

BE  
BRASIL

# INVEST IN BRASIL

Apex-Brasil – Investment Unit

2018



MINISTRY OF  
FOREIGN AFFAIRS





# The best of **Brazil to the world**



To promote exports of  
Brazilian **products  
and services**



To support the  
internationalization  
of **Brazilian  
enterprises**



To attract  
investment:  
**Foreign Direct  
Investment (FDI)**



# APEX-BRASIL AND THE BRAZILIAN MINISTRY OF FOREIGN AFFAIRS (MRE)



**10** Apex-Brasil  
offices and   
**110** Trade  
Promotion Sections  
(SECOMs)  
around the world



# Promotion of productive FDI

focused on priority sectors



Aims to help the development of **Brazil and its states**



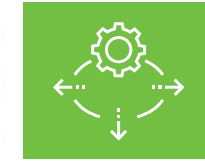
Focus on **technology** intensive sectors



**Impacts** employment generation



Strengthening of local **productive chains**



Improvement and expansion of **Brazilian exports**

## Priority Sectors:

- \_ Agribusiness
- \_ Automotive
- \_ Infrastructure
- \_ Pharmaceuticals & Medical Devices
- \_ Oil & Gas
- \_ Renewable Energies
- \_ Research & Development
- \_ Venture Capital & Private Equity

# Apex-Brasil 2017



**13,076** supported companies



US\$ 62 bi **exports in 2017**



189 **foreign investors** assisted



**US\$ 1.63 bi** announced foreign direct investment



# Apex-Brasil's services for

# foreign companies

## Information about Brazil



## Support on site location for the investment project



## Sector and market information



- \_ **Business** environment
- \_ Economic **data and projections**
- \_ Costs
- \_ General information on **rules and regulations**
- \_ Information about **regulatory agencies**

- \_ Guidance on the **best potential** regions
- \_ Support on **local business** agendas
- \_ **Building the right connections** with public and private institutions

- \_ **Strategic overview** on investment opportunities
- \_ Attractiveness of different **industry sectors**
- \_ Market size and characteristics
- \_ Overview of supply chains
- \_ Identification of competitors, potential **partners and suppliers**





The Brazilian

**business environment**



# Brazil

## a giant



**Strong** domestic market



Growing **minimum wage**



IMF estimates that 2017 GDP per capita will be **US\$ 9,408** (higher than 2015 and 2016)



**18 million** new formal jobs created over the last 10 years



Population with higher education increased from **6.7% to 9.9%** (from 2005 to 2015)



