
Market report

***Healthcare & Pharmaceutical
sector in Austria***

StraxQ
6/2023

*Market report is divided into three main sections which will give you valuable insights into **Healthcare & Pharmaceutical sector in Austria**.*

Regional overview frames the report and discuss macroeconomic indicators. While Country perspective provides comparison between industry sub-sectors and different markets. Finally, Industry insights presents KPI's and concluding remarks.

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academy@straxq.com
www.straxq.com



.regional overview

Austria is struggling to attract foreign investments and capture more value from international trade. Apart from 2017, in which the net FDI inflows reached almost **12 billion €**, Austria has experienced significant disinvestments during the last 6 years.

.country perspective

Sector's turnover has increased by **1.7 billion €** in the last 6 years. The most significant rise has occurred in 2019, in which the YoY growth was **11.5%**. Despite the overall growth in the region, some countries are struggling to capture more value and the performance also varies across different sub-sectors.

Turnover CAGR (4y) in the Healthcare & Pharmaceutical sector is 4.66 %, with total value of 9.4 bln. €

Sector's employment is steadily growing, while retaining its labour productivity.

.industry insights

Despite the overall growth in Austria the performance varies across different sub-sectors. However, the added value is fairly distributed and most companies are achieving an exceptional share of Gross operating surplus on turnover.

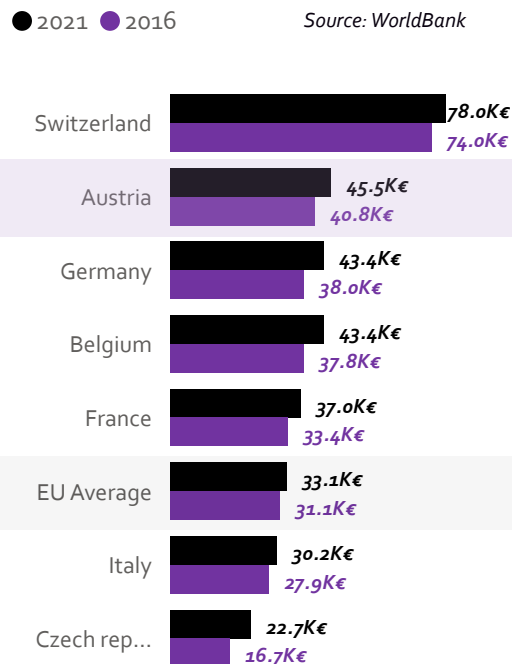
.Austria is struggling to attract foreign investments and capture more value from international trade

Austria is one of the leading countries among its regional peers and with **45.5K€** of GDP per capita it is well above EU average. Since 2016 the domestic product grew by **4,638€** which represents **2.18%** CAGR between 2016 and 2021. However, the growth rate was slightly better in the Czech republic, Belgium and Germany.

