Healthcare trends and transformation 2019

Market Intelligence, Latin America

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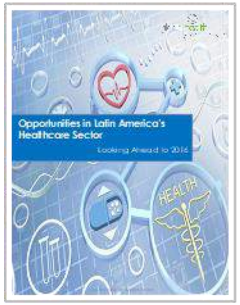
STRICTLY PRIVATE AND CONFIDENTIAL | 2019

HEALTHCARE TRENDS AND TRANSFORMATION

Market Intelligence, Latin America

5 years of gathering healthcare data… and counting

Whitepaper to **Megatrends**



Built on 20+ years experience in Market Intelligence

2014

- Launch of **Global Health Intelligence**, formerly AMI's Healthcare practice.
- **3 countries in HospiScope**: Brazil, Mexico, Colombia

2015

- **7 countries in HospiScope** : Addition of Argentina, Chile, Peru, Puerto Rico.
- Launch of **ShareScope** – *market size & share analysis*.

2016

- **11 countries in HospiScope**: Addition of Dominican Republic, Guatemala, Costa Rica, Panama.
- **1st Megatrends Whitepaper.**

2017

- **14 countries in HospiScope**: Addition of Bolivia, Uruguay, Paraguay.
- **2nd Megatrends Whitepaper.**

2018

- Launch of **SurgiScope** – *procedure data analysis*.
- **3rd Megatrends Whitepaper.**

2019

- **16 countries** in HospiScope.
- **4th Megatrends Whitepaper.**

Global Health Intelligence solutions

①	InScope	• Market sizing and segmentation • Partner search & market due diligence • Competitive profiling • Pricing and cost analysis • Best practices • Positioning and opportunity identification
②	HospiScope	The world's largest and only hospital demographics database focused on Latin America, with verified and actionable data.
③	SurgiScope	The world's only diagnostic, therapeutic and surgical procedures database focused on LatAm, by hospital.
④	ShareScope	A unique methodology based on the analysis of import data to deliver reliable insights in a timely manner across LatAm.

Our analysis guides important investments

CLIENTS

Johnson & Johnson
KONICA MINOLTA
BD
Medtronic
Wolters Kluwer
GE Healthcare Life Sciences
BARD
BIOMÉRIEUX
OLYMPUS
COVIDIEN
Boehringer Ingelheim
Hospira
PHILIPS
Boston Scientific
Hyland creator of OnBase
Baxter
Abbott
CareFusion
CardinalHealth™
TERUMO
NIHON KOHDEN
3M
Dräger
Vitalmex
San Pablo FARMACIA
RICOH
Carestream
BAYER
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MEDIA PARTNERS

Pan American Health Organization
SALUD SECRETARÍA DE SALUD
U·S· COOPERATIVE FOR INTERNATIONAL PATIENT PROGRAMS
América economía
SALUD
pharmaphorum bringing healthcare together
MEXICO BUSINESS PUBLISHING
EL ECONOMISTA
Latinvex
GLOBAL CONNECTIONS HEALTHCARE AMERICAS
eyeforpharma
Diario de la Salud
Saludiario EL MEDIO PARA MÉDICOS
consultorsalud Aportando a la salud Latinoamericana
el Hospital
REVISTA NEO
Perú 21
Siempre! Presencia de México

INTRODUCTION AND GUESTS

Today’s speakers

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On the agenda

1. **Latin America in the Global Context**
2. **Healthcare Megatrends**
   - Ageing population
   - Non-Communicable diseases
   - Lack of efficiency
3. **Growth & Opportunities**
4. **Questions & Answers**

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LATIN AMERICA IN THE GLOBAL CONTEXT

