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The logo for FRD Center, featuring the text "FRD center" in a bold, sans-serif font. The text is positioned to the left of a large, stylized yellow swoosh that curves from the top right towards the bottom left, partially enclosing the text.

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# **THE ROMANIAN MARKET OF MEDICAL DEVICES AND EQUIPMENT**

## **SAMPLE REPORT**

**by**

**FRD CENTER MARKET ENTRY SERVICES  
ROMANIA**

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This **SAMPLE report** is produced by FRD Center – [www.frdcenter.ro](http://www.frdcenter.ro) - one of the pioneer privately owned independent market entry consulting firms in Romania.

*For tailored market research feel free to contact our team directly.*

Since 2000, FRD Center offers tailor-made market research and intelligence, B2B matchmaking and deal origination / M&A services to foreign organisations interested to enter the emerging markets in Europe as exporters, consultants, investors or joint-ventures, to relocate their operations, to acquire a local player or to source in CE, SE and Eastern Europe.

FRD Center is the trade consultant for the Irish Governmental Agency, Enterprise Ireland, Finpro (Finland) and the representative of the Murcia region Development Agency (Spain). Other clients are Commercial Sections of Embassies, Export Councils, Trade Governmental Agencies, Chambers of Commerce, private companies, corporations, SMEs from Canada, China, Denmark, Finland, Ireland, Israel, Jordan, Norway, Poland, UK, USA, Switzerland etc.

Our services include:

- market research, investment opportunities assessment, sector studies
- B2B matchmaking: identification and qualification of distributors, importers, suppliers
- product presentation and assessment of interest from clients / partners
- deal origination, pre-M&A business support and research
- identification of market opportunities: exports, sourcing, B2B sales etc.
- trade missions, business itineraries, inward buyer missions

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*Sources consulted for this report: business mass media, the companies, official sources*

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## 1. Overview of the private healthcare market in Romania

The market of the private medical services is one of the fastest developing sectors in Romania.

According to market sources, the private healthcare market in Romania is currently estimated at approximately 600 million EUR, with the first ten players having a market share of some 40%.

The Romanian private medical services market has recorded a growing trend in the last years, supported by the increasing number of Romanians who choose private hospitals, clinics and laboratories instead of public facilities.

The major providers of private medical services in Romania have made significant investments for their expansion in the past years. The private healthcare sector in Romania is mainly financed through fees for services.

According to the National Institute of Statistics, there have been 626 speciality medical centres in Romania in 2015, out of which 36 public centres (6%) and 590 private centres (94%). According to the FRD Center analysis, the number of

the private speciality medical centres in Romania has **increased by 116% in 2015** compared to the previous year.

Apart from the major providers of private medical services in Romania, there are several smaller healthcare providers, thus leading to a rather fragmented market.

Categories of private sanitary units in Romania	Number (in 2014)
Hospitals	161
Specialised ambulatories	48
Integrated ambulatories of the hospital	29
Polyclinics	287
Health centres	7
Watering sanatoria	4
Diagnosis and treatment centres	30
Speciality medical centres	273
Surgeries	775
Family surgeries	5,688
Civil medical companies	141
Dentist's surgeries	12,502
Civil medical dental companies	202
Speciality surgeries	9,109
Speciality civil medical companies	324
Pharmacies	7,421

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Pharmaceutical offices	1,402
Pharmaceutical storehouses	274
Medical labs	1,458
Dental technique labs	1,943
Other types of surgeries	256
<b>TOTAL</b>	<b>42,334</b>

Source: National Institute of Statistics

The specialised ambulatory healthcare is currently delivered through hospital outpatient departments, centres for diagnosis and treatment and medical specialised offices.

A number of private medical services providers have developed their businesses by building networks of outpatient clinics.

In the past 10 years, Romania has become an attractive destination for medical treatment in specialties like dentistry, plastic surgery, ophthalmology (iLASIK surgery), bariatric surgery, aesthetic dermatology, orthopedics, medical rehabilitation, medical imaging. The quality of medical services, medical professionalism and the latest facilities have opened new opportunities in terms of medical tourism. Moreover, Romania offers a price / quality ratio very good for health services compared with countries in Western European Union. Most medical services are reimbursed by health insurance providers in the EU in accordance with the Directive on cross-border healthcare EU/24/2011.