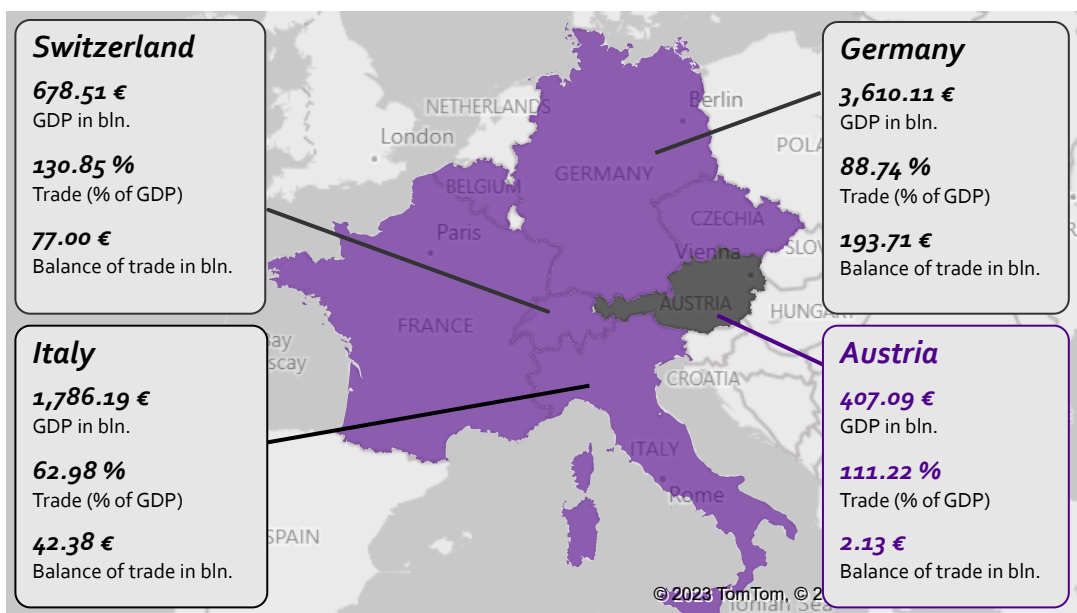
.impact of trade on GDP

The gross national product of Austria has annually grown by **4.6%** to a total value of **407 billion €**. International trade is an important aspect of a country's economic development and it represents **111.22%** share of GDP (sum of exports and imports measured as a share of GDP). Nevertheless, most countries in the region are able to generate more positive trade balances (difference between exports and imports).

Chart 1: GDP per capita (in thousand €)



Map: Regional overview with main indicators



.national Income Per Capita

(NIPC) has been steadily growing since 2012. It grew **from 31K€ to 36.3K€**, however in 2020 global disruptive events caused decline. Thus the 4y CAGR is skewed into lower values. Though, the drop in € exchange rates since 2014 disguised more volatile development.

Comparison with regional country group indicates a similar leading position as seen in chart 1.

4-year CAGR of National Income Per Capita of Austria is 0.13%

Apart from 2017, in which the net FDI inflows reached almost **12 billion €**, Austria has experienced significant disinvestments during the last 6 years. This is a worrying trend, which indicates decreased attractiveness of the local business environment. This is also

apparent from the overall .doing Business indicators, which will be discussed in the next chapter. Nevertheless, it is relatively easy and inexpensive to start a business in Austria. Though starting a business score of **83.2** out of 100 is one of the worst within the regional country group and EU.

.the inflation rate in Austria was **2.77%** (in 2021). Meanwhile the inflation peaked at **11.5%** in autumn of 2022, with current value of approximately **8.7%**. The percentage of GDP spent on R&D is another positive regarding Austria's macroeconomic performance. The value of **3.2%** (which is almost a double of the EU average of 1.7%) represents an outstanding attention to science and innovation. Lastly, only **38.7%** of firms in Austria rely on banks to finance their **working capital**. Which is a similar share compared to Germany, France or the EU average of **39.7%**.

Inflation rate

2.77 %

R&D expenditure
(% of GDP)

