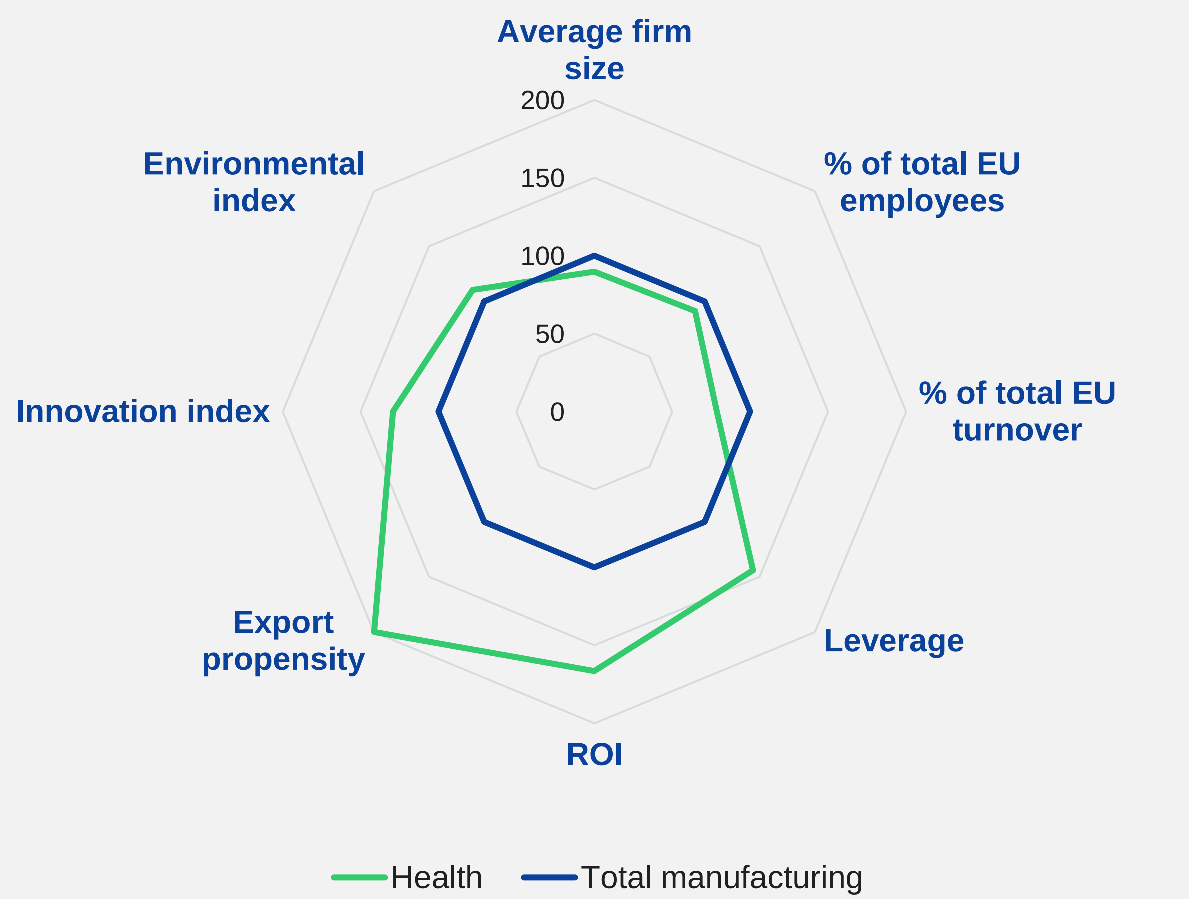
The Health industry in Italy

Sector Kit 2024

Overview



Source: Eurostat, Prometeia

Key Insights

- The Italian Health industry is characterized by **small companies** with **remarkable export propensity, high profitability and sound financial conditions**, which is particularly noticeable when compared to the manufacturing benchmark data.
- The Health sector is **brilliant in terms of innovation activities and sustainability** with respect to the Italian manufacturing industry, although improvements in the sector's carbon footprint are still required to reach the lower levels of the main EU countries' emissions.