## 2. Investment funds operating on the private healthcare market in Romania

The foreign investment funds represent active players in Romania, their presence on the market being simultaneous with the consolidation of the private sector. Regional funds are becoming more active compared with country funds, particularly with respect to large deals. Some of the main investment funds active on the private healthcare market in Romania are presented below.

### 2.1 Advent International

In 2010, the investment fund Advent International has acquired 80% shares of Centrul Medical Unirea (Regina Maria), a private healthcare network established in 1995 by Dr. Wargha Enayati.

Furthermore, Advent International has acquired the Romanian pharmaceutical manufacturer and distributor Labormed in 2008 and the domestic independent generic pharmaceuticals manufacturer Terapia in 2003. Subsequently, both portfolio companies have been sold by Advent International.

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Advent International is a private equity firm established in 1984, focused on buyouts and growth equity investments in the following core sectors: business & financial, healthcare, industrial, retail, consumer & leisure and technology, media & telecom (TMT).

### 2.2 Value4Capital (V4C)

In 2009, Value4Capital (former SGAM - Societe Generale Asset Management) has acquired 36.25% shares of Medlife, the biggest operator of private medical services in Romania.

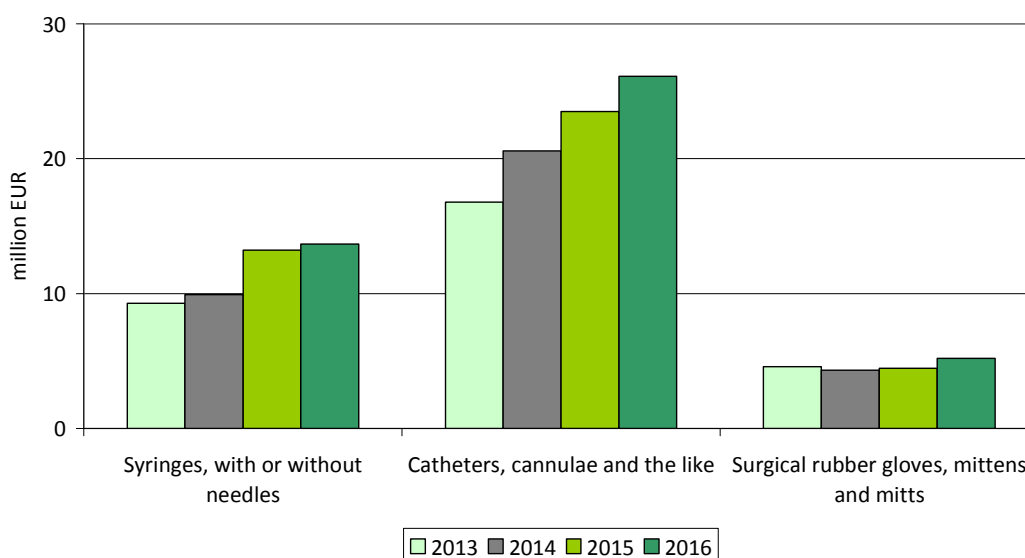
Value4Capital is a private equity firm focused on investments in mid-market Central European companies. It typically invests in buy-out or growth capital transactions.

### 3. The Imports of Medical Disposables in Romania - dynamics, players and route-to-the market

According to an FRD Center analysis, the **imports of medical disposables in Romania** have recorded the following y/y growth levels in 2016:

- syringes, with or without needles: **3%**, reaching EUR 13.7m
- catheters, cannulae and the like: **11%**, reaching EUR 26.1m
- surgical gloves, mittens and mitts: **16%**, reaching EUR 5.2m

Imports of medical disposables in Romania, 2013 - 2016



Source: FRD Center, Eurostat, Comtrade

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According to the FRD Center research, some of the most dynamic importer-distributors of **medical disposables** in Romania are **Sof Medica**, **Sante International** and **Valdomedica Trading**

