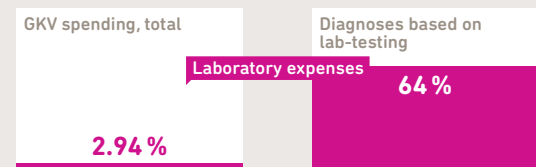


The diagnostics industry and Healthcare

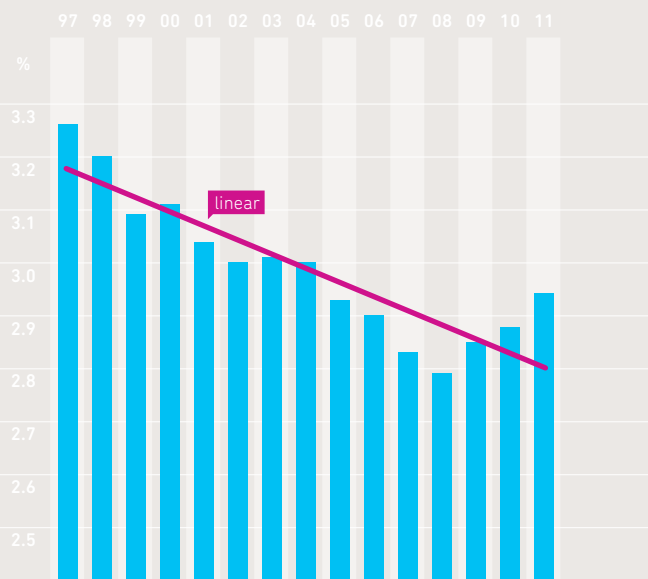
Low costs — high benefits



Since 1997, laboratory expenses as a percentage of total GKV costs have fallen from **3.26% to 2.94%**, i.e. by almost 10%. At the same time, the number of lab tests performed has increased substantially.

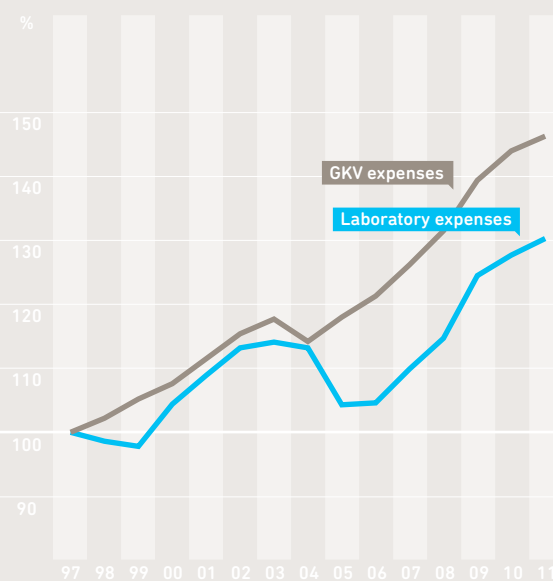
The diagnostics industry drives these **efficiency gains** through the pressure on the prices for its products. In a worldwide comparison, Germany has the lowest prices for a large number of laboratory parameters¹.

Lab tests as a percentage of GKV expenditure



Data: Federal Statistical Office ¹Borges 2011

Expenditure dynamics | indexed



Health policy decisions are often taken against the backdrop of a **rise in spending** in Statutory Health Insurance (GKV). Official statistics show that the costs of laboratory testing are not driving the spending increase. Over the past 15 years, total GKV expenses have risen by 46%, while spending on laboratory tests has increased **by only 30%**, (i.e. for lab tests the spending increase was slower by one third).

Data: Federal Statistical Office

The VDGH represents the interests of over 90 companies operating in Germany: **diagnostics companies** and **manufacturers of reagents and diagnostic systems** for life science research, the so-called **life science research sector**.



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Status: August 2013

AT A GLANCE

Facts & figures on the diagnostics and life science research industry 2013



Markets and growth

The VDBG groups together over 90 member companies that manufacture and sell diagnostics and life science research (LSR) products. In terms of sales, the VDBG member firms make up about 90 percent of Germany's diagnostics market and account for approx. 56 percent of the German LSR market.