Number of firms and sector characteristics

Year 2022		Number of enterprises	Turnover mln €	Number of employees
Health	Value	16 919	56 041	156 855
	% on total manufacturing	*4.6%*	*4.1%*	*4.1%*

Breakdown by subsector

		Number of enterprises	Turnover mln €	Number of employees
Electromedical equipment	Value	607	4 028	12 789
	% on total sector	3.6%	7.2%	8.2%
Pharmaceutics	Value	505	39 018	74 318
	% on total sector	3.0%	69.6%	47.4%
Medical instruments and supplies	Value	15 807	12 996	69 747
	% on total sector	93.4%	23.2%	44.5%

Breakdown by firm size class[1]

		Number of enterprises	Turnover mln €	Number of employees
Micro	Value	15 853	3 202	29 082
	% on total sector	93.7%	5.7%	18.5%
Small	Value	616	2 551	14 020
	% on total sector	3.6%	4.6%	8.9%
Medium	Value	286	6 759	25 312
	% on total sector	1.7%	12.1%	16.1%
Large	Value	164	43 529	88 442
	% on total sector	1.0%	77.7%	56.4%

Source: Prometeia Structural Database

Key Insights

- With **almost 17 thousand companies**, which employ around **157 thousand workers**, and **a turnover exceeding 56 billion euros** in 2022, the Health industry represents a relevant sector in the Italian economy, making up for **4.1% of the total manufacturing turnover**.
- The 505 companies operating in the **Pharmaceutics subsector** make around **70% of the industry's total turnover** (around 39 billion euros in 2022).
- **Micro and small companies represent more than 97% of the total number of enterprises** in the sector, even though large companies account for 77.7% of the total turnover and 56.4% of employees.

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1. As a reference, manufacturing in Italy has the following structure:
   - Number of enterprises: Mic. 84.9%, Sm. 10.8%, Med. 3.3%, Large 1%
   - Turnover: Micro 8.6%, Small 12.4%, Medium 18.7%, Large 60.3%
   - Number of employees: Mic. 26.7%, Sm. 21.7%, Med. 19.7%, L. 31.9%

Specialized districts or regions

Top 5 region by specialization, 2021	Specializ. index[1]
Veneto	**1.8**
Lombardia	**1.3**
Lazio	**1.2**
Toscana	**1.2**
Emilia-Romagna	**1.2**

Top 5 region by number of empl., 2021	Number of employees
Lombardia	**37 966**
Veneto	**25 820**
Lazio	**16 299**
Emilia-Romagna	**14 945**
Toscana	**11 461**

Source: Istat

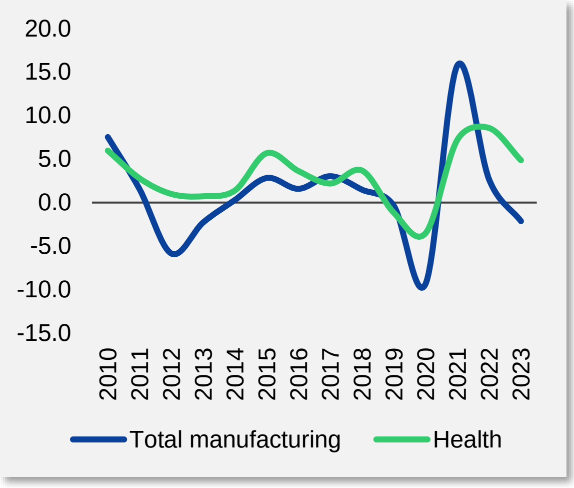
Key Insights

- **Specialized regions** in the Health industry are predominantly concentrated in **Northern and Central Italy**. **Veneto** tops the ranking with a specialization index of 1.8, **significantly surpassing** other regions. Lazio, third region in the specialization ranking, is prominent for its pharmaceutics production in Latina, whereas Emilia-Romagna is known for its biomedical district in Mirandola.
- **The region employing the largest number of workers in the Health industry is Lombardia**, with almost 38 thousand employees. Veneto, the most specialized region, takes the second place with around 26 thousand employees. Lazio completes the podium with more than 16 thousand workers employed in the sector.

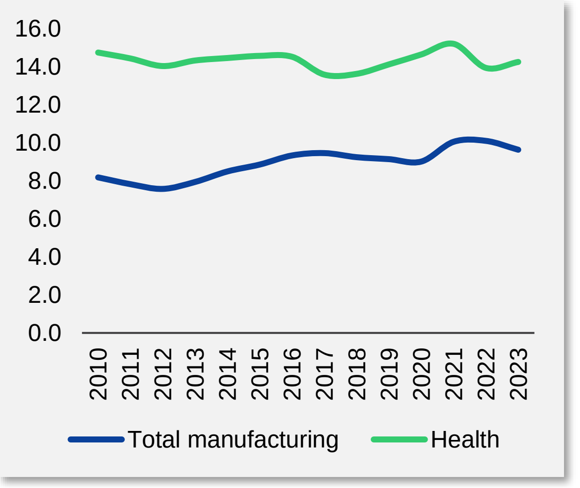
1. Here, the Specialization Index is calculated as the ratio between a region's sector-specific number of employees as a percentage of total regional number of employees and the same ratio at the national level. A region is considered specialized when the index value exceeds 1.