Market agents expect that the inflation will **end 2017 at 5%**



GDP is expected to recover after **two years of negative growth**







**Brazil ranks  
among  
the world's top**

**9<sup>th</sup>** largest economy in the world

**5<sup>th</sup>** largest consumer market in the world

**3<sup>rd</sup>** destination for FDI in the world in 2017



# A major recipient

of FDI

\_ **US\$ 78.1 billion** in 2017

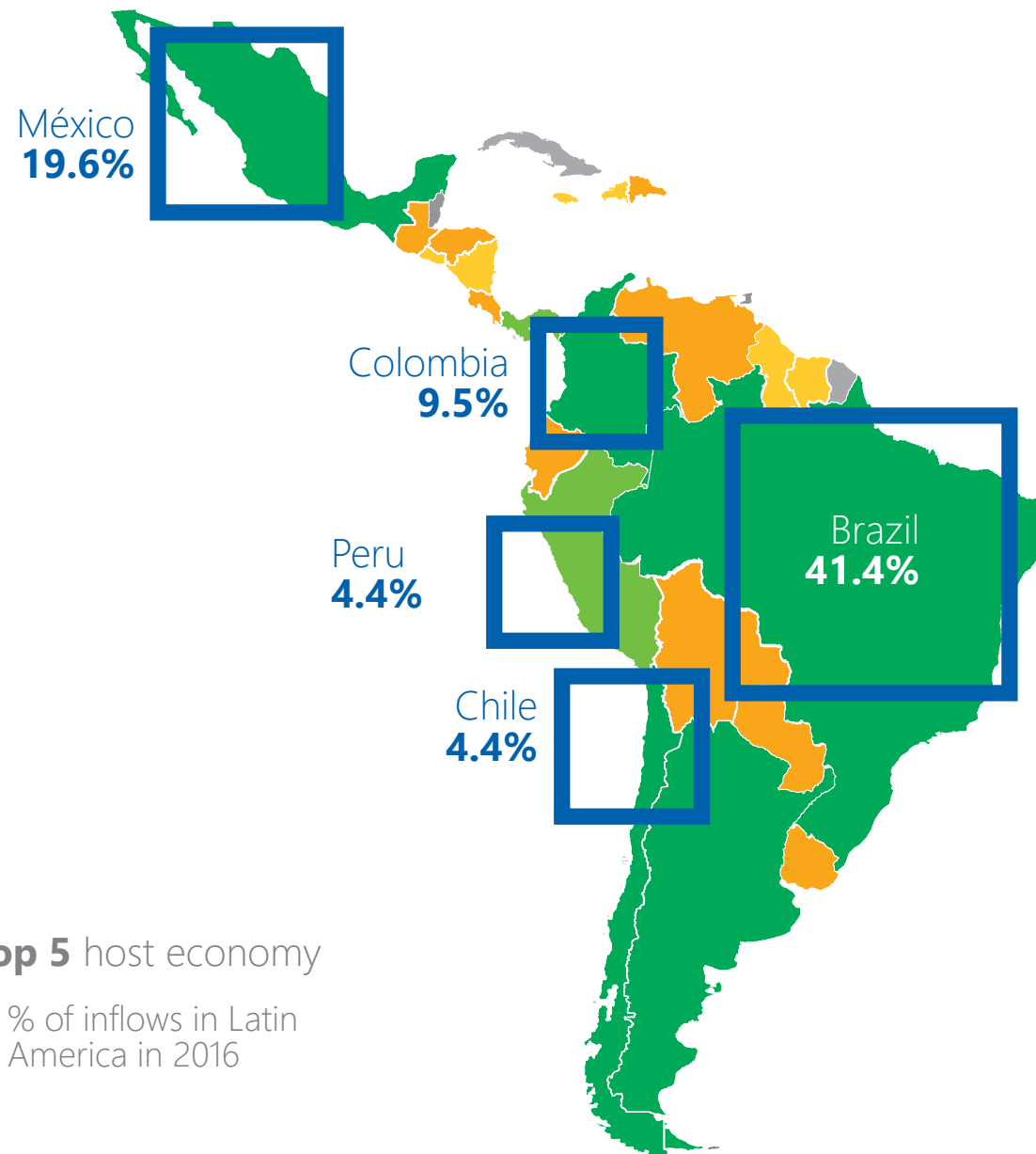
\_ 2018: estimation of + **13,8%**

Source: Brazilian Central Bank

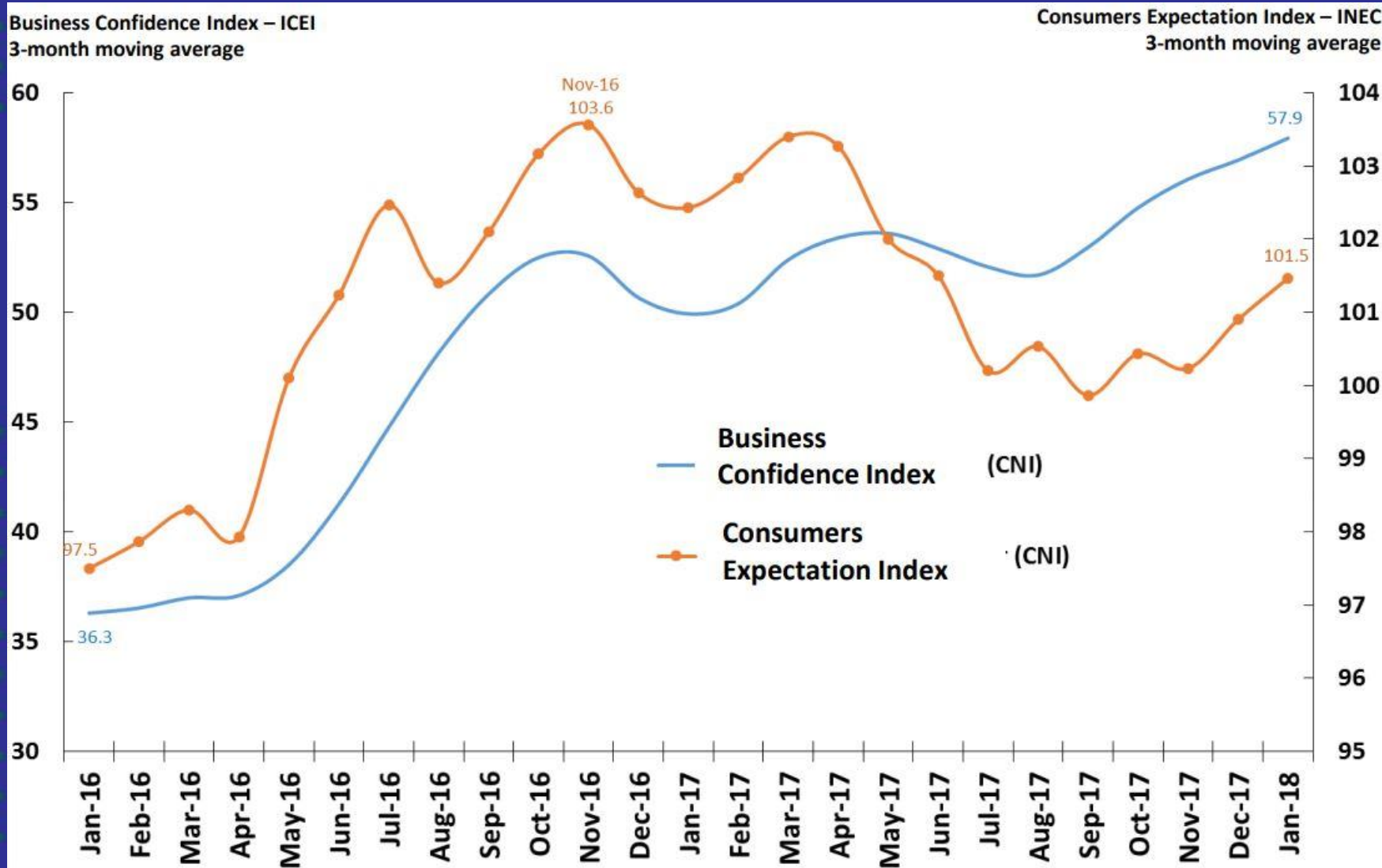
2017 Latin America  
FDI Inflows  
**\$151.3 bn**



