SALES MARKETS

Domestic market of Belarus:
- Domestic production of general surgical instruments in Belarus only partially satisfies the internal needs, the rest of instruments is imported.
- Surgical instruments imports to Belarus amounted to 96 mn USD (CAGR +22% since 2009).
- There is no domestic production of medical needles for syringes, for catheters and for stitching in Belarus.
- Domestic demand for needles – about 200 million units – is fully covered by imports.
- Medical needles imports to Belarus in 2013 reached 5,2 mn USD, CAGR since 2009 – 16%.

Customs Union market:
- Import of various medical instruments to Russia in 2012 amounted to 1,4 bn USD (CAGR +33% since 2009).
- The share of medical needles of domestic producers is small on the Russian market due to outdated production technologies.
- Imports of medical needles to Russia grows by on average 17% per year and exceeded 33 mn USD in 2012.

Thus, the most promising sales markets are the Belarusian domestic market and the Customs Union market.

PROJECT

Proposed project – production of medical needles and surgical instruments.
Feasibility of establishing this production is determined by the following factors:
- Absence of domestic production of needles and lack of domestic production of surgical instruments in Belarus.
- High growth rate of needles and instruments imports both to Belarus and Russia (CAGR for medical instruments is +22% and +33% since 2009 respectively).
- Localization of production close to final consumers.
- The main markets are the domestic market of Belarus and the Customs Union market.
- Investment costs for the creation of the medical needles and instruments production are estimated at 10-30 mn USD, IRR – 15-20%.
MARKET OPPORTUNITIES

Global opportunities:
- Global surgical instruments market is forecasted to grow with CAGR 4.2% in 2012-2019 and to reach **11.2 bn USD** in 2019.
- Global market of medical needles may reach **4 bn USD** in 2017. CAGR is about 3%.
- Growing number of surgeries – the number of surgeries per year is estimated to have increased by **10-15%** over the last 10 years.
- Needle drug administration is more preferred than oral one.

Regional opportunities:
- Growth of disposable income in countries in transition. Real disposable income in Belarus have doubled since 2005.
- Life expectancy increase and ageing of population. According to forecasts the share of population over working age will reach nearly **30%** by 2030 both in Russia and in Belarus.
- Production volume of disposable syringes in Belarus grows with CAGR 4% and is estimated to have amounted to more than **150 million units** in 2013.
- Capacity utilization of the only Belarusian manufacturer of syringes is **75-80%**.
- Domestically manufactured needles will be preferred for the syringes production under the program of import substitution.
- Potential market for finished syringes is Russia. Syringes imports to Russia in 2012 exceeded **90 mn USD**.
- Belarusian syringes producer has all the necessary licenses to operation on the Customs Union market.
- Modernization of existing health organizations and commissioning of new ones. Russia commissions about **9 thou beds** every year.

INVESTMENT OPPORTUNITIES

- Investment costs are estimated to vary from **10 to 30 mn USD**.
- Profitability of the production is on average **17-25%**.
- **IRR – 15-20%**.
- Project payback period may amount to **4-6 years**.

POTENTIAL INVESTORS

- **Strategic investors**
  - Manufacturers of syringes and catheters which lack its own production of needles
  - International manufacturers of needles and surgical instruments wishing to localize their production close to sales markets