Industry financials

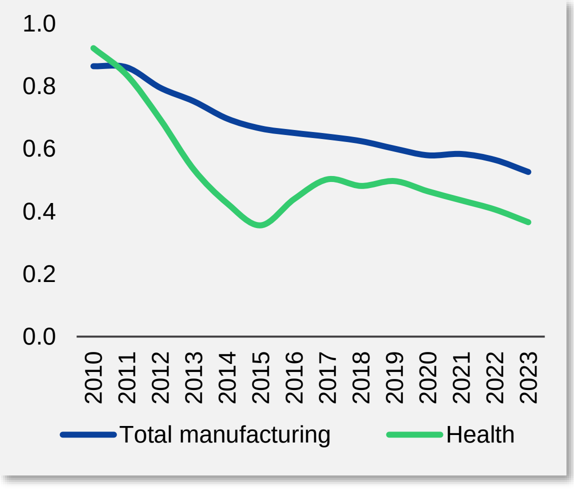
***Turnover** (Constant Prices, YoY change %)*



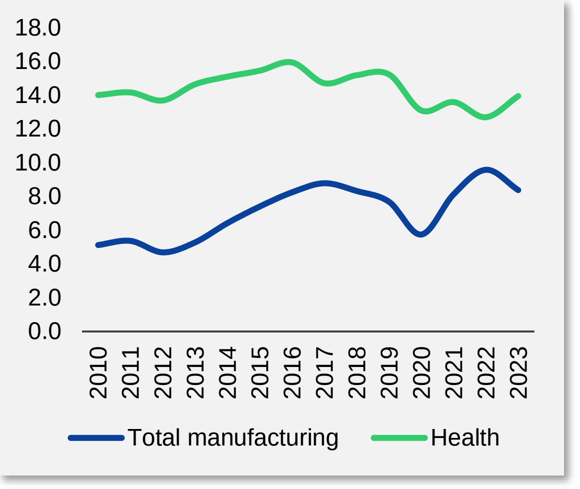
EBITDA



Leverage



ROI

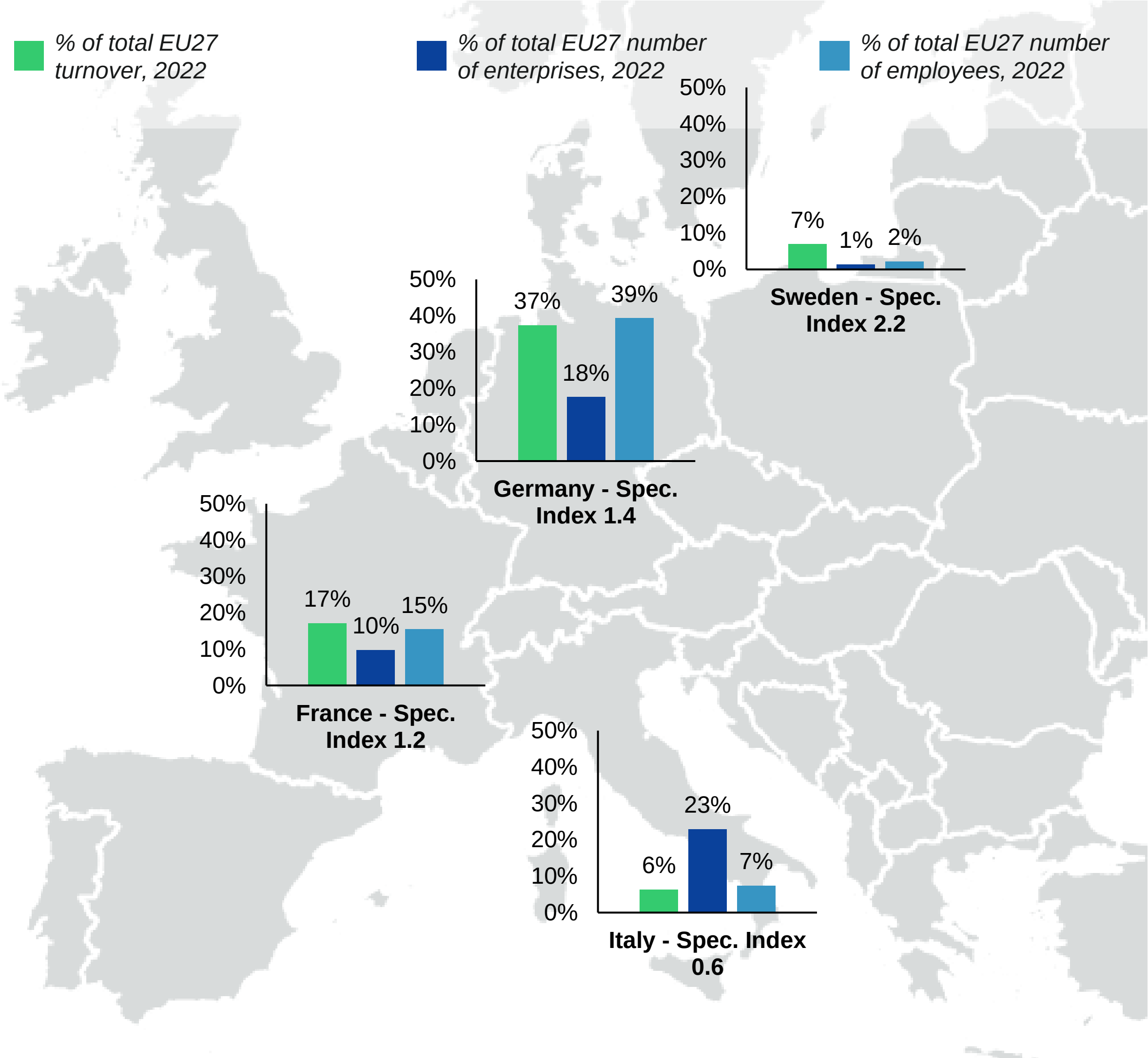


Source: Prometeia Financials Database

Key Insights

- Prior to the pandemic, the Health industry exhibited a **positive revenue performance** with moderate growth rates. **Following the pandemic**, the sector maintained a **relevant and positive growth**, driven by **increased attention to health**.
- Following a substantial **enhancement** in **financial stability** from 2010 to 2016, the trend reversed in the years leading up to the pandemic, while not reaching critical levels. Since 2020, leverage ratios have begun to decline once more.
- Historically, the Health sector has demonstrated **superior profitability** metrics compared to the manufacturing industry. In 2023, both ROI and EBITDA indicators are projected to show a slight increase, contrary to the benchmark.