Share of Latin  
America in 2016 was  
**10.6%**

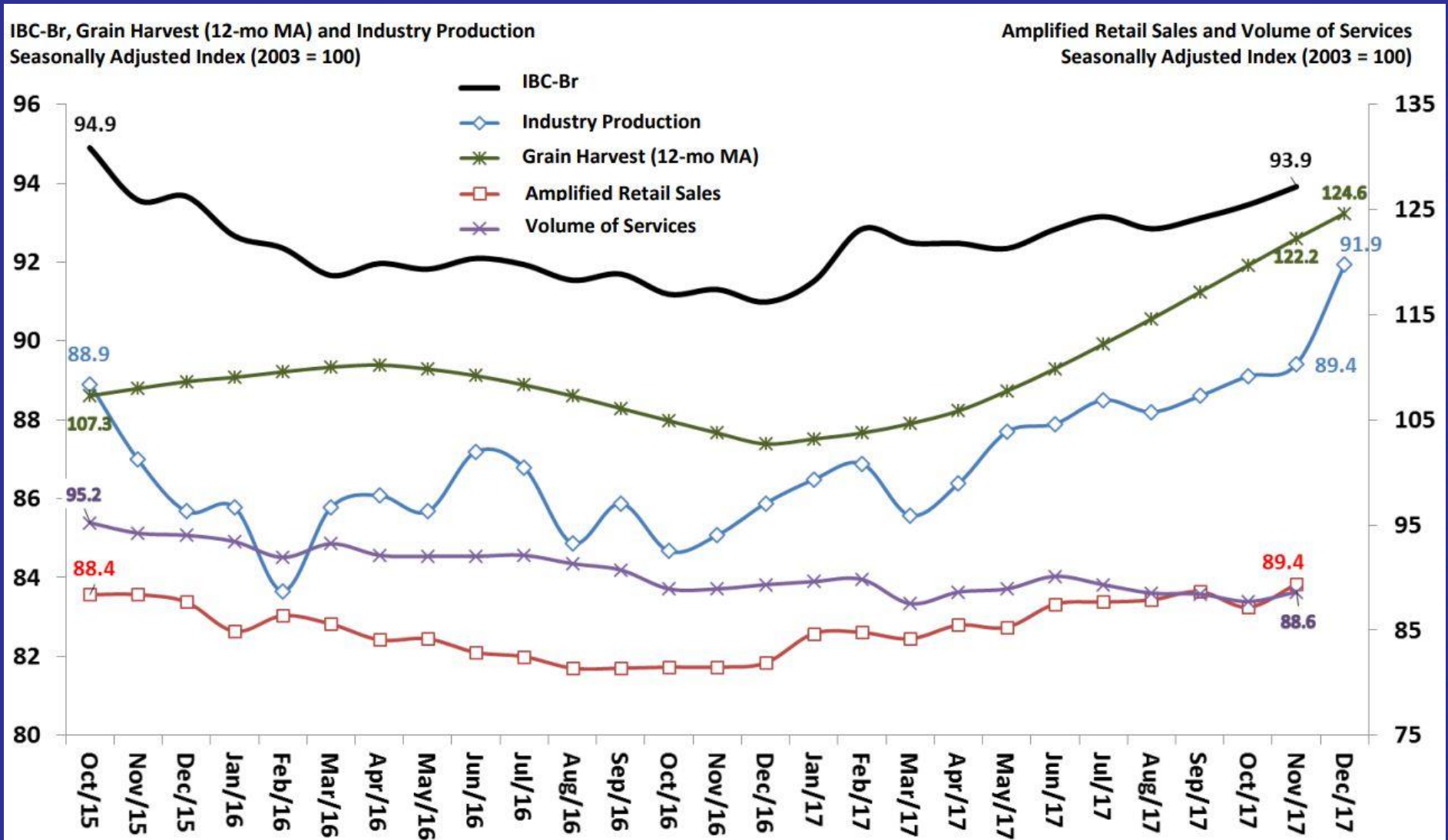


# An Economy on the rise





# An Economy on the rise



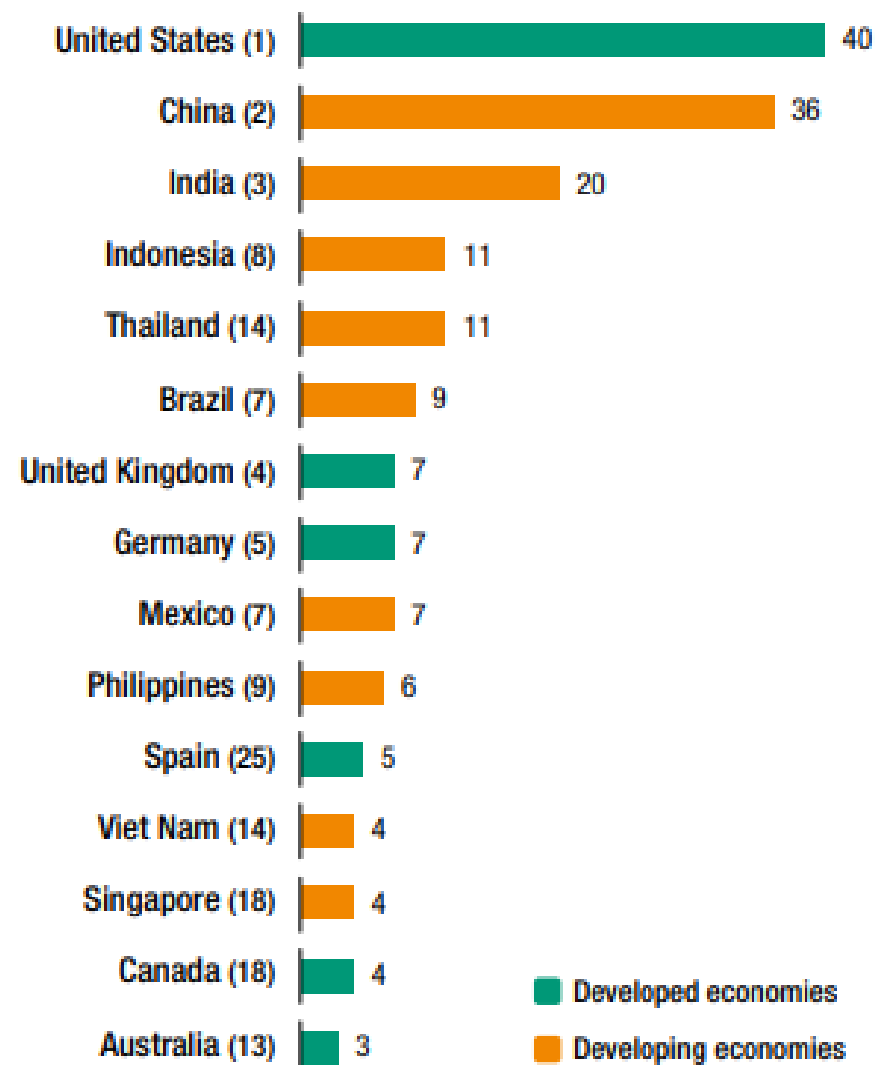
# The country remains an important market for multinationals

