



THE MEDICAL AND DENTAL EQUIPMENT MARKET IN ROMANIA

2010-2013

DEMO REPORT

by

FRD Center Market Entry Services

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|--|----|
| 1. Medical equipment market in Romania | 2 |
| 1.1. Current situation of medical equipment market in Romania | 2 |
| 1.2. Current situation of EU funds used in hospital modernisation..... | 4 |
| 1.3 Main importers of medical equipment in Romania | 5 |
| 1.4 Expected evolution of medical equipment market in Romania | 7 |
| 2. Dental equipment market in Romania | 10 |
| 2.1 Current situation of dental equipment market in Romania..... | 10 |
| 2.2 Main importers of dental equipment in Romania..... | 10 |
| 2.3 Expected evolution of dental equipment market in Romania..... | 12 |

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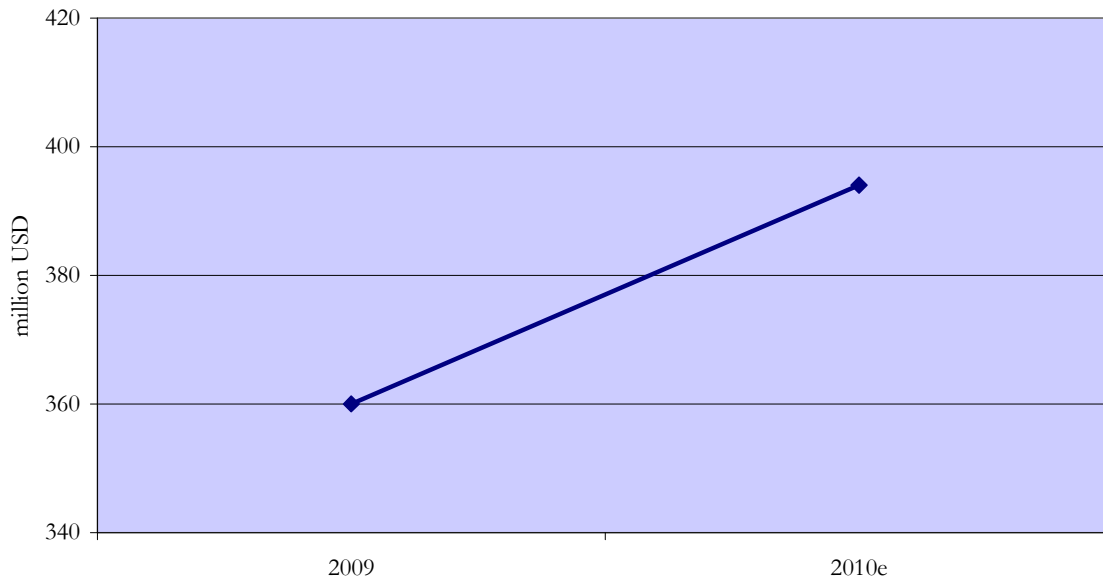
1. Medical equipment market in Romania

1.1. Current situation of medical equipment market in Romania

The market of medical equipment in Romania increased significantly in the past years, as the general level of the health spending increased and new diagnostic equipment was purchased for the hospital refurbishments.

According to Espicom, the market of the medical equipment in Romania is estimated at 394 million USD in 2010, up by 9.4% compared to 2009. The sum allocated per capita in 2010 for the acquisition of medical equipment in Romania is of some 18 USD.

Medical equipment market in Romania in 2009 - 2010



Source: Espicom

According to Espicom, the Romanian market of medical equipment is similar with the Ukrainian market, in terms of the market value and similar with the Russian market, taking into account the funds allocated per capita.

The domestic market of the medical equipment in Romania is influenced by the significant growth of the private medical services market, which is one of the fastest developing markets in Romania, with y/y increases of approximately 35% in the past years and growing perspectives for 2011 - 2013. Some of the factors that influence the development of the private medical services market in Romania are:

