

Pharma Sector in Romania Newsletter – April 2010

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This newsletter is produced by FRD Center Market Entry Services – www.frdcenter.ro - a privately owned market entry consulting firm based in Romania.

FRD Center offers tailor-made market intelligence, B2B matchmaking, product introduction and market support for foreign companies interested to enter the Romanian and regional market as exporters, consultants, investors or joint-ventures, to relocate their manufacturing or to source in CE and SE Europe.

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- market opportunity assessment and market intelligence
- pre-M&A business support and research, pursuit to completion of deals
- identification of market opportunities: exports, sourcing, B2B sales etc.
- trade missions, business itineraries, inward buyer missions

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*Sources for this newsletter include: Rompres, money.ro, MediaFax, Ziarul Financiar, the companies etc.
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Domestic pharma market to reach up to eight billion EUR in 2013

According to IMS Health, the pharma market in Romania is estimated to increase by 1 – 5 billion EUR in the next three years and to reach up to eight billion EUR in 2013. The domestic pharma market recorded 2.9 billion EUR in 2009.

According to IMS Health, the pharma market in Romania registered in the last years a better performance compared to other countries in the Central and Eastern Europe. At present, the drug sales in Romania record a growth pace of 23%.

The positive factors that are expected to influence the domestic pharma market in the next years are: the improvement of the services quality in the public hospitals, the health decentralisation and the increase of the contributions at the social insurances. These factors will counterbalance the decrease of the health budget in Romania and the stricter regulations related to the prices.

According to IMS Health, Romania is ranked 14th in the world, in terms of the pharma market growth.

Antibiotice recorded gross profit of approx. 3.2 million EUR in T1 2010

In the first three months of 2010, the domestic drug producer Antibiotice recorded a turnover of some 15 million EUR and a gross profit of some 3.2 million EUR. These financial results were registered as a result of the company's marketing and sales reorganisation and the promotion activities of the generic drugs.

The company focused on the export activities in Ukraine, Russia and Far East and this determined an export increase by 14% in the first trimester of 2010.

Antibiotice forecasts revenues worth some 60 million EUR in 2010, up by approx. 12% compared to the previous year. The company also expects a profit increase by approx. 23% in 2010, to some 3.6 million EUR.

Biofarm to invest eight million EUR in production and warehouse hall

The domestic drug producer Biofarm intends to build a production and warehouse hall with investments of eight million EUR. For this purpose, the company intends to use European structural funds, through the Sectoral Operational Programme - Increase of Economic Competitiveness.

In 2009, Biofarm recorded a turnover of some 15.8 million EUR and a net profit of some 4.8 million EUR. For 2010, the company estimates a turnover of some 18 million EUR and a net profit of some 3.2 million EUR.

The company's shareholders are: SIF Oltenia (approx. 17.5%), SIF Banat Crisana (approx. 15%), SIF Moldova (approx. 11.5%), Authority for State Assets Recovery (approx. 1%), others (approx. 55%). Biofarm is listed on the Bucharest Stock Exchange.

Zentiva estimates turnover growth of approx. 25% in 2010

Zentiva estimates a turnover of some 52 million EUR in 2010, this representing an increase by approx. 25% compared to the previous year. Also, the company targets an operating profit of some 10 million EUR in 2010.

In 2009, Sanofi Aventis became the majority shareholder of Zentiva (the owner of the domestic pharma producer Sicomed Bucharest). During the next period, Sanofi Aventis intends to transfer into the Zentiva plant in Bucharest the production of some drugs, in the antibiotic, antihypertensive or urology therapeutic areas.

Zentiva produces in Romania the Gerovital non-prescription drugs, used in the anti-aging treatments. Sanofi Aventis intends to re-launch the Gerovital brand and to export it on markets in Asia, Latin America or Germany.

Romastru launches own drug brands

The pharma distributor Romastru Trading enters the market of the generic drugs with its own brands, by launching 45 products in several therapeutic areas in 2010 and 2011. Romastru works with companies in Europe and India that manufacture these drugs under the Romastru brand. The company acquired the licences for these products in Romania and Bulgaria.

