



Antibiotice



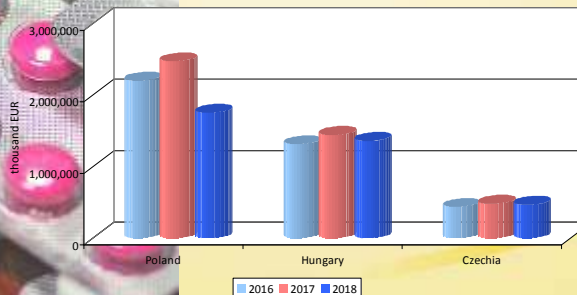
**SUN
PHARMA**



Pharmaceuticals Production in Emerging Europe

An FRD Center multi-country
analysis

Production of other medicaments of mixed or unmixed products





Introduction



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This presentation is produced by **FRD Center** – www.frdcenter.ro - one of the pioneer privately owned independent market entry consulting and M&A advisory firms in Romania.

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

Our services include:

-market research, investment opportunities assessment, sector studies, market briefs

<http://www.frdcenter.ro/services/market-entry-and-b2b-matchmaking-in-eastern-europe>

-B2B matchmaking: <http://www.frdcenter.ro/b2b-business-matchmaking>

- product presentation and assessment of interest from clients / partners

-M&A assistance: <http://www.frdcenter.ro/services/ma-advisory>

- identification of market opportunities: exports, sourcing, B2B sales etc.

-trade missions: <http://www.frdcenter.ro/services/trade-missions-trade-delegations-b2b-meetings>

This is a DEMO market analysis. For B2B matchmaking according to your specific needs, contact the FRD Center team at europa@frdcenter.ro



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As part of the CSR activity, FRD Center endorses the
Sibiu International Theatre Festival FITS - www.sibfest.ro

The Sibiu International Theatre Festival is the most complex festival in Romania. Internationally, it has become one of the most important performing arts festival in Europe, judging by its amplexness, dimension, and quality of events, similar to Edinburgh International Festival (Great Britain) and Avignon Festival (France)





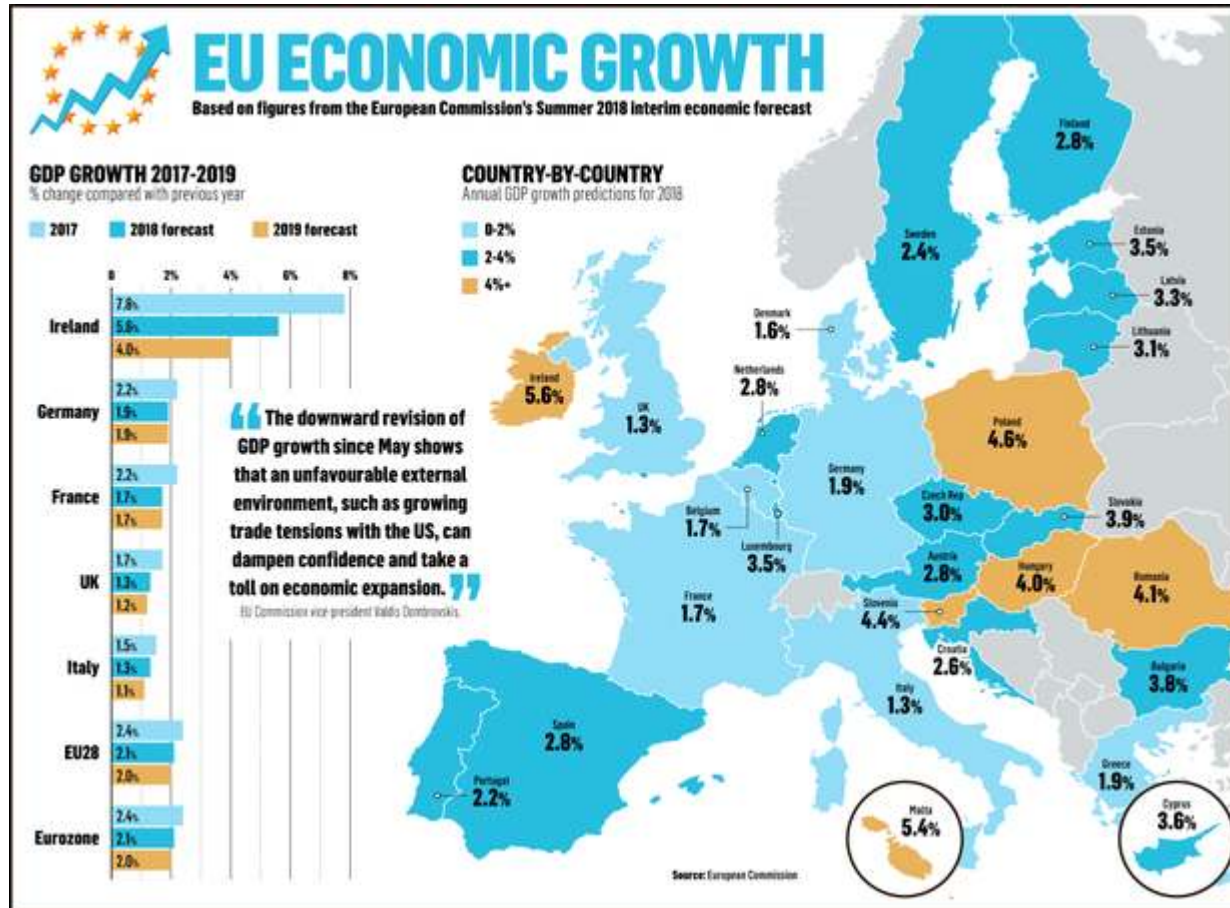
Why Emerging Europe?



The countries in Emerging Europe present numerous opportunities for foreign manufacturers, producers, investors looking to establish and expand to Europe.

These countries are: Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, Hungary, Slovenia, Romania, Bulgaria, Croatia, Serbia and the Balkan states, Albania, Ukraine, Belarus and Turkey.

Why Emerging Europe?



Emerging economies in Europe such as Romania, Poland, Hungary and Slovenia register some of the strongest GDP growths in the EU.