3.20 %

Starting a business score

83.20

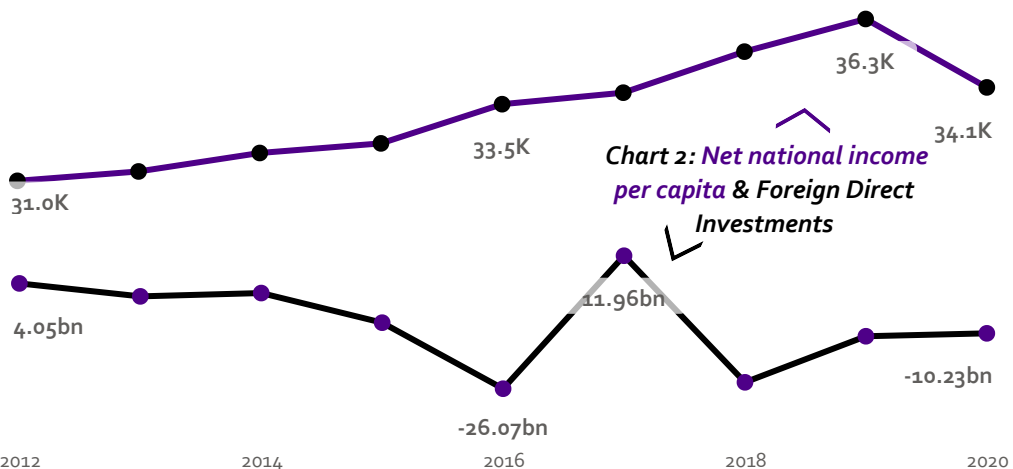
% of firms using banks to finance WC

38.7 %

Cost of business start
(% of GNI p.c.)

4.7 %

Source: WorldBank



.growth in the Austrian sector should've been faster

Sector's turnover has increased by **1.7 billion €** in the last 6 years. The most significant rise has occurred in 2019, in which the YoY growth was **11.5%**. Though with a total value of **9.4 billion €**, the sector is relatively small compared to its regional peers.

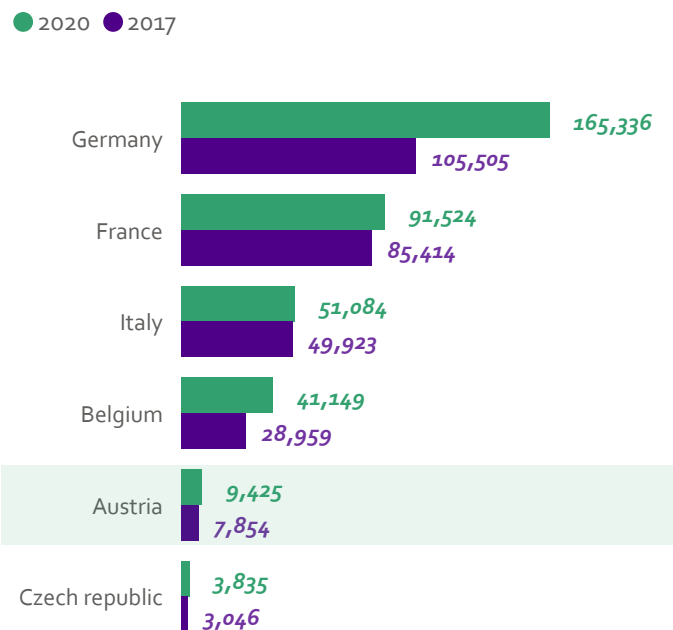
The most notable trend is the remarkable growth in Germany by **11.9%** and Belgium by **9.18%** (4y CAGR). Despite the overall growth in the region, countries such as Italy or France are struggling to capture more value.

Turnover CAGR (4y) in the Healthcare & Pharmaceutical sector is 4.66 %, with total value of 9.4 bln. €

.best performing subsectors

Despite the overall growth in the region the performance in Austria varies across different sub-sectors. With a total turnover of **3.6 billion €**, representing **38%** of the entire sector, the 'Manufacture of pharmaceutical preparations' sub-sector is the largest one in the industry. The sub-sector has achieved an excellent Gross operating surplus of **566 million €** and thus GOS on turnover ratio exceeding **15%**.

