

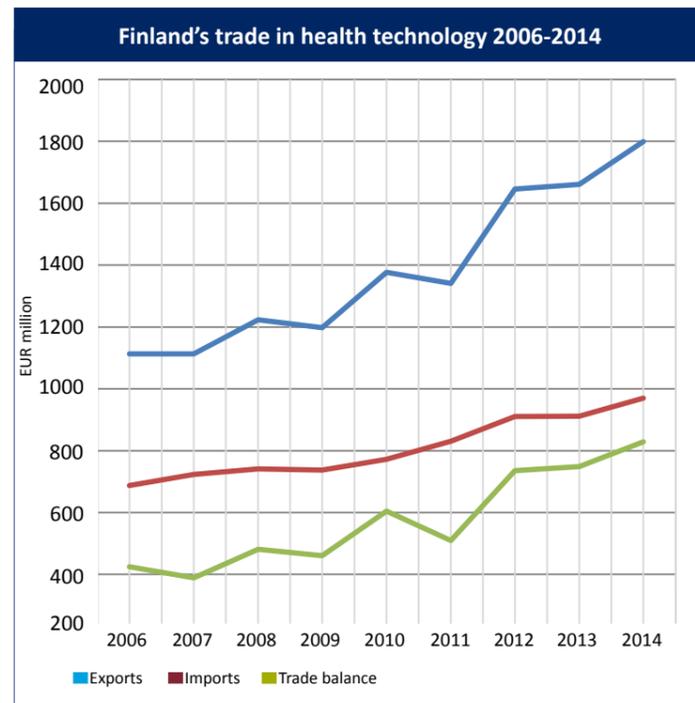
Finland's health technology trade 2014



Exports of Finnish health technology grew strongly to a record EUR 1.8 billion in 2014

Product exports grew 8.3%, trade surplus increased 10.7% to EUR 829 million

Strong demand for Finnish health technology product led to record exports of EUR 1.8 billion in 2014, an increase of 8.3%. Imports rose at a slower rate, leading to another record trade surplus of EUR 829 million. Health technology is the largest high-tech export segment in Finnish industry, representing 47%* of Finland's total high-tech product exports (EUR 3.8 billion, 2014).



2014 was a very successful year for Finland's trade in health technology goods, with the value of exports rising to a record EUR 1,800 million, growth of 8.3% compared to 2013. Imports of health technology products increased 6.4% to EUR 970 million in 2014. The stronger rise in exports compared to imports led to another record trade surplus in health technology of EUR 829 million in 2014, a year-on-year growth of 10.7%.

The net growth of 8.3% in health technology exports was mainly due to 10.3% growth in exports of medical equipment, in particular electromedical equipment, and 6.4% growth in exports of diagnostic reagents and equipment. Exports of less R&D-intensive products, such as hospital beds and sterilization equipment, declined by 17%.

Finland enjoys large trade surplus in most health technology segments

The biggest contributor to the net EUR 829 million trade surplus in 2014 continued to be Finland's traditionally strong Medical Equipment segment, which contributed EUR 773 million to the total. Finland enjoys a large trade surplus in all health technology product segments except medical implants.

Long-term export growth in health technology sector

In health technology, Finland has achieved long-term export growth while generating a significant and growing trade surpluses. Average growth over the five-year period 2009-2014 has been 8.5%. This high figure represents a successful rebound from the financial crisis.

A longer, 8-year analysis, including the years prior to the crisis, shows average growth of 6.2%. Over the same 8-year period, imports grew 4.4% annually. The net trade balance has doubled in the same timeframe, growing 9% annually.

Effects of EUR:USD exchange rate negligible

Since many of the world's leading health technology manufacturing companies are US-owned or integrated into the supply chains of US companies, global trade in the health technology is predominantly referenced to the value of US dollar.

Although the euro-dollar exchange rate was extremely volatile during 2014, the overall net effect on trade statistics was likely negligible since the average euro-dollar exchange rate was essentially unchanged compared to 2013.

A weakening of certain currencies against the euro could partially explain a reduction in exports to Japan and Russia in 2014.