Source: Irish Independent

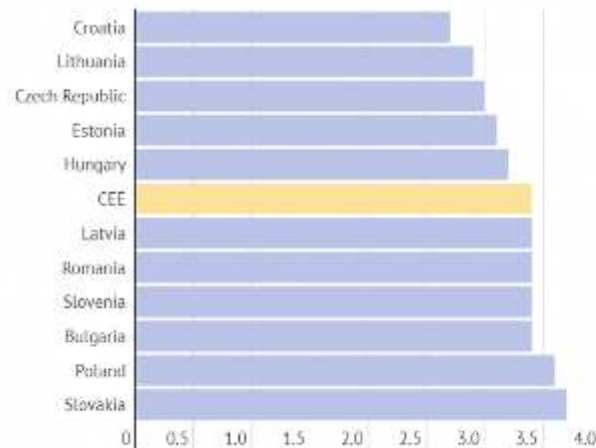


Why Emerging Europe?

Economic Outlook 2019-2020

Central and Eastern Europe

2019 GDP Growth, Annual Variation in %



Highlights

- The regional economy is seen expanding 3.4% next year, before easing to 2.9% in 2020.
- Low unemployment, rising wages and still-cheap borrowing costs will cushion internal dynamics while external-sector uncertainty continues to cloud the outlook.
- Slovakia and Poland are expected to be the region's top-performers next year, each expanding at over 3.5%. On the flipside, Croatia and Lithuania are expected to grow at below 3.0%.

FOCUS ECONOMICS

FocusEconomics Consensus Forecast for CEE, December 2018

According to FocusEconomics, the CE Europe regional growth is seen moderating this year, due to intensifying capacity constraints and a weak EU economy. However, activity will still remain solid, with domestic demand firmly in the driver's seat, bolstered by sustained inflows of EU funds and strong wage growth. 2019's growth forecast was increased again in July 2019, due to robust performances in H1.

Market entry to Emerging Europe

FRD Center is constantly monitoring the developments and opportunities in Emerging European markets such as Romania, facilitating access of potential foreign exporters and strategic investors to the local companies' decision makers.

FRD Center assists international companies with overseas expansion and market entry to the Emerging Markets in Eastern Europe, CE and SE Europe.

Are you a foreign pharma group looking to expand, generate strategic partnerships, source or to export to the Emerging Markets in Europe?

Perhaps we can collaborate. ***We can facilitate your direct access to Decision Makers in relevant local companies, organisations, authorities etc..*** More details at <http://www.frdcenter.ro/services/market-entry-and-b2b-matchmaking-in-eastern-europe/>

As one of the pioneer privately owned market entry advisory firms in Romania, operating for 20 years, FRD Center has high competencies in market entry advisory and is quite well placed to assist foreign exporters with B2B matchmaking and product introduction to buyers in Romania and the region.



What is the current and expected evolution of the medicaments and pharmaceuticals market in CE and SE Europe?

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The pharma market in Emerging Europe is quite dynamic.

Poland is the largest pharmaceutical market in Central and Eastern Europe. The Polish wholesale pharmaceutical market has increased by 13.3% in May 2019 compared to May 2018 to 696.7 mEUR, according to PEX PharmaSequence. The pharmaceutical industry in Poland is expected to rise from 9.4 bn USD in 2016 to approximately 11 bn USD by 2021, according to GlobalData.

The pharmaceuticals industry is a driving sector of the **Hungarian** economy, with a share of 6% of GDP.

The pharmaceutical sales in **Romania** have increased by 22.8% in Q1 2019 year-on-year to 981 mEUR, according to Cegedim.

The pharmaceutical industry in **Croatia** has a long tradition. The share of the pharmaceutical industry in 2018 in total exports in Croatia is 7%, according to CBS.

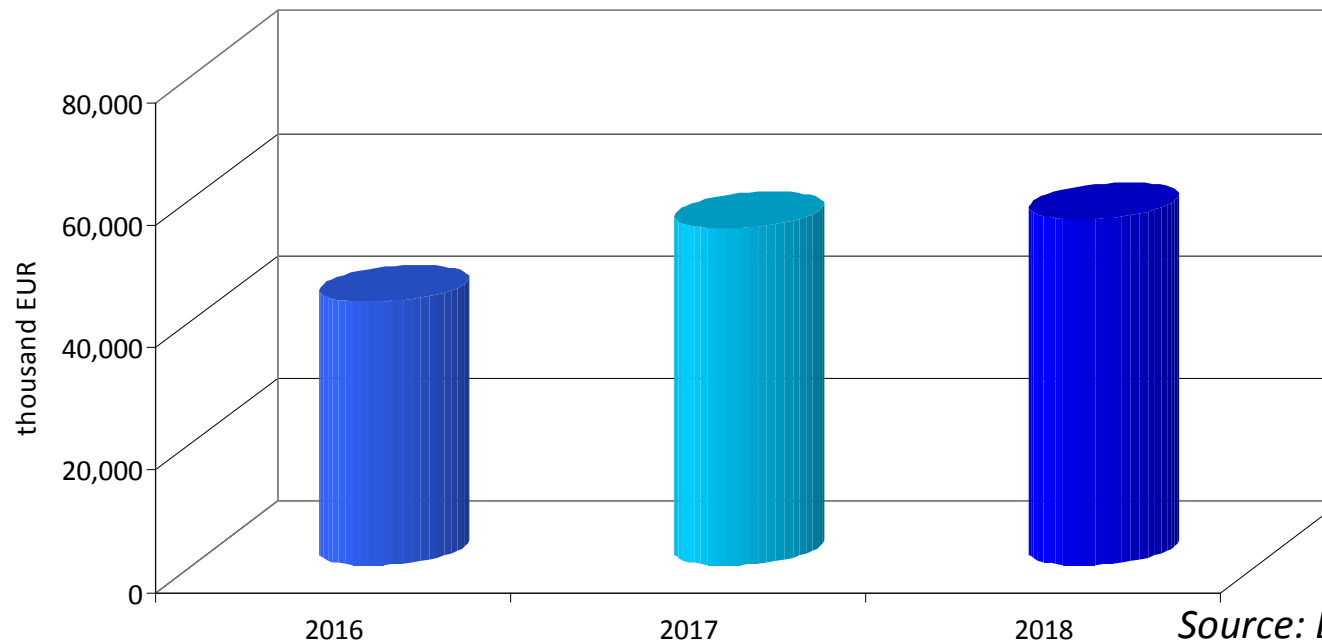




Production of medicaments and pharmaceuticals in Emerging Europe: Poland

The production of medicaments of penicillins, streptomycins or derivatives thereof in Poland has recorded a growing trend in the last years, reaching 56,510 thousand EUR in 2018, which according to the FRD Center calculations based on Eurostat data is up by 2.7% compared to 2017.

