

CRIF ITALY: COMPANIES IN ITALY DURING COVID-19 - FOCUS ON BIOMEDICAL INDUSTRY



A recent study produced by CRIF Ratings about financial impact coming from lockdown related to Covid-19 on Italian industries shows that 44% of SME is facing current scenario starting from a an overall situation with a poor liquidity with few rooms in dealing an emergency situation. In particular, specifically in cyclical industries, current crisis could have a very high impact.

From CRIF Industry Outlook, CRIF Monitoring center analyzing main industries before, during and after Covid-19, some industries are showing a totally different scenario and against trends. This is the case of Biomedical area.



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Biomedical industry in Cura Italia Decree

On March 18, 2020, the Italian Government enacted a new decree with measures to support businesses and families during the Covid-19 crisis called Cura Italia Decree. Then Economic Development Ministry, Stefano Patuanelli, issued a directive allocating 430 million euros in 'Cura Italia Decree' related to Development Contracts to innovative and strategic programs financing, with a priority for medical devices and biomedical equipment useful to face health emergency caused by Covid-19. This resources are added to 200 million euros already included in Budget Law, achieving an overall amount of more than 600 million euros.

Resources assigned to Development Contracts are also intended to a 200 million euros financing expansion to biomedical industry, telemedicine, with a specific focus on ones related to strengthening of national manufacturing of medical devices and biomedical equipment, technologies and services devotes to health emergencies prevention.

Biomedical industry overview and performances

Biomedical industry in composed by 3 800 corporate companies with a total revenue of 19 billion euro and in this period will be less affected by the overall Covid-19 crisis. This fact despite companies in biomedical are located in most involved areas by Covid-19, like Lombardia, Veneto and Emilia-Romagna.

This is why, first of all thanks the huge increase in demand related to specific biomedical equipment due to health emergency. Then, before Covid-19 crisis biomedical industry was showing a strong financial scenario.

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Let's have a look to some interesting ratios:

EBITDA margin - measure of a company's operating profit as a percentage of its revenue – is higher if compared to other industries. Last information related to 2018 balance sheet are showing:

Biomedical manufacturing: 9.6%

Overall manufacturing: 9.1%

Trade: 4.3%

If compared to Trade, for example, it's double.

Solvency Ratios - measure an enterprise's ability to meet its debt obligations and is used often by prospective business lenders – in Biomedical industry is showing a high capacity in face financial commitments if compared to other areas also during economic stress.

Internationalization – a new index showing a company propensity to deal with foreign players – on a scale from 1 to 5 (1 highest level and 5 lowest level) is positioning Biomedical industry at 1.8, it means a very high internationalization level

Innovation – a new index showing company attitude in creating new products and services on a scale from 1 to 5 (1 highest level and 5 lowest level) is positioning Biomedical industry at 2.3, it means a medium-high innovation level.

Internationalization and innovation index are showing very important data, in a context where companies are working to expand their business.

It's a very good opportunity for companies in Biomedical Industry if compared to other manufacturing areas. In fact in the next months should remain in a "safe area" able to match financial commitments in an overall context from economical and operational point of view comparable or better previous to Covid-19 crisis.

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