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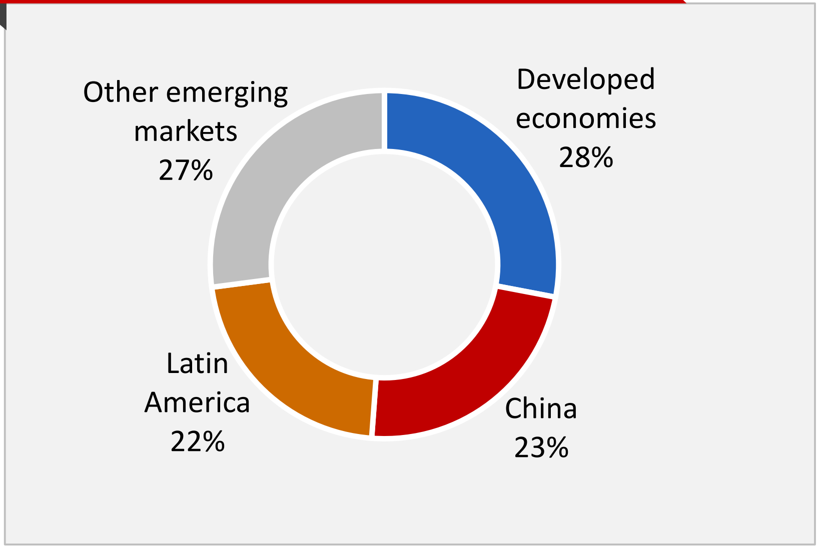
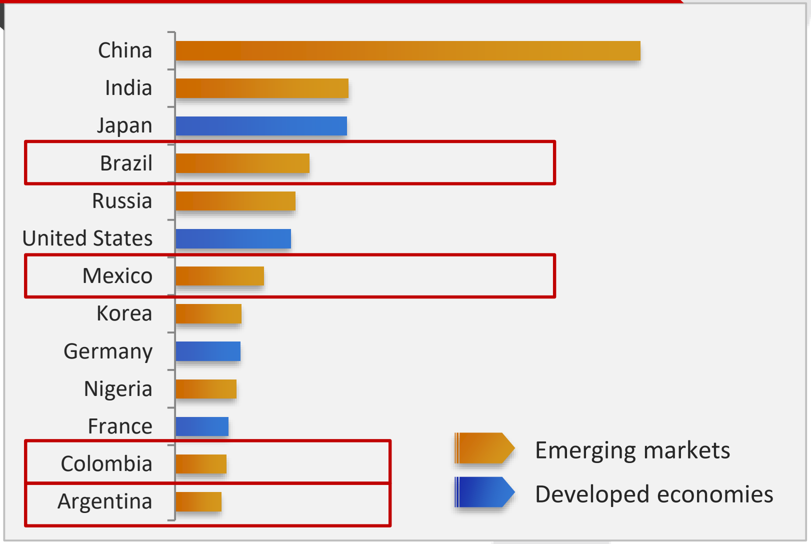
Harnessing the potential of emerging markets is key to long-term growth