**Brazil ranks 6th** as prospective host economy to multinational enterprises for 2017-2019



% of executives responding

(x) = 2016 ranking





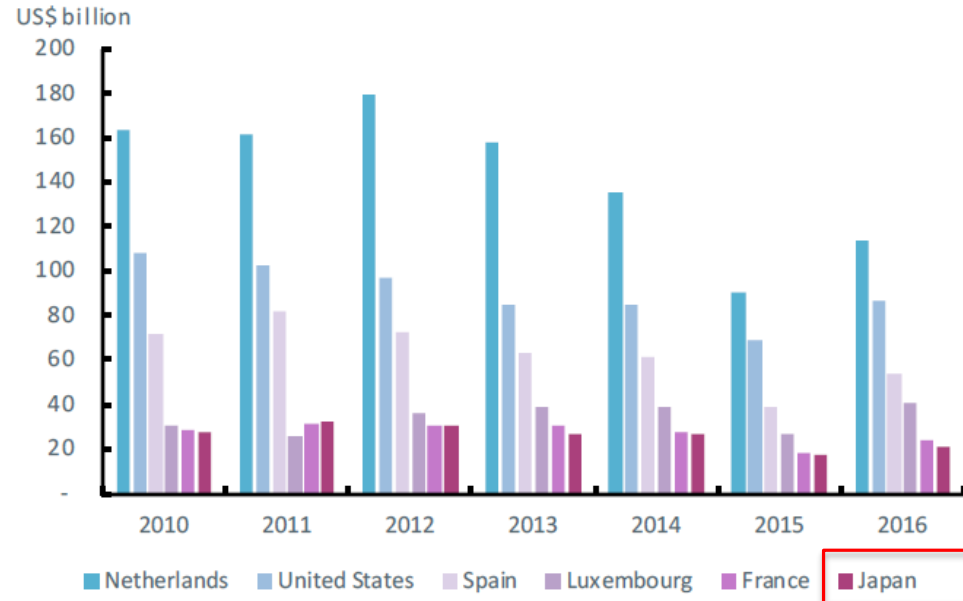
# BRAZIL AND JAPAN

Numbers

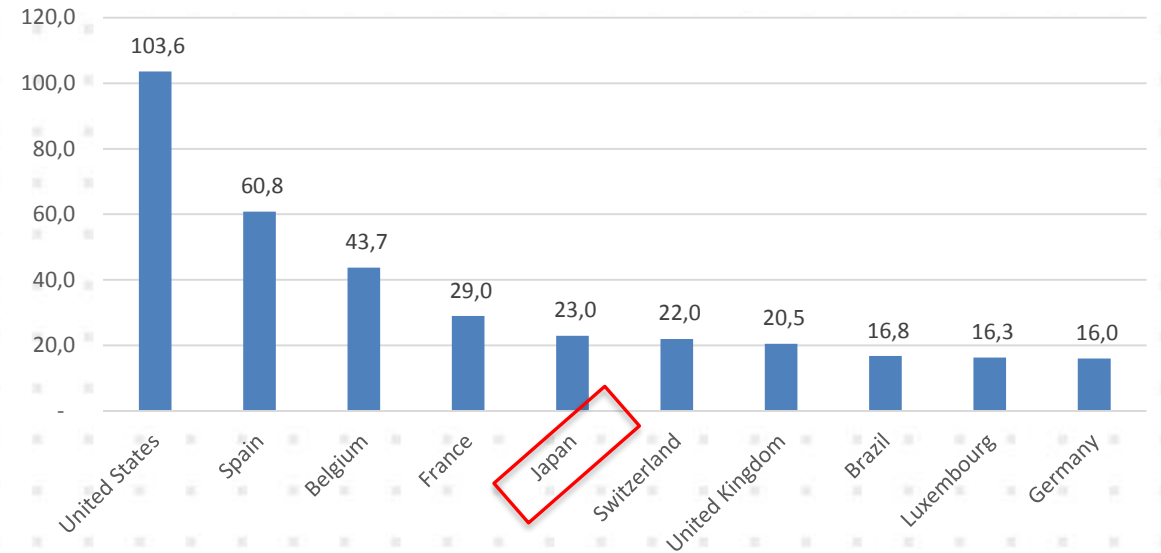


# FDI from Japan

Figure 4 – Main investing countries  
Equity – Immediate investing country



Ultimate Investor Country



**Japan is among the most important foreign investors in Brazil, being the 5th largest equity investor in 2016, with a stock of US\$ 23 billion.**