In the first trimester of 2010, Romastru recorded sales of some 14.4 million EUR. The company registered a turnover of 43.5 million EUR in 2009 and targets approx. 60 million EUR for 2010.

Romastru works with suppliers such as Wyeth, Klosterfrau, Abbott Laboratories, Rottapharm - Madaus, Bayer Schering Pharma. The company's majority shareholder is Pharaon Holding S.A.L. (52.8%).

Roche Romania estimates sales growth of approx. 5% in T1 2010

Roche Romania estimates sales of 46.3 million EUR in the first trimester of 2010, this representing an increase by some 5% compared to the similar period of the previous year. Roche Romania budgeted for 2010 a profit limit of 3 - 4%, compared to 5 - 6% in 2009.

The company's sales in 2009 were sustained mainly by the oncology drugs, which represented some 40% in the total sales.

The company has in its portfolio three of the best-selling drugs on the domestic market, Neorecormon, Pegasys and Avastin. These three drugs cumulated sales of around 108 million EUR in 2009.

Bio Eel estimates turnover increase of approx. 30% in 2010

Bio Eel in Targu Mures is specialised in the production, import and distribution of drugs and cosmetics. The biggest percentage in the company's turnover is represented by the distribution of drugs (approx. 85%). The company estimates a turnover of some 25 million EUR in 2010, this representing an increase by approx. 30% compared to the previous year.

Bio Eel has in its portfolio brands such as: Defebryl, Aspaco etc. For its range of cosmetics, the company develops a re-branding project in 2010.

Bio Eel started the construction of a new logistic platform in Targu Mures. Also, the company intends to build a cosmetics plant and a new microbiology laboratory. During the next years, Bio Eel intend to make investments of some five million EUR.

LaborMed Pharma to transfer externalised production

The drug producer LaborMed Pharma intends to transfer in its own plant a part of the externalised production, in order to use at maximum the unit capacity and the employees.

LaborMed intends to develop its regional presence during the next years and to focus mainly on the Polish market. At present, some 10% of the company's sales are represented by exports and the percentage is expected to reach 30% in the next years.

LaborMed Pharma is controlled by the Advent International investment fund.

13 pharma companies changed their executives in 2009

The pharma companies in Romania that changed their executives in 2009 are: GalxoSmithKline (GSK), Zentiva, Actavis, Terapia Ranbaxy, Pfizer, Eli Lilly, AstraZeneca, Abbott, Bayer, Ozone, Antibiotice, A&D Pharma, Sensiblu.

These pharma companies changed their executives during a period when the shareholders increased the pressure to obtain positive financial results and the market did not record the growth in the previous years.

2009 registered a record level in terms of the executives in the pharma industry leaving their jobs. For the first time, there were executives with three mandates in a year or companies that changed more than two executives in a year.

According to Link Resource, 2010 could register other changes of executives on the pharma market in Romania.

A&D Pharma recorded net profit of 19 million EUR in 2009

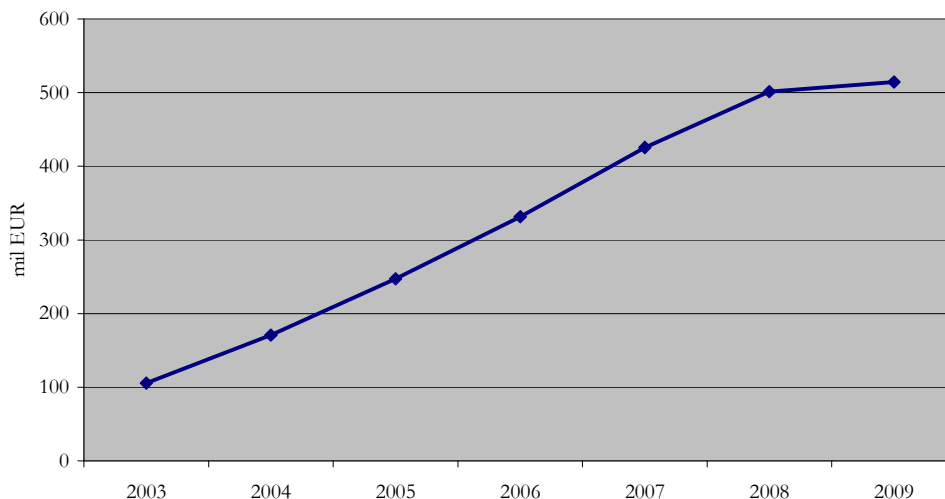
A&D Pharma, the largest player on the domestic pharmaceutical distribution market, recorded a net profit of 19 million EUR in 2009, after two years when the company registered financial losses. The company posted net profit in 2009 as a result of the effectiveness of the local operations and the restructuring programme that generated six million EUR in savings.

