 1st. Fisher, most recently Head of Global Supply Chain at **Arysta Lifescience**, will run Celesio's Operations divisions comprising the group-wide responsibility for procurement, supply chain management, quality management, and regulations as well as IT.

### JUNE *continued...*

- ◆ According to **Crecon Research & Consulting**, ethical drug sales and OTC drug sales increased 1.3% and 9.5%, respectively, in April compared to the same month a year ago.
- ◆ The acquisition of Australia's leading wholesaler and health-care service company **Symbion** by New Zealand's **EBOS Group** for approximately US\$860 million has been approved by EBOS shareholders. EBOS will acquire 100% of Symbion while **The Zuellig Group** (current owners of Symbion) will take a 40% shareholding of the enlarged EBOS Group. No changes will be made to the current management of Symbion's operations.
- ◆ **McKesson Corporation** announced that *Jeffrey C. Campbell*, executive vice president and chief financial officer, will leave the company at the end of June to become the chief financial officer of American Express. Campbell has served McKesson as CFO since 2003, playing an instrumental role in extending the company's positions in healthcare services and information technology. Separately, the company's **McKesson Specialty Health** unit and **US Oncology Network** have combined their expertise to develop a unique advance care planning program that focuses on decision-making driven by patient values. The program, available through participating US Oncology practices, is called *My Choices, My Wishes* and provides an avenue for high-quality, cost-effective care by helping patients define and document the care they desire throughout their cancer journey - eliminating unwanted and often ineffective treatment and its associated costs.
- ◆ At a recent US conference, medical directors from **Cardinal Health Specialty Solutions** and US insurer **Aetna** provided insights into how collaboration between payers and physicians can directly lead to better cancer care that is more effective and costs less. CHSS is a division of US wholesaler and healthcare service provider Cardinal Health.

### JULY...

- ◆ According to industry reports, two US drugs distribution groups **McKesson Corp.** and **Cardinal Health Inc.** are in collaboration talks with German wholesaler and retailer **Celesio**. Celesio, which owns the Lloyds Pharmacy chain in Britain, has hired Citigroup to advise it on the talks, which include the possibility of offering a stake in the company. Separately, Celesio just dismissed *Markus Pinger* as Chief Executive Officer

and Member of the Management Board effective immediately. *Dr Marion Helmes* will provisionally serve as spokesperson of the Management Board in addition to her role as Chief Financial Officer.

- ◆ Pharmaceutical wholesaler and retailer **Oriola-KD** (Finland) has signed a 10-year lease agreement on a new main logistic center in Russia, just south of Moscow. The total investment is approximately €12 million / US\$15.6 million and includes an automation solution, warehouse machinery and equipment.
- ◆ US wholesaler **AmerisourceBergen Corporation** has completed the divestiture of its Canadian pharmaceutical distribution business, **AmerisourceBergen Canada Corporation** (ABCC). As previously reported, the business has been sold to **Kohl & Frisch Limited**, a Canadian-owned national full-line distributor. AmerisourceBergen will retain its specialty business in Canada.
- ◆ According to **IMS Health**, Asia will lead sales growth in the global pharmaceutical industry between 2010 and 2015 with the global market expected to grow by about 5% or US\$250 billion during the period. Asia will account for 31% of the sales growth, higher than the estimated 19% for Latin America, 10% for North America, 10% for Europe and 8% for Japan.
- ◆ **Celesio AG** (Germany) announced that *Dr Alexander Triebnigg* has taken over the management of the company's Brazilian pharmaceutical wholesaler subsidiary **Panpharma** since July 1st.
- ◆ The **Federation of Japan Pharmaceutical Wholesalers Associations** (JPWA) has established a new committee to address NHI-related pricing issues in preparation for the NHI price revision and tax hike effective in 2014. Member companies will be able to participate in JPWA-sponsored study meetings and explanatory meetings. Hospitals and pharmacies will not incur losses due to the consumption tax hike since the consumption tax will already be included in the NHI pricing structure.

