



Healthcare outlook

October 2016
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Global Health Intelligence hospital demographics

The largest **hospital demographics database** focused on Latin America



>12,000 hospital profiles
across 11 countries



Data on **8 out of 10** hospitals
across the region



Presence of Global Health Intelligence



Founded on **20+ years experience** in Market Intelligence

- Latin America offices in Miami, Mexico City and Sao Paulo



Dedicated to **Medical Devices** in Emerging Markets

- Monitoring of over 20 medical devices every quarter



The **largest hospital demographics database** in Latin America

- Profiles on over 12,000 hospitals in Latin America
- Mexico, Brazil, Colombia, Chile, Peru, Argentina, DR, PR, Central America



Trusted by these companies...

CLIENTS



KONICA MINOLTA



MEDIA PARTNERS



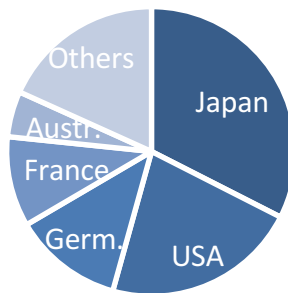
A dynamic **context**



There are 3x as many hospitals in emerging markets

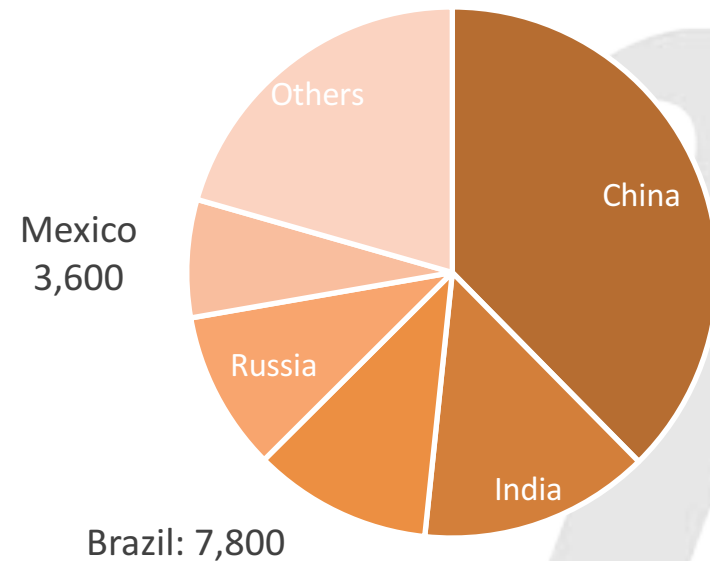
NUMBER OF HOSPITALS IN DEVELOPED ECONOMIES

2014e: 26,300 hospitals



NUMBER OF HOSPITALS IN EMERGING MARKETS

2014e: 61,600 hospitals

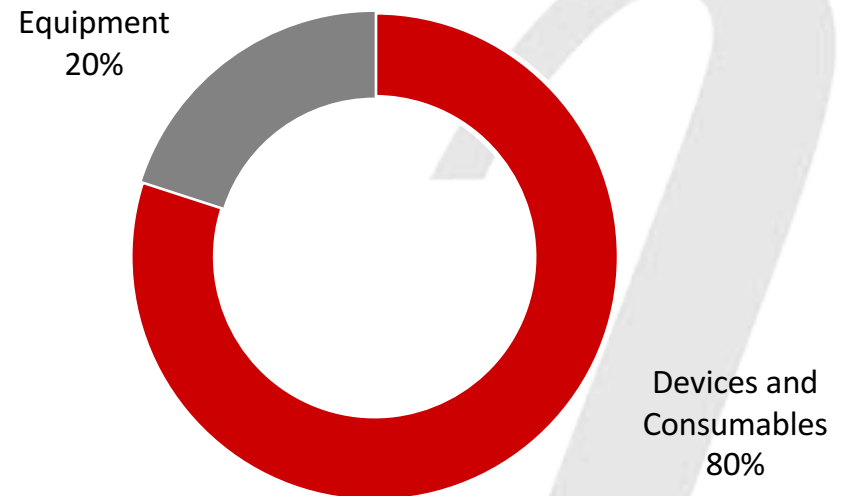


- There is a vast opportunity for medical device and equipment manufacturers in Emerging Markets.
- Latin America, led by Brazil and Mexico, is a region of interest with over 17,000 hospitals.
- Emerging markets pose unique challenges in regard to sales, distribution, local currency, amongst others.