**Production of medicaments of penicillins,
streptomycins or derivatives thereof in Poland**



Source: Eurostat, FRD Center

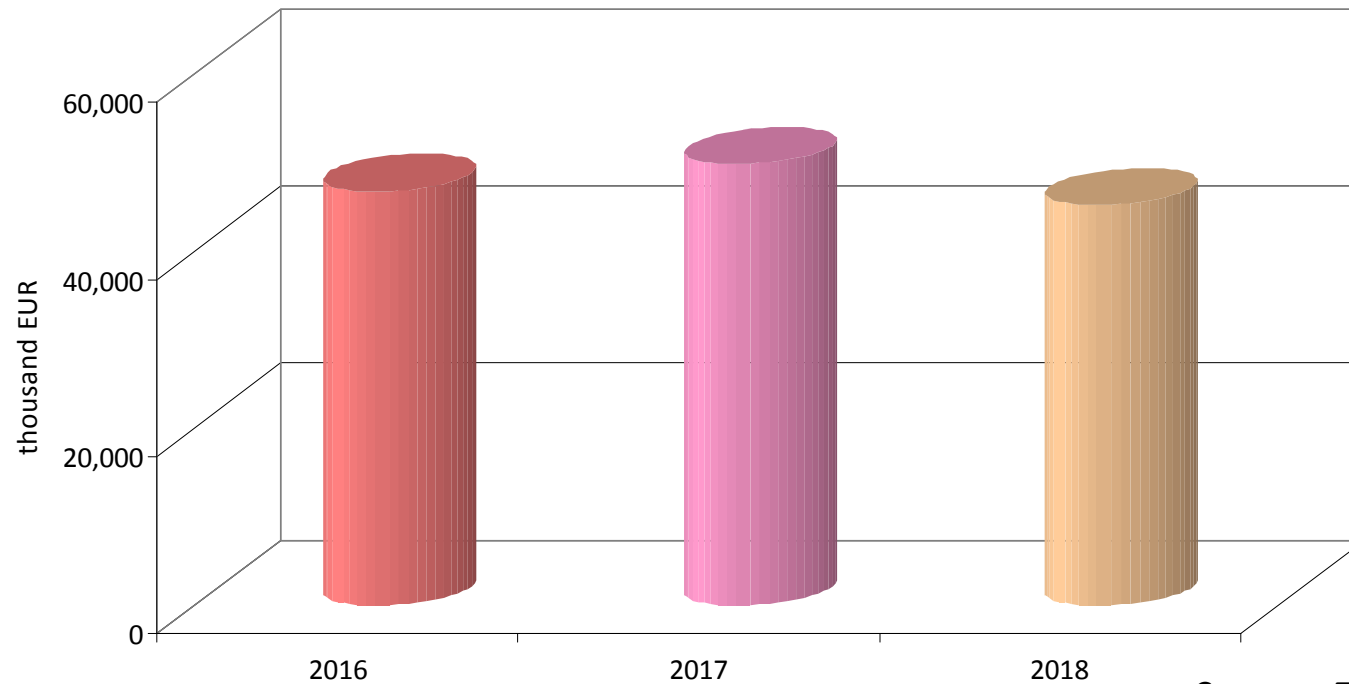


Production of medicaments and pharmaceuticals in Emerging Europe: Poland

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According to the FRD Center analysis based on Eurostat data, the production of medicaments of other antibiotics in Poland has recorded a year-on-year increase of 6.5% in 2017 but has decreased by 9.3% in 2018 compared to 2017.

Production of medicaments of other antibiotics in Poland



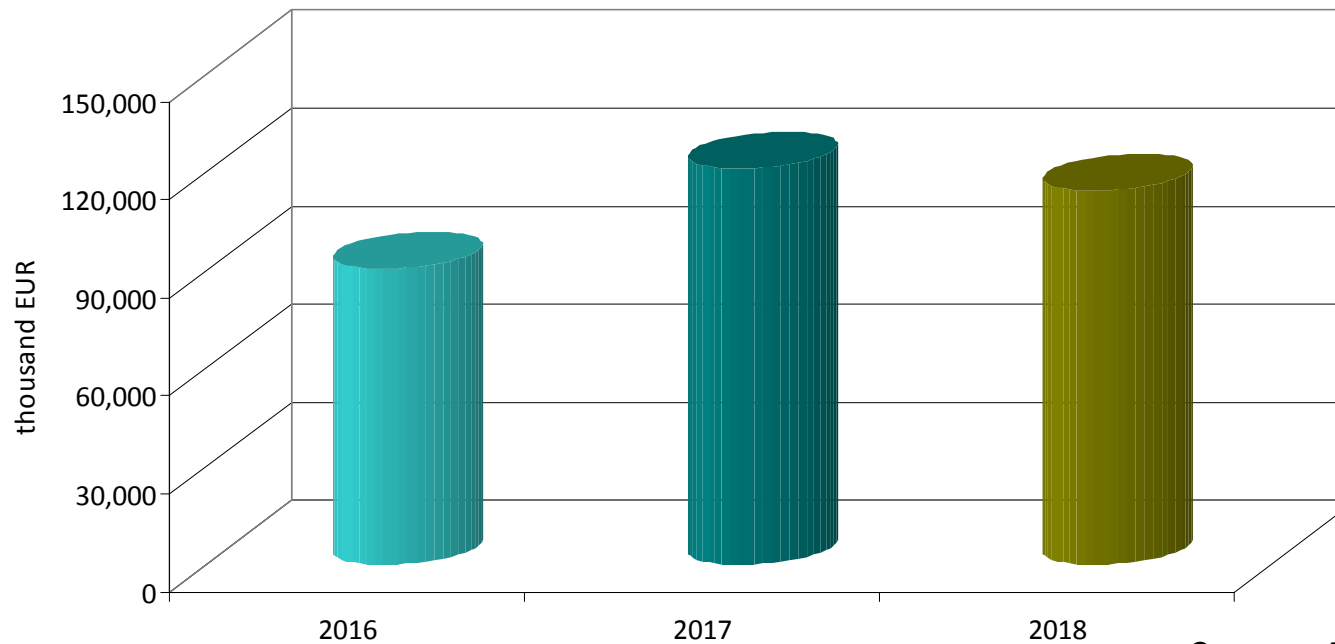
Source: Eurostat, FRD Center



Production of medicaments and pharmaceuticals in Emerging Europe: Poland

The Polish production of medicaments containing corticosteroid hormones, their derivatives and structural analogues in Hungary has recorded a year-on-year increase of 33.8% in 2017, but has decreased by 5.5% in 2018 compared to 2017, based on the FRD Center calculations using Eurostat data.

