



BRAZIL MEDICAL DEVICE INDUSTRY

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Report prepared by the Massachusetts South America Office

E-mail: massbrazil@massbrazil.com.br

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Market Brief: Brazil Medical Device Industry

Overview

In 2005, the Brazilian medical market was valued at US\$2,866MM, equivalent to around US\$14 /capita. The country has a well-established medical industry, comprising local and multinational companies, which supplies around 75% of the market. Brazil is unusual in that imports hold such a small share of the market; they performed well until 1998, but have stagnated since.

The domestic industry is geared towards the domestic market and approximately 90% of production goes towards fulfilling local demand. Exports are a small fraction of total production and the country consistently runs a negative balance of trade in medical equipment and supplies. According to the local manufacturers association, ABIMO, approximately 48% of its members' sales are to the private sector, 44% are to the public sector, and the remaining 8% is exported.

Future growth is likely to be influenced by an increasing consumer demand for the latest technology. With the expansion of private health insurance companies, patients are demanding better medical care. The public sector is also modernizing and upgrading obsolete equipment. While the Brazilian medical market is the eighth largest in the world, per capita spending on medical devices remains low and there is room for improvement.

Home Health Care

The home care sector in Brazil is expected to grow significantly during the next decade. Brazil's 198 million citizens are aging and the country has a low number of hospital beds per person. Accordingly, the population and the health care sector are increasingly looking to alternative health care options, including home care. The home health care sector is generally focused on attending to the 53 million Brazilians (30% of the population) who suffer from chronic illnesses such as diabetes, hypertension, rheumatism and respiratory problems.

It is currently estimated that the sector is billing an estimated \$120MM per year. According to industry watchers, this figure is likely to increase by 16% in 2006. The demographic group of people above age 40, with above-average family incomes, is increasingly demanding home care. A significant portion of home care focuses on treating Alzheimer's and heart surgery patients. In these cases, home care treatment generally lasts for a year or more.

Products and Regulation

The home care sector represents an excellent opportunity for US exporters in a variety of areas. The products in greatest demand by the home care sector include oxygen sets for home care treatment, ventilators, gas therapy equipment, and oxygen uptake measuring devices. Additionally, new diagnostic equipment for cardiovascular patients is in high demand. For example, for companies such as White Martins, home care in Brazil already represents 2 percent of their total Brazilian revenues.

Demand for home health care services in Brazil is likely to increase dramatically over the next decade for the same reasons that it has grown in the USA. Major studies have shown that home

Market Brief: Brazil Medical Device Industry

care service generates savings of approximately 50 percent per patient. Accordingly, insurers are increasingly looking to providing home care in order to reduce their overall operational costs.

Market Expectation

Home care in Brazil will continue to grow as the Brazilian population ages, motivated by the need of both public health institutions and private health insurers to reduce costs. Furthermore, the new ANVISA regulations will likely result in major growth in the sector, now that operational regulations are clear to all providers and manufacturers alike. The new regulations for home care represent the first step in standardizing the procedures for home health treatment. Industry watchers are now expecting the market to grow with more professionalism.

Growth of the home health care sector is driving demand for medical equipment, medication and medical devices that are capable in offering in-home services 24 hours per day. The sector will require high-level technology for at-home ICUs, laboratory exam devices, business management software, and sophisticated databases for companies to control patient treatment.

Statistics indicate that the market will increase about 15-25% per year for the next 10 years, as the concept of home care spreads throughout the population and as health insurance companies increasingly offer the service. More and more, medical device distributors and representatives are looking for equipment and new devices to sell or rent to home care service providers. We see this as perhaps the greatest opportunity for US Exporters in this sector.

Trade Shows & Fairs

Hospitalar Trade Show

The event takes place annually in June in São Paulo.

Expo Center Norte

São Paulo, SP - Brazil

www.hospitalar.com

Hospitalar is an annual International Trade Show for products, equipment, services & technology for hospitals, health clinics & laboratories. It is the largest and most important medical trade show in Latin America and provides a unique opportunity to become acquainted with new products, medical devices, healthcare technologies and services for hospitals, health clinics and laboratories. The trade show features products from leading state-of-the-art medical technology to practical equipment, with a wide variety of solutions in quality and price. Hospitalar showcases hundreds of Brazilian and international exhibitors, aiming to launch products/services and meet potential new clients and partners. On its last edition, it featured over 1,000 exhibitors from over 32 countries and attracted 70,000 visitors from more than 51 nations.

Four thematically related trade fairs are held concurrently within Hospitalar:

- Diagnóstica 2008 (Clinical Analysis and Pathology),
- Hospfarma 2008 (Pharmacy and Drugstores),

Market Brief: Brazil Medical Device Industry

- Reabilitação 2008 (Assistive Devices)
- OdontoBrasil 2008 (Dentistry).

FCE Pharma Trade Show

The event takes place annually in May in São Paulo.

Expo Center Norte

São Paulo, SP - Brazil

www.fcepharma.com.br

The FCE Pharma and Cosmetique is the only exclusive event of technology for the pharmaceutical industry in Latin America. It has broken through as the most important meeting point among the industry. With the industry pole focus on São Paulo and Rio de Janeiro / Brazil, FCE Pharma is the opportunity to expand sales, to change the market and to do new business in Latin America. Moreover, with the appreciation of the Brazilian currency against USA Dollars and EURO, all foreign products became much more competitive. Stimulated by this great opportunity, international companies are considering Brazil as a very important market worldwide. FCE Pharma is considered by the whole industry to be the biggest development platform for new products. On display: raw materials, packing, equipment, outsourcing and services.

What We Can Do for Massachusetts Companies

Massachusetts companies interested in entering South American markets or attending/visiting local trade shows, please contact the Massachusetts South America Office in Brazil at massbrazil@massbrazil.com.br.

Phone: +55 11 3051-9080

Resources

- Anvisa: National Agency of Sanitary Surveillance - www.anvisa.org.br
- USCS: Trade Reports www.focusbrazil.org.br
- Brazilian Ministry of Health: www.saude.gov.br