Medical devices in LatAm: US\$ 29 billion

- The medical equipment, device and consumables market is forecasted to be worth US\$ 29 billion in 2016.
- Devices and consumables account for 80%-85% of the market.
- Imports account for >85% of the market, resulting in a high exposure to currency fluctuations.
 - Brazil, Mexico, Costa Rica are amongst the countries with the strongest local manufacturing of medical devices.

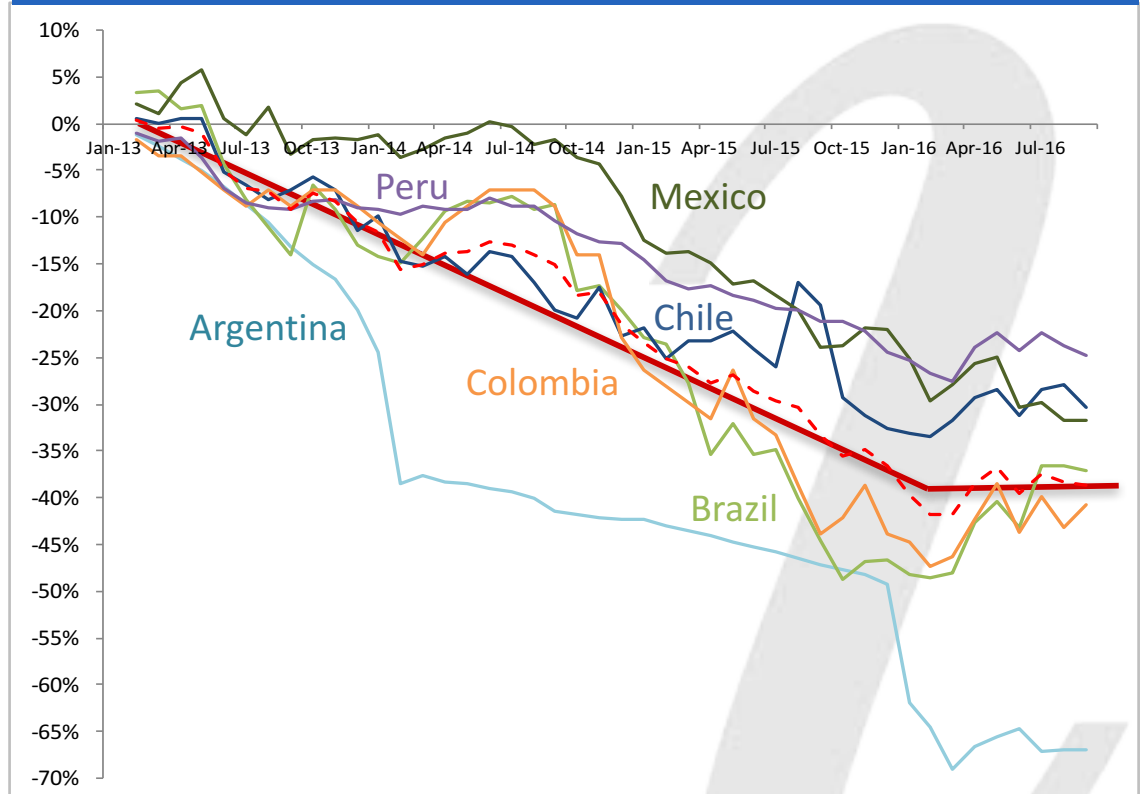
MARKET SIZE – LATAM MEDICAL DEVICES & EQUIPMENT 2016f: US\$ 29 billion



Establishing the new normal

- The regional currency depreciation came to a halt in January 2016 and appears to have stabilized across all major economies.
- The current F/X rates are the new normal.
- Future rate hikes in the US may cause temporary volatility in the Latin America in coming months.