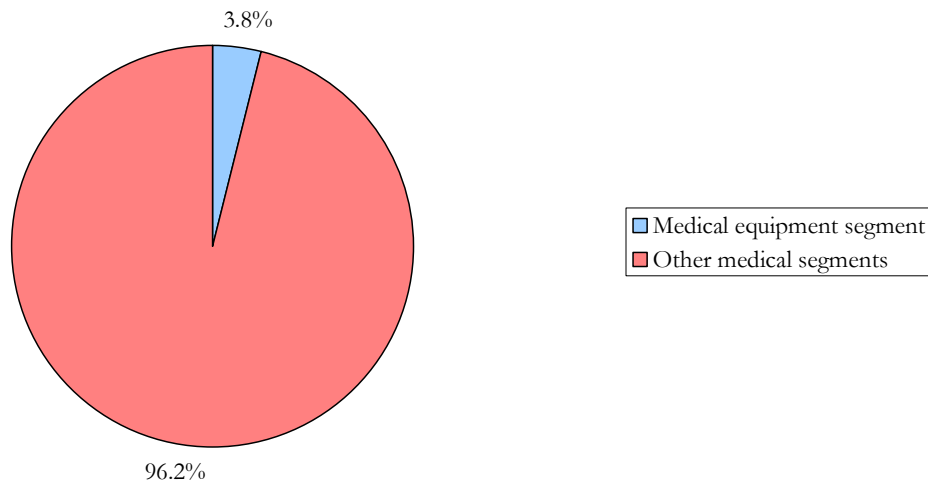
- the insufficient number of public ambulatory centres

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- the development of the private hospitals infrastructure
- a higher demand for better medical services due to the increase in health awareness and the growing needs of an ageing population
- the demand for more sophisticated laboratory tests, which require the use of the latest technological developments
- the development of the prepaid medical services by the private providers of medical services

According to published information by Espicom, the segment of the medical equipment in 2010 will reach 3.8% from the total budget allocated for the health system in Romania, respectively 0.2% from the GDP.

Total budget allocated for health in Romania in 2010



Source: Espicom

A significant opportunity on the domestic market of the medical equipment is represented by the recent mergers and acquisitions. On example is The Gada Group Ltd that acquired in 2010 70% of the Group of companies owned by Mr. Octavian Netcu that includes Radiusmed, Integrine and Medical Mangement Services.

Radiusmed supplies equipment for radiology and imaging, neonatal and adult intensive care, surgical, medical and dental facilities. Integrine provides complete professional services and solutions for health care units and Medical Management Services provides specialised

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medical services, education and training activities. This acquisition is expected to stimulate the development of the Group and to open new business opportunities both in Romania and the Central and Eastern Europe.

One important medical event that takes place on the medical equipment market in Romania is the International Exhibition of medical equipment and instruments – Rommedica. The 20th edition of the exhibition took place in May 2010 in Bucharest, in the Romexpo Exhibitions Centre.

1.2. Current situation of EU funds used in hospital modernisation

The structural funds in the medical sector in Romania are administrated through the Regional Operating Programme 2007 - 2013, the priority axis 3 - Improvement of the social infrastructure, the key area of intervention 3.1 - Rehabilitation, modernization and equipping of the health services.

The key area of intervention 3.1 was launched in Romania in January 2008. The eligible beneficiaries of this key area of intervention are the local public administration authorities. In 2010, out of the 435 public medical units in Romania, 370 units were transferred to the local authorities. Medical units of national interest, such as public institutes, various clinical county emergency hospitals (the ones in the important university centres) and psychiatric hospitals remained subordinated to the Ministry of Health.

By September 2010, nine hospitals and over 100 ambulatories in Romania obtained or were in progress to obtain European funds for the rehabilitation and modernisation.

One example of hospital that finalised investments using funds in the priority axis 3, the key area of intervention 3.1, is the Emergency Hospital in Moinesti, Bacau county, which opened at the end of 2010 a new integrated ambulatory. The total investment was of 1.5 million EUR, out of which 2% was the contribution of the Moinesti Council and the rest represented structural funds. The investment included the modernizing of over 1,000 sqm of the ambulatory, the acquisition of 266 new medical devices and the establishment of six new medical practices. The investment, which took place during a period of one year, will increase the number of the medical services supplied, will decrease the number of the patients sent to other medical facilities due to the lack of the capacity and the equipment and will decrease the period to diagnose and treat the patients by some 10%.