Established in 1994, **Sof Medica** imports and distributes cannulas, sutures, hernia meshes, artificial valves for heart surgery etc. Some of its foreign suppliers are: Nipro, Ethicon - Johnson & Johnson, On-X Life Technologies etc. Sof Medica has supplied medical devices to various hospitals in Romania, such as: Nephrology Clinical Hospital "Dr. Carol Davila" in Bucharest, County Emergency Hospital in Ramnicu Valcea, Emergency Clinical Hospital for Children "Sf. Maria" in Iasi, Municipal Clinical Hospital in Cluj Napoca etc. Sof Medica has registered a net turnover of EUR 24m in 2015, **up by 9%** compared to 2014. The company has a team of over 50 employees.

Founded in 1992, **Sante International** imports and distributes catheters, devices for cardiovascular surgery, interventional cardiology and electrophysiology, analyzers, airborne infection control devices, disinfectants etc. The company's foreign suppliers are: St. Jude Medical, Ecolab, Siemens Healthcare Diagnostics, AccuVein, Novaerus or Arcomed. Sante International has supplied medical devices to: Bucharest Clinical Emergency Hospital, Institute of Oncology "Prof. Dr. Alex. Trestioreanu", Clinical Hospital "Dr. Victor Babes", Timisoara County Emergency Hospital, Craiova County Emergency Hospital etc. The company has recorded a net turnover of EUR 14.3m in 2015, **up by 29%** compared to 2014. It has over 40 employees.

Set up in 2008, **Valdomedica Trading** imports and distributes cannulas, catheters, hemostatic dressings, needles, drainage tubes, sutures and hernia meshes, artificial valves for heart surgery, joint replacement products etc. Some brands in its portfolio are: Smiths Medical, THT bio-science, Péters Surgical, Hpbio, Königsee Implantate, BHH Mikromed, Tipmed, Atos Medical, Medtronic, Microval etc. Valdomedica Trading has supplied medical devices to various hospitals in Romania, such as: County Emergency Hospital in Arad, County Emergency Hospital in Alba Iulia, County Emergency Hospital "Dr. Fogolyan Kristof" in Sf. Gheorghe, County Emergency Hospital in Piatra Neamt etc. Valdomedica Trading has reached a net turnover of EUR 1.7m in 2015, **up by 42%** compared to 2014. The company has some 10 employees.

#### 4. Access the Romanian market of medical devices and health equipment

The Romanian market of medical devices and health equipment, currently estimated at some EUR 500mil, is expected to grow by approx 5% y-o-y, mainly due to Romania's economic growth and increasing health expenditure both by the Government and private consumers, leading to the strong growth of the private medical services market.

There are approximately 300 medical device distributors and commercial representatives, the most important ones representing manufacturers located in the United States, Germany, Italy, France, Japan, China, Turkey, and Switzerland.

The Romanian market of medical devices and health equipment is expected to reach some EUR 590mil by 2018-2019. Approximately 90% of the medical equipment in Romania is imported. The medical

devices and equipment used in Romania are mainly imported from EU countries: Germany (34.7%), the Netherlands (7.8%), Belgium (7.4%) etc. but also from USA, Ukraine etc.

FRD Center has extensive specialised database of relevant contacts in the medical devices and health equipment sector, of both importer-distributors and direct buyers. On behalf of our Clients - the foreign manufacturers interested to penetrate the local market - we contact the relevant key decision makers with product introduction and B2B matchmaking services.

Some examples of providers - importer-distributors - of medical devices and health equipment in Romania are:

**Fresenius Medical Care Romania** has been established in 2000 as a subsidiary of Fresenius Medical Care Deutschland GmbH. It provides a wide range of products for the treatment of chronic renal diseases (hemodialysis and peritoneal dialysis), acute renal diseases and liver failure. Fresenius Medical Care Romania has registered a net turnover of EUR 33m in 2015, **up by 3%** compared to 2014.

**General Electric Medical Systems Romania**, the local representative of GE Healthcare, has been established in 2000. The company has recorded a net turnover of EUR 22m in 2015, **up by 112%** compared to 2014.

