

End of the GeneXpert Buy-down

- *What's next?* -

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(slides courtesy of Kathleen England)*

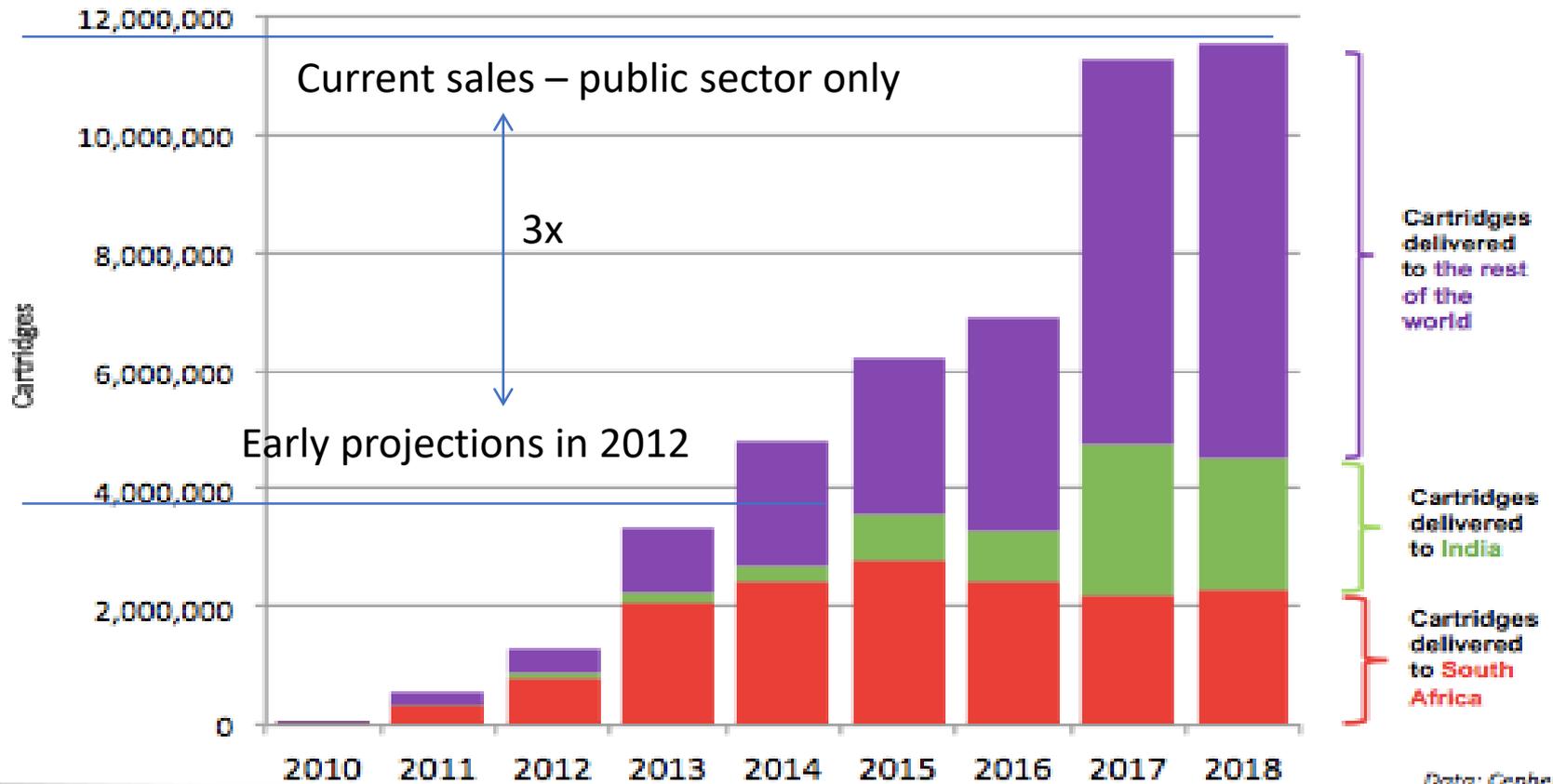


Key Points

- 2012 buy-down: MTB/RIF \$9.98 for 145 countries. **Expires in Dec 27, 2022**
- Original Cepheid price (COGs) = manufacturing cost + 20% mark-up + royalties (27%) + distributor mark-up (10%) = **\$16.86**
CHANGES in manufacturing efficiencies, royalty expiry and production volumes should lower the price for all cartridges