From trade statistics the health technology industry can be examined by the following segments and sub-segments:

- Medical Equipment: electromedical equipment, Accessories and supplies; ventilation equipment and supplies; X-ray equipment and MRI-related equipment; dental drills and other dental equipment.
- In-vitro Diagnostics (IVD): reagents and supplies
- Medical Furniture: hospital operating tables and beds; dental chairs and furniture; sterilization equipment;
- Medical Implants: medical implant devices; wearable devices

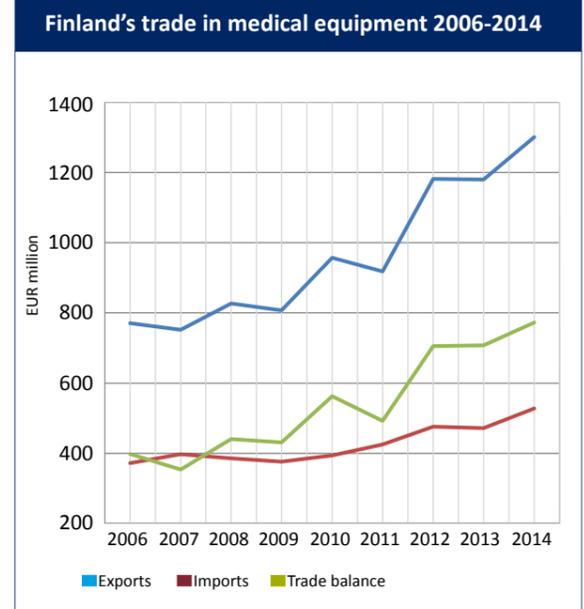
The Medical Equipment segment

In 2014, exports of Medical Equipment rose 10.3% to EUR 1,301 million. Medical Equipment is the dominant health technology segment in Finland, accounting for 72% of product exports in 2014. Imports of Medical Equipment rose 11.2% to EUR 528 million.

The trade surplus in the Medical Equipment segment increased to EUR 773 million, accounting for 93% of the net trade surplus in 2014.

Electromedical equipment accounted for 75% of Medical Equipment exports, with X-ray and other imaging-related equipment accounting for the bulk of the remainder.

Exports of electromedical equipment (which includes patient monitoring products), rose by 17.1% to EUR 975 million, while exports of X-ray and other imaging equipment declined by 8% to EUR 295 million. 72% of Finland's imaging product exports are of dental imaging equipment in 2014.

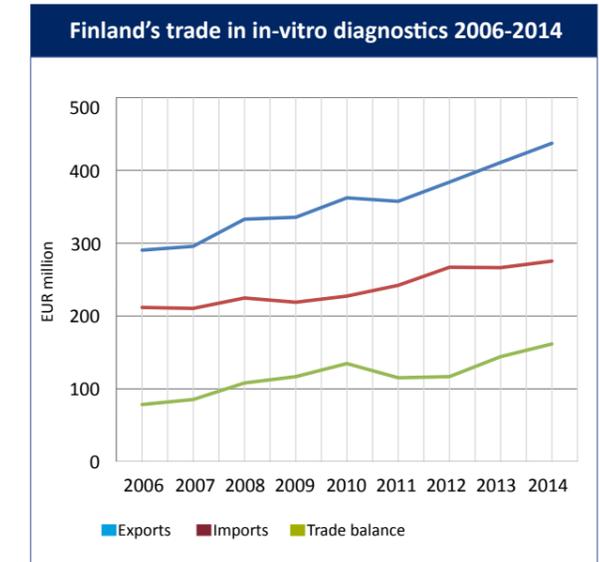


The In-Vitro Diagnostics segment

In 2014, exports of In-vitro Diagnostics (IVD) rose 6.4% overall to EUR 437 million. Exports of both diagnostic equipment and reagents equally contributed to the growth.

Over the past decade, diagnostic reagents have been an exceptional export success story for Finland. Although the growth rate has slowed in recent years, exports of reagents exceeded EUR 200 million for the first time in 2014 and are now 48% of total In-vitro Diagnostic exports. With increased demand for the past three consecutive years, the diagnostic equipment area appears to have returned to sustainable growth.

The IVD segment made a positive contribution of EUR 162 million to Finland's balance of trade in 2014.



