

Bucharest, 18 January 2021

Coface Study: Revenues from the sector of retail with pharmaceutical products in specialized stores increased by 8% in 2019 compared to the previous year

In 2019, Romanians allocated 5% of their monthly income for purchasing medication

Strengths:

- More than half the companies (56%) registered an increase of the net result, while almost three quarters registered a net profit (76%)
- The debt level at the sector level of 72% is decreasing compared to previous years
- The average duration of debt collection decreased from 92 days, the level recorded in 2018, to 75 days in 2019, below the national average

Vulnerabilities:

- Around half the companies (47%) had an indebtedness level of over 80%
- 48% of companies registered a decrease in revenues by the end of 2019
- Autonomy in situations of major force of 92 days, decreasing from 146 days, value registered in 2018

A new study conducted by Coface Romania on the sector of "Retail with Pharmaceutical Products in Specialized Stores" (NACE 4773) indicates a positive evolution of revenues in 2019, which increased by approximately 8% compared to 2018, with a slightly higher profitability. The study aggregated the data of 3,999 companies that submitted their financial situation for 2019 (as of September 2020) and generated a consolidated turnover of 20.6 billion RON. The weight of the cumulative market share held by the most important 10 players is 33%, which indicates a low degree of concentration.

The companies operating in this sector registered a current liquidity of 1.12 during 2019, the working capital being exposed to negative shocks, in a context of volatility (lower revenues or non-collection of receivables). The average duration of debt collection in the analyzed sector increased from 62 days, the level registered in 2015, to 75 days in 2019, while the national level for the same period dropped from 98 days to 89 days.

"Taking into account the consumption trends from 2020, there are premises for increasing revenues in the sector in the year that has just ended. This aspect is also confirmed by the INS data regarding the turnover indexes in this sector, slightly increasing in 2020 compared to 2019. Liquidity could create difficulties in the evolution of companies, at a consolidated level, working capital, although positive, is quite low and can be exposed to the risks of non-collection of receivables", declared Nicoleta Marin, Senior Financial Analyst, Coface Romania.

According to INSSE, the average monthly expenses allocated for the purchase of medicines for human use increased by 14% in the first two quarters of 2020, compared to the same period in 2019. For example, if in Q1 2019, a Romanian allocated approximately 76 RON per month for purchasing medicines, the amount increased to 88 RON in Q1 2020.

From the perspective of pharmaceutical units, the largest number of pharmacies (1,236 ~ 15%) was found in 2019 in the North-East Region (Bacău, Botoșani, Iași, Neamț, Suceava and Vaslui). At the opposite pole was the West Region with 684 pharmacies. The trade balance for pharmaceuticals is negative, with imports more than four times the value of exports. Both have been slightly increasing in the last 3 years, the main partner for both exports and imports being the European Union with 71% of the value of exports, respectively 91% of the value of imports having the EU countries as destination/source.

"Despite the decrease of medication and pharmaceutical products sales during the state of emergency caused by the Covid-19 pandemic, the dynamics of retail in the pharma sector for the entire year of 2020 was positive, registering an annualized increase of almost 10%. The continuing upward trend in sales offsets the reduction in market margins and vulnerable working capital. Thus, the independent pharmacy represents a business with a high degree of attractiveness for entrepreneurs, generating a return on capital of almost 30%, twice above the national average", added Iancu Guda, Services Director, Coface Romania.

MEDIA CONTACT

Diana Oros – T +40/374 670 886 – diana.oros@coface.com

Coface: for trade

With over 70 years of experience and the most extensive international network, Coface is a leader in trade credit insurance and adjacent specialty services, including Factoring, Debt Collection, Single Risk insurance, Bonding and Information services. Coface's experts work to the beat of the global economy, helping ~50,000 clients build successful, growing, and dynamic businesses across the world. Coface helps companies in their credit decisions. The Group's services and solutions strengthen their ability to sell by protecting them against the risks of non-payment in their domestic and export markets. In 2019, Coface employed ~4,250 people and registered a turnover of €1.5 billion.

www.coface.com

COFACE SA. is listed on Compartment A of Euronext Paris.

ISIN Code: FR0010667147 / Mnemonic: COFA