CURRENCY DEPRECIATION APPEARS TO STABILIZE IN 2016
Jan. 2013 – Sept. 2016, LC:US\$1

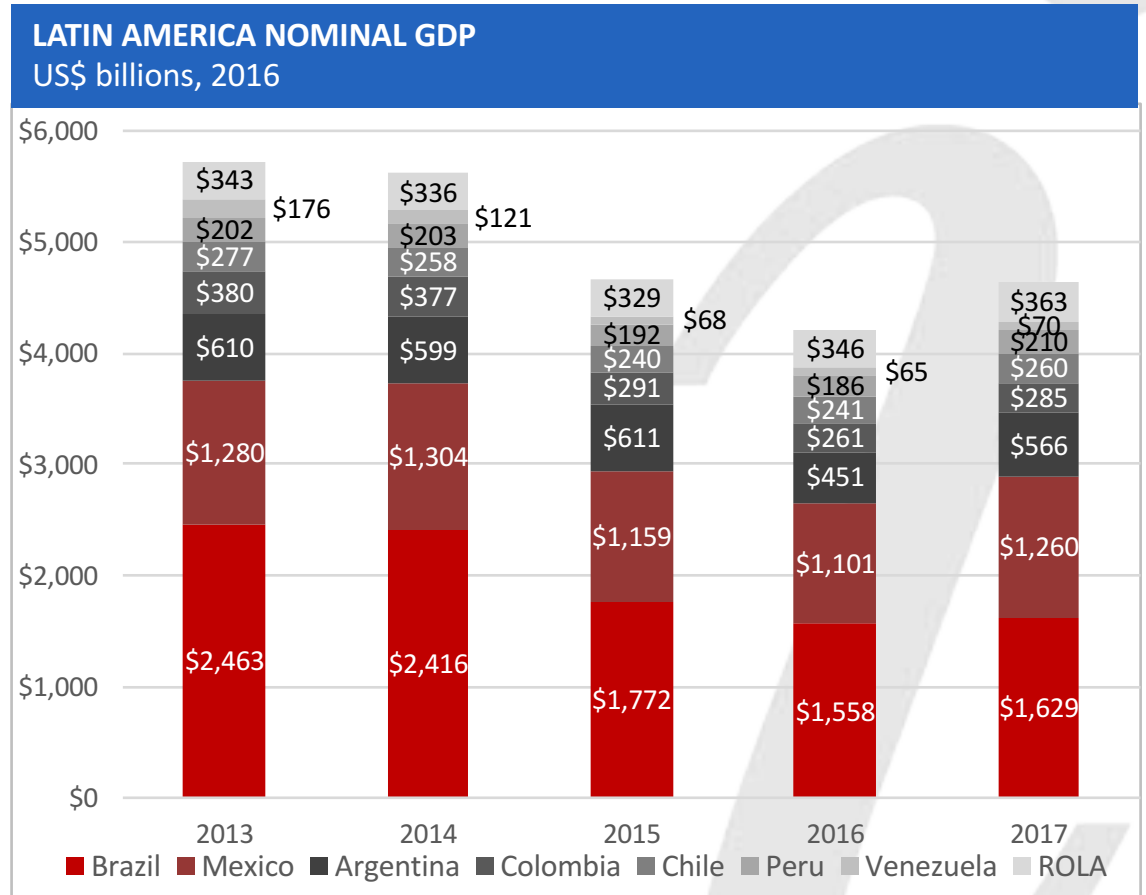


Sources: GHI, xe.com

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\$1 trillion purchasing power disappeared from LatAm

- Purchasing power in LatAm will bottom in 2016; the march back to pre-crisis levels begins.



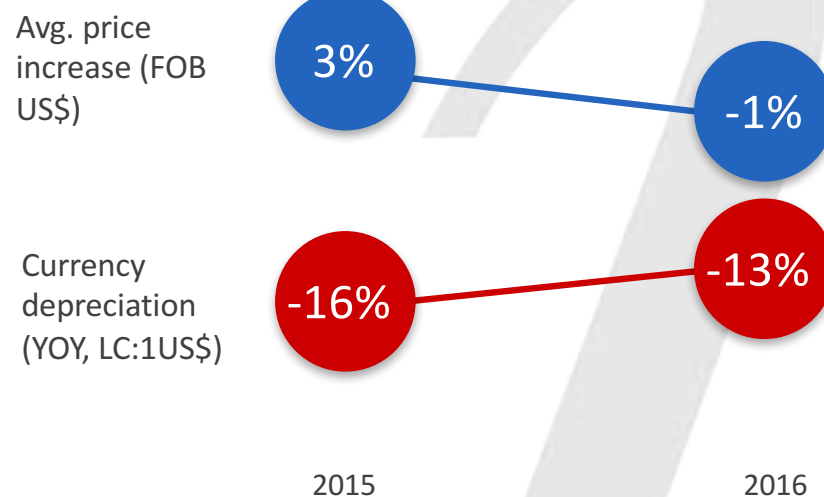
Source: IMF, AMI analysis

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Reduced margins as players absorb currency drop

- Mexico has seen a 29% currency depreciation from January 2013 thru September 2016.
- The depreciation has resulted in marginal price increases in dollar terms (based on the transfer pricing).
- A majority of reimbursements are made in local currency, obliging manufacturers and distributors to squeeze their margins in order to maintain unit sales.

