



PRODUCTION OF ULTRASONOGRAPHS

PROJECT

Proposed project – **production of equipment for ultrasound investigation.**

Feasibility of establishing a production of equipment for ultrasound investigation is determined by the following factors:

- Availability of highly qualified specialists and successful experience in creating similar productions.
- **Localization of production close to final consumers** (primarily Russia).
- High growth rate of imports to Russia (CAGR **+30%** since 2009). In 2012 imports of medical equipment for ultrasound investigation amounted to around **470 mn USD**.
- The main markets are **the market of Customs Union and markets of developing countries (BRIC and others)**.
- Investment costs are estimated at **15-30 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**.
- There are local manufacturers of equipment for ultrasound investigation in Russia: RATEKS, Spectromed, etc. However, according to estimates, local producers account for **not more than 5%** of the ultrasound devices market, the rest is imported.
- In 2012 imports of equipment for ultrasound investigation amounted to **477 mn USD**. Annual growth rate for ultrasound equipment imports to Russia in 2009-2012 was **+30%**.

Developing countries market:

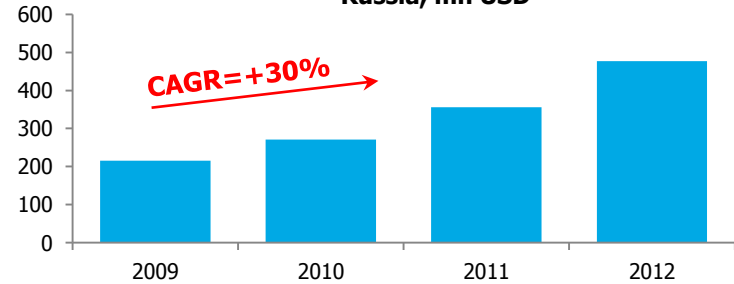
- Emerging markets (BRIC) for the last 5 years have shown a significant growth in consumption. Share of BRIC countries in global consumption of medical equipment and furniture **exceeded 10%** and amounted to **43 bn USD**. In 2012 Chinese market became the 4th largest market, Russian - 8th.

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

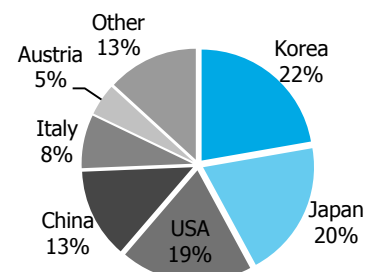
Russian medical products market, 2005-2012



Imports of equipment for ultrasound investigation to Russia, mn USD



Structure of ultrasonographs imports to Russia



MARKET OPPORTUNITIES

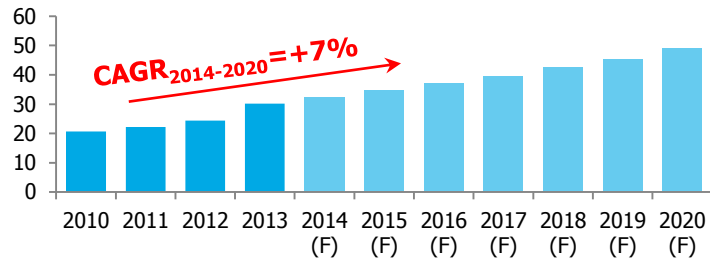
Global opportunities:

- Global diagnostic imaging market exceeded **30 bn USD** in 2013. CAGR for 2010-2013 amounted to **13%**.
- Global diagnostic imaging market is expected to reach **49 bn USD** in 2020.
- Equipment for ultrasound investigation accounts for **about 20%** of the global market for diagnostic imaging equipment.
- There is a constant **ageing of population** and expansion of application fields of diagnostic imaging equipment.

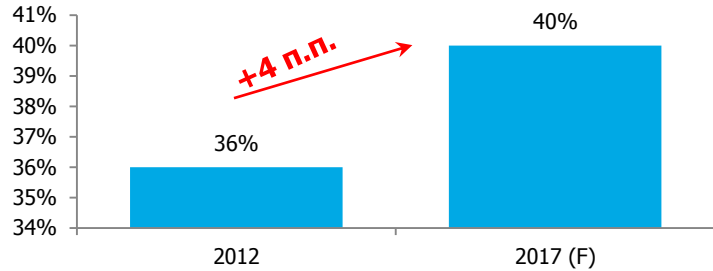
Regional opportunities:

- There is a reorientation of the world producers from mature markets of North America and the EU to the more lucrative markets of developing countries.
- Developed countries account for two-thirds of the market, developing countries' share is **36%**. But this share is forecasted to reach about **40%** by 2017.
- 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.
- About **75%** of equipment for medical diagnostics in Russia is over 15 years, i.e. equipment on the market is obsolete.
- Diagnostic imaging equipment occupies the first place by the volume of imports of medical equipment to Russia (in 2012 imports increased **by 50%** compared to 2011).
- Market development will be determined not only by modernization of existing health care organizations, but also by the commissioning of new facilities. About **9 thou beds** are commissioned annually in Russia.

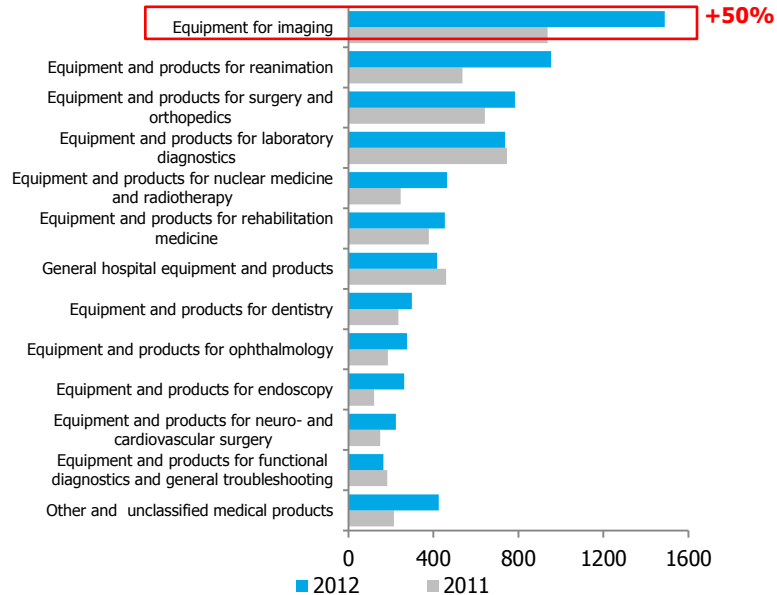
Forecast of global imaging market, bn USD



Developing countries' share on the imaging equipment market



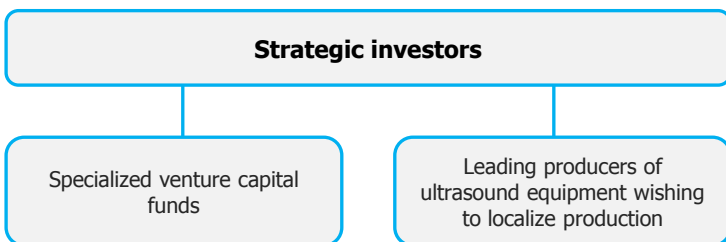
Structure of medical products imports to Russia, mn USD



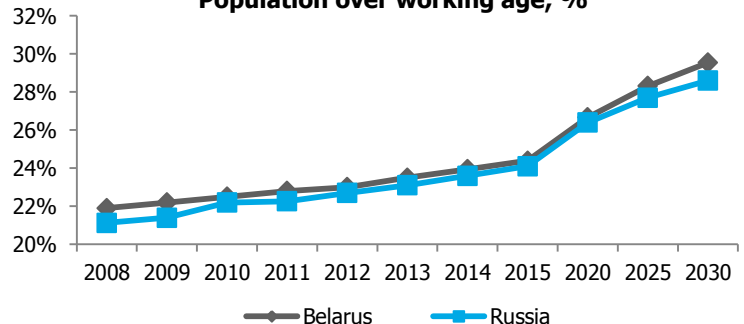
INVESTMENT OPPORTUNITIES

- Investment costs for the creation of facilities for ultrasound equipment production are estimated at **15-30 mn USD**.
- Expected payback period of the project may amount to **5 years**.
- IRR** for the project may reach around **18-20%**.

POTENTIAL INVESTORS



Population over working age, %



Commissioning of hospital organizations, thou beds