NUMBER OF HOSPITALS BY ECONOMY



NUMBER OF HOSPITALS BY COUNTRY

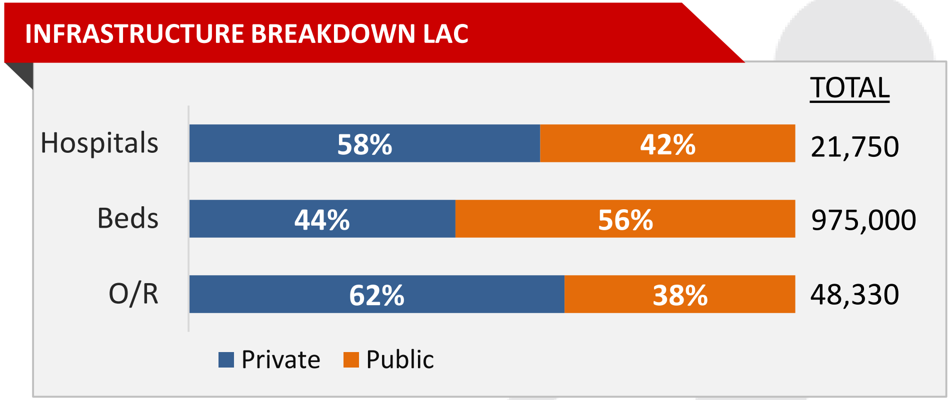


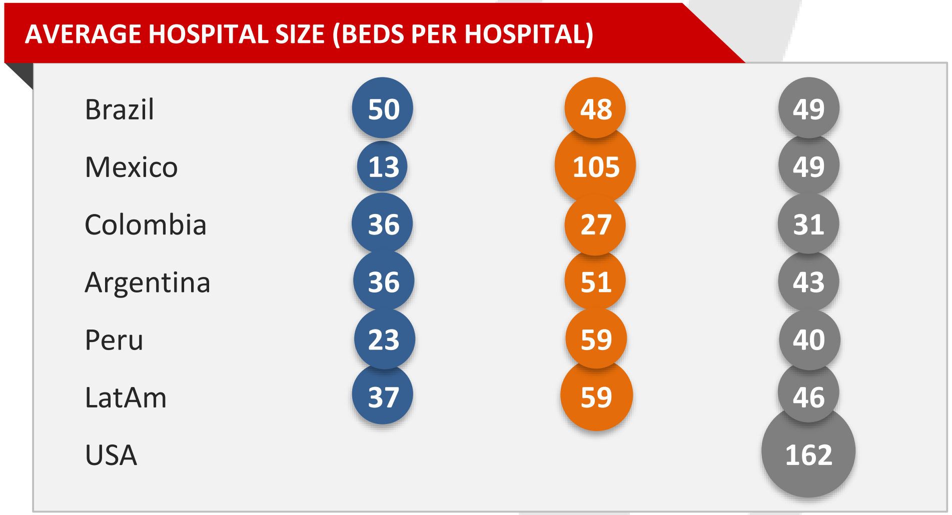
- There are 3x as many hospitals in emerging markets as there are in developed economies.
- Out of the top 10 emerging markets, 4 are in Latin America.

Source: GHI analysis based on data from the OECD, CEPAL, WHO, the World Bank and certain local ministries.

The challenges of the hospital landscape

- Hospitals across Latin America are on average 3.5x smaller than those of the US.
- There is a vast size difference between between Public and Private institutions.