Production of medicaments containing corticosteroid hormones, their derivatives and structural analogues in Hungary



Source: Eurostat, FRD Center

Market analysis in Emerging Europe

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Market entry services to Romania, the CEE and SEE.
Market research, B2B matchmaking, sector studies,
trade missions, investment opportunity research, M&A support.

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What is the reason of these production dynamics?

Are you interested to further analyse the pharmaceutical production sector in specific markets in Eastern Europe?

FRD Center can conduct in-depth sector and market analyses upon demand from Clients interested to explore the market opportunities and understand the local players, their dynamics and strategies.

Producers of medicaments and pharmaceuticals in Emerging Europe: Poland

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Polfa Tarchomin S.A. in Warsaw is one of the largest generic companies operating in Poland and one of the oldest pharmaceutical producers in the world. The company history dates back to 1823 and the production of the first medicinal preparations.

Polfa Tarchomin SA is a leader in the anti-infectives market. The company also holds a significant market position in the category of insulin, psychotropic drugs and dermatological preparations. Polfa Tarchomin S.A. in total provides over a hundred medicinal products. All of them are available in a range of forms and sizes in order to ensure optimal medical treatment and minimal side effects experienced by the patient. Polfa Tarchomin S.A. specialises in the prescription drugs. Over the counter medicines constitute a supplement to the main product range.





Producers of medicaments and pharmaceuticals in Emerging Europe: Poland



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Aflofarm is one of the largest and most recognizable pharmaceutical companies in Poland, operating in the health care sector for thirty years. Over this time, they have commercially released over 115 product brands.

Aflofarm are currently the leader of the OTC pharmaceuticals market with brands like Desmoxan, Neosine and Dafurag.

Charity has been an important part of the company for years. In 2016 alone, Aflofarm spent more than 1 million PLN on CSR activity. To improve this activity even more, the company established the Aflofarm Foundation in January 2017 in order to promote preventing healthcare, healthy living, and pharmacy and medicine awareness. In addition, the Foundation provides funding for social and cultural campaigns and supports education by funding scientific scholarships for gifted students as well as pharmacy and medicine research.

Producers of medicaments and pharmaceuticals in Emerging Europe: Poland

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Among the top 20 generic drug manufacturers in the world, **Polpharma Group** is largest Polish manufacturer of pharmaceuticals. They operate in the markets of Central and Eastern Europe, the Caucasus and Central Asia.

Polpharma Group have 7 manufacturing plants in Poland, Russia and Kazakhstan, and 7 research and development centres. Polpharma Group's portfolio includes about 600 products, and another 200 are being developed.

They manufacture a wide range of prescription drugs and pharmaceuticals for in-patient care and they specialize in pharmaceutical preparations used in cardiology, gastroenterology and neurology. Over the counter medications (OTC) account for a significant part of their product portfolio. In addition, our offer comprises dietary supplements, medical devices, cosmetic products and phyto-pharmaceuticals.



Market entry to Emerging Europe

The logo for FRD center, featuring the text "FRD center" in a bold, sans-serif font. The "FRD" is larger and more prominent than "center". To the right of the text is a stylized graphic consisting of several curved, overlapping lines in shades of yellow and orange, resembling a swoosh or a partial circle.

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Interested to contact at Decision Maker level any of the relevant players in Emerging Europe?

Perhaps we can collaborate. *We can facilitate your direct access to Decision Makers in relevant local companies, organisations, authorities etc..* More details at <http://www.frdcenter.ro/services/market-entry-and-b2b-matchmaking-in-eastern-europe/>

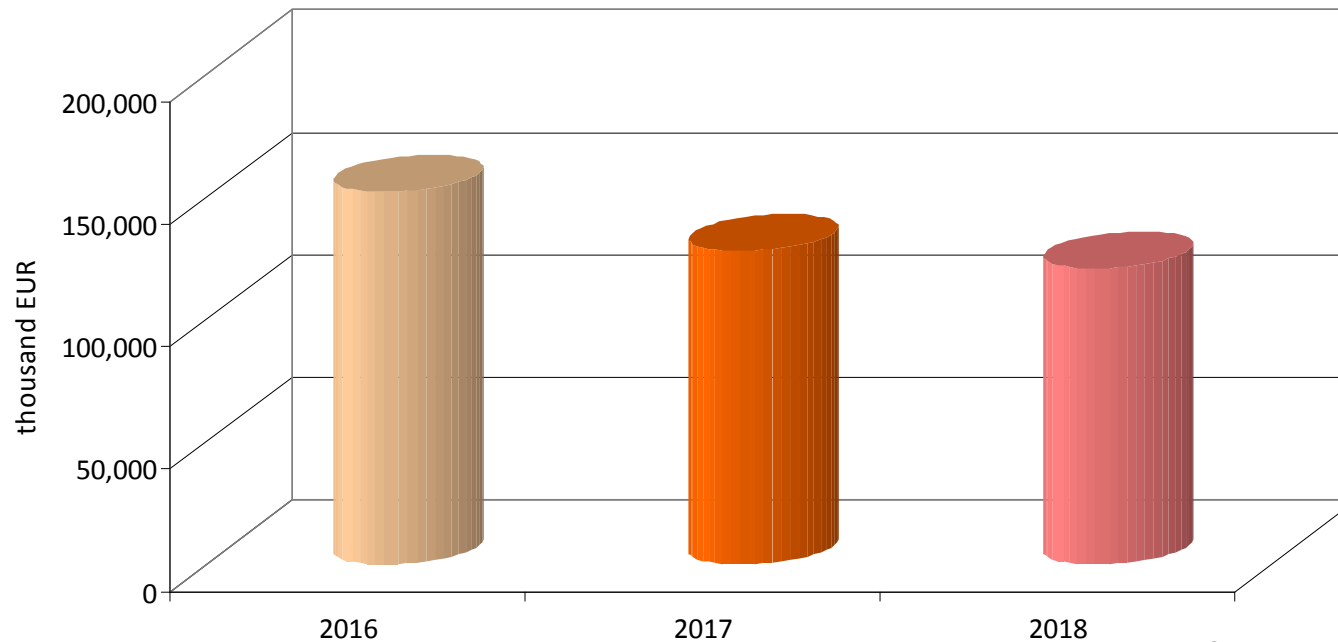
As one of the pioneer privately owned market entry advisory firms in Romania, operating for 20 years, FRD Center has high competencies in market entry advisory and is quite well placed to assist foreign exporters with B2B matchmaking and product introduction to buyers in Romania and the region.



