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Pharmaceutical
Management and
Planning

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SEMINAR 5: BREAK-EVEN POINT. DRUG PRICES

OBJECTIVES:

To obtain the break-even point and know its meaning. To calculate the prices of drugs and understand the calculation process.

1. Suppose a pharma office sells only four products: antibiotics, tanning lotions, ointments and anti-allergics. The margins for each product are 25%, 32%, 17% and 23%, respectively, and the percentage sales for each product are 17%, 43%, 30% and 10% of total sales, respectively. The fixed costs of the pharma office are 400,000 euros and the variable costs are 200,000 euros. Calculate the break-even point.

2. For a clinically conditioned human-use drug, $PVA + TAXES = 601,608 \text{ €}$. Complete the table below. Write out your calculations in full and explicitly check the margins for the distributor and the pharma office. Express your results to three decimal places.

	PRICE	PRICE + TAXES
PVL		
PVA		601,608
PVP		

3. For a factory-made human-use drug, $PVP + TAXES = 15.45 \text{ €}$. Complete the table below. Write out your calculations in full and explicitly check the margins for the distributor and the pharma office. Express your results to three decimal places.

	PRICE	PRICE + TAXES
PVL		
PVA		
PVP		15.45