



## EQUIPMENT FOR LASER SURGERY

### PROJECT

Proposed project – **production of high-tech equipment for laser surgery.**

Feasibility of establishing a production of equipment for laser surgery is determined by the following factors:

- Belarus is one of the world research centers for lasers and laser technologies, incl. for medical purposes. A number of successful projects to develop production on the basis of laser technologies was implemented.
- Availability of highly qualified specialists in the field of laser technology and medical equipment.
- **Growing global demand for laser technology** in surgery, cosmetology, endoscopy, dermatology and other fields.
- Replacement of traditional surgery for laser technology.
- The main markets are **the market of Customs Union and markets of developing countries (BRIC and others).**
- Investment costs are estimated at **20-30 mn USD**, payback period – **5 years.**

### SALES MARKETS

#### Customs Union market:

- The Russian market of medical equipment, products and furniture in 2012 reached **8,4 bn USD**, long-term market growth rate amounts to **18,2% per year.**
- The share of domestic production of medical equipment and furniture in Russia is only **18%**, the rest is imported.
- Average annual growth rate of medical equipment imports to Russia in 2009 - 2012 amounted to **+26%**, imports reached **7 bn USD in 2012.**

#### Developing countries market:

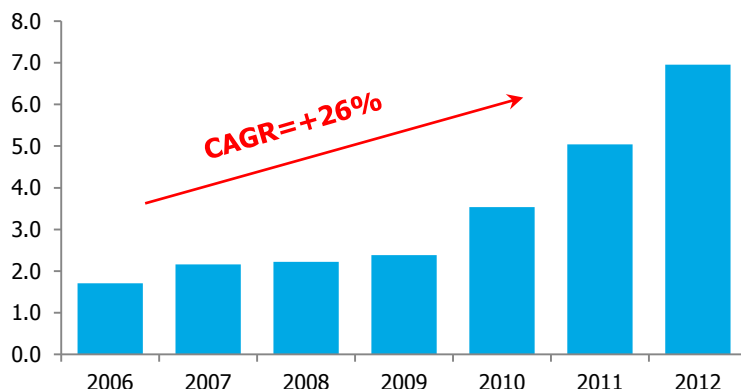
- Emerging markets (BRIC) for the last 5 years have shown a significant growth in consumption. Share of BRIC countries in global consumption of medical equipment and furniture **exceeded 10%** and amounted to **43 bn USD**. In 2012 Chinese market became the 4<sup>th</sup> largest market, Russian - 8<sup>th</sup>.

Thus, the most promising market is **the Customs Union market as well as the market of developing countries.**

Russian medical products market, 2005-2012



Imports of medical products to Russia, bn USD



## MARKET OPPORTUNITIES

### Global opportunities:

- Global laser market in 2012 exceeded **7,5 bn USD**. CAGR of the global market in 2009-2012 was **14,3%**.
- Laser equipment for medical purposes accounts for **7% of the global laser market**. The global market of medical laser equipment is expected to exceed **1 bn USD in 2020**.
- Replacement of traditional surgery for laser surgery ("**one day surgery**").

### Regional opportunities:

- Growth in consumption of medical equipment and furniture in emerging markets is conditioned by a significant **growth in income**.
- Trend of faster growth of medical equipment consumption, incl. for laser surgery, in Russia and other BRIC countries is expected to continue in 2012-2018. Russian market of medical products may exceed **10-12 bn USD** by 2018.
- Funding for this growth in Russia (and other developing countries) is provided mostly (**by more than 70%**) by the state budget and special-purpose funds.
- Implementation of state programs for health care development in Russia has led to a sharp increase in investments to public health sector. In 2012, consumption of medical products in the public sector is estimated to have reached **7,1 bn USD (+50%)**. In 2014-2017 the implementation of state programs in Russia will continue.
- Share of expenditures for health care in Russia amounted to only **5,4% of GDP** in 2012 while in developed countries the share of such expenditures exceeds 7-10%.
- The majority of local productions of medical equipment in Russia are **technologically outdated** which is proved by volume of exports (**150 mn USD**) and imports (**6-7 bn USD**) of medical equipment.
- In particular, despite the fact that local companies produce all known types of laser equipment, **not more than 5-10%** of all these models meet modern technical requirements.

## INVESTMENT OPPORTUNITIES

- Investment costs for the creation of facilities for medical laser equipment production are estimated at **20-30 mn USD**.
- Expected payback period of the project may amount to **5 years**.
- IRR** for the project may reach around **20%**.

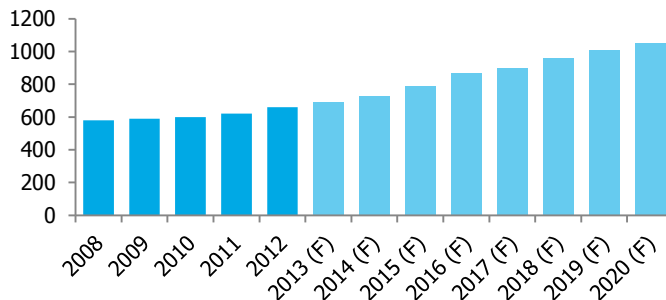
## POTENTIAL INVESTORS

### Strategic investors

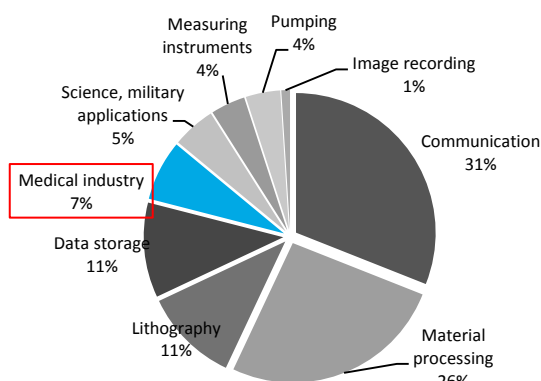
Specialized venture capital funds

Leading producers of laser equipment

Forecast of global market of medical laser, mn USD



Global laser market by application



Size of medical products market in Russia

Indicator	2011, bn USD	2012, bn USD	Growth rate, %
Consumption of medical products in public sector	4,72	7,10	50,3%
Consumption of medical products in private sector	1,36	1,23	-9,7%
Domestic production in Russia	1,19	1,53	29,0%
Exports from Russia	0,15	0,16	8,2%
Imports to Russia	5,04	6,95	37,9%
<b>Total consumption of medical products in Russia</b>	<b>6,08</b>	<b>8,33</b>	<b>36,9%</b>

Structure of medical products imports to Russia, mn USD