Production of medicaments and pharmaceuticals in Emerging Europe: Hungary

According to the FRD Center analysis, the production of medicaments containing corticosteroid hormones, their derivatives and structural analogues in Hungary has recorded a year-on-year increase of 33.8% in 2017, but has decreased by 5.5% in 2018 compared to 2017, based on the Eurostat data.

Production of medicaments of alkaloids or derivatives thereof in Hungary



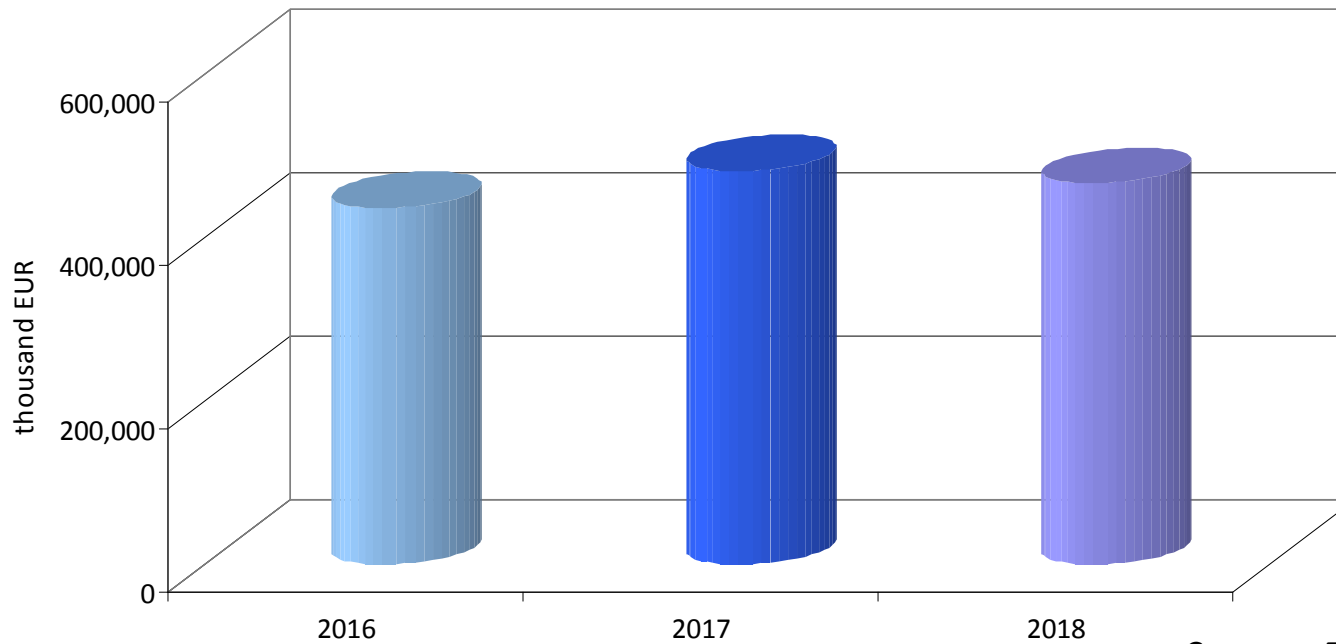
Source: Eurostat, FRD Center



Production of medicaments and pharmaceuticals in Emerging Europe: Hungary

From the FRD Center analysis based on Eurostat data, it results that the Czech production of other medicaments of mixed or unmixed products has recorded a year-on-year increase of 10.6% in 2017 but has decreased by 3.2% in 2018 compared to the previous year.

Production of other medicaments of mixed or unmixed products in Czechia



Source: Eurostat, FRD Center

Market analysis in Emerging Europe

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Why these variations in the pharmaceutical production in the countries in Central Eastern Europe?

Are you interested to research the market conditions and market opportunities in Emerging Europe markets such as Romania, Poland, Bulgaria, Hungary, Serbia, Lithuania etc.?

Send us your specific requirements and market research brief at europa@frdcenter.ro

The Romanian pharma market

According to Cegedim, the value of medicines dispensed to patients in Romania rose by 22.8% year-on-year in the first quarter of 2019 up to 980.6 mEUR.

Between April 2018 and March 2019, the total value of the Romanian pharma market was of 16.93 bnRON, up by 15.3%, as compared to April 2017 – March 2018.

Prescription-based medicines from pharmacies reached 11.23 bn RON (+14.8%), over-the-counter medicines (OTC) from pharmacies scored 3.71 bn RON(+16.3%), and the hospital segment attained the value of 2.0 bn RON (+16.6%).

More details at <http://business-review.eu/news/romanias-pharmaceutical-sales-rose-by-23-pct-in-q1-2019-to-eur-981-mln-merck-replaces-abbvie-as-market-leader-200551>