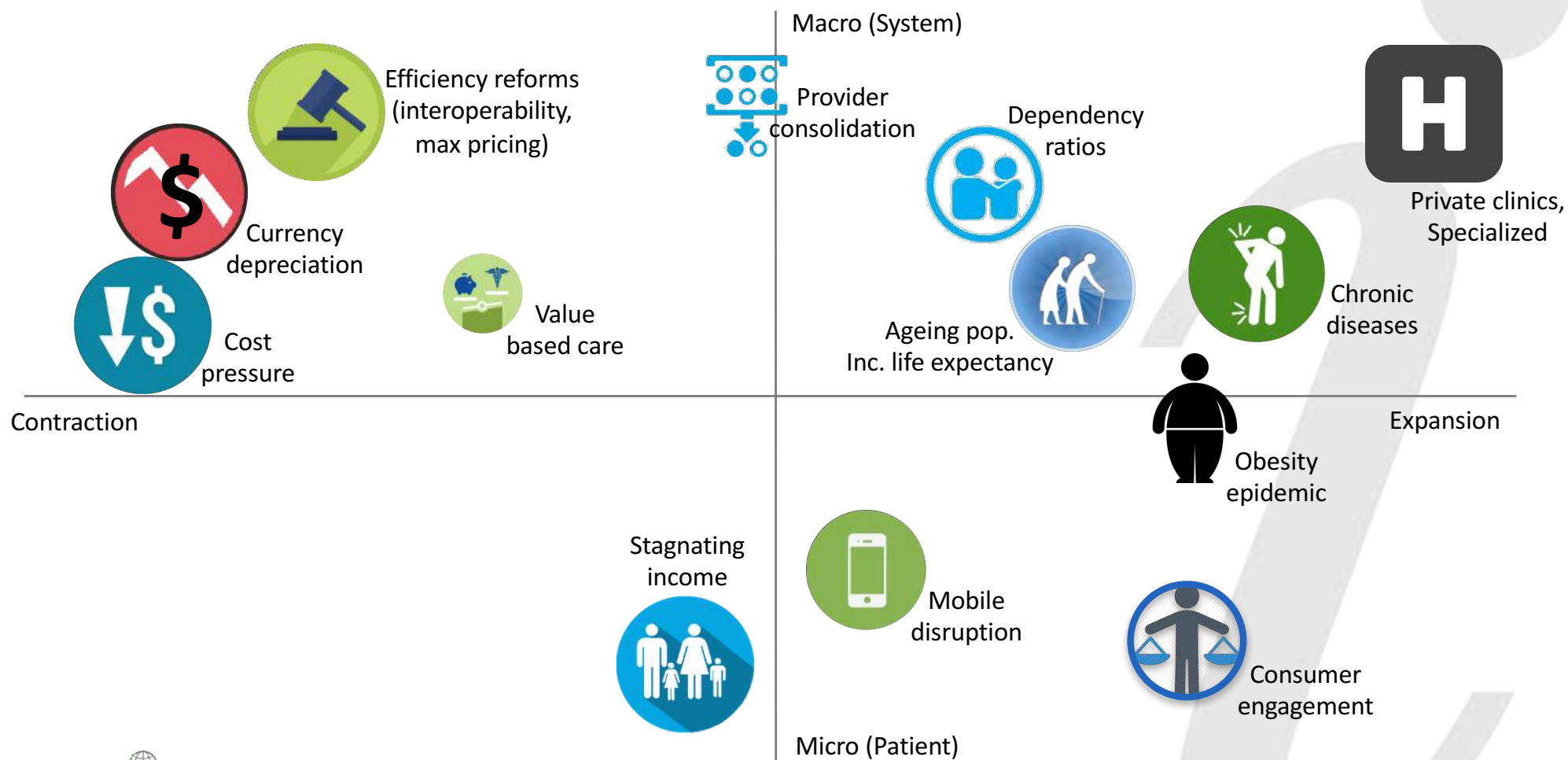
IN MEXICO, MANUFACTURERS AND DISTRIBUTORS SEE THEIR BOTTOM LINE REDUCE IN 2015-2016