  - In Mexico, Public institutions on average 7x larger than their private sector counterparts. This contrasts with the ROLA where the size difference is 2x.
  - In Mexico, Public institutions account for 36% of hospitals and 80% of beds.





Source: GHI HospiScope 2018.

HEALTHCARE MEGATRENDS

What are your organization’s plans for investment in Latin America this year?

A. Invest more than in 2018

B. Invest more than in 2018

C. Maintain investments at the same level as in in 2018

POLL QUESTION

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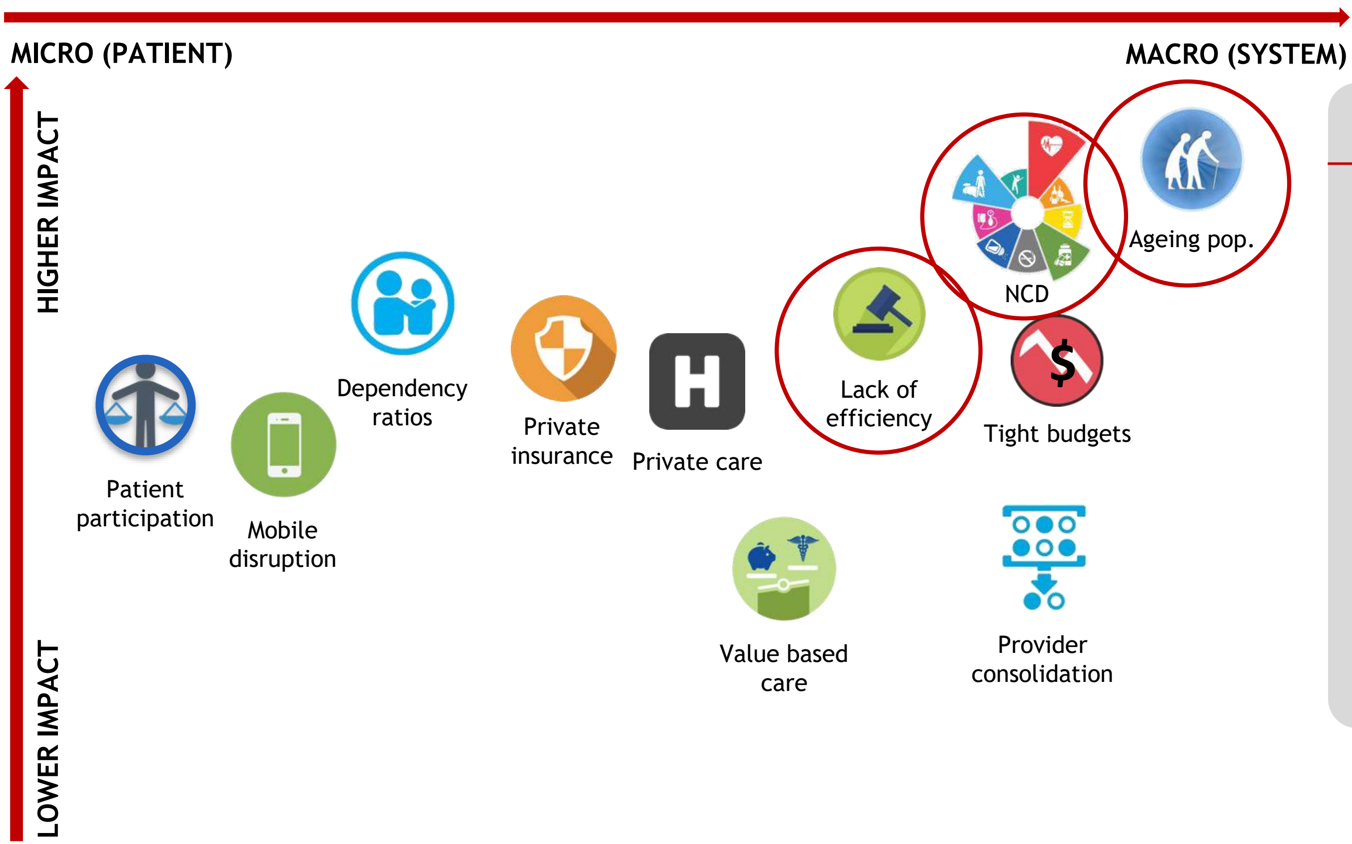
Forces of change reshape LatAm healthcare