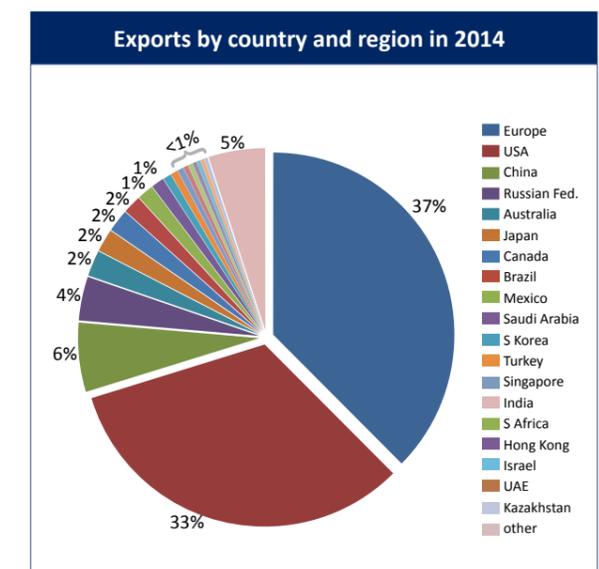
Exports by country and region in 2014

In 2014, Europe (comprising both EU and EFTA countries) remained the leading regional destination for Finnish health technology products, accounting for 37% of exports. North America accounted for 36% of exports and Asia for 11% of exports.

The leading country destination for exports was the USA, accounting for 33% of all product exports in 2014. Germany was the second largest destination country, accounting for 8% of exports. China, including Hong Kong, took 7% of exports and was the third largest destination. Exports to the Russian Federation declined 14% and Russia is now the sixth leading destination, taking 4% of Finland's health technology exports.

Exports to the USA grew 24% in 2014, and made the most significant contribution to growth in absolute terms. In fact, growth in trade with the USA accounted for over 80% of the growth in overall health technology exports in 2014.

Finland's health technology exports to Saudi Arabia grew 40%, while exports to Mexico and Spain both increased 35%. Exports to China grew 11%. Exports to India declined 41%, while exports to Canada declined 29% and exports to Japan declined 21%.



Basis of analysis

This report is based on a detailed analysis of trade flows (2013-2014 preliminary data from Finnish Customs Board database, 2006-2012 data accessed from the UN Commodity Trade Statistics Database).

The HS/CN codes for trade have been grouped into the following segments:

- Medical Equipment: electromedical equipment, Accessories and supplies; ventilation equipment and supplies; X-ray equipment and MRI-related equipment; dental drills and other dental equipment.
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The reader should note that not all company activities are captured in trade statistics; for example, R&D output, intellectual property transfers and services are not included in product trade statistics. Healthcare-related IT license and maintenance exports are not included. Several large multinational companies, even by global standards, maintain large R&D operations in Finland with little or no manufacturing and therefore insignificant product exports. To that extent, these trade data actually understate Finland's exports of health technology and the country's role in the global health technology industry.

Additionally, most "wellness"-related technologies are not generally considered to be health technology for trade purposes. For example, all eyewear, including lenses are excluded from these trade statistics. Occasionally, trade codes may overlap with non-health technology applications. Additionally, components can be traded under codes not used for the final product (affecting largely imports). Also, in multi-national enterprises, the notified value of exports can be influenced by companies' transfer-pricing policies.

Since health technology companies operating in Finland typically export more than 95% of manufacturing output, exports very closely correlate with production in Finland. Finnish companies have not reported significant transit trade in health technology equipment. Unlike in pharmaceuticals, the transit trade in diagnostic reagents from Finland, appears to be insignificant.

The report and analysis was prepared by Sean Donovan on behalf of FiHTA. March, 2015.

*Source: Finnish Customs Board (FCB) and FiHTA. Finland's total high-tech product exports were EUR 3.5 billion in 2013. Note that the current classification system (OECD/Eurostat) for high-technology exports does not yet include IVD reagents (which comprised 12% of total Finnish health technology exports in 2014), or Medical Implants or Medical Furniture, which together comprised 3% of total Finnish health technology exports in 2014.



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