

Brazil: The One Billion Dollar Market



McEvoy & Farmer

Carl McEvoy

www.mcevoyandfarmer.com

carl@mcevoyandfarmer

Brazil

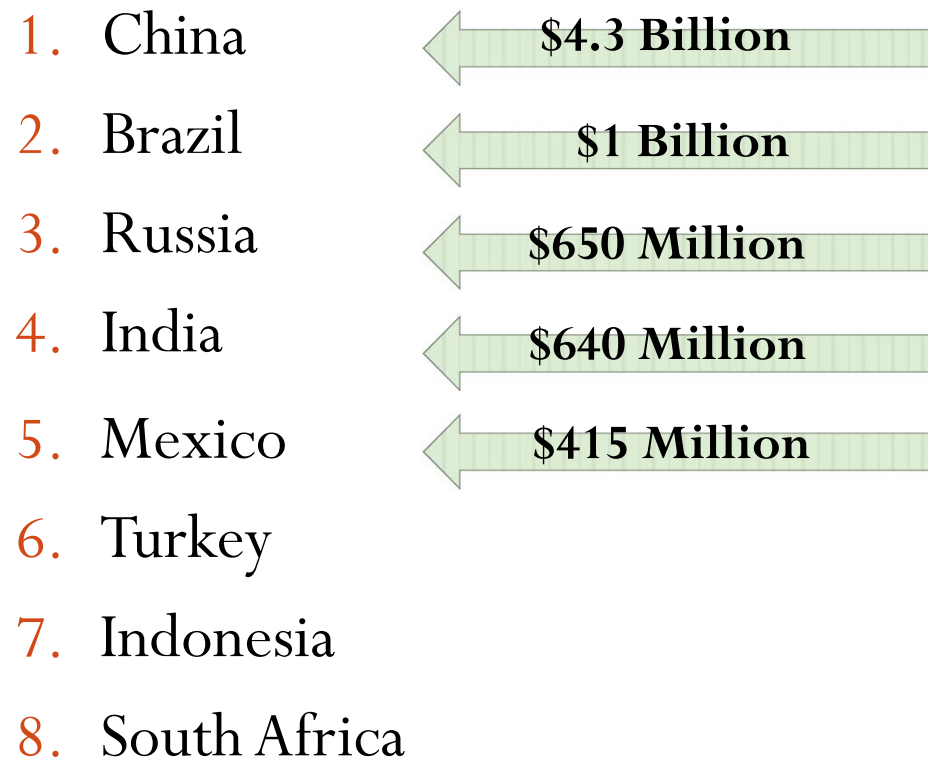
Its Place in the Top 8 Emerging IVD Markets



- At 200m, the world's 5th largest country
- The 6th largest economy, roughly tied with Germany

Top Eight Emerging Markets

IVD Markets



Emerging Market Characteristics

- High Economic Growth
- Urbanization
- Even Higher IVD Market Growth
- Population Growth
- New Hospitals, Expanding Clinics, CDC
- Less Impact from the 2008-2009 Recession
- Less Debt and Balance of Payment Issues
- These markets are nowhere near saturation

Some Quick Macroeconomics

- Population 200 million
- 1988 Constitution guarantees free, universal health care
- Growth of 7.5% in 2010
- Growth of 2.7% in 2011
- Growth of 0.9% in 2012
- *Voo de galinha?*



Some Problems

General Issues

- (Un)ease of doing business
- Infrastructure
- Slow customs clearance
- Protectionism



The “*Custo Brasil*”

