



**Polish laboratory diagnostics
market expected to be worth PLN
1.4bn in 2012**

A range of factors will stimulate the growth of the in vitro (laboratory) diagnostics market in Poland in the next few years. These will include the transformation of healthcare units into companies bound by commercial law, a more extensive choice of health insurance products available in the country, European funds and the need to comply with EU requirements, which should be assured by healthcare facilities in the very near future. As a result, the market will reach a CAGR of almost 10% for the years 2009-2012.

More modest rate of growth expected in 2010

According to PMR estimates, in 2009 the IVD (in vitro diagnostics) market was worth more than PLN 1bn (€246m). During the current year, the rate of growth on the market will slow down as a result of increased difficulties faced by the National Health Fund (the NFZ). These are certain to have an adverse effect on the funding of healthcare benefits. However, given the wide range of market growth factors, PMR forecasts that the IVD market will see a high CAGR, of around 10% between 2009 and 2012, of the order of almost PLN 1.4bn (€320m).

Weakening of zloty unfavourable for in vitro manufacturers

In the opinion of representatives of companies interviewed for the purposes of the report, the crisis did not have a significant impact on the volume of orders. In most cases, IVD companies conclude agreements with the public healthcare sector, which has been less exposed to the adverse effects of the crisis in comparison with the private sector. In the words of Monika Stefanczyk, Head Pharmaceutical Market Analyst at PMR: *"However, this does not mean that companies have not faced any problems, as enterprises which settled transactions in the euro or the US dollar were actually harmed."* In addition, the crisis has taken a toll on a number of state institutions which receive money from the Treasury less regularly and in smaller amounts. Foreign exchange movements were particularly difficult for the IVD market because companies operating in this arena buy some, or even all, of their products from foreign markets as imports or internal transactions between the branch offices of large concerns.

Management of hospital debts crucial for laboratory diagnostics market

Over the past five years, the Polish IVD market has been subject to fluctuations, caused primarily by the instability of the Polish medical system. In 1999, the past due and enforceable debts of Polish hospitals (past due liabilities which must be repaid) came to an unprecedented PLN 8.4bn (€2bn). During the same year the Polish government commenced a debt relief initiative to settle hospitals' debts to the State Treasury. As a result, the legally enforceable debts were reduced to PLN 1.8bn (€450,000) in 2000. However, a failure to carry out the reforms along with the debt relief initiative significantly increased the debt levels of healthcare facilities again to PLN 5.9bn (€1.3bn) in 2004. Simultaneously, the total debts of hospitals, including amounts owing but not yet past due, exceeded PLN 10bn (€2.2bn). As the financial problems experienced by hospitals mounted, the Polish government once again provided support from the state budget. This time, however, the debts of hospitals were also subject to restructuring, and this resulted in the suspension of payments owed to IVD companies and other institutions. Consequently, in 2005 IVD sales suffered and the market's monetary value remained at approximately the same level during the following year.

In total, the market CAGR was only 1% for the period 2005-2007, before recovering to more than 10% in 2008.

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