Future of healthcare in LatAm

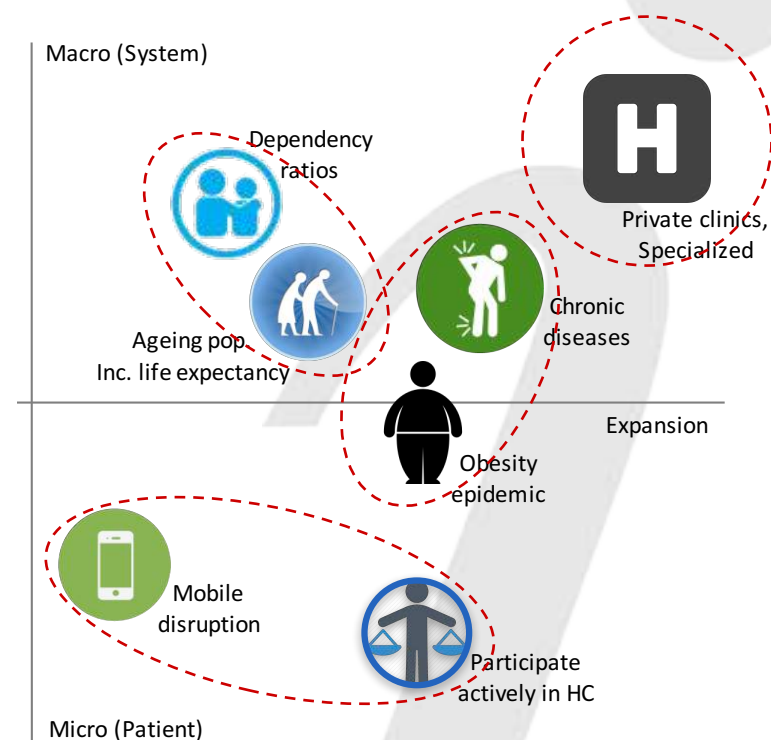


Driving forces that will impact HC



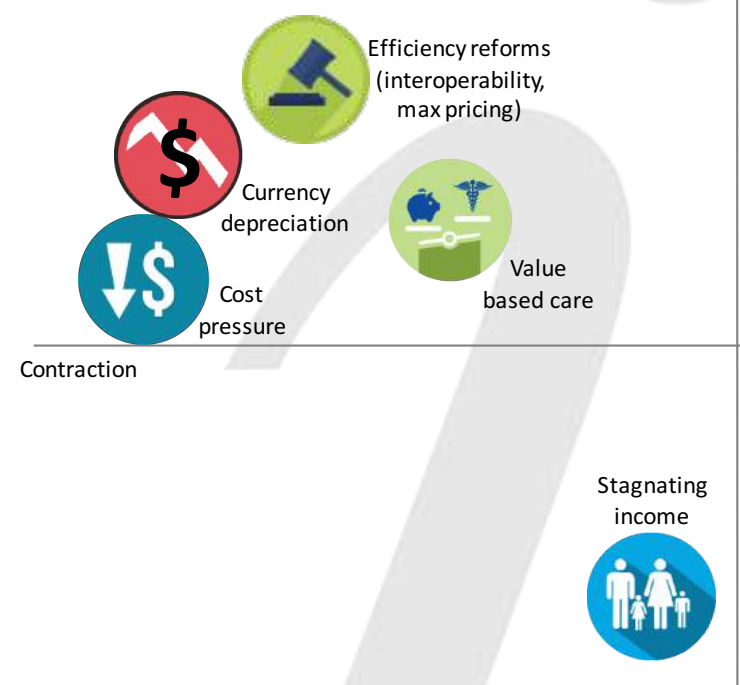
Impact of the driving forces of **expansion**

- A greater proportion of care will be delivered via specialized private clinics.
 - Public HC expenditure has been growing at 13%-15% per in LC and can not sustain such growth moving forward. Need to turn to the private sector to complement.
- Patients will seek a greater voice in the healthcare discussion, supported by greater use of mobile technologies (including for physician communication).
- Chronic diseases and Obesity will remain high cost conditions within the healthcare system, regardless who the payer might be.
 - Latin America is the most obese region in the world.
- Increased life expectancy will place further burden on the dependency ratio as of ~2035.
 - Current dependency ratios are low and will remain so for another 20 years, after which the situation will reverse, increasing strain on the HC system in an exponential manner.