Chart 3: Sector turnover in the region (in mil. €)



Source: Eurostat

Chart 4: Sector's turnover development (in mil.€) compared to year-over-year turnover growth (%)

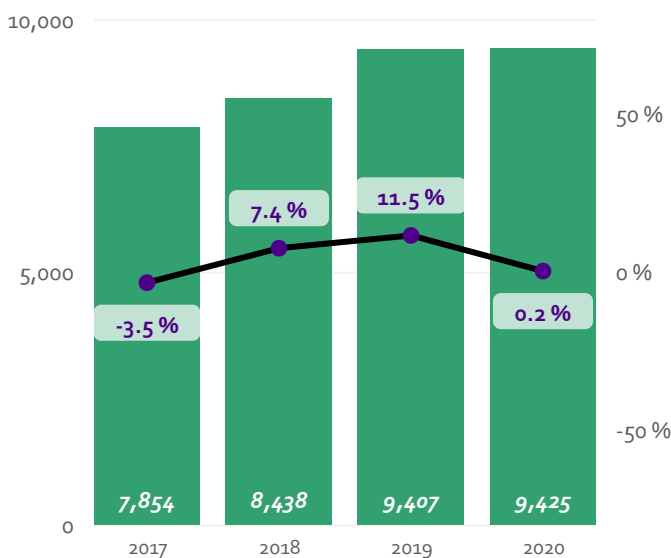
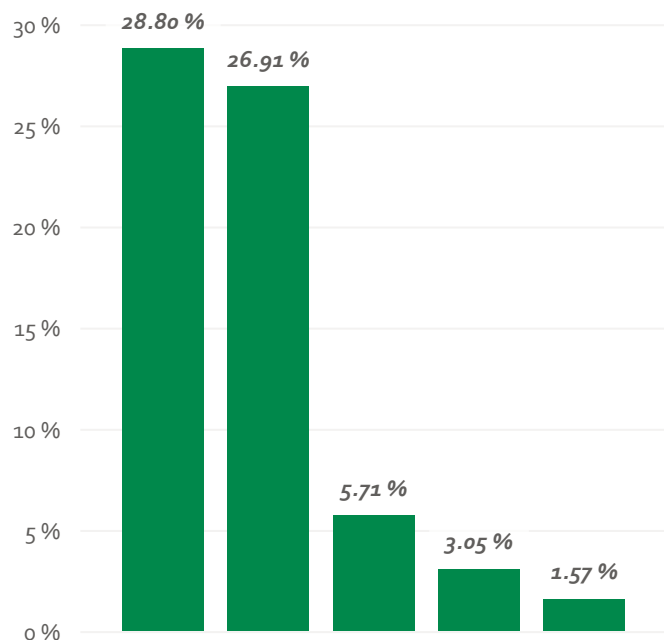


Chart 5 & Table 1: Top 5 best performing sub-sectors according to turnover YoY



Additional manufacturing sub-sectors worth mentioning are 'basic pharmaceutical products' and 'medical and dental instruments and supplies' which generated **2.5 and 1.1 billion €** in turnover respectively. Though both sub-sectors struggled with growth, the former sub-sector experienced YoY decline of **-5.78%** and the latter one **-4.79%**. 'Perfumes and toilet preparations' sub-sector has experienced an outstanding year, with an exceptional YoY growth rate of **26.91%** and also marvellous values in all analysed indicators.

.moreover, 'Research & Development on biotechnology' sub-sector was the only one which failed to retain a positive Gross operating surplus, though its YoY

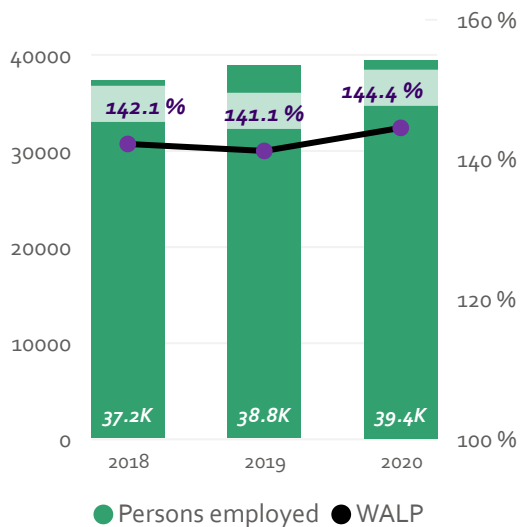
Sub-sector	Turnover (mil. EUR)	Turnover YoY	Gross operating surplus (mil. EUR)	Gross operating surplus /Turnover
Research and experimental development on biotechnology	303.7	28.80 %	-20.20	-6.60 %
Manufacture of perfumes and toilet preparations	334.8	26.91 %	41.80	12.50 %
Veterinary activities	475.7	5.71 %	161.20	33.90 %
Manufacture of soap and detergents, cleaning and polishing preparations	219.7	3.05 %	24.70	11.20 %
Manufacture of pharmaceutical preparations	3,600.8	1.57 %	566.50	15.70 %