- Over 12M MTB/RIF cartridges sold annually, in public sector alone
- Other assays use same production lines, with no differences in cost
- WHO recommendations: *initial test* and *universal DST for RR*, may drive volumes up and thus reduce cost
- Slow uptake of recommendations and scale-up is mainly due to product cost
- Current cost per test raises sustainability issues

Rise in Volumes

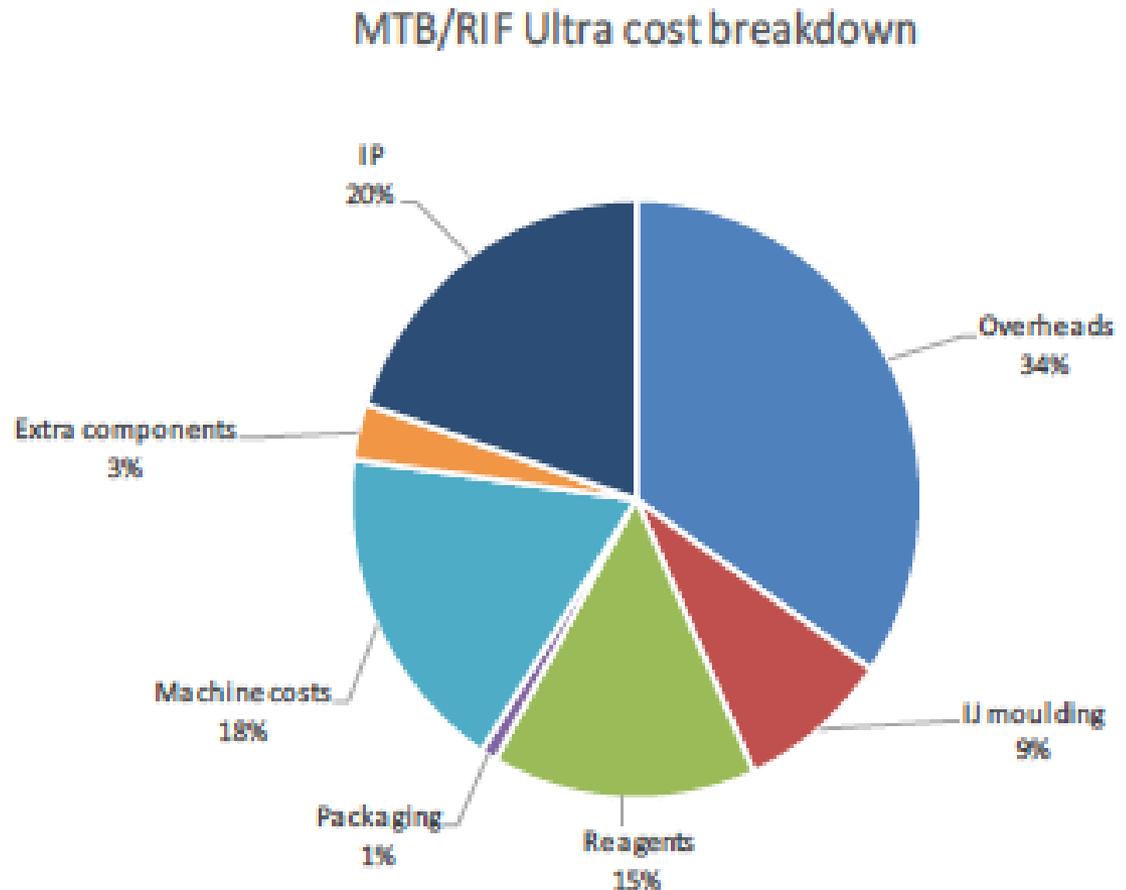
Annual number of Xpert MTB/RIF cartridges procured under concessional pricing