Impact of the driving forces of **contraction**

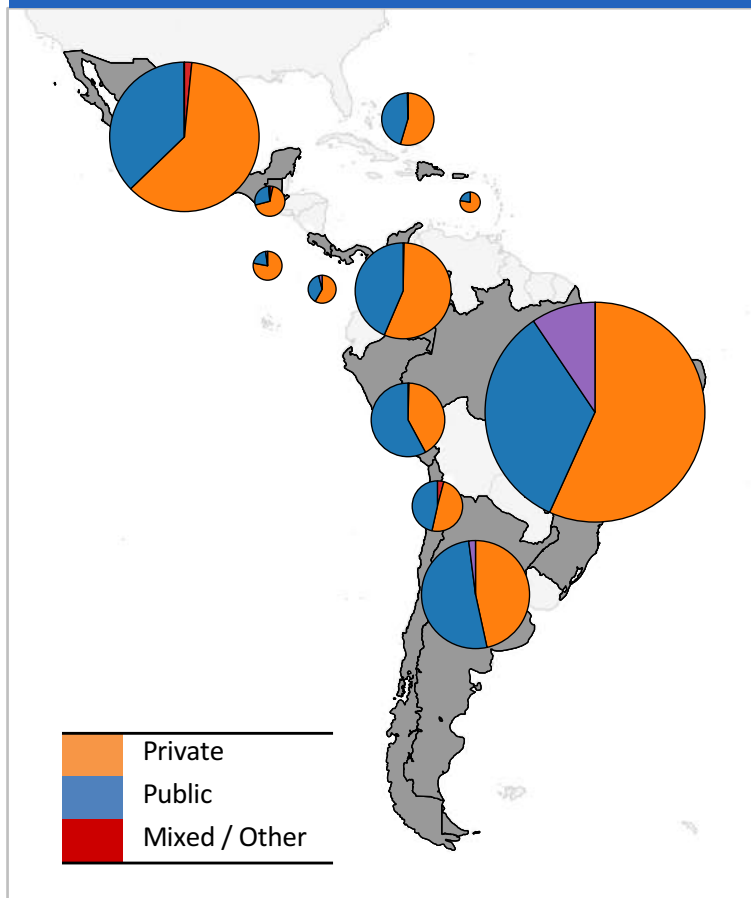
- There is a global pressure on HC systems to reduce costs, increase efficiency and provide value; Latin America is no exception.
 - Reforms are being passed to increase system wide efficiencies, such as patient portability in Mexico.
 - Payers are turning to legislative means to reduce costs, such as the price caps placed in Colombia.
 - Home care will appear as a potential level to increase efficiency.
- Healthcare is beginning to show signs of becoming more value-based, with initial interest in data (time) driven decisions.
 - With certain payers / care centers there may be room to demonstrate long term efficiencies.
 - Alternative payment systems (Pay per use) are growing in importance to reduce capital expenditure.
 - Population health management is being discussed.
- Stagnating income levels will affect the ability to continue spending on private (or complementary care).
- These trends will be emphasized should local currencies depreciate further.
 - Current dependency ratios are low and will remain so for another 20 years, after which the situation will reverse, increasing strain on the HC system in an exponential manner.