.request a custom report with specific sub-sectors on our website

Source: Eurostat

Chart 6: Persons employed and wage adjusted labour productivity median



.sector's employment is steadily growing, while retaining its labour productivity

The chart 6 shows WALP a metric that takes into account both the value added and personnel costs of a business. Despite a slight decline in 2019, the Wage-adjusted labour productivity is still exceeding **140%** which is indicating a great efficiency of the sector's businesses. However, WALP of the 'Manufacture of medical and dental instruments and supplies' sub-sector is only **117%** due to a surprisingly high number of workers. Only **1418** employees i.e. **3.6%** of

Table 2: Top 5 employers by subsector

Sub-sector	Persons employed
Manufacture of pharmaceutical preparations	11508
Manufacture of medical and dental instruments and supplies	9091
Veterinary activities	6128
Manufacture of basic pharmaceutical products	5731
Manufacture of irradiation, electromedical and electrotherapeutic equipment	2566

Source: Eurostat

the entire sector's workforce is employed in the R&D, which might be underwhelming considering the country's overall expenditures into R&D.

.as mentioned in the regional overview section, Austria has decent business environment. With mediocre score and rank in overall .ease of doing business and combined tax rate exceeding **50%** it may not be the most favourable environment. Though only a few countries have more efficient judiciary systems, in which the enforcement of judgement takes only **90 days** and contract enforcement **397 days**.

.doing business

Source: Worldbank

.ease of doing business in Austria



17.1%

.profit Tax (% of profits)

34%

.labour Tax & contributions

.enforcement of judgment

90 Days



.enforcing contracts - Score

14%

.attorneys fees

(% of claim)

Despite the overall growth in Austria the performance varies across different sub-sectors. Some had an outstanding year, even exceeding regional performance benchmarks. On the other hand, sub-sectors such as 'Manufacture of medical and dental instruments and supplies' are not efficient enough which is hindering further growth. The added value is fairly distributed across the sector and most companies are achieving an exceptional share of Gross operating surplus on turnover.

3.2K

.total number of active enterprises is stable. Interestingly, there are **only 99 companies** in the 'Manufacture of pharm. preparations' sub-sector, which indicates a high level of concentrated control. Though, **52%** of the enterprises are from the 'veterinary activities' sub-sector

2.9M€

.average turnover per company is steadily growing from the initial value of **2.5 million €** in 2015. However, companies in 'veterinary activities' are averaging only 252K€.