International benchmarking



Source: Eurostat, Prometeia Structural Database

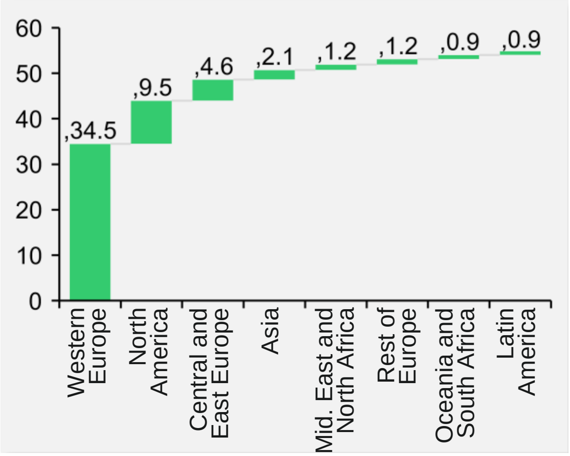
Key Insights

- The Italian Health industry plays a relevant role at the European level as well, placing itself in the top 5 of the EU27 countries ranking for employees, enterprises, and turnover of the sector.
- **Italy represents the country with the highest number of companies active in the sector**, with a coverage of about 23% of the total number of Health enterprises in EU27 countries.
- Although in terms of representation Italy is a major component of the health industry at the European level, in terms of revenues the country is not particularly specialized in the sector.

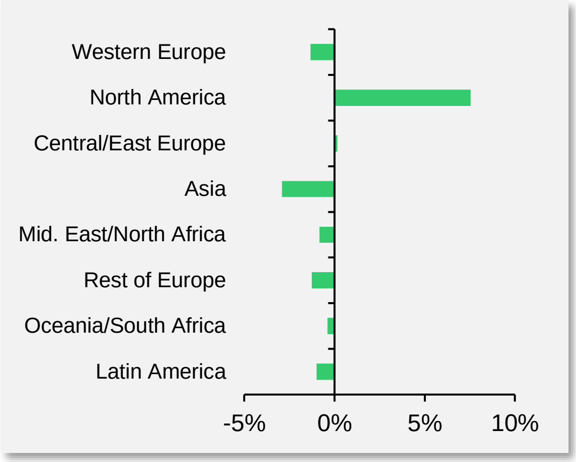
1. Here, the Specialization Index is calculated as the ratio between a country's sector-specific turnover as a percentage of total national turnover and the same ratio at the EU level.
A country is considered specialized when the index value exceeds 1.