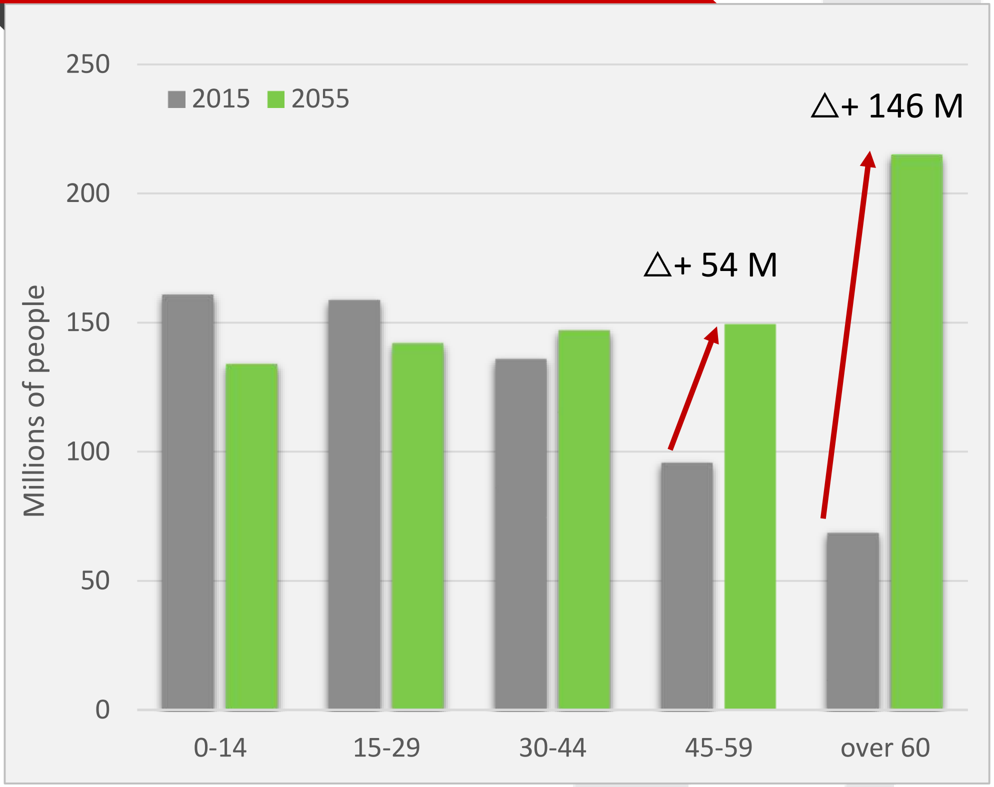
3 MAJOR TRENDS

- Ageing population
- Non-communicable diseases
- Lack of efficiency

Latin America is the fastest ageing region in the world

- By 2055, 214 M people will be 60 years of age or older.
  - 200% increase compared to 2018 ,
  - 43% more than the next-biggest age group.
- The elderly are the greatest burden to healthcare budgets – over 80% of adults over 60 have at least one chronic disease.
- These changes impact healthcare:
  - Electrocardiographs and related equipment for heart problems are growing significantly in countries such as Argentina (7%), Peru (51%), Chile (47%) and Brazil (43%).
  - Home care solutions are expected to demonstrate a CAGR of 8.7% from 2015-2020.

146 MILLION MORE ELDERLY BY 2055

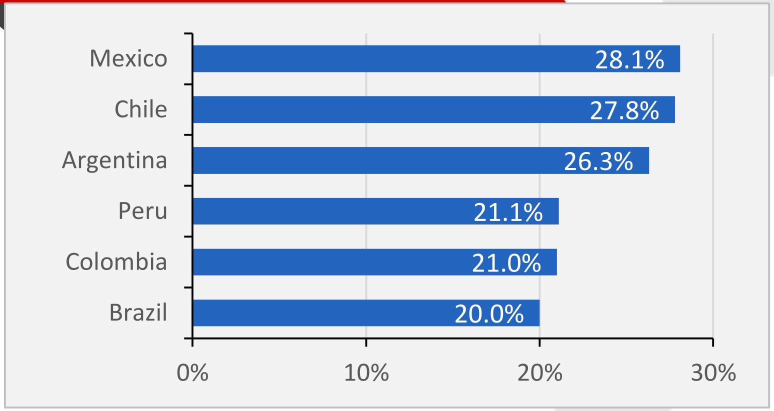


Sources: ECLAC, Center for Strategic & International Studies.

Latin America heads the global obesity epidemic

- Obesity is one of the world's most concerning public health issues, with Latin America at the forefront.
  - Obesity will reach more than 60% for women and more than 50% for men by the year 2030.
  - Childhood obesity is even more worrisome.
  - Weight has "inertia" and will continue to be a pressing topic for another 20 years, at least.
- Obesity leads to a series of related diseases, including heart disease, high blood pressure, diabetes, gout, amongst others.
  - 10% of the population has diabetes, and rising.
  - 1.1 million new cases of cancer are diagnosed in each year, resulting in 600,000 deaths a year.
  - The cancer death rate in Latin America will increase by 106% by 2030.
  - 20% to 40% of adults cope with high blood pressure.

ADULT OBESITY IN LATIN AMERICA



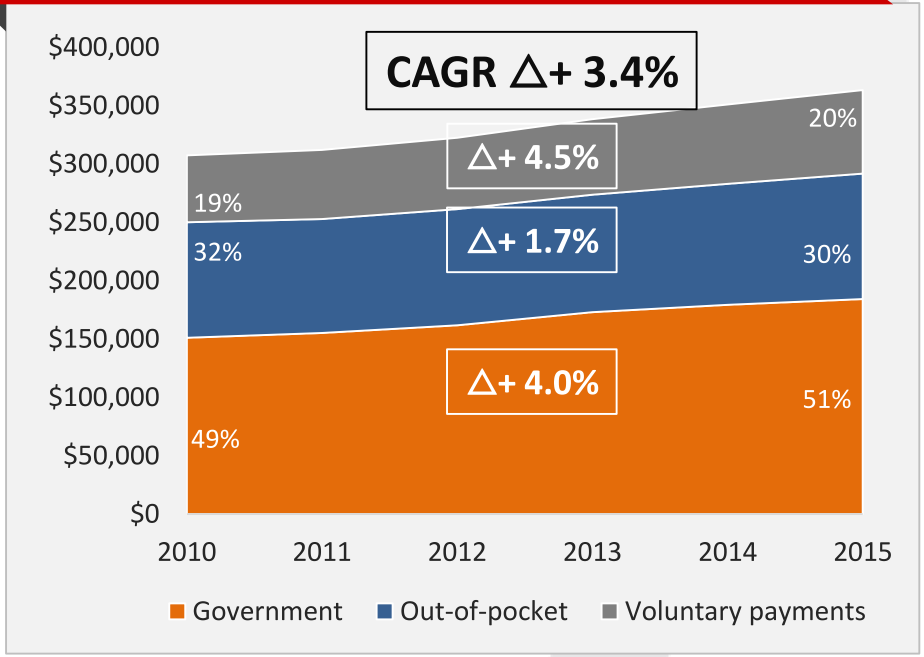
Sources: OECD Obesity Update,2017. Renew Bariatrics 2017.

