



## PRODUCTION OF MEDICAL FURNITURE

### PROJECT

Proposed project – **production of high-tech medical furniture.**

Feasibility of establishing a production of medical furniture is determined by the following factors:

- Traditionally strong position of Belarus in production of general purpose furniture, the experience of successful small enterprises producing medical furniture in Belarus.
- High growth rate of imports to Russia (CAGR **+56%** since 2009). In 2012 imports of medical furniture exceeded **170 mn USD**.
- Localization of production close to final consumers** (primarily Russia).
- The main markets are **the market of Customs Union as well as the markets of developing countries.**
- Investment costs are estimated at **20-30 mn USD**, payback period – **5-7 years.**

## SALES MARKETS

### Customs Union market:

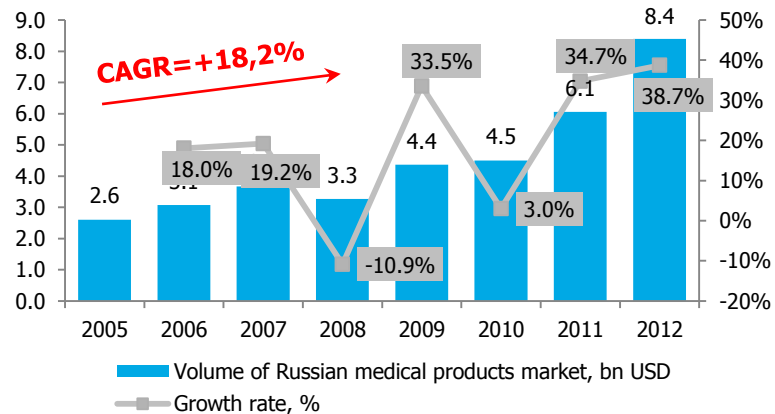
- The Russian market of medical equipment, products and furniture in 2012 reached **8,4 bn USD**, long-term market growth rate amounts to **18,2% per year.**
- The share of domestic production of medical equipment and furniture in Russia is only **18%**, the rest is imported.
- Average annual growth rate of medical furniture imports to Russia in 2009–2012 amounted to **+56%**, imports exceeded **170 mn USD** in 2012. According to various estimates the size of medical furniture market in Russia amounts to **250-300 mn USD.**

### Developing countries market:

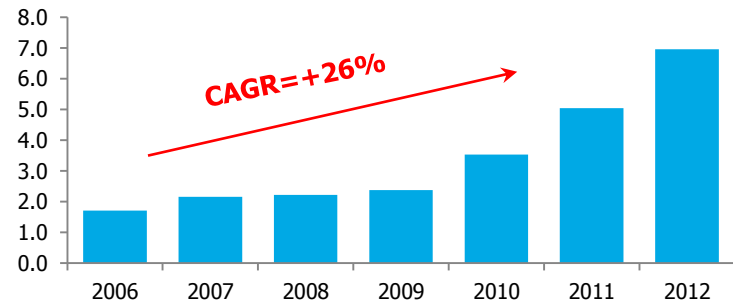
- Emerging markets (BRIC) for the last 5 years have shown a significant growth in consumption. Share of BRIC countries in global consumption of medical equipment and furniture **exceeded 10%** and amounted to **43 bn USD**. In 2012 Chinese market became the 4<sup>th</sup> largest market, Russian - 8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

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

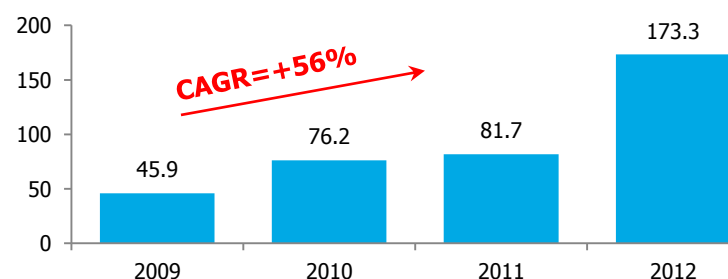
Russian medical products market, 2005-2012



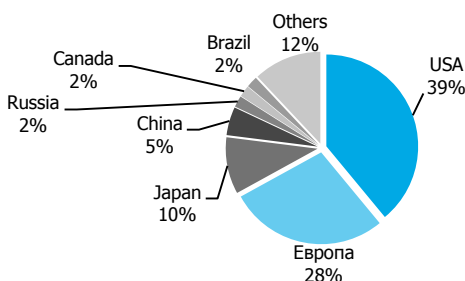
Imports of medical products to Russia, bn USD



Imports of medical furniture to Russia, mn USD



Global medical equipment market structure, 2012



## MARKET OPPORTUNITIES

### Global opportunities:

- Global market of medical equipment, products and furniture amounted to 359 bn USD in 2012. **CAGR** of the global market in 2005-2012 amounted to **4,9%**.
- Global consumption growth in the 2012-2017 is forecasted to reach **6-7%** per year. Acceleration of growth in global consumption is caused by rapid growth in emerging markets.

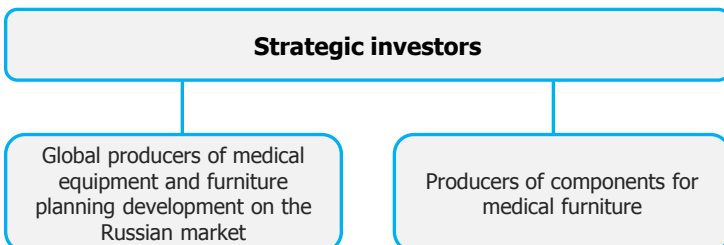
### Regional opportunities:

- 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 and furniture consumption 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 is provided by the state budget and special-purpose funds. Health development policy is a priority and long-term element of the state policy.
- 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 reach **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 and furniture in Russia are **technologically outdated, there are no large enterprises**.
- Given the critical state of health infrastructure in Russia and other CIS countries, plans and budgets for reconstruction of hospitals, the further increase in demand for medical furniture is expected.

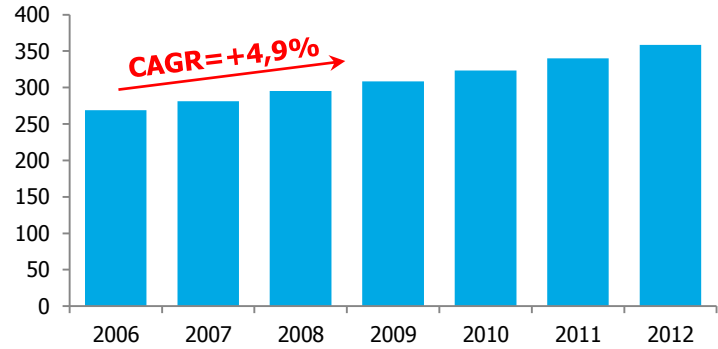
## INVESTMENT OPPORTUNITIES

- Investment costs for the creation of facilities for medical furniture production are estimated at **20-30 mn USD**.
- Expected payback period of the project may vary within **5-7 years**.
- IRR** for the project may exceed **20%**.

## POTENTIAL INVESTORS



Global medical products market, 2005-2012, bn USD



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



Structure of medical products production in Russia, 2012