International trade

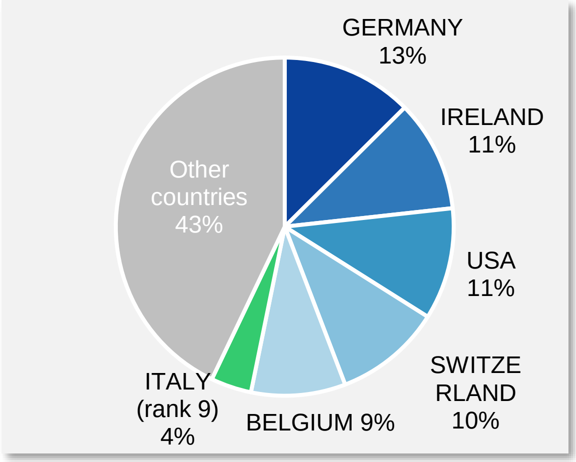
Italian export by area of destination Bln $, 2022



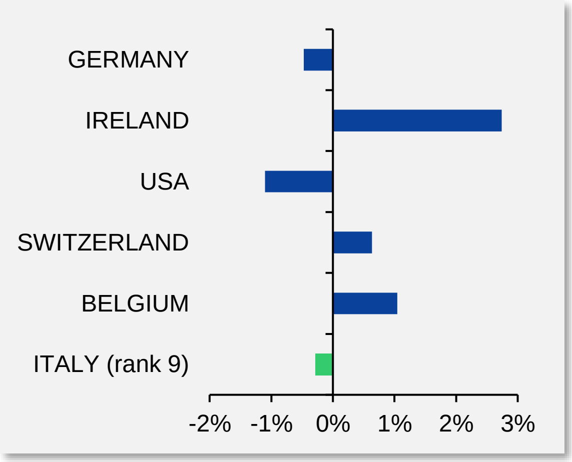
Italian export by area of destination Var 2013-2022 of the share



World main exporters % on total world exports, 2022



World main exporters Var 2013-2022 of the share



Source: Prometeia Fipice Database

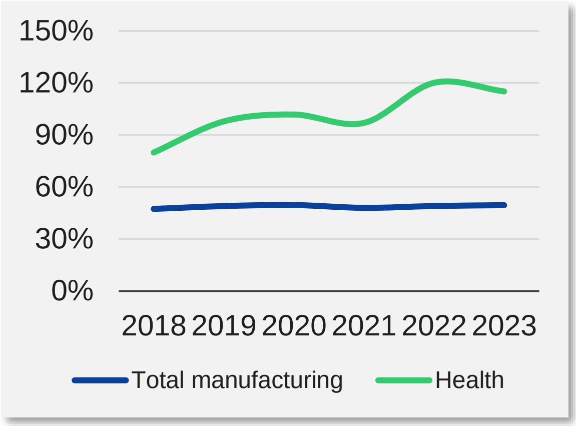
Key Insights

- In 2022, **Western Europe represents the main area of destination** for Italian exports in the Health industry (around 34 billion dollars), although Italy has lost about 1% of its market share in this region over the last decade. **North America**, instead, **has grown in importance over the years as a destination market**, gaining 8% of the Italian Health industry export share since 2013 and taking the second place in the recipient ranking in 2022, with approximately 9 billion dollars.
- Globally, **Italy is the 9th exporter of Health products**, with a 4% total export share in 2022, **slightly losing out in the last ten years** (-0.3% with respect to its 2013 share).