Healthcare expenditure on the rise

Highest growth seen in Chile, Peru and Colombia

- Healthcare expenditure is growing at a CAGR of 3.4% per year.
  - Chile, Peru and Colombia are outpacing the market with 8%, 7% and 5% CAGR respectively.
- Voluntary payments (including private insurance) is the fastest growing segment.
  - Chile and Colombia are outpacing the market with 9% CAGR each.
  - Argentina showed growth in 2015 after 4 years of continual decline.
- Public sector expenditure is rising 2x faster than Private sector expenditure.
  - Peru and Chile are outpacing the market with 11% and 8% CAGR respectively

HEALTH EXPENDITURE BY TYPE OF SPEND (US$ CONSTANT 2010 MN)



Source: OECD and WHO, 2016.

Private insurance expands to the middle class

- Public healthcare has some well established, highly regarded institutions.
- It's not "just" a money issue.
  - Fiscal austerity, Red-tape, System inefficiencies, and Corruption, all **limit timely market access** to the public sector.
- Patients seek coverage from the private sector.
- Private insurance is expanding at >20% per year in some markets, looking to grow into the middle class and working class (SES C, C-).
  - Driven by international healthcare providers.
  - Non-traditional players are creating their own plans.
- Results in a proliferation of Small, Specialized Private Clinics and Hospitals.
  - ~80% of treatments in Private hospitals are covered by insurance.

INSURANCE PENETRATION BY SOCIOECONOMIC LEVEL

SES	% POP.	INCOME US$
A/B	7%	>$90K
C+	14%	$55-$90K
C	18%	$25-$55K
C-	16%	$15-$25K
D+	20%	$8-$15K
D	18%	$2.5-$8K
E	7%	<$2.5K

Private coverage

Expansion opportunity

Public

Source: GHI analysis based on INEGI and AMAI.

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GROWTH AND OPPORTUNITIES

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Which equipment categories are you seeing the most demand for right now?

A. Imaging (CT scanners, ultrasound machines, MRI machines, etc.

B. Life support (ventilators, dialysis machines, etc.)

C. Monitors (ECG, EEG, blood pressure, etc.)

D. Treatment (Laparoscopic surgery equipment, infusion pumps, etc.)

POLL QUESTION

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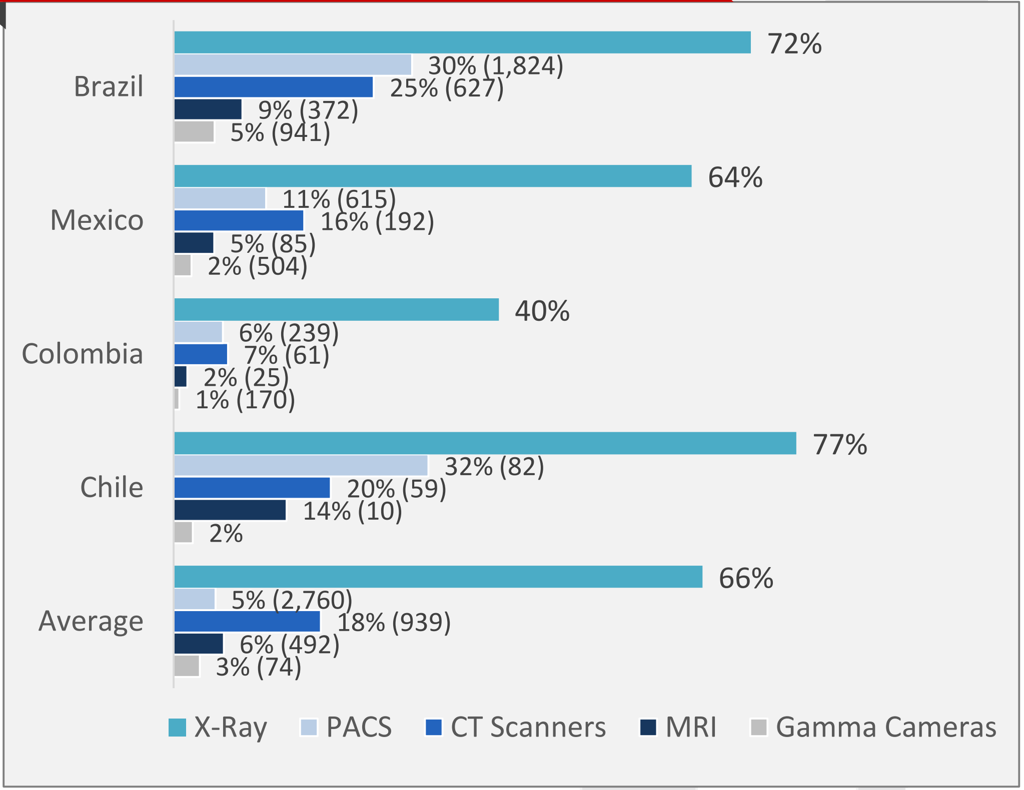
Existing technological infrastructure helps identify opportunities