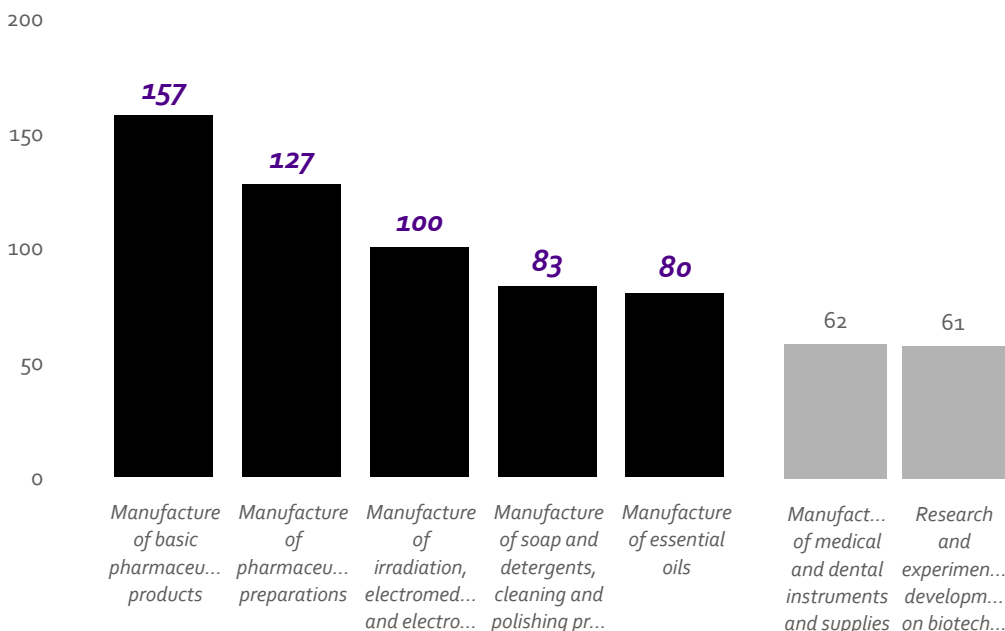
0.54K€

.average personnel costs per employee are relatively low due to the dominance of manufacturing sub-sectors within the industry.

2.2K

.average turnover per employee in the Healthcare & Pharmaceutical sector has increased by **0.6k** since 2015.

Chart 7: Top 5 & Bottom 2 subsectors according to gross value added per employee (thousand €)



**.data sets**

Annual detailed enterprise statistics for services

**.data sets**

World Development indicators / Doing Business / Worldwide Governance indicators / Global Economics Prospects

Data**.regional overview.macroeconomics.map&Chart 2**

country_name	GDP in bln.	Trade (% of GDP)	Balance of trade in bln.	Net National Income per Capita	FDI
Austria	407.09 €	111.22 %	2.13 €		10,446,272,348.18
Belgium	503.48 €	172.67 %	5.60 €		20,370,179,940.45
Czech republic	238.79 €	142.50 %	7.24 €		6,450,694,134.32
EU Average	803.18 €	126.83 %	32.80 €		15,115,536,508.62
France	2,506.68 €	60.84 %	-31.23 €		74,938,661,602.95
Germany	3,610.11 €	88.74 %	193.71 €		62,418,912,951.24
Italy	1,786.19 €	62.98 %	42.38 €		16,026,694,972.36
Switzerland	678.51 €	130.85 %	77.00 €		7,891,668,422.18

.regional overview.macroeconomics.indicators

country_name	Inflation rate	R&D_expenditures	Costs_business_start	Banks_WC	Sum of Value
		▼			
Belgium		3.48 %			3.48
Austria		3.20 %			3.20
Germany		3.14 %			3.14
France		2.35 %			2.35
EU Average		1.72 %			1.72
Italy		1.53 %			1.53

.charts & tables

Chart 1: GDP per capita

Chart 2: Net national income per capita

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Chart 5: Top 5 best performing sub-sectors according to turnover YoY

& Table 1: cont. chart 5 & gross operating surplus

Chart 6: Persons employed and wage adjusted labour productivity median

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.indicators

Balance of trade - difference between the monetary value of a nation's exports and imports

Enterprise birth rate - number of births as a percentage of the population of active enterprises.

Trade as % of GDP - Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product.

Wage-adjusted labor productivity (WALP) - metric that takes into account both the value added and personnel costs of a business

Abbreviations

CAGR - compounded annual growth rate

EU - European union

FDI - Foreign direct investments

GNI p.c. - Gross national income per capita

GOS - Gross operating surplus

NIPC - National income per capita

R&D - research and development

ROI - return on investment

YoY - Year over Year

WALP - wage adjusted labour productivity

WC - working capital