Some investments in progress in the priority axis 3, the key area of intervention 3.1 are:

- The Deva County Hospital started in 2010 a process of modernisation, with the amount of 5 million RON (approx. 1.18 million EUR), out of which 3.7 million

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- RON (approx. 0.87 million EUR) represents European funds. The hospital's investment has three distinct targets: to modernise the building and the general and specific units of the specialised ambulatory, to construct access facilities for people with physical disabilities and to acquire modern medical equipment for the specialised ambulatory.
- In 2010, the Sibiu County Hospital signed a contract for the rehabilitation, modernisation and development of its ambulatory, using European funds. It is estimated that, starting with the first trimester of 2013, the ambulatory will provide medical services to over 125,000 patients per year and the number of its employees will be of 183.
 - In 2010, the "Sfantul Gheorghe" Hospital in Botosani started a project with EU funds for the rehabilitation, modernization and acquisition of new and modern equipment.
 - In December 2010, the Vaslui County Council signed a contract for the rehabilitation of the County Emergency Hospital. The project has the value of 14 million EUR and includes the consolidation and thermal rehabilitation of the hospital, acquisition of medical equipment, devices and furniture. The project is expected to be finalised in 36 months.
 - The Targoviste County Hospital will acquire medical equipment of some eight million EUR. This amount is part of a project with EU funds for the rehabilitation and the modernization of the hospital.

1.3 Main importers of medical equipment in Romania

Some 90% of the medical equipment in Romania is imported. The high percentage of the imports indicates a lack of technology and capital for the internal production.

Three examples of main importers of medical equipment on the domestic market are presented below.

1.3.1 Top Diagnostics



Top Diagnostics imports reagents, equipment and systems for clinical laboratory market etc. Some of the brands distributed by the company are: Sysmex, Sarstedt, Invitrogen, Hain Lifescience, Vircell Microbiologist, Tib Molbiol Syntheselabor, Serva Electrophoresis.

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The company's clients include hospitals, private and public medical centers, research institutes etc.

Financial data of Top Diagnostics SRL in 2009:

- Turnover: 23.7 million EUR
- Net profit: 13.4 million EUR
- No of employees: 60

1.3.2 General Electric Medical Systems Romania



GE Healthcare registered its local office, GE Medical Systems Romania SRL, in 2000. The biggest percentage of the company's sales in Romania is generated by the collaboration with private companies.

For the next period, the company's objectives are to increase the GE's presence on the Romanian market, to diversify its portfolio and to collaborate on local public projects.

In 2010, GE Healthcare and Signa+ Medical Imaging Center installed the first 3.0 Tesla Magnetic Resonance Scanner in Romania.

Financial data of General Electric Medical Systems Romania SRL in 2009:

- Turnover: 7.9 million EUR
- Net profit: -0.3 million EUR
- No of employees: 21

1.3.3 Sante International

Sante International imports laboratory, diagnostic, sterilisation and treatment equipment, equipment for surgery rooms, anaesthesia and intensive care units, specific furniture for medical units, general and surgery instruments, consumables, medical protection materials etc.

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The company imports its products from the USA, Germany, Poland, France etc. Some of the brands sold by the company are: St. Jude Medical, Ecolab, Riester, Webeco, Famed, Hysis Medical.

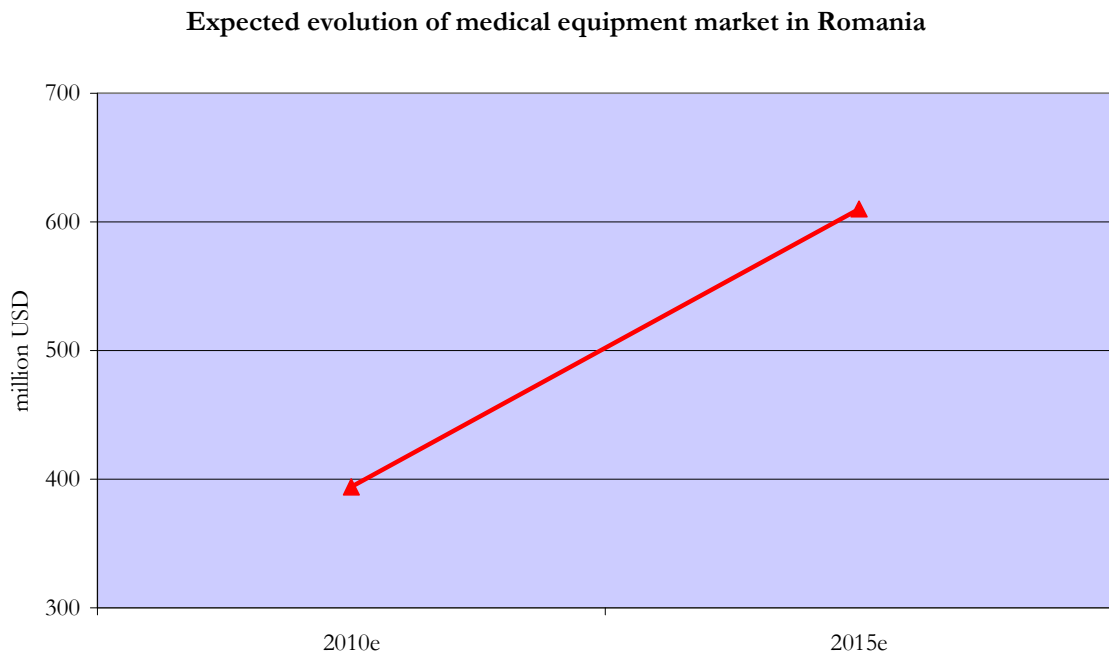
The company's clients include hospitals, polyclinics, medical practices, pharmacies etc.