In 2009, A&D Pharma signed an agreement to acquire Ozone's subsidiaries in Central and Eastern Europe, in a transaction evaluated at some 23 million EUR. For the next period, A&D Pharma did not include in its development programme other important acquisitions in the region, its main priority being the integration of the newly acquired operations.

During 2010 – 2011, A&D Pharma intends to develop its activity through Greenfield investments of its newest business - the division of private medical services Anima.

A&D Pharma recorded a turnover of 514 million EUR in 2009, up by some 2.5% compared to the previous year. The evolution of the company's turnover, during the period 2003 – 2009, is presented in the below chart.

The evolution of the A&D Pharma's turnover



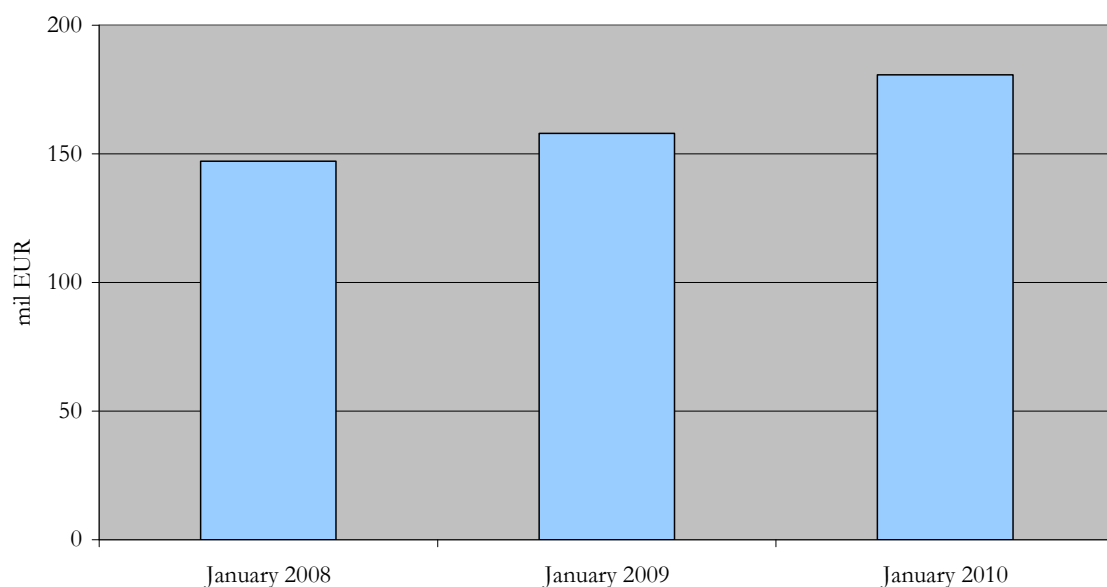
Source: Ziarul Financiar newspaper

Domestic pharma market increased by approx. 14.5% in January 2010

The domestic pharma market recorded 180.76 million EUR in January 2010, this representing an increase of some 14.5% compared to January 2009.

The evolution of the domestic pharma market in EUR, in the January month in 2008 – 2010, is presented in the below chart.

The evolution of the pharma market in Romania



Source: Ziarul Financiar newspaper

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