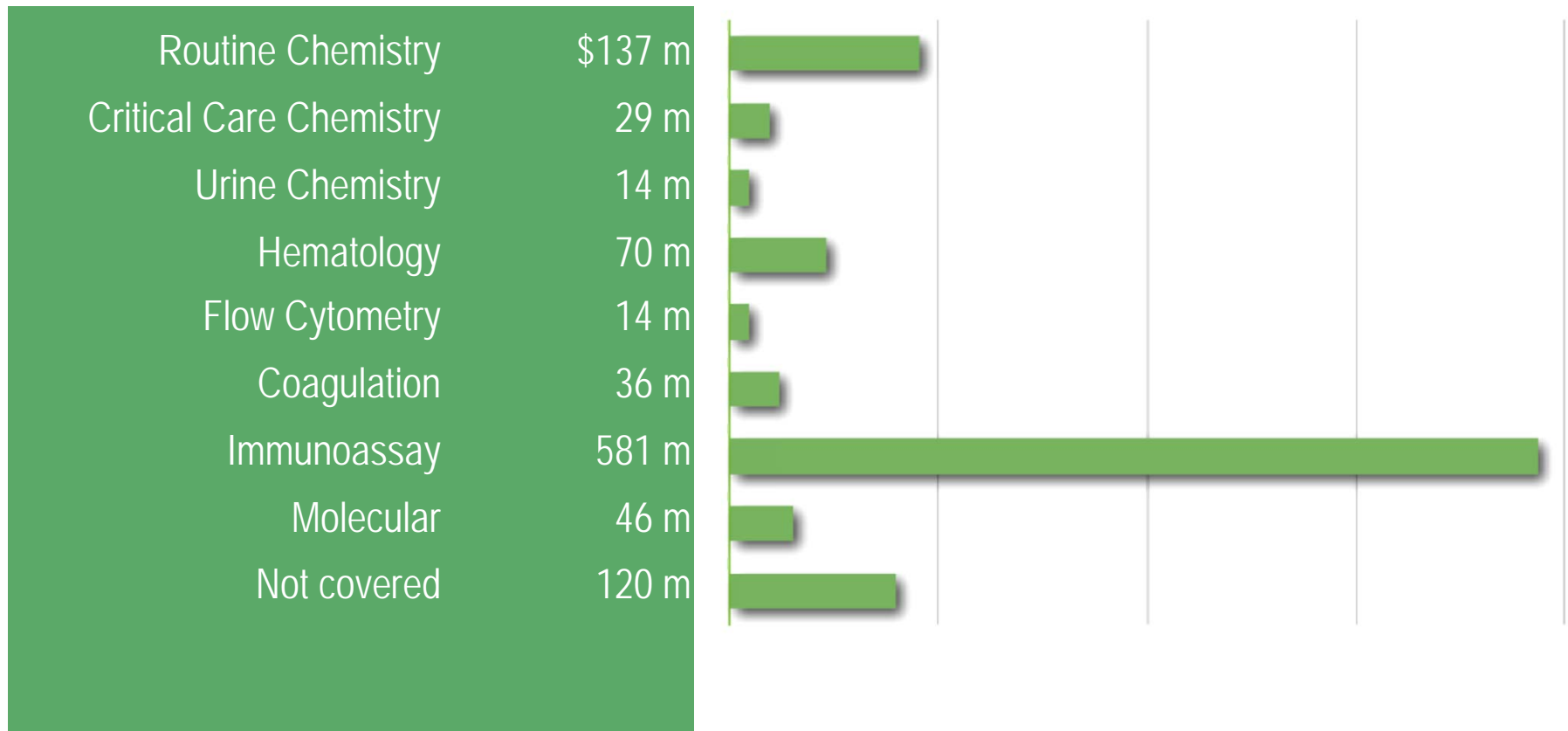
- Complex Tax system
- Payroll Taxes
- Labor Laws
- High Tariffs
- Manpower Shortages
- Generous Pensions

Brazilian Real Exchange Rate



Our May 2012 Report: 1.75
One year ago: 2.02
Today: 2.23

Brazil's Market Segmentation



Chemistry Autoanalyzers

- Installed Base $\approx 6,000$
- Doing over 1,000 tests/hr ≈ 400
- 400 to 1,000 tests/hr ≈ 700
- Under 400 tests/hr $\approx 4,900$

- Annual Placements ≈ 630



Hematology Systems

- Installed base $\approx 8,400$
- 5 part differential $\approx 2,000$
- 3 part differential $\approx 6,400$