### AUGUST...

- ◆ US wholesaler and healthcare service provider **McKesson Corporation** reported a 5% increase in revenues (to US\$32.2 billion) and a 16% increase in earnings per diluted share (to US\$1.83) for its fiscal 1st quarter. By segment, Distribution Solutions revenues were up 5%, driven mainly by strong growth in U.S. pharmaceutical direct distribution and services revenues and the acquisition of PSS World Medical, while Technology Solutions revenues were up 9% in the first quarter compared to the prior year.

- ◆ The first *Asia-Pacific Health and Pharmaceutical Business Forum* – co-organized by China, Japan and Korea – will be held on Oct. 18 in Tokyo. **China Association of Pharmaceutical Commerce** (CAPC) plans to put together a delegation of executives from CAPC member companies to attend the forum. Activities will include visiting logistics centers of the top three Japanese pharmaceutical distributors, visiting a customer service center of TOHO Company and attending the first Asia-Pacific Health and Pharmaceutical Business Forum. The delegates will be either vice general managers or executives of pharmaceutical distributors, retailers and wholesalers.

- ◆ US wholesaler and healthcare service provider **AmerisourceBergen** reported revenue of US\$21.9 billion (+13.3%) for its 3rd quarter ended June 30th. Results were generated through a 16% increase in **AmerisourceBergen Drug Corporation** (ABDC) revenue and a 5% increase in **AmerisourceBergen Specialty Group** (ABSG) revenue in the period. The company commented, “In our June quarter, AmerisourceBergen delivered solid performance and made significant progress on strategic initiatives. We completed two previously announced divestitures, obtained the required regulatory approvals on certain aspects of our new strategic long-term relationship with Walgreen Co. and Alliance Boots GmbH, and have begun to prepare our network for the onboarding of the new Walgreens distribution contract in September.”

- ◆ Pharmaceutical wholesaler and healthcare service provider **United Drug** (Ireland) will acquire **Expansis**, a Spanish contract sales organization, for up to €12 million (US\$16 million). The acquisition complements the company’s Pharmexx Spain contract sales business which was acquired last year.

- ◆ US wholesaler and healthcare service provider **Cardinal Health** reported revenues of US\$25.4 billion and non-GAAP diluted earnings per share (EPS) from continuing operations of US\$0.79 (+8%) for its fiscal 4th quarter. Full year revenues decreased 6% to US\$101.1 billion while non-GAAP diluted EPS from continuing operations increased 16% to US\$3.73.

- ◆ Pan-European wholesaler and retailer **Celesio** reported revenue of €10.7 billion / US\$14.3 billion (-4.6%) and EBITDA of €267.5 million / US\$357.3 million (+10.3%) for the first half of its fiscal year. According to CEO *Marion Helmes*, “Celesio is persistently continuing the strategic realignment announced in autumn 2011. As such, the establishment of centralized procurement activities and the pilot phase for the *European Pharmacy Network* are on track. The *Operational Excellence Program* has generated sustainable cost reductions.”

- ◆ Brazilian wholesaler and retailer **Profarma** reported consolidated gross revenues of R\$1.0 billion / US\$407.5 million (up 10.6%) and EBITDA of R\$33.1 million / US\$13.5 million (up 6.3%) for its 2nd quarter of 2013. The company’s Pharmaceutical Distribution division grew 10.3% in the period while the Hospital & Specialties division expanded by 12.2% compared to the prior year.

- ◆ International pharmacy-led health and beauty group **Alliance Boots** has appointed *Simon Roberts* as Managing Director, Health & Beauty UK and Republic of Ireland, with responsibility for the retail and pharmacy activities in these countries; and has appointed *Ken Murphy* as Managing Director, Health & Beauty International and Brands, with responsibility for product innovation, development and branding, global commercial account management, and international retailing, together with contract manufacturing. The appointments follow the announcement that *Alex Gourlay*, chief executive of the Health & Beauty Division, would be taking a new role at Walgreen Co. (Walgreens) as Executive Vice President, President of Customer Experience and Daily Living.