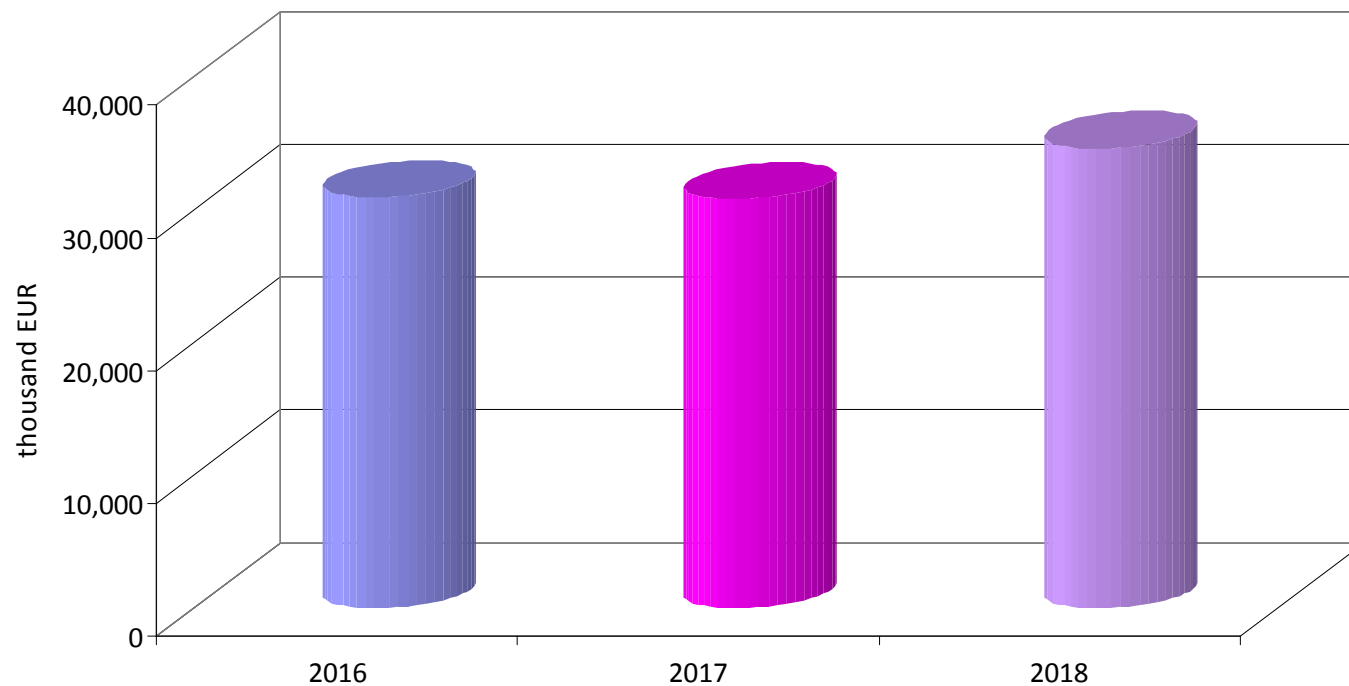


Production of medicaments and pharmaceuticals in Emerging Europe: Romania

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According to the FRD Center analysis based on Eurostat data, the production of medicaments of other antibiotics in Romania has recorded an increase of 12.4% in 2018 compared to 2017.

Production of medicaments of other antibiotics in Romania



Source: Eurostat, FRD Center

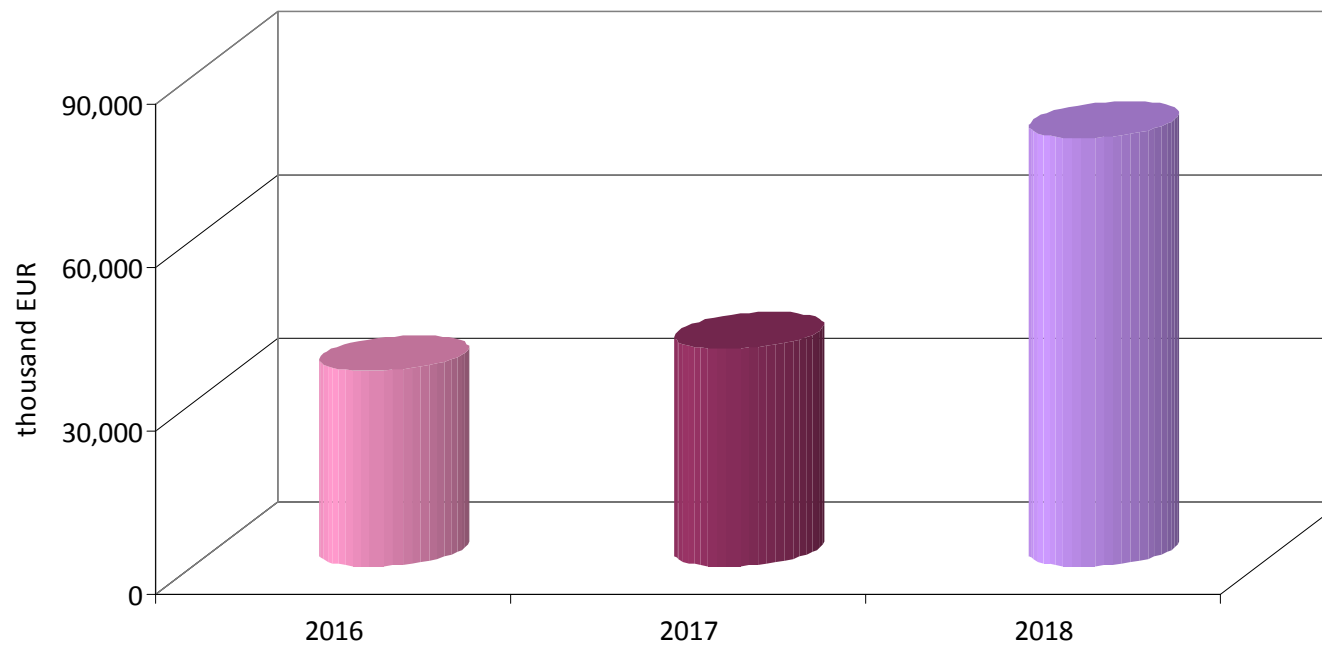


Production of medicaments and pharmaceuticals in Emerging Europe: Romania

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The Romanian production of other medicaments for therapeutic or prophylactic uses has increased by 97% in 2018 compared to 2017, according to the FRD Center calculations based on Eurostat data.

Production of other medicaments for therapeutic or prophylactic uses in Romania



Source: Eurostat, FRD Center

The Romanian pharma market – main players



In Q1 2019, Merck was the market leader in Romania by value of sales (RON 318.8 million), followed by AbbVie (RON 253.1 million) and Gilead (RON 233.5 million).

Thus, AbbVie occupies the first position with sales of RON 1.08 billion, followed by Merck with RON 950.4 million and Sanofi with RON 848.9 million.

The top 10 players also include Novartis (with Sandoz) with sales of RON 726.6 million, followed by Servier (including Egis) with RON 684.6 million, GlaxoSmithKline (RON 675.3 million), Sun Pharma (including Terapia) RON 647.9 million, Pfizer (RON 625.8 million), AstraZeneca (RON 565.3 million) and Bristol Myers Squibb (RON 517.9 million).

More details at <http://business-review.eu/news/romania-pharmaceutical-sales-rose-by-23-pct-in-q1-2019-to-eur-981-mln-merck-replaces-abbvie-as-market-leader-200551>



The Romanian pharma market – main players

Antibiotice is one of the strongest Romanian companies and one of the main players in the pharma production industry in Romania and one of the most important Romanian producers of generic drugs. In H1 2019 they posted net profit 11% higher than in H1 2018.

Starting with penicillin, our first product manufactured in 1955, our company produced hundreds of pharmaceutical substances.

Antibiotice develops and produces generic drugs for human use (157 products), veterinary drugs and the active ingredient Nystatin.

Present on the Romanian market and on other 75 markets around the world, their generic drugs are mainly intended to patients with infectious diseases, but also for cardiovascular, dermatological, digestive and central nervous system related pathologies.



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Tailored market research in Emerging Europe



For over 20 years, FRD Center carries out multi-country market analysis and market researches according to the Clients' specific requirements and needs for information.