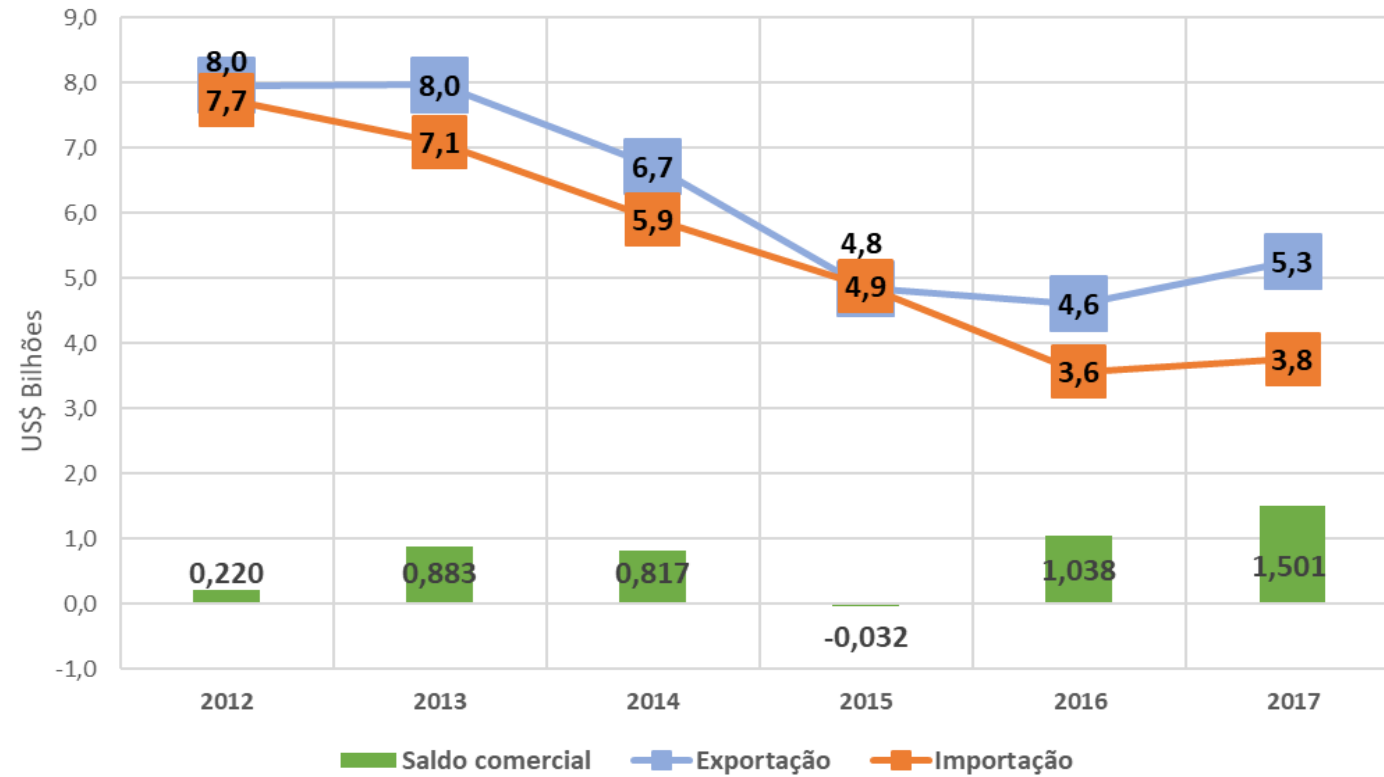


# Main Japanese companies in Brazil by Revenue

Rank	Empresa	Sede	Setor de atividade	Receita Líquida (em R\$ milhões)	Capital (Origem)
31	Honda South America	SP	Veículos e Peças	16.314,0	JP
39	Toyota do Brasil	SP	Veículos e Peças	14.514,9	JP
68	Usiminas	MG	Metalurgia e Mineração	8.454,2	AG/BR/JP
157	VLI	SP	Transportes e Logística	3.553,7	BR/JP
177	Agrex	GO	Agropecuária	3.110,9	JP
220	Albras	PA	Metalurgia e Mineração	2.621,6	BR/JP
230	Multigrain	SP	Comércio Atacadista e Exterior	2.536,9	JP
239	Ajinomoto do Brasil	SP	Alimentos e Bebidas	2.382,5	JP
297	Cenibra	MG	Papel e Celulose	1.911,4	JP
362	Panasonic	AM	Eletroeletrônica	1.515,5	JP
434	Ihara	SP	Química e Petroquímica	1.173,5	JP
585	Furukawa Electric	PR	Eletroeletrônica	780,6	JP
781	Café Iguaçú	PR	Alimentos e Bebidas	524,5	JP
816	Lojas Y. Yamada	PA	Comércio Varejista	493,0	BR/JP
825	Yakult	SP	Alimentos e Bebidas	480,6	JP
836	Marubeni	SP	Comércio Atacadista e Exterior	469,9	JP
905	NEC	SP	Eletroeletrônica	426,6	JP

