



## PRODUCTION OF MEDICAL NEEDLES AND SURGICAL INSTRUMENTS

### 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%.**

### SALES MARKETS

#### Domestic market of Belarus:

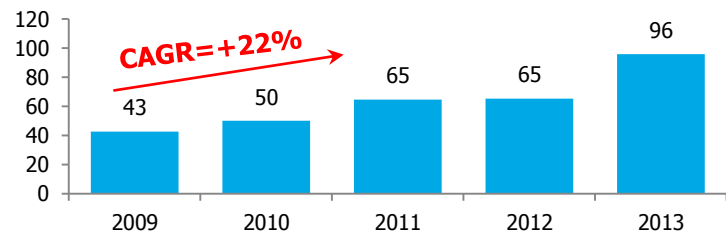
- Domestic production of general surgical instruments in Belarus only partially satisfies the internal needs, the rest of instruments is imported.
- Surgical instruments imports to Belarus amounted to **96 mn USD** (CAGR **+22%** since 2009).
- There is no domestic production of medical needles for syringes, 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:

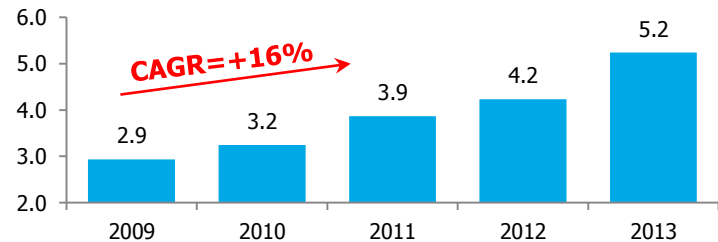
- Import of various medical instruments to Russia in 2012 amounted to **1,4 bn USD** (CAGR **+33%** since 2009).
- The share of medical needles of domestic producers is small on the Russian market due to outdated production technologies.
- Imports of medical needles to Russia grows by on average **17%**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

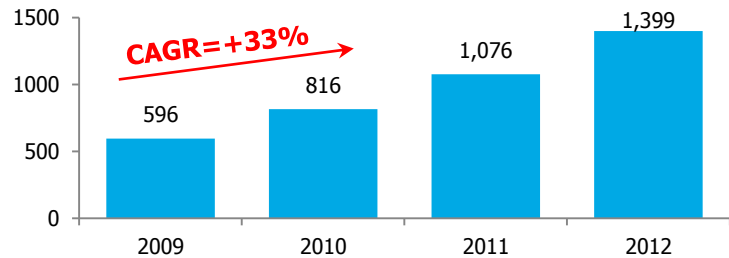
Imports of surgical instruments to Belarus, mn USD



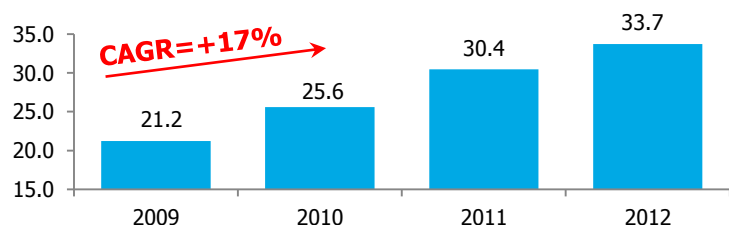
Imports of medical needles to Belarus, mn USD



Imports of surgical instruments to Russia, mn USD



Imports of medical needles to Russia, mn USD



## 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**.

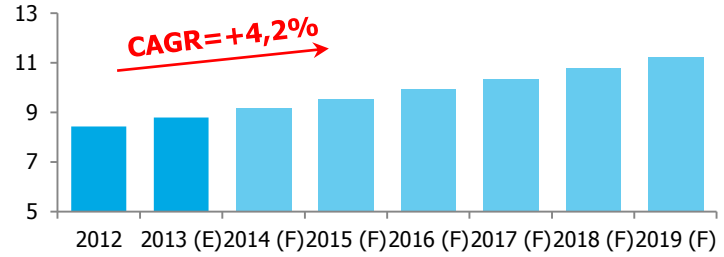
## POTENTIAL INVESTORS

### Strategic investors

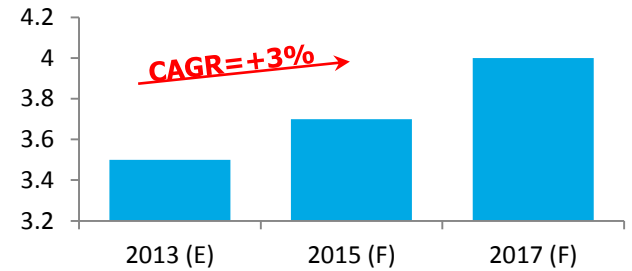
Manufacturers of syringes and catheters which lack its own production of needles

International manufacturers of needles and surgical instruments wishing to localize their production close to sales markets

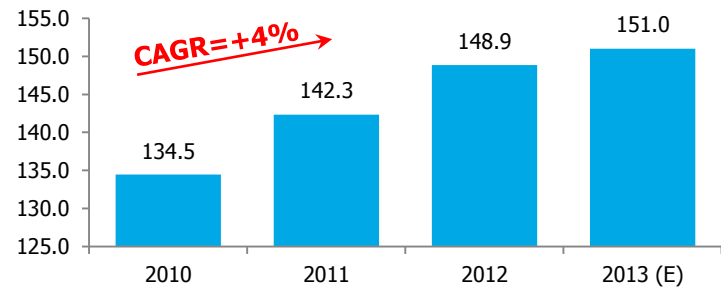
Global surgical instruments market forecast, bn USD



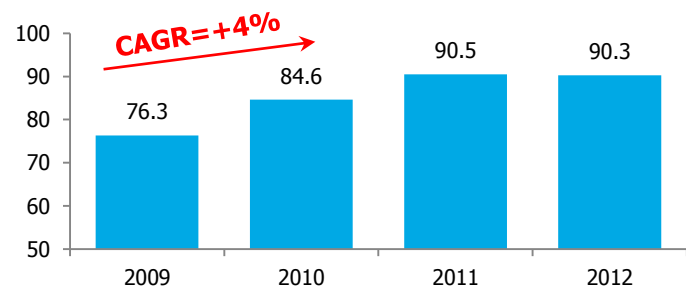
Global medical needles market forecast, bn USD



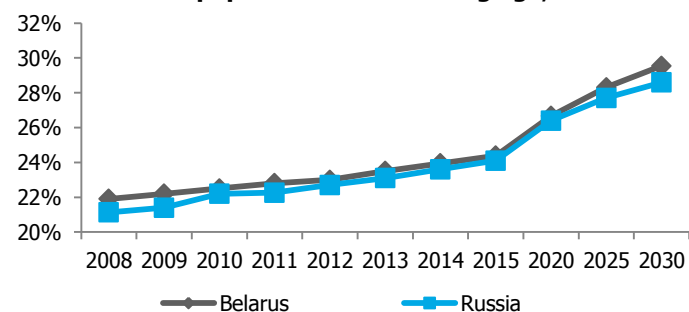
Disposable syringes production in Belarus, mn units



Syringes imports to Russia, mn USD



Share of population over working age, %



Commissioning of hospital organizations, thou beds