The challenge of the hospital landscape

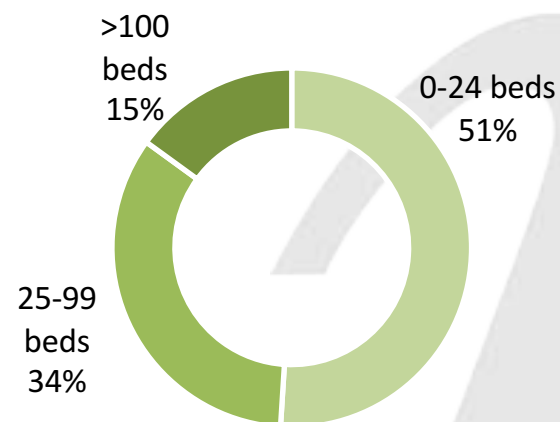
HOSPITAL COUNT IN LATIN AMERICA

September 2016: 17,141



SEGMENTATION BY NUMBER OF BEDS

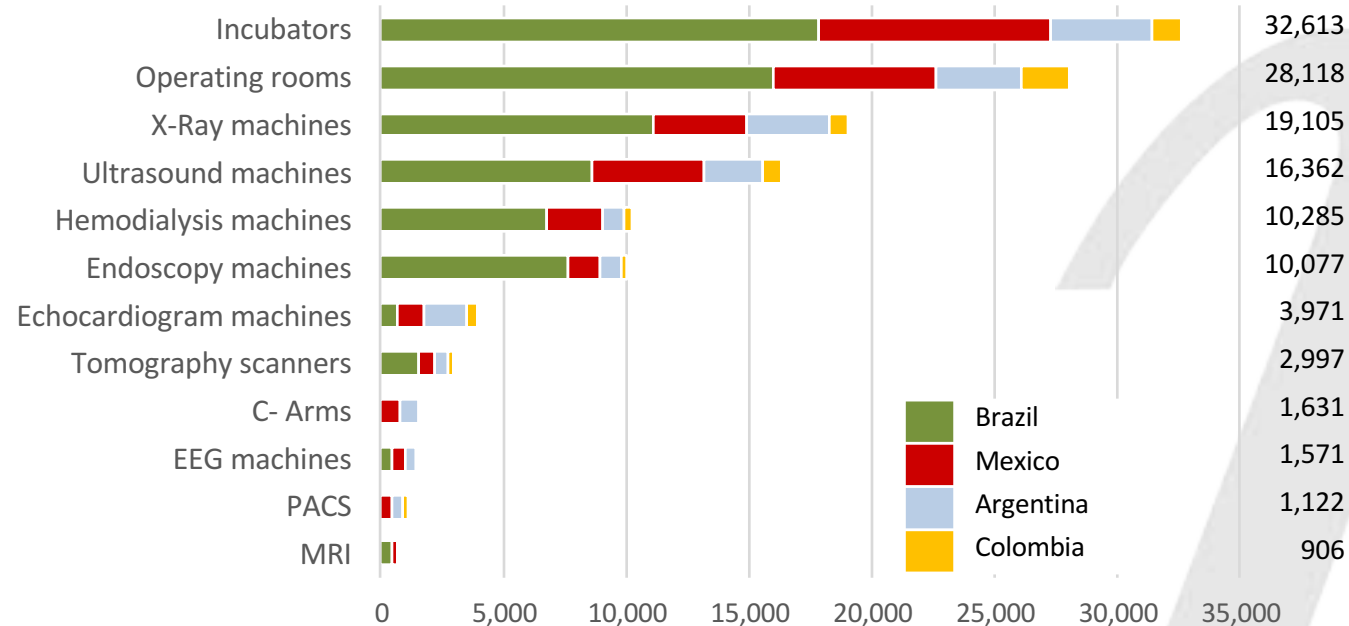
>100 beds = 2,279 in HDD // c. 2,848 total



Key metrics on installed base

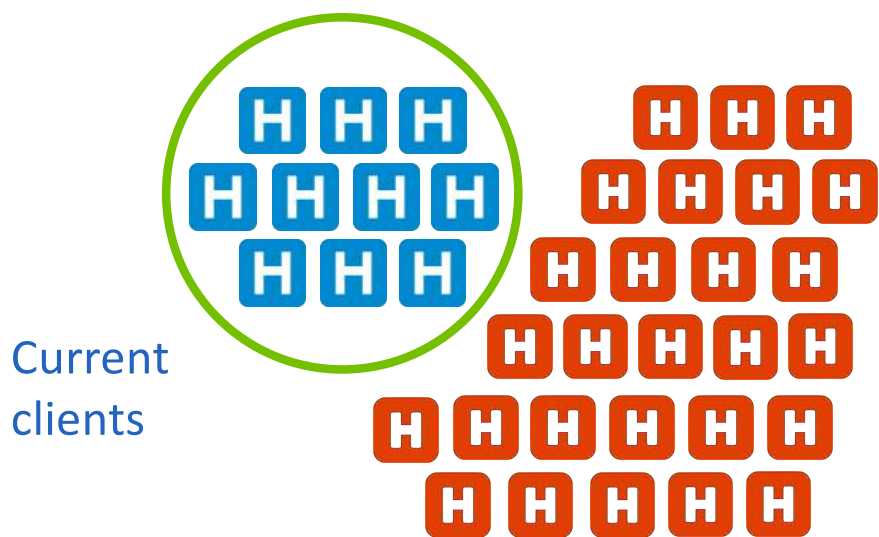
INSTALLED BASE IN KEY MARKETS

Latin America estimates based on GHI HDD



Identify opportunities through CRM complement

**Always looking at the same accounts.
Not considering the rest of the
potential market – Low hanging fruit.**



SOLUTION

**Integrate potential accounts
into your CRM to drive sales
force effectiveness**



Use the installed base to conduct sales modeling

Which clients represent the highest sales opportunities moving forward?

Current clients



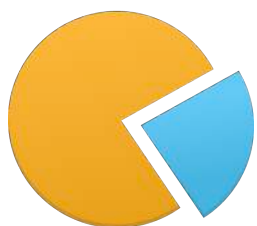
Other potential accounts in the market

SOLUTION

Conduct sales modeling based on hard criteria.

	Cr1	Cr2	Cr3	Cr "n"	Focus
H					✓
H					✗
H					✓
H					✗
H					✓
H					✗

Determine **market size / share** in the real world



What is the market size? What is my market share?

What is the market size?
How much are my competitors selling?
How do I compare with them?
Units and/or Value?