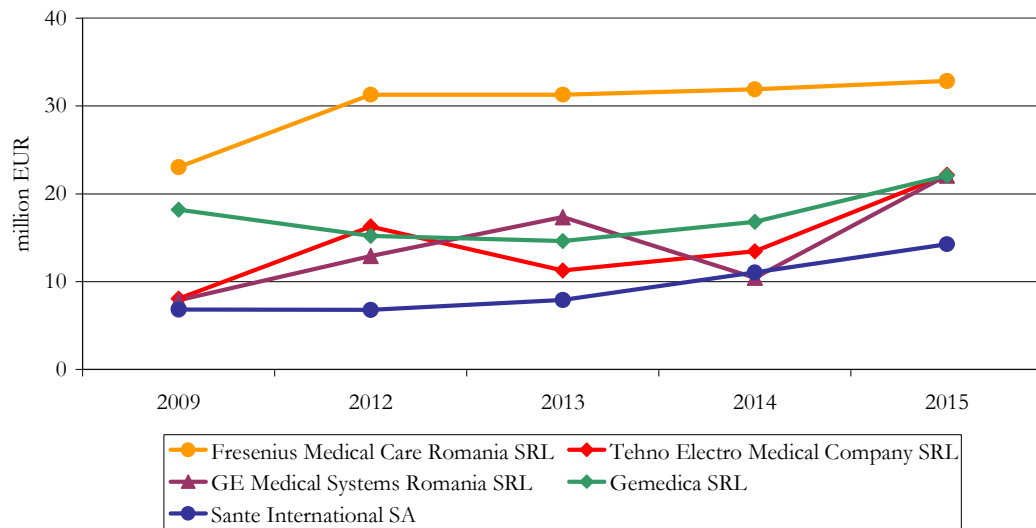
Set up in 1990, **Tehno Electro Medical Company (TEMCO)** is an independent importer-distributor of anaesthesia and intensive care, physiotherapy, ultrasound, surgery, endoscopy, cardiology, lab, diagnostic devices, medical supplies, medical furniture etc. Furthermore, it manufactures X-ray devices (TEMCO GRx-1). Some brands imported by the company are: Medec Benelux, SCHILLER, Arcomed, JPI, Olympus, ITO etc. TEMCO has recorded a net turnover of EUR 22m in 2015, **up by 65%** compared to the previous year.

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Established in 1992, **Sante International** is an independent importer-distributor of devices for cardiovascular surgery, interventional cardiology and electrophysiology, analyzers, disinfectants etc. Its foreign suppliers are: Ecolab, Siemens or St. Jude Medical. Sante International has recorded a net turnover of EUR 14.3m in 2015, **up by 29%** compared to 2014.

Set up in 1999, **Gemedita** is an independent importer-distributor of medical imaging and functional exploration devices (CT, NMR, angiography, ultrasound devices etc), surgery devices, anaesthesia and intensive care equipment, suture instruments and supplies etc. The company's foreign suppliers are: GE Healthcare, Gunter Bissinger Medizintechnik, Covidien, Bayer Schering Pharma, Merivaara, Genano, Hirtz, PVS, MedArt, Endogastric Solutions, Tontarra Medizintechnik or SISU Medical. In 2015, Gemedita has recorded a net turnover EUR 22m, **up by 31%** compared to 2014.