Financial data of Sante International SA in 2009:

- Turnover: 6.8 million EUR
- Net profit: 0.5 million EUR
- No of employees: 22

1.4 Expected evolution of medical equipment market in Romania

According to Espicom, the market of the medical equipment in Romania is expected to record an average y/y growth of 9.2% in the next five years and to reach 610 million USD in 2015.



Source: Espicom

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New investments are expected both in the private and public medical sectors in Romania in the next years and this fact will have a strong positive impact on the medical equipment market.

Some announced new investments in the private medical sector in Romania, which will have a positive impact on the medical equipment market, are:

- The Swedish Group Medicover will invest some 70 - 80 million EUR in order to build in the Bucharest area a general care hospital with 200 beds, a facility specialised in births and orthopaedics and a Synevo regional lab. The investments in the hospital are of some 50 million EUR.
- The operator of private medical services MedLife has an investment programme that includes the acquiring of clinics and the development of four hospitals.
- Central Medical Unirea (CMU), controlled by the investment fund Advent International, has an aggressive development plan and intends to acquire and develop private centres in the future.

For 2011, the Ministry of Health intends to invest some 190 million RON (approx.44.6 million EUR) in order to rehabilitate the oncology, anaesthesia and intensive care units and to acquire equipment in the medical units subordinated to the Ministry and to the local authorities.

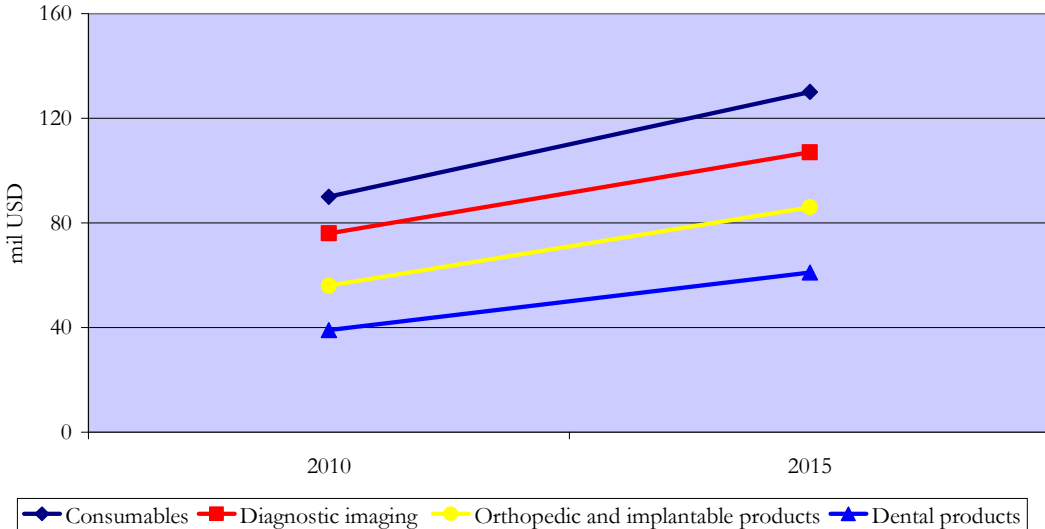
The imports of the medical equipment are expected to grow in the future, also due to the deficit of the high technology equipment and the growing need to renovate the technology used in the public hospitals in Romania.