For some examples of Market Reports and DEMO Market Analyses go to <http://www.frdcenter.ro/market-reports-romania-eastern-europe/>

Our services include:

- Face to Face interviews with KOLs
- In depth analysis of local players
- Reputation and Background checks
- Mystery shopping
- Store checks

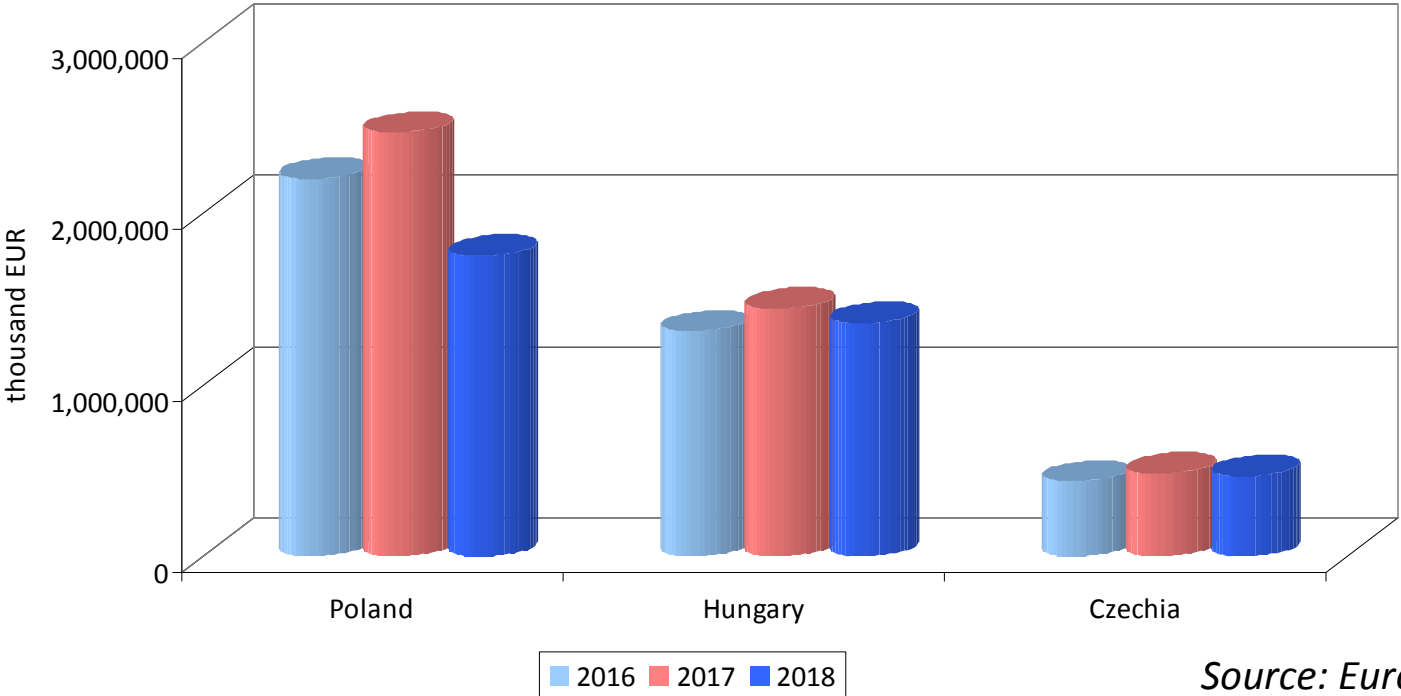
Send us your specific requirements and market research brief at europa@frdcenter.ro



Multi-country analysis: Production of medicaments and pharmaceuticals in Emerging Europe

Analysis example: The production of other medicaments of mixed or unmixed products in Poland, Hungary and Czechia has recorded year-on-year increases in 2017 followed by year-on-year declines in 2018, according to the FRD Center analysis using Eurostat data.

Production of other medicaments of mixed or unmixed products



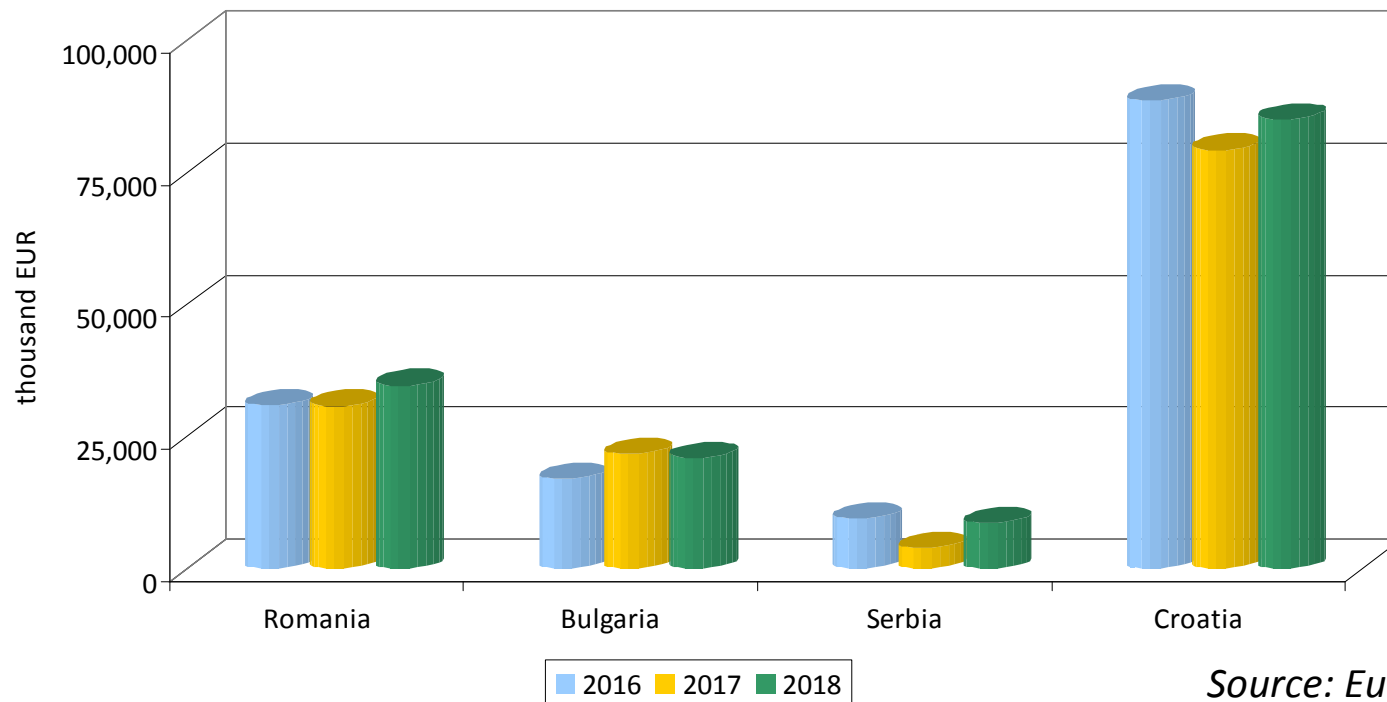
Source: Eurostat, FRD Center



Multi-country analysis: Production of medicaments and pharmaceuticals in Emerging Europe

Analysis example: Following the FRD Center analysis using Eurostat data, it results that the production of medicaments of other antibiotics in 2018 compared to 2017 has increased in Romania by 12.4%, in Serbia by 122.8% and in Croatia by 7.2% and has decreased in Bulgaria by 3.5%.