Data: Cepheid

COGS estimate of \$8.82

- Plastics fabrication
- Reagents
- Assembly and filling
- Packaging and labelling
- IPR licensing
- 1 million/yr volumes
- 2 IP remaining

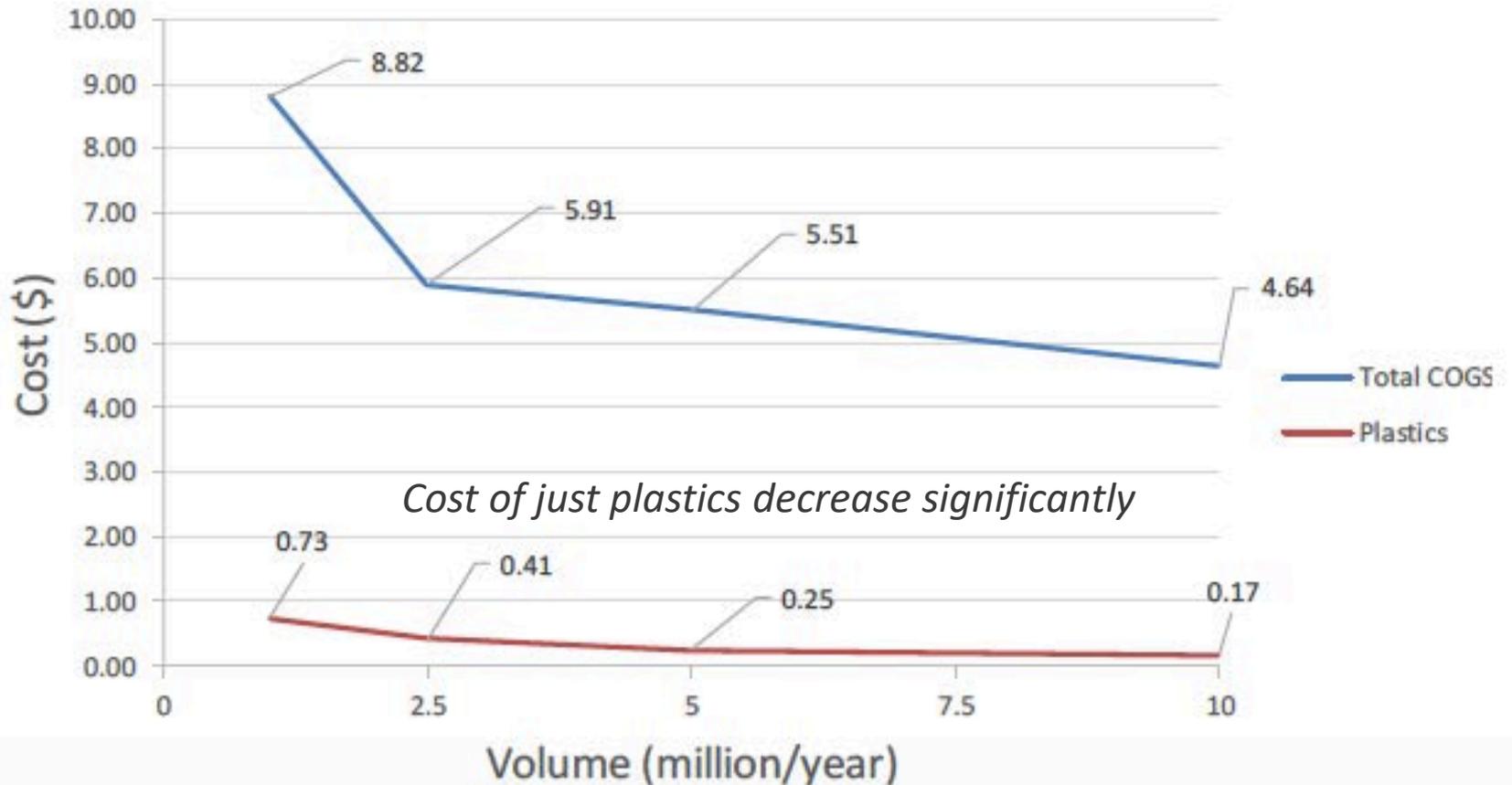


Cambridge consultants noted that the cost for viral cartridges would not be significantly different. In a 2015 HIV-VL assessment, the estimated COGs was found to be \$10.91. Today , 4-5 years later, this price should have similar reductions based on changes in manufacturing, increased volumes, and expired royalties.

COGs Estimates by volume - MTB/RIF Ultra

At 10 mill/yr volume based pricing estimated at \$4.64, but we are locked in at \$9.98 until 2022. Must renegotiate.