**Net turnover dynamics of five private providers of medical devices in Romania**



*Source: FRD Center, Ministry of Public Finances*

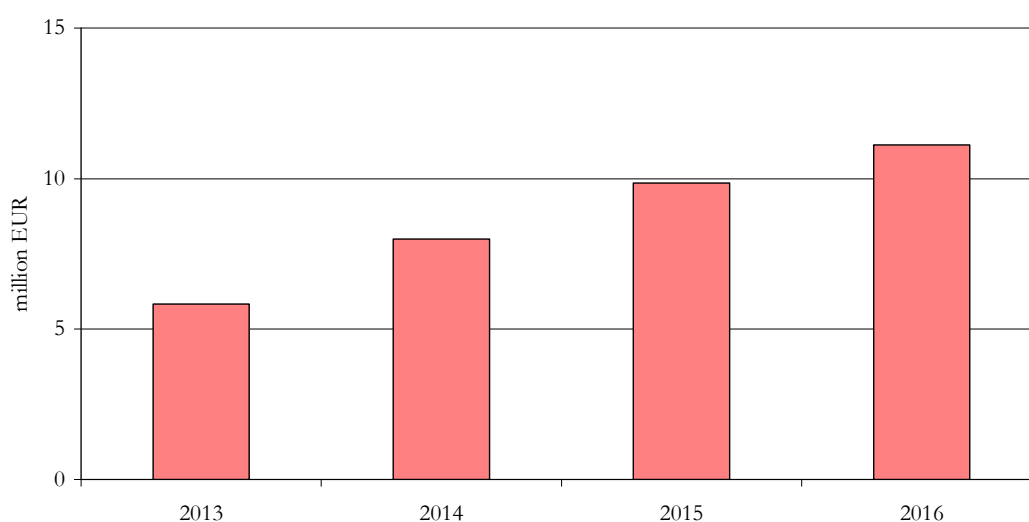


## 5. Medical equipment imports in Romania - examples

The Romanian imports of optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus, parts and accessories thereof have recorded almost EUR 1.4bn in 2016, which according to the FRD Center analysis represents a **growth of 3%** compared to 2015.

According to an FRD Center analysis, the Romanian imports of ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus have recorded EUR 11.1m in 2016, **up by 13%** compared to 2015.

Imports of ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus



Source: FRD Center, Eurostat, Comtrade

## 6 - Current trends and future expectations

Romanian healthcare is undergoing considerable reform and development. Both the public health services and the private healthcare system are expected to improve, expand and develop in the next period.

While the private health networks continue to attract foreign investment and acquire local players in order to consolidate their position, the public hospitals receive EU funding and public money for new buildings, development, refurbishment and modernisation.

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For example, the Regina Maria network, the second largest player in the Romanian private medical services market, carried out six investments last year, acquiring smaller players in Bucharest, Ploiesti, Craiova, Timisoara etc.

MedLife, the biggest private medical services provider in Romania, recorded a consolidated turnover of EUR 112 million last year, up 29% over the previous year. They also made several acquisitions in the market in order to consolidate their position.

The Romanian public is notably more vigilant towards the state of the public health facilities. They sanction lack of proper conditions on site and report bribery in the

medical systems at an unprecedented scale, which is expected to lead to improved conditions both for patients and staff.

Several local public authorities have allocated funds for hospital refurbishment and building new hospitals in 2017. One example is the cityhall of Sibiu (Central Romania), who have allocated over EUR4mil for building a new county hospital this year.

In 2017, the Romanian Health Ministry has been allocated a budget of nearly EUR1.8bn, with almost 6% higher than in 2016. The Government has committed in its program to build eight regional hospitals in the next few years. Also, some EUR1bn - from IBRD and the EU - can be accessed for hospital building and refurbishing till 2020.



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FRD Center is closely monitoring the development of the public and private healthcare system in Romania, facilitating access of foreign investors and exporters to the local players in deal origination and B2B matchmaking projects.

Are you looking to access the opportunities in the Romanian market of medical devices and health equipment? To connect with local specialised importer-distributors and direct buyers in major private and public hospitals?

Are you looking to enter the Romanian healthcare market through the acquisition of a local player? A Romanian hospital or a private network of health clinics? Perhaps we could collaborate.

Since 2000, FRD Center offers tailor-made market research and intelligence, target / deal origination, B2B matchmaking, background checks on players, M&A consulting services, competitive analysis to foreign companies interested to enter Romania and the emerging markets in Europe as investors or joint-ventures, to acquire a local player, to relocate their operations in CE, SE and Eastern Europe.

For tailor-made sector data, B2B matchmaking with players in the Emerging Markets in Europe, for M&A assistance and deal origination feel free to contact the FRD Center team at

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