Production of medicaments of other antibiotics



Source: Eurostat, FRD Center



The largest producers of medicaments and pharmaceuticals operating in Emerging Europe - examples



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The Indian Group **Sun Pharma** has manufacturing facilities in Emerging Europe, in Romania and Hungary. Its Romanian subsidiary - Terapia - is the largest generic pharmaceutical company in the country. Terapia has recorded a net turnover of 157 mEUR in 2018, up by 9% compared to 2017. In Hungary, Sun Pharma manufactures APIs, intermediates and finished products which are sold on the domestic and foreign markets.

The logo for Zentiva features the word "ZENTIVA" in a bold, blue, sans-serif font, with the letter "e" in green.

The Czech-based pharmaceutical company **Zentiva** has production sites in Czechia and Romania. With a team of around 3,000 people, Zentiva is a high quality European medicines producer serving people in Europe, Middle East and Africa. Zentiva has registered in Romania a net turnover of 99 mEUR in 2018, up by 0.7% compared to 2017.

The largest producers of medicaments and pharmaceuticals operating in Emerging Europe - examples

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With HQ in Germany, **Sandoz** has manufacturing facilities in Emerging Europe, in Poland, Hungary and Romania. The Sandoz manufacturing unit in Romania has reached a net turnover of 77 mEUR in 2018, which according to the FRD Center analysis is up by 3% compared to the previous year.

Headquartered in Hungary, **Gedeon Richter** has pharmaceutical production facilities in Hungary, Poland and Romania. Gedeon Richter manufactures over 200 medicines, with the focus on gynaecological, cardiovascular and central nervous system products. Gedeon Richter Poland (Polfa) has around 740 employees and manufactures finished dosage drugs and solid form packaging products (tablets and capsules). Gedeon Richter Romania has recorded in 2018 a net turnover of 34 mEUR, up by 3% compared to 2017.





The largest producers of medicaments and pharmaceuticals operating in Emerging Europe - examples



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The French Group **Sanofi** has manufacturing facilities in Emerging Europe, in Poland, Hungary and Czechia. Currently, long-term rehabilitation works are in progress or planned in the Ujpest manufacturing site in Hungary. Opiant Pharmaceuticals has signed in July 2019 an agreement with Sanofi to manufacture Opiant's investigational agent for the treatment of Acute Cannabinoid Overdose in Sanofi Ujpest site in Hungary.



The Israeli-based **Teva Pharmaceuticals** Industries has production facilities in Eastern Europe, in Poland, Czechia, Hungary and Croatia. Teva has opened its Pliva manufacturing facility in Croatia in 2013 following an investment of 73 mEUR. The Teva unit in Czechia is specialised in the pharmaceutical and API manufacturing.

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Market research, B2B matchmaking, sector studies,
trade missions, investment opportunity research, M&A support.

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FRD Center assists international companies with overseas expansion and market entry to the Emerging Markets in Eastern Europe, CE and SE Europe.

Are you a foreign company looking to source, expand, build strategic partnerships or find new Clients in Eastern Europe?

As one of the pioneer privately owned market entry advisory firms in Romania, operating for 20 years, FRD Center has high competencies in market entry advisory and is quite well placed to assist foreign companies with a multitude of aspects related to market opportunity assessment, B2B matchmaking with local Decision Makers and M&A in Romania and the region.

This is a DEMO market analysis. For B2B matchmaking according to your specific needs, contact the FRD Center team at europa@frdcenter.ro

M&A in the pharmaceuticals sector in Emerging Europe – recent examples

According to the FRD Center analysis some of the recent M&A that took place in the pharma sector in markets in Eastern Europe are:

The Indian pharmaceutical manufacturer Aurobindo Pharma has completed in February 2019 the 74 mEUR deal to acquire Apotex's commercial operations and certain supporting infrastructure in five European countries, including Poland and Czechia. The acquisition is in line with its strategy to expand in Emerging Europe.

The Czech-based pharmaceutical group Zentiva has completed in May 2019 the acquisition of Romanian company Solacium, together with its subsidiary Be Well Pharma, from the Indian Group Siyaram Enterprises. Solacium has been part of Dr. Max Group and owned by Siyaram Enterprises along a Romanian local entrepreneur.

The Belgian pharmaceutical company Fagron has completed in August 2017 the acquisition of Kemig, a Croatian supplier of active pharmaceutical substances, auxiliary ingredients and raw material for application in the pharmaceutical industry.

The Indian company Ranbaxy Laboratories has acquired the Romanian pharmaceutical manufacturer Terapia in 2006. Currently, Terapia is part of the Sun Pharma Group as it has completed the acquisition of Ranbaxy Laboratories in 2015.



Conclusion

What are the opportunities presented by the markets in Emerging Europe? How to generate a multi-country in-depth market analysis?

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Are you a foreign investor / group looking to analyse and enter the Eastern European markets through an acquisition of a Romanian player? Are you looking to generate strategic partnerships with local players in countries such as Romania, Poland, Hungary, Lithuania, Bulgaria etc.?

Perhaps we can collaborate.

As one of the pioneer privately owned market entry advisory firms in Romania, operating for almost 20 years in this market, FRD Center has high competencies in multi-country market analysis and is quite well placed to assist foreign buyers with their **Deal Origination** and **Acquisition Target Search** in Romania and the region.

FRD Center has been assisting foreign investors with their market researches and competitive analyses in Romania and other markets in Emerging Europe.





Market Entry with FRD Center





For an offer of tailor-made market research and intelligence, deal origination, B2B matchmaking, background checks on players, competitive analysis, M&A consulting services in Romania and the region, contact:



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