The diagnostics industry

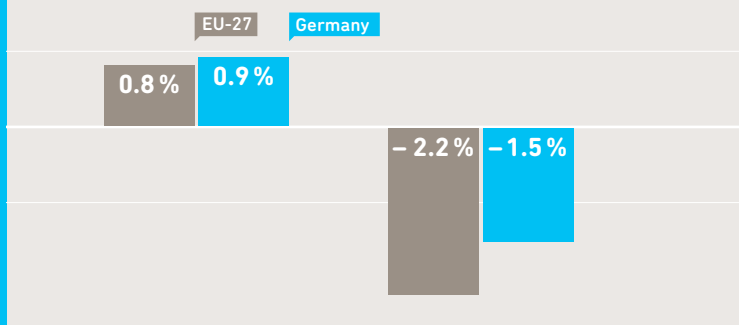
manufactures reagents, test kits, instruments and analyzers. These are medical devices, so-called in vitro diagnostics (IVDs), that are used to examine body fluids and tissues outside the human body. In vitro diagnostics are employed in hospital laboratories, in specialized laboratory practices, and in the private laboratories of community-based doctors. In some cases, they are used by the patients themselves, for instance to measure blood glucose levels.

The life science research industry (LSR)

develops and sells instruments, reagents, test systems and consumables for basic and applied research in all areas of the life sciences. LSR products are used, inter alia, in biotechnology and diagnostics, drug research, food testing laboratories, and forensics. The diagnostics industry is active in the highly regulated markets of our healthcare system. The market of the LSR industry is more diversified by comparison, and investment in research by industrial customers and government research funding play an important role.

Growth IVD market in a European comparison

2010/11 2011/12



Sales in the German diagnostics market came to **€ 2.14 billion** in 2012. Germany is the largest diagnostics market in the European Union (EU). The market dynamics look quite different. In the European perspective, Germany was not among the growth drivers in the years 2011 and 2012: sales in the German market dropped by 1.5% in 2012. Restrictive laboratory fees for community-based doctors were among the main underlying reasons.

Sales in the LSR market in Germany amounted to **€ 1.72 billion** in 2012. Compared with the previous year, a sales decline by 3.3% was recorded.

Sources: EDMA (preliminary figures), VDBG



In 2012, the diagnostics industry employed about **21,000** people and the LSR industry around **11,200** people. The number of persons employed in these industries has climbed steadily in recent years. Research and development (R & D) has accounted for somewhere **between 12 and 15%** of this workforce over the past five years, putting it among the leaders for all of German industry in this respect.

What we offer

- 70% of the companies research and manufacture in Germany
- a sector resilient to crisis, with highly qualified employees
- rising employment numbers and more than 1,000 training positions
- stable investments

What we need

- sound framework conditions in the home market Germany
- research-friendly policies
- faster access to innovations in health care
- further development of the European IVD legislation

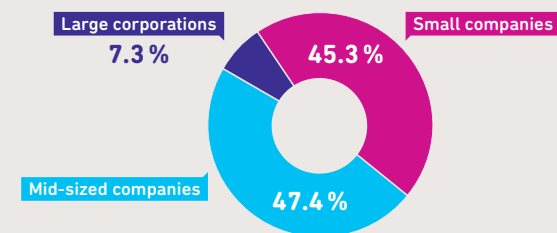
Employment and Sector structure

There is a wide range in the sizes of the companies. The sector includes small firms (up to 49 employees), mid-sized companies (50 to 499 employees) and international corporations (more than 500 employees).

The dominant groups in terms of percentage are small firms (45.3%) and mid-sized companies (47.4%). Only 7.3% of companies are large corporations with over 500 staff.

Small and mid-sized enterprises (SMEs) are the **backbone of the diagnostics and LSR sector**. They are very much dependent on their entrepreneurial initiative not being smothered by bureaucracy and by ever more demanding regulations for market access.

Structure of the IVD and LSR sector

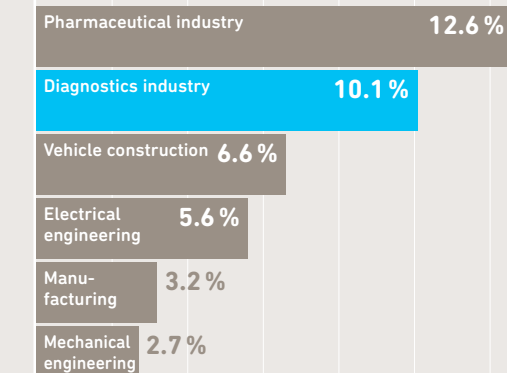


Source: VDBG

Research and development

R&D spending | Percentage of sales

2010



About **10% of domestic sales** in the diagnostics industry is ploughed back into research and development. This percentage is well above that of other sectors and is topped only by the pharmaceutical industry.

53% of diagnostics companies are planning to expand their research investment in 2013: **Germany as a center of innovation** deserves a great deal of trust and confidence.

Sources: Stifterverband, VCI, VDBG