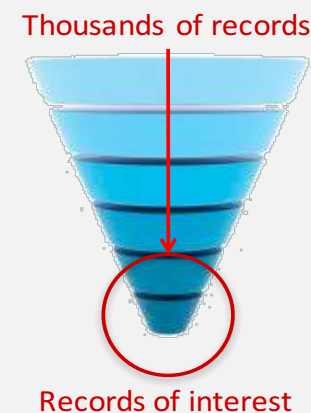
Can I track market share over time?

In a consistent and accurate manner?
From a source and methodology I can trust?

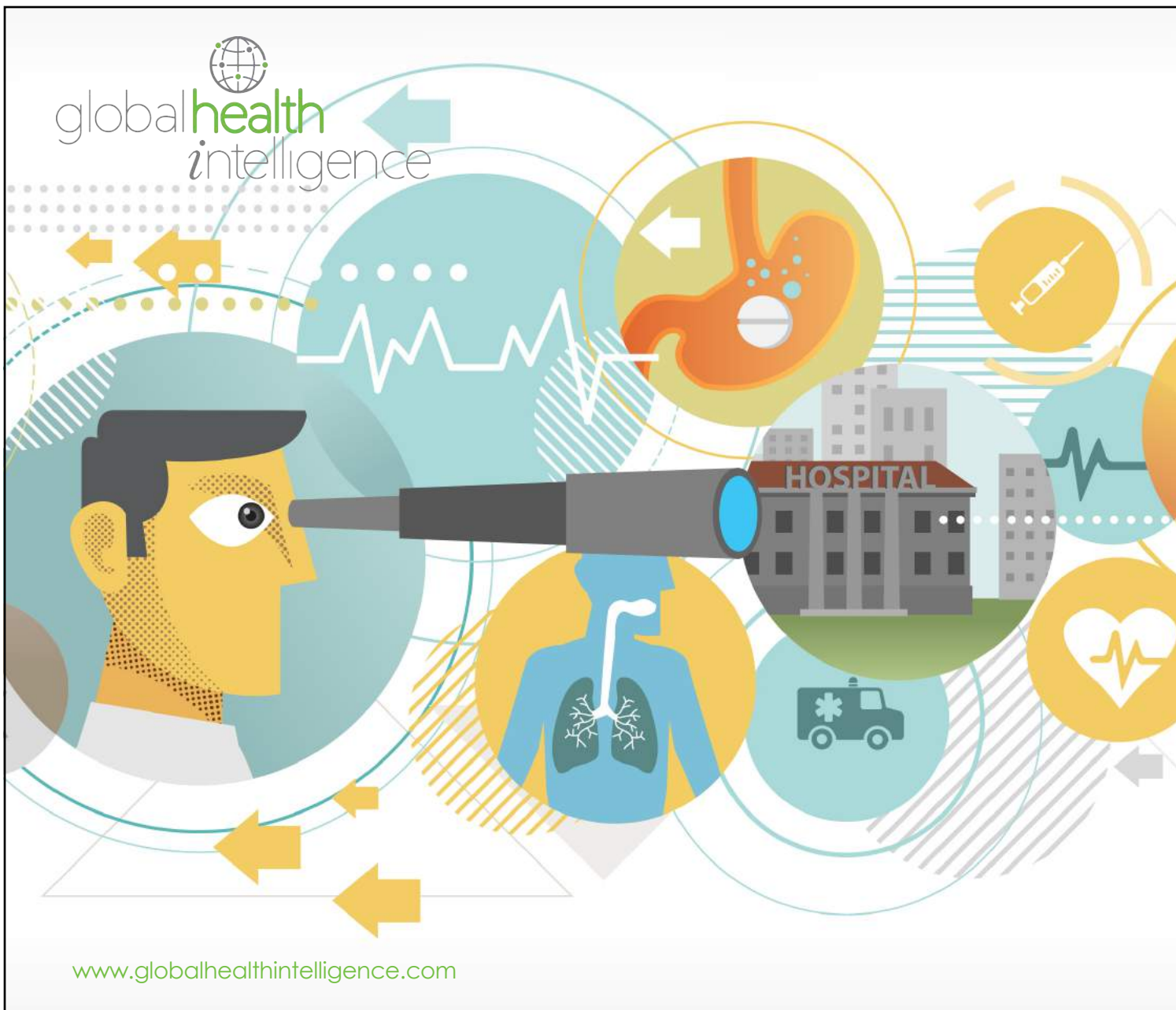
SOLUTION

In-depth analysis of import data

Work in a majority of cases.
Reliable, factual data.
Must conduct a pilot.



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