### SEPTEMBER...

- ♦ US wholesaler **AmerisourceBergen** and **Walgreens** have officially launched the previously announced 10-year relationship to distribute pharmaceuticals to more than 8,100 Walgreens locations across the country. With the launch, AmerisourceBergen becomes the primary supplier of brand pharmaceutical products across all of Walgreens locations, and will also assume primary distribution of all generic products to Walgreens in the coming months.

- ♦ Japanese firm **S.D. Next**, an orphan drug wholesaler under **Suzuken**, has steadily forged what can be described as a custom-made distribution scheme a year and a half after its inception, according to its CEO. Bearing "S.D.," an acronym for specialty drugs, in its name, the wholesaler primarily deals with products intended for no more than 1,000 patients that are prescribed at only 700-800 medical institutions. The company had sales of ¥300 million (US\$3 million) in FY2012 and expects to be profitable by 2015.

- ♦ **McKesson Pharmacy Systems & Automation**, a division of US wholesaler **McKesson**, has partnered with software developer Sage North America to develop the *McKesson Mobile Delivery* application for prescription delivery services. Launched this year, McKesson Mobile Delivery was created to help improve prescription adherence rates, increase operational efficiencies for pharmacies and reduce costly hospital readmissions. It specifically enables pharmacies to make home deliveries and process payments using mobile devices like iPhones and iPads.

- ♦ US wholesaler and healthcare service provider **Cardinal Health** elected *Patricia Hemingway Hall*, president and CEO of **Health Care Service Corp.**, as an independent director, effective Sept. 12th. Hemingway Hall has served as president and CEO of HCSC, the US' fourth largest health insurer, since 2008. Previously, she held various executive leadership positions at Blue Cross and Blue Shield of Texas, Aetna Life & Casualty/Partners National Health Plans and A. Foster Higgins.

### OCTOBER...

- ♦ US wholesaler and healthcare service provider **McKesson** is reportedly in advanced talks to acquire pan-European wholesaler and retailer **Celesio** in a deal that could be worth more than US\$5 billion.

- ♦ **IMS Health** and the Life Sciences division of **BroadReach Healthcare** have formed a strategic alliance to deliver comprehensive advisory and commercial effectiveness solutions to life sciences organizations operating in Africa. The alliance brings together IMS Health's industry-leading information, analytics, consulting and technology capabilities with BroadReach Healthcare's deep knowledge of the African healthcare landscape and local regulatory environment.

- ♦ **Bayer HealthCare** has appointed long-time Pfizer executive *Dr Olivier Brandicourt* as CEO and chair of the board, effective November 1st. Bayer Group CEO *Dr Marijn Dekkers* commented that, "With Olivier Brandicourt we have found a strong leader with outstanding international experience and a successful track record in the healthcare industry. I am convinced that he can significantly contribute to the further growth of our healthcare business."

- ♦ Following the naming of *James Beer* as EVP and CFO (effective October 9), US wholesaler and healthcare service provider **McKesson** announced additional appointments. Pharmacy veteran *Chris Dimos* has joined as SVP corporate strategy and business development. Also joining the company is *Melanie Nallicheri* who will serve as SVP **McKesson Distribution Solutions**. Both will report to EVP corporate strategy and business development, *Brian Tyler*. Dimos was formerly president of pharmacy operations for Supervalu and served previously as VP pharmacy services with Albertsons. Nallicheri comes from Geron Corp., where she was SVP corporate development since 2011, and was a partner at Booz and Co. for 18 years prior.

- ♦ The US **Healthcare Distribution Management Association** (HDMA) announced the reelections of *David Neu* (president of AmerisourceBergen Drug Corporation) as chairman of its board of directors and of *Ted Scherr* (president and CEO of Dakota Drug) as vice chairman.