According to info published by Espicom, the expected evolution of the Romanian medical equipment market is as follows:

- the segment of the consumables is estimated to record 130 million USD in 2015, up by some 44.5% compared to 2010
- the segment of the diagnostic imaging is expected to register 107 million USD in 2015, up by some 41% compared to 2010
- the segment of the orthopaedic and implantable products is expected to record 86 million USD in 2015, up by some 54% compared to 2010
- the segment of the dental products is estimated to register 61 million USD in 2015, up by some 56.5% compared to 2010

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Estimated evolution of medical equipment
market in Romania, by categories



Source: Espicom

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2. Dental equipment market in Romania

2.1 Current situation of dental equipment market in Romania

During the last years, the demand of the dental instruments and equipment in Romania recorded a significant growth due to the rapid development of the private sector and to the privatisation of the state sector, requiring the replacement of the worn-out equipment.

At present, the Romanian market of dental practices is very fragmented and is dominated by the private dental centres. The number of the private dental centres in Romania recorded an average growth of some 10% during the period 2003 – 2009. Some private centres that provide general medical care services in Romania are active also of the dental services segment.

Some of the main dental clinics in Romania that provide implantology services are: Dent Estet, Trident Dental, Velvet Dental, City Dent, NeoClinique, HappyDental, DentaTurism, Dent Expert, Smilemed, Sensident Med, Bote-San Clinique etc. The prices for dental implants vary between 350 EUR and 950 EUR.

In the latest years, the private sector of cosmetic dentistry treatments recorded a significant development in Romania, the most popular procedures offered by the private dental clinics including: tooth whitening (bleaching), porcelain veneers, bonding, gum re-contouring, dental jewels etc.

The main factors that influence the potential buyers of the dental equipment in Romania are:

- the price
- the local availability of service and spare parts
- the short delivery term

One significant event that takes place on the dental equipment market in Romania is the International Exhibition of Dentistry – Denta. The 24th edition of the event took place in April 2010 in Bucharest, in the Romexpo Exhibitions Centre. Denta is an important trade event, dedicated to the equipment, instruments, accessories and materials in the dental industry, the chemical - pharmaceutical products for the dental medicine and the products of the oral hygiene.

2.2 Main importers of dental equipment in Romania

The dental equipment in Romania is imported mainly from Germany, Italy, the Czech Republic, Hungary, Ukraine etc.

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Three examples of profiles of main importers of dental equipment on the domestic market are presented below.

2.2.1 Dentotal Protect



Dentotal Protect has the headquarters in Bucharest and sales representatives in the entire country.

Some of the brands of the dental products and equipment distributed by the company are: Zhermack, 3M ESPE, Kerr, Inibsa, Spofa Dental, Madespa, Nakanishi, Rite Dent, Heraeus Kulzer etc.

Financial data of Dentotal Protect SRL in 2009:

- Turnover: 7.9 million EUR
- Net profit: 0.9 million EUR
- No of employees: 85

2.2.2 Dentex Trading



Dentex Trading has the headquarters in Bucharest and delivers its products in the entire country. Some of the brands of the dental products and equipment distributed by the company are: Ultradent, SpofaDental, Komet, Medicom, Thienel Dental, Topdental etc.

The company delivered dental equipment to the Faculty of Dentistry in Iasi and to the University of Medicine and Pharmacy in Cluj Napoca.

Financial data of Dentex Trading SRL in 2009:

- Turnover: 3.5 million EUR
- Net profit: 0.1 million EUR
- No of employees: 29

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2.2.3 Medica M3 Comexim



Medica M3 Comexim has the headquarters in Cluj Napoca and showrooms and sale agents covering the entire county.

Medica M3 Comexim has in its portfolio products for coronal restoration, composite accessories, pit and fissure sealants, anesthetic products, prophylaxis equipment, compressors and vacuum systems, sterilization systems, radiology equipment, burs, files, instruments, preclinical simulators etc.

Financial data of Medica M3 Comexim SRL in 2008:

- Turnover: 1.9 million EUR
- Net profit: 0.003 million EUR
- No of employees: 35

2.3 Expected evolution of dental equipment market in Romania

The dental equipment market in Romania is expected to grow in the near future as the domestic dental market is anticipated to rise at a CAGR of around 17% during 2010 - 2012.

The dental equipment market in Romania will be positively influenced by the number of the private dental centres that is expected to continue the ascending trend. This increase is based on various factors, such as the fact that the corporations started to include dental insurance in their employee packages.

Also, the development of the domestic dental equipment market will be driven by the rising dental tourism. Given the relatively low cost of treatments, high technology assistance from the dental centres of international standards, the number of the dental tourists in Romania is expected to rise in the coming years. Some of the most in demand procedures include: implantology, cosmetic dentistry, orthodontics, complete reconstruction, odontotherapy, endodontics, periodontics, oral pathology etc.

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

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