Competitive advantages of Italian firms

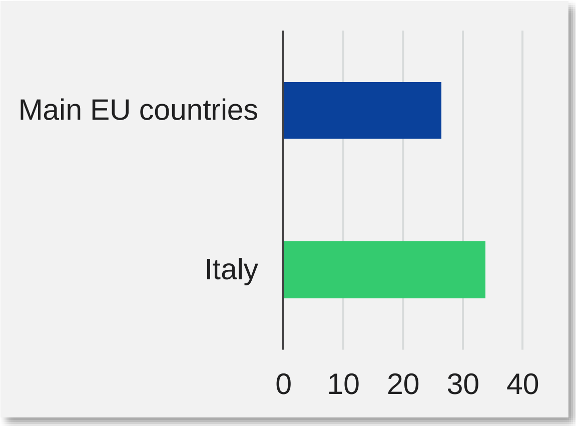
Export propensity

(ratio between exports and production value)



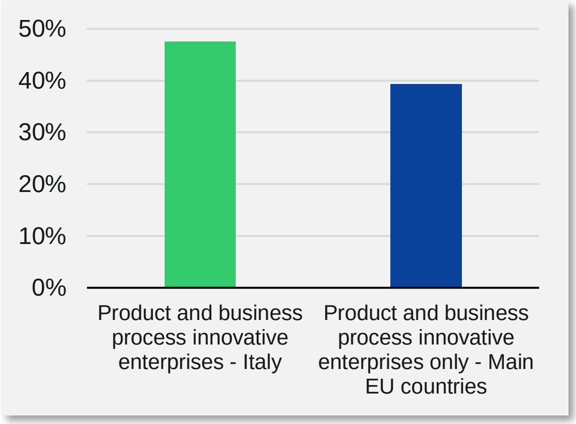
Emission intensity

(GHG grams per € of value added)



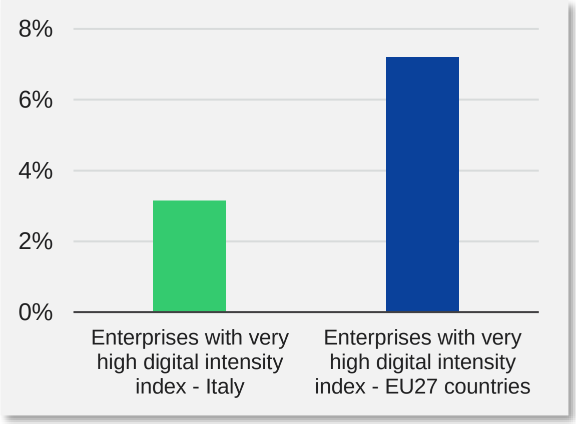
Innovation propensity

(% of innovative firms on the total)



Digital intensity

(% of digitally advanced firms on the total)



Source: Eurostat, Prometeia Economics Database

Key Insights

- The Health industry has historically shown a **remarkable propensity to export, mainly due to the pharmaceutical subsector:** since 2020, the sector has started to exceed 100% of exports over turnover, reaching 120% in 2022.
- Italian enterprises in the Health sector have shown a **good attitude towards innovation**, with the share of product and business process innovative companies approaching 48%, higher than the average of the main EU countries. As for digitalization, Italian companies lag behind the EU: only **3% of companies have a very high score in digital intensity**.
- Finally, the performance of Italian **Health enterprises** in terms of **GHG emissions** per euro of output produced **shows room for improvement**.

Notes

Industry definition

- The analysis encompasses activities classified under NACE Rev.2 codes C21, C26.6, C32.5.

Data sources

- Information on the industry structure, characteristics, trade data, and financials are sourced from official statistics (Eurostat, ISTAT) and Prometeia Databases (Structural, Financials, Economics, Fipice).
- Financial data for the year 2023 are estimates based on currently available information.

Overview

- The radar chart on page 3 illustrates the industry's positioning relative to the entire Italian manufacturing sector across various indicators. The manufacturing index is standardized to 100, and the index value for the specific sector indicates its performance against this benchmark. An upper limit of 200 is set to facilitate graphical representation.

International Benchmarking

- The charts on page 7 present data for the top four countries in the European Union by sector turnover.
- Some EU countries do not provide complete information; however, this limitation is confined to smaller countries and does not affect the reported rankings.

Competitive advantages of Italian firms

- *Export propensity* is calculated as the ratio of export value to production value within the sector.
- *Innovation propensity* is an index representing the percentage of "innovation-active enterprises" over the total number of respondents to the Eurostat Community Innovation Survey (CIS), referring to 2020.
- The *Digital Intensity Index* (DII) is a composite indicator, derived from the survey on ICT usage and e-commerce in enterprises. Here, the share of enterprises with high or very high digital intensity as of 2021 is represented.
- *Emission intensity* is calculated as the ratio between GHG emissions of the sector in grams and the industry's production value (or gross value added, depending on the most relevant indicator) at current prices, based on data from 2021.