### NOVEMBER...

- ♦ US wholesaler **AmerisourceBergen** reported revenue of US\$24.5 billion (+28.3%) and operating income of US\$318.6 million for its 4th quarter ended September 30th. The results reflect a 34% increase in **AmerisourceBergen Drug Corp.** revenue, and a 12% increase in **AmerisourceBergen Specialty Group** revenue for the quarter. Revenue totaled US\$88 billion (+12.7%) for the full year.
- ♦ Brazilian wholesaler and retailer **Profarma** reported consolidated gross revenues of R\$1.0 billion / US\$428.5 million (+5.4%) and consolidated EBITDA of R\$29.1 million / US\$12.5 million (+32%) for the 3rd quarter. In September, the company acquired the 40% stake in the Brazilian wholesaler **Prodiet Farmacêutica S.A.** which it did not already own and completed its acquisition of pharmacy chain **Drogasmil/Farmalife**.
- ♦ US wholesaler **Cardinal Health** reported sales of US\$24.5 billion (-5%) and profits of US\$339 million (+25%) for its fiscal 1st quarter. Sales in the company's pharmaceutical segment declined by 7% (to US\$21.8 billion) while profits increased 8%. In the medical segment, sales increased by 13% (to US\$2.7 billion), due to the **AssuraMed** acquisition earlier this year, while profits increased 43%.
- ♦ On October 22nd, **China Resources Pharmaceutical Group** ceremoniously began construction of its "China Resources Beijing Industrial Park" which is being established as a world class international cooperative platform for R&D and the manufacturing of pharmaceuticals and medical devices. Once complete, the RMB14.8 billion / US\$2.5 billion park will span an area of 103 acres with 746,000 square meters of facilities. The production capacities of the park will reach 12-15 billion tablets/capsules, 500 million injections and 23,450 pieces of medical equipment. In addition, the park will be home to an 80,000 square meter R&D center.
- ♦ **Walgreens** and **Alliance Boots** announced that *Richard Ashworth*, currently Walgreens' corporate operations VP for the Western United States, has been appointed as director of health care, health and beauty U.K. and Republic of Ireland at Alliance Boots. He will report to *Simon Roberts*, managing director, health and beauty U.K. and ROI. Separately, Walgreens reported October sales of US\$6.4 billion, an increase of 6.1%.

### DECEMBER...

- ♦ Pan-European wholesaler and retailer **Celesio** reported approximately €16 billion / US\$21.7 billion in revenue (-4.2%) and net profit of €120.8 million / US\$164.2 million for the first 9 months of the year.
- ♦ US wholesaler and healthcare service provider **Cardinal Health** renewed a three-year agreement with **Prime Therapeutics** to continue serving as the primary pharmaceutical supplier for Prime's pharmacy home-delivery service, *Prime-Mail*, and for Prime Therapeutics Specialty Pharmacy. Prime is collectively owned by a number of Blue Cross and Blue Shield insurance plans and manages more than US\$15 billion in prescription drug spending annually, serving nearly 23 million members. Cardinal Health will also continue to offer Prime additional supply chain optimization services to help improve its operational efficiency.
- ♦ International healthcare service provider **UDG Healthcare** (Ireland), formerly United Drug, reported an 11% increase in revenue (to €2 billion / US\$2.8 billion) and adjusted pre-tax profit increased 8% (to €81.8 million / US\$110.2 million) for its fiscal year ended September 30th.
- ♦ US wholesaler **AmerisourceBergen** has launched a new *Pharmacy Ownership Program*, a network with resources established to assist independent community pharmacists in selling their business to prospective buyers or expanding their current business to additional locations. In conjunction with the announcement, AmerisourceBergen launched the website [www.yourpharmacyfuture.com](http://www.yourpharmacyfuture.com) (also accessible via [www.Buysell-pharmacy.com](http://www.Buysell-pharmacy.com)).
- ♦ **KNAPP** (Austria), a leader in order picking systems and A-Frame technology, has opened a subsidiary in Australia. The company now employs over 2.300 people, has 20 subsidiaries and 13 representative offices around the world.
- ♦ IFPW Chairman, *Eric Zwisler* has been promoted to Chairman of **Cardinal Health China**. Having led the company through many stages of growth over the past 20+ years, Eric will continue to lead the organization's strategy, government and public affairs, and compliance matters while playing an integral role in growing the company's direct distribution network and other important commercial ventures. *Elsie Lim* was promoted to President of Cardinal Health China, having been with Cardinal Health China for 14 years and serving most re

### DECEMBER *continued...*

cently as general manager of the China business, and will have full operational responsibilities.

- ♦ **Sinopharm**, China's largest wholesaler with integrated manufacturing and retail businesses, has appointed *Mr. Wei Yulin* (an IFPW Director) as the Chairman of the Board. *Mr. Li Zhiming* succeeds Wei as President of the Company. Former Chairman, *Mr. She Lulin* will continue serving as a non-executive director of the Company and a member of both the Nomination Committee and the Strategy and Investment Committee.

- ♦ **Grupo Casa Saba** (Mexico) has signed an agreement to sell all of its subsidiaries dedicated to pharmaceutical wholesaling and distribution to **Pharma Equity Global Fund LLC** and **World Global Equity Fund LLC** for approximately US\$345 million (\$4,500 million Mexican Pesos), including the assumption of all debt and the entirety of its operational and real estate assets. Casa Saba will focus exclusively on its retail pharmacy business in Mexico and Chile and its GNC franchise in Brazil.

- ♦ According to the *New York Times*, hedge fund **Elliott Management** will attempt to block US wholesaler and healthcare service provider **McKesson Corporation's** offer to acquire the German pharmaceutical wholesaler **Celesio** because it "substantially undervalues" the company. Elliott has a greater-than-25% share of Celesio and will decline to tender its shares, according to the report.

- ♦ Pan-European wholesaler and retailer **Celesio** acquired **GesuCon**, a small German IT and consulting company, for an undisclosed sum. GesuCon, in collaboration with Celesio Group, develops pharmacy replenishment solutions which identify on a daily basis the ideal balance of inventory costs, stock availability and process costs for each individual product in a pharmacy. This enables pharmacists to provide their customers a better service and increases the availability of drugs in the pharmacy.

- ♦ US wholesaler **AmerisourceBergen** remains committed to independent pharmacy, based on comments made at a recent investor day. "The profile of independent pharmacy has changed," and "The type of operator that you see now, on average, owns more stores than those in the past. The ones that are left are healthier. [In] some cases, they're in parts of the country that are more rural, where they have more of a broad health care footprint." and "They're big advocates for health care in

the country. And we provide quite a bit for them and we'll continue to focus on that as part of our overall commercial strategy." Separately, AmerisourceBergen announced a *CMS Star* measure improvement initiative which includes an agreement with **Pharmacy Quality Solutions** to bring *EquIPP* to ABC's 3,200+ **Good Neighbor Pharmacy** members. *EquIPP* (Electronic Quality Improvement Platform for Plans and Pharmacies) is a national electronic platform for medication-related quality measurement, benchmarking and collaboration amongst health plans, prescription benefit managers and community pharmacies. *EquIPP* aggregates data from multiple health plans and pharmacies to measure the quality of medication use, including non-adherence, and makes this measurement available to all participants.

- ♦ **McKesson Pharmacy Systems and Automation** (a unit of **McKesson Corp.**) recently introduced a new *EnterpriseRx Flexible Delivery* solution that expands the reach of outpatient and retail pharmacies beyond their local communities, offering a solution that "matches the convenience of a mail order program without compromising the personal connection a patient has with their hometown pharmacist, or the pharmacist who took the time to explain their medication at the end of a hospital visit." Customers currently using the solution range from outpatient pharmacies operating specialty prescription programs, to large retail chains staying connected with snow birds, to small independent pharmacies serving patients in rural communities.

- ♦ **Alliance Boots** aims to expand its network of independent pharmacists operating under the **Alphega Pharmacy** banner from 6,000 pharmacies currently to 10,000. Alphega was launched in France in 2001, entered the UK in 2008, and can now also be found in the Czech Republic, Germany, Italy, the Netherlands, Spain, and Russia.

- ♦ **Health Mart**, **McKesson's** franchise of more than 3,000 independently-owned pharmacies across all 50 US states, will offer its member pharmacies access to **Pharmacy Quality Solutions' EquIPP**. Once available, stores will be able to review their unique performance data, compare them to a benchmark and then identify areas for improvement in patient care and clinical outcomes. "As the old adage goes, you can't manage what you don't measure," Health Mart's president said.

### IFPW's General Membership Meeting

IFPW's biennial General Membership Meeting strives to provide companies with the insight needed to be successful in a changing marketplace and showcase the industry from the perspective of pharmaceutical distribution. It represents a gathering of the industry's thought leaders, which strengthens relationships with other stakeholders and builds overall confidence in the healthcare delivery system.

Participants in IFPW's General Membership Meeting hear presentations of noted industry representatives forecasting the industry in order to better gauge the current industry conditions as well as how the industry may look in the future. Noted speakers -- some of them your peers, others your customers -- share their experiences and thoughts on how to take advantage of the globalization process, emerging distribution models, issues within the supply chain, emerging geographic markets, plus other subjects of critical importance in today's business environment.

The 2014 General Membership meeting will be hosted and organized by The China Association of Pharmaceutical Commerce (CAPC), and will highlight the pharmaceutical industry in the rapidly growing markets of the region while addressing global industry trends and opportunities. Among the topics to be included in the business program are:

- ♦ Global Industry Review
- ♦ Manufacturer Perspectives
  - Generics, Branded & Specialty
- ♦ Wholesaler Capabilities and Complexities
- ♦ Biosimilars
- ♦ Wholesale Markets in China, Japan & South Korea
- ♦ Global Pharmacy Trends
- ♦ The Future of Distribution & Globalization of the Wholesale Industry

The meeting will be held at the China World Hotel in Beijing, China on October 19-21, 2014. For more information on the meeting, as well as the business program, social program or accompanying persons program, please contact Christina Tucker at 703.331.3714 or by email at [c.tucker@ifpw.com](mailto:c.tucker@ifpw.com). We hope you will join us for what promises to be a very dynamic and exciting meeting.



### IFPW's CEO Roundtable

IFPW's annual CEO Roundtable has become a spring tradition and continues to provide wholesaler CEOs with the information and tools necessary in today's changing environment. The 2013 CEO Roundtable was held April 8th & 9th once again in New York City. The J.W. Marriott Essex House provided a beautiful backdrop for the meeting, which enjoyed recordbreaking attendance.. Members enjoyed a Welcome Reception and Dinner at the hotel's newly renovated restaurant, followed by an ambitious business session the next day. IMS once again presented a detailed snapshot of the wholesale industry, along with noted speakers such as Mark McClellan, Thomas, Gallucci, and Elizebeth Gallanagh. Collaboration and an energetic exchange of ideas dominated this highly informative program.



# 2013 FINANCIAL REPORT

## ANNUAL REPORT

### Balance Sheet

December 31, 2013

(in US dollars)

<b>Assets</b>			
Cash		391,459	
Accounts Receivable		2,422	
Prepaid Expenses		29,233	
Deposits		6,683	
	<b>Total Assets</b>		<b>429,797</b>
<b>Liabilities</b>			
Accounts Payable		1,387	
Dues Paid in Advance		203,400	
	<b>Total Liabilities</b>		<b>204,787</b>
<b>Members' Capital</b>			
Retained Earnings		383,731	
Net Income (2013)		(158,721)	
	<b>Total Members' Capital</b>		<b>225,010</b>
	<b>Total Liabilities &amp; Capital</b>		<b>429,797</b>

### 2013 Income Statement

(in US dollars)

<b>Operating Revenue (Dues)</b>			582,500
<b>Operating Expenses</b>			
Management Fees & Expenses	568,318		
Directors' Expenses	302		
Office Expenses	25,475		
		594,095	
	<b>Net Operating Income</b>		<b>(11,595)</b>
<b>Meeting Revenues</b>			
CEO Roundtable Revenues	750		
<b>Meeting Expenses</b>			
CEO Roundtable Expenses	99,265		
		99,265	
	<b>Net Meeting Income</b>		<b>(98,515)</b>
<b>Other Revenue</b>			<b>1,389</b>
	<b>NET BEFORE CONTRIBUTIONS</b>		<b>(108,721)</b>
Charitable Contributions to IFPW Foundation			50,000.00
	<b>TOTAL NET INCOME / (LOSS)</b>		<b>(158,721)</b>