Fonte: Valor1000

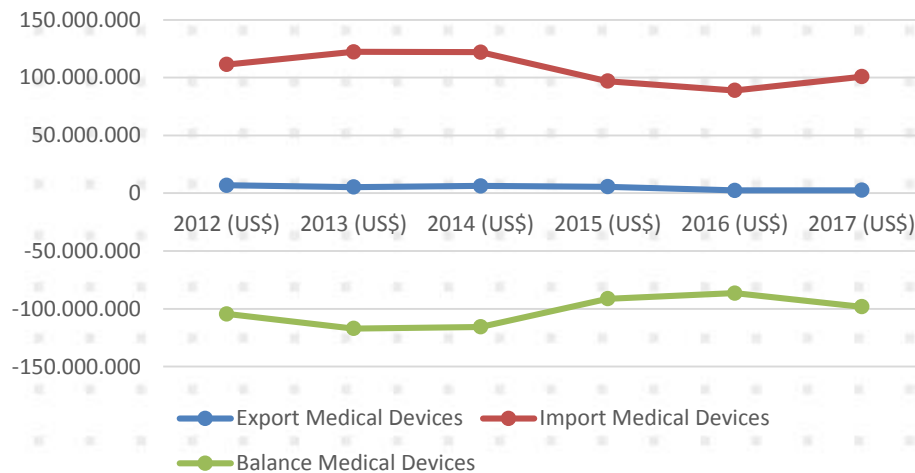
# Trade Balance



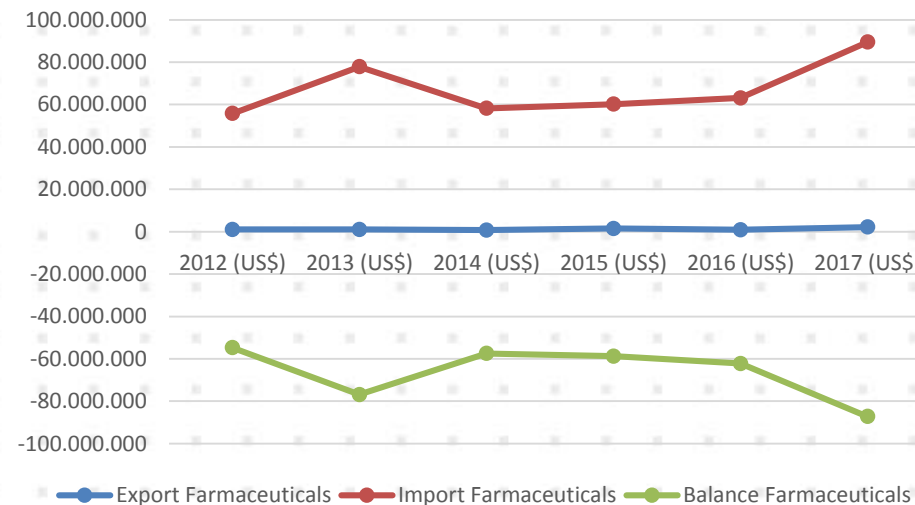


# Trade Balance - Healthcare

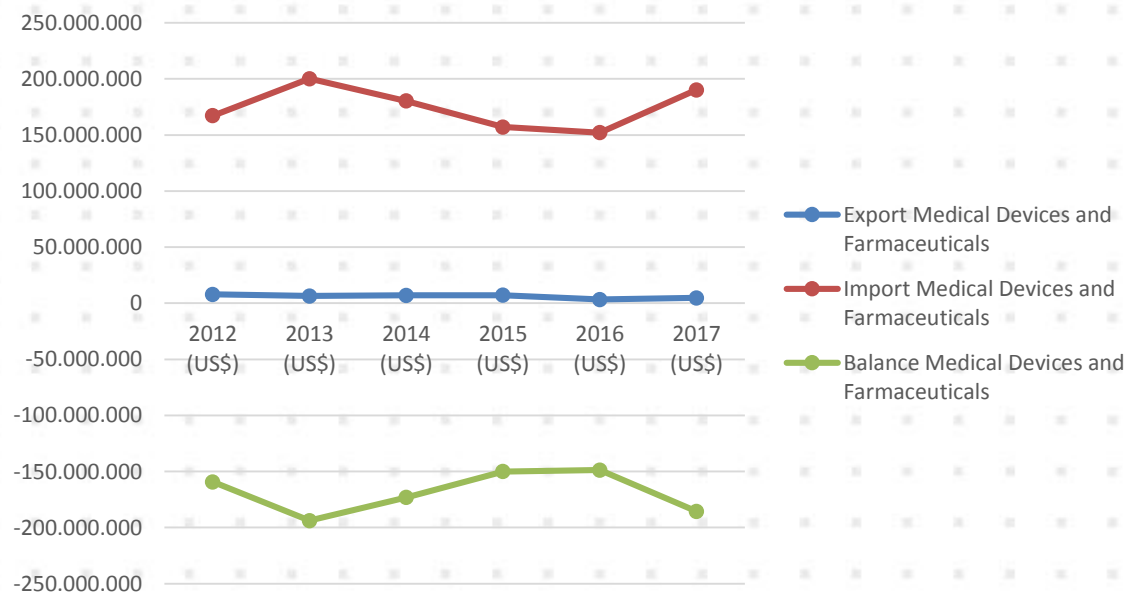
## Trade Balance - Medical Devices



## Trade Balance - Pharmaceuticals



## Trade Balance - Total



# PRIORITY SECTORS

Life Sciences &  
Medical Devices



# Healthcare Structure

## Brazilian Constitution

- "Access to healthcare is a right of the citizen and a duty of the State"  
(Art. 196)
- "Healthcare assistance is open to private enterprise"  
(Art. 199)



# MINISTRY OF HEALTH

Responsible for the execution of health policy



## **ANVISA**

National Health Surveillance Agency)  
Independent;  
Power to regulate and control



## **SCTIE**

Secretariat of Science, Technology and Strategic Materials



## **SAS**

Secretariat of Healthcare Assistance



## **ANS**

National Agency of Supplemental Healthcare  
Regulates the private sector - HMOs  
(Health Medical Organizations)