Volume-based price variation in COGS

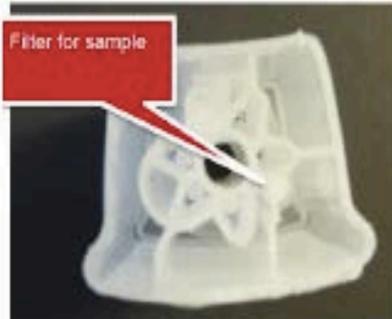


Bacterial vs Viral Cartridges

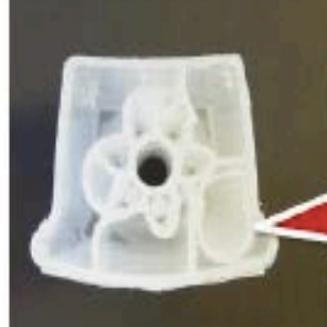
Small differences noted in teardown

Should all cartridges have the same price mark?

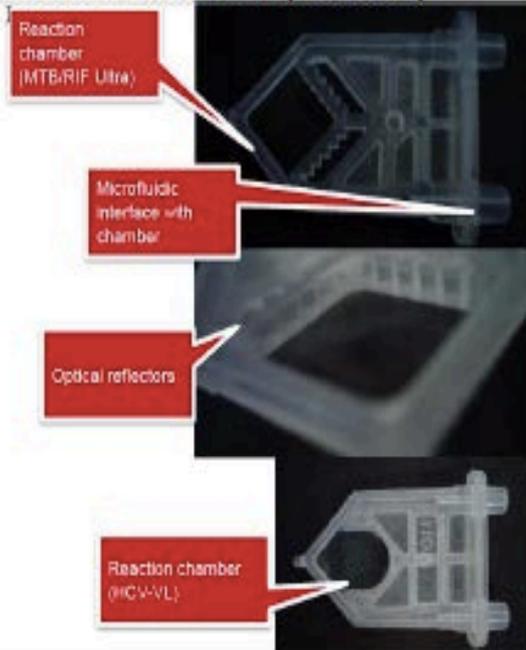
MTB/RIF Ultra lumen (filter)



HCV lumen (reservoir)



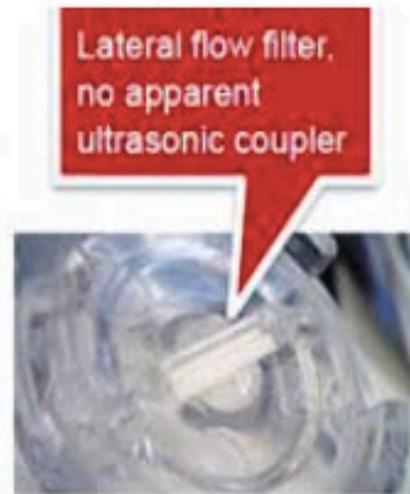
Reaction chamber (Cuvette)



Plunger base



MTB/RIF Ultra



HCV

Its TIME

Its TIME for renegotiations to push for a lower price

Its TIME to include other cartridges in this lower price

Its TIME for an all inclusive price to ensure maintenance support

Its TIME to push Cepheid, as their test is the priority initial test to detect TB and RR-TB for all.