- Growth in imaging equipment highlights the increased demand for diagnostic imaging.
- Countries demonstrating highest growth (2016-17) are Colombia, Peru and Chile.
  - In 2017, Andina and Cono Sur show the fastest growth rates in imaging equipment – Chile emerges as a potential opportunity.
  - Preliminary 2018 data points to accelerated growth for Mexico in 2018.
- Amidst singular growth spurts, a vast majority of hospitals continue to represent a potential opportunity for advanced imaging equipment.

PENETRATION OF IMAGING DIAG. IN HOSPITALS



(###) – Number of units estimated to be present in Country.
% – Total units / Total hospitals.

Latin America boasts high growth areas

44% penetration of **EMR** in 2017
4% YOY growth

14% penetration of **PACS**
3% penetration of **RIS**

7% growth of **MRI**
7% growth of **CT**

30% penetration of **Telemedicine**

$804 B value of **Ultrasound** market by 2021
6% CAGR

$3.2 B value of **Dialysis** market by 2021
6% CAGR since 2016

6.6% CAGR of **Infusion Pumps**

10.5% CAGR of **Respiratory monitoring** through 2023

7.5% CAGR of **Clinical laboratory** through 2025

9.3% Growth of **Pharma** market

$14.7 B **OTC market** in 2022

6.3% CAGR in **Diabetes Medication** through 2023

$2.4 B **Wound care** market in 2025

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Source: GHI analysis.

Evolution in the hospital installed base

Based on data from HospiScope

			
Nuclear medicine	>20%	>20%	> CONTRACTING <
Infusion pumps	10%-15%	>20%	> CONTRACTING <
Angiograms	N/A	15%-20%	>20%
Laparoscopic surgery equipment	10%-15%	15%-20%	1%-4%
Hemodialysis machines	10%-15%	10%-15%	>20%
Radiotherapy equipment	N/A	7%-9%	> CONTRACTING <
MRI	10%-15%	5%-7%	> CONTRACTING <
Electrocardiogram	10%-15%	5%-7%	1%-4%
CT scanners	5%-7%	5%-7%	1%-4%
Ultrasound equipment	5%-7%	5%-7%	> CONTRACTING <
Incubators	1%-4%	1%-4%	> CONTRACTING <
Endoscopy machines	5%-7%	1%-4%	10%-15%
Mammography equipment	1%-4%	1%-4%	5%-7%

Source: GHI analysis.

2018 growth trends per modality, by country

Based on data from ShareScope and import data

				
CT scanners	↓	↑↑	↓↓	↓↓
MRI machines	↑	↑↑	↓↓	↑↑
Endoscopy machines	↑↑	↑↑	↓	↑↑
X-ray machines	↓↓	↑↑	↓	↑↑
Ultrasound machines	↑↑	↑↑	↓	↓↓
Anesthesia machines	→	↑↑	↓	↓↓
Laparoscopy equipment	↓	↑	↑	↑

Source: GHI analysis.

To improve your sales, which of the following do you think is the MOST helpful for you to know?

A. Knowing which conditions are treated the most at a hospital

B. Knowing a hospital's treatment specialties

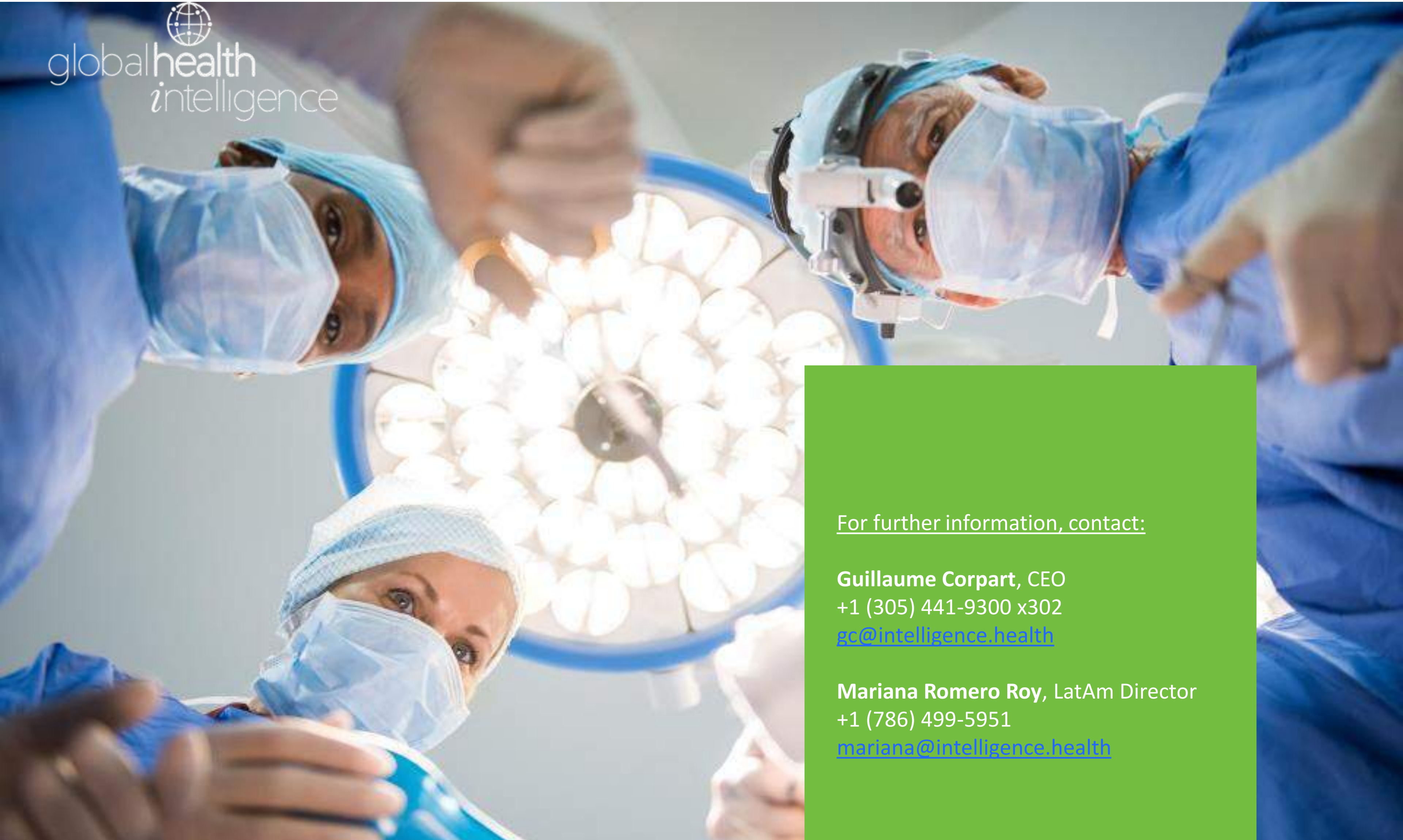
C. Knowing the most expensive equipment a hospital owns

D. Knowing which equipment a hospital owns and which it leases

E. Knowing how often a hospital purchases capital equipment

POLL QUESTION

QUESTIONS AND ANSWERS



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