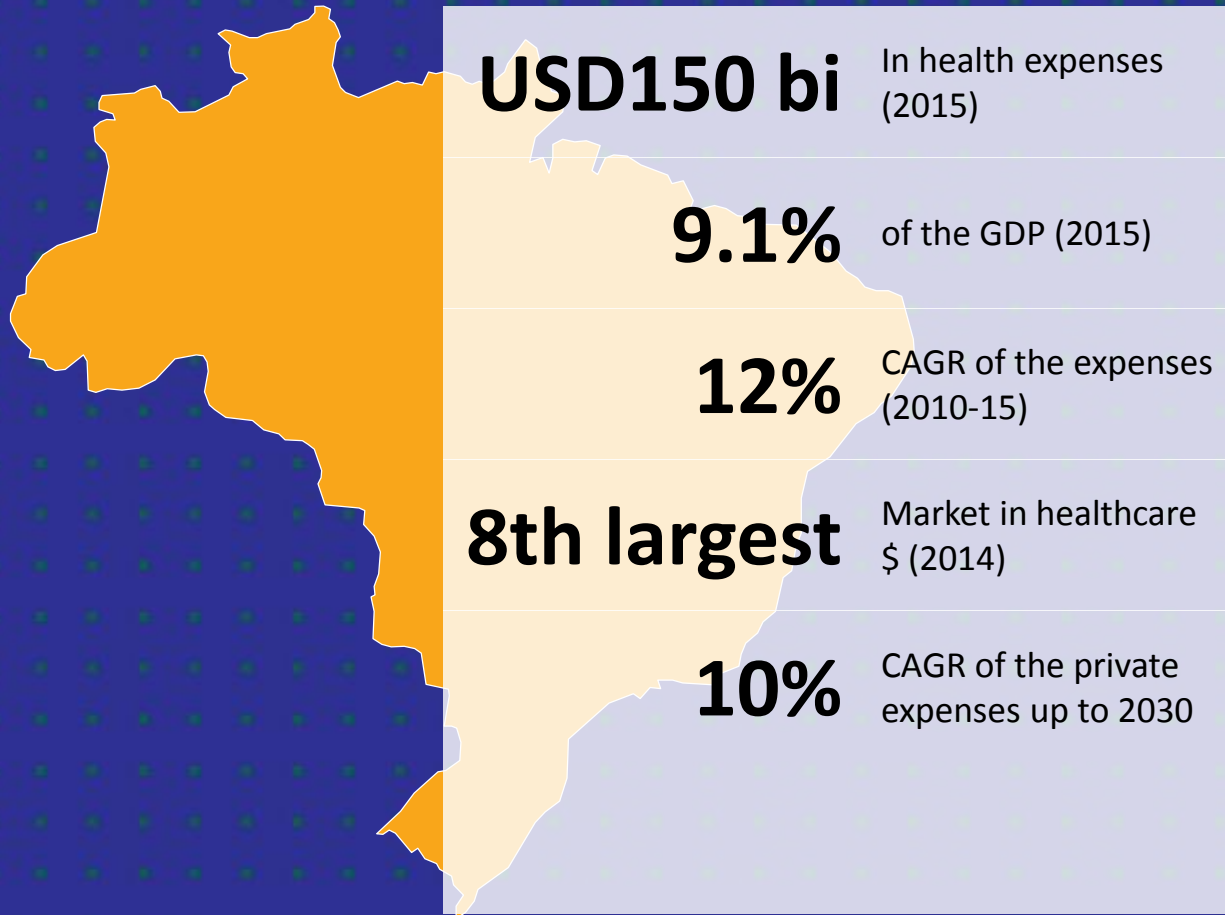


## **CONITEC**

National Commission for implementing new technologies at SUS

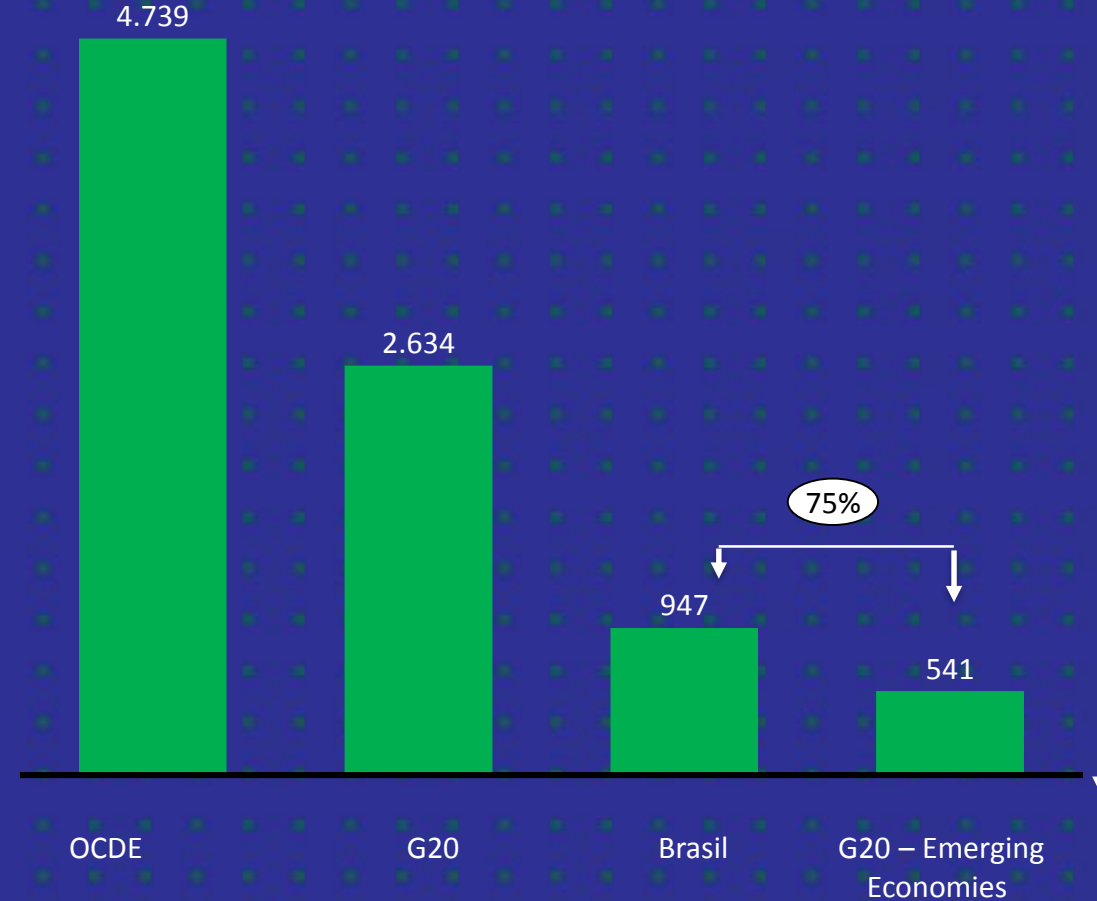
# Health in Brazil

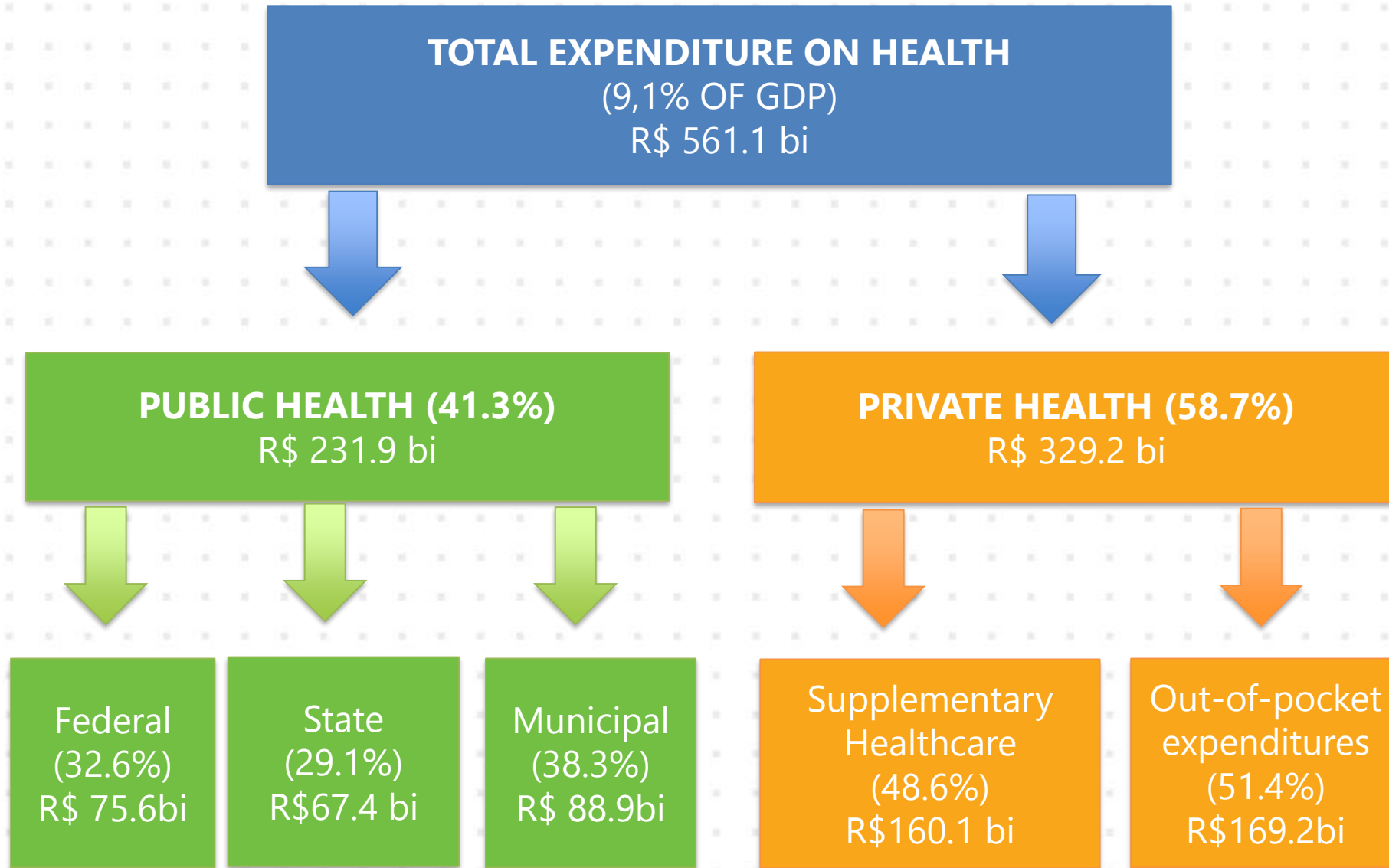
With expenditures 75% higher than the emerging countries, Brazil is the 8<sup>th</sup> largest health market in the world



## Expenditures in Health Sector, GDP % (in 2014)

Source: World Bank





Source: ANAHP 2016








# BRAZILIAN HEALTHCARE FIGURES

- 6,300 hospitals (70 % private)
- 494,740 hospital beds
- 95,990 supplementary healthcare services
- 432,523 physicians
- 2,58 million other healthcare professionals
- 143,998 dentists
- 70,000 drugstores

