



# China Pharmaceutical Excipients Industry Report, 2014-2017

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## STUDY GOAL AND OBJECTIVES

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

## REPORT OBJECTIVES

- ◆ To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- ◆ To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- ◆ To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- ◆ To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- ◆ To help company to succeed in a competitive market, and

## METHODOLOGY

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

## INFORMATION SOURCES

The primary information sources include Company Reports, and National Bureau of Statistics of China etc.

## Abstract

Pharmaceutical excipients refer to adjuvants and additives used for production of pharmaceuticals and compounding of prescriptions. In addition to active ingredients, pharmaceutical excipients are also contained in pharmaceutical preparations after reasonable safety assessment.

China has launched more than 500 types of pharmaceutical excipients, far less than 1,500 types of the United States and 3,000 types of Europe. By market size, gelatin capsules, sucrose, starch, film-coated powder, 1,2-propylene glycol, polyvinylpyrrolidone (PVP), hydroxypropyl methyl cellulose (HPMC), microcrystalline cellulose, hydroxypropyl cellulose (HPC) and lactose rank as the top 10 pharmaceutical excipients in China.

Among them, the traditional pharmaceutical excipients --gelatin capsules are involved with adequate supply and large export volume. In H1 2014, China's gelatin capsule export volume amounted to 1,427.5 tons and the export value hit USD32.408 million. However, China still relies on the import of film-coated powder, polyvinylpyrrolidone (PVP) and other new-type high-end pharmaceutical excipients.

### Capacity and Number of Pharmaceutical Excipients Species of Major Pharmaceutical Excipients Enterprises in China, 2014



Source: China Pharmaceutical Excipients Industry Report, 2014-2017 by ResearchInChina

Currently, pharmaceutical excipients account for about 2%-3% of China's total output value of pharmaceutical preparations. Chinese pharmaceutical excipient market size reached about RMB26.35 billion in 2013 and is expected to be RMB54.83 billion in 2017.

There are about 400 pharmaceutical excipient manufacturers in China, of which over 90 ones or 23% specialize in the production of pharmaceutical excipients, while most of the remaining ones focus on chemical or food processing.

Currently, foreign leading pharmaceutical excipient companies, such as Colorcon (the USA), Degussa (Germany), Meggle (Germany) and Roquette (France), have set up joint ventures, wholly-owned companies or offices in China. Colorcon mainly provides film-coated products; Meggle pharmaceutical lactose, and Roquette pharmaceutical starch and polyols.

Chinese pharmaceutical excipient giants include Er-Kang Pharmaceutical, Sunhere Pharmaceutical Excipients, Dongbao Bio-Tech, Qinghai Gelatin, Shandong Liaocheng A Hua Pharmaceutical, Zhanwang Pharmaceutical and Qufu Tianli, but their market concentration rate is rather low. As a tycoon, Er-Kang Pharmaceutical only seized about 2.7% market share in 2013.

Ranking among the largest Chinese pharmaceutical excipient producers with the most complete types, Er-Kang Pharmaceutical holds 116 types of pharmaceutical excipients and the capacity of 45,000 tons or more. Over the past two years, the company has continued to enforce epitaxial expansion strategy and accelerate market layout. In March 2014, the company acquired 100% stake in Changsha Zhengyang Pharmaceutical Capsule and 51% stake in Hunan Dongting Citric Acid Chemicals. In addition, the company's 180,000 tons/a medicinal cassava starch production project went into operation on March 31, 2014; the first phase of "South China Pharmaceutical Excipient Base Construction Project" has been completed and will realize production goal at the end of 2014.

Sunhere Pharmaceutical Excipients is a Chinese member of International Pharmaceutical Excipient Confederation (IPEC), mainly producing microcrystalline cellulose, hydroxypropyl cellulose, hypromellose and other 18 types of new-type pharmaceutical excipients with the capacity of 10,000 tons. On April 24, 2014, Sunhere Pharmaceutical Excipients planned to go public so as to raise funds for 7,100 tons/a new-type pharmaceutical excipient production line expansion project.

Zhanwang Pharmaceutical produces 28 types of pharmaceutical excipient products including carboxymethyl starch sodium, pre-gelatinized starch, hypromellose, microcrystalline cellulose, etc., with the capacity of over 10,000 tons. Some production bases of the company have passed the certification of the US FDA and the European COS. Now, export has contributed 25% to the company's revenue.

The report includes the following aspects:

- ⇒ Operating environment (including economy, policies, barriers to entry, upstream and downstream environment) of China pharmaceutical excipient industry;
- ⇒ Status quo, competition pattern, import & export and development trend of China pharmaceutical excipient industry;
- ⇒ Operation, pharmaceutical excipient business and prospects of 10 major Chinese pharmaceutical excipient companies;
- ⇒ Development forecast and operation comparison between major enterprises in China pharmaceutical excipient industry.

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