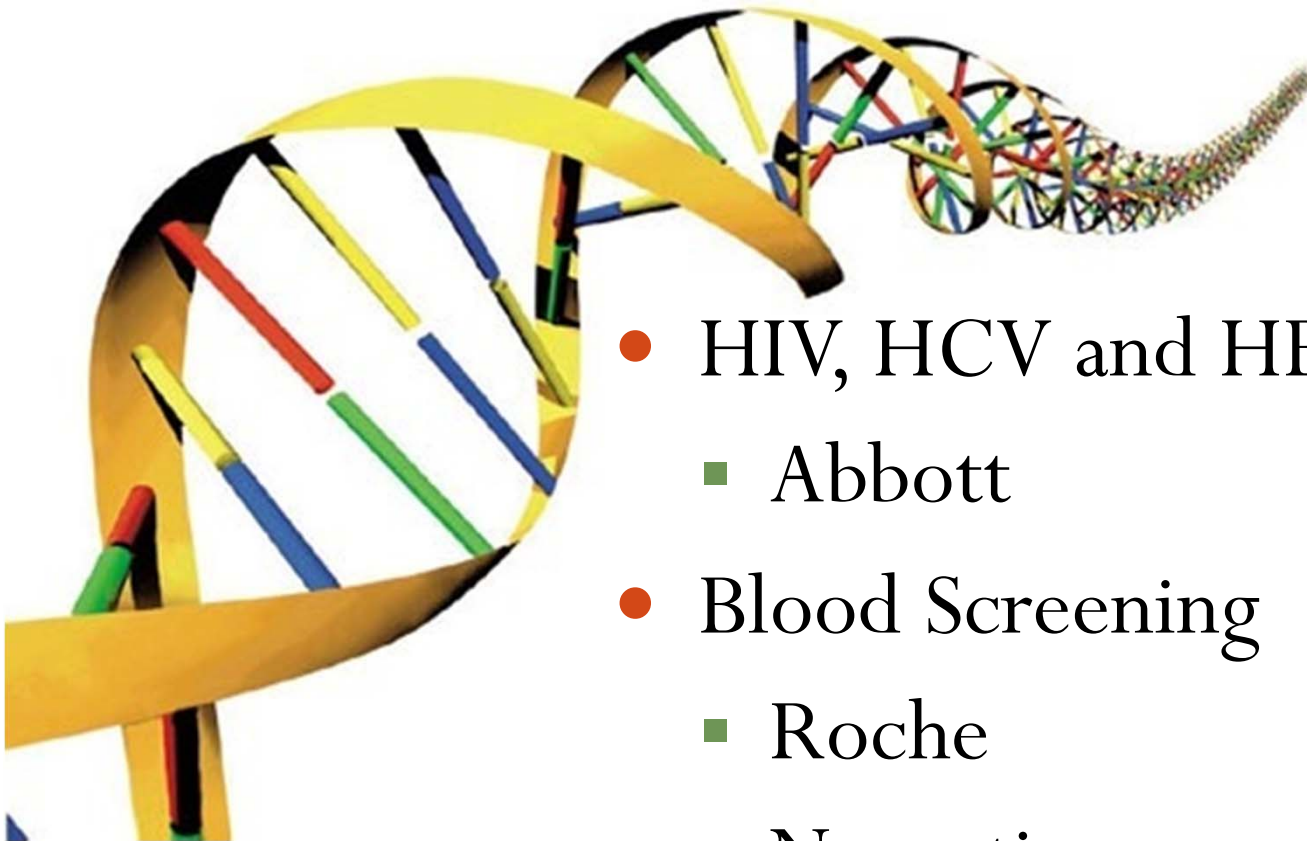
- Annual Placements $\approx 1,000$



Immunochemistry Systems



Molecular Testing



- HIV, HCV and HBV
 - Abbott
- Blood Screening
 - Roche
 - Novartis
 - Bio-Manguinhos

Brazil's Laboratories



Year	Laboratories	Automated
1999	≈9,000	≈1,000
2003	≈8,200	≈1,200
2007	≈8,000	≈1,600
2010	≈7,000	≈3,000
2012	≈6,000	≈4,500
2014	≈4,500	≈4,500

Local IVD Manufacturing?

Too much?

- WAMA
- Doles, Labtest



Market Segmentation

Public/Private

- 60-65% Public
- 35-40% Private

Geography

- \approx 40% Sao Paulo State
- \approx 20% Rio de Janeiro State

Entry to the Market

- Plenty of local distributors
- Sao Paulo, Rio de Janeiro
- Trade Shows
 - Brazilian Society for Clinical Pathology (SBPC)
 - Sociedade Brasileira de Analises Clinicas (SBAC)
 - Sociedade Brasileira de Pathologia (SBP)

Product Registration



- ANVISA
- Expensive
- Slow
- Reduces products

Any Solution?

- April 2013 CBDL Injunction
- Later reversed
- Electronic system
- Deal with FDA?





McEvoy & Farmer

Carl McEvoy

www.mcevoyandfarmer.com

carl@mcevoyandfarmer

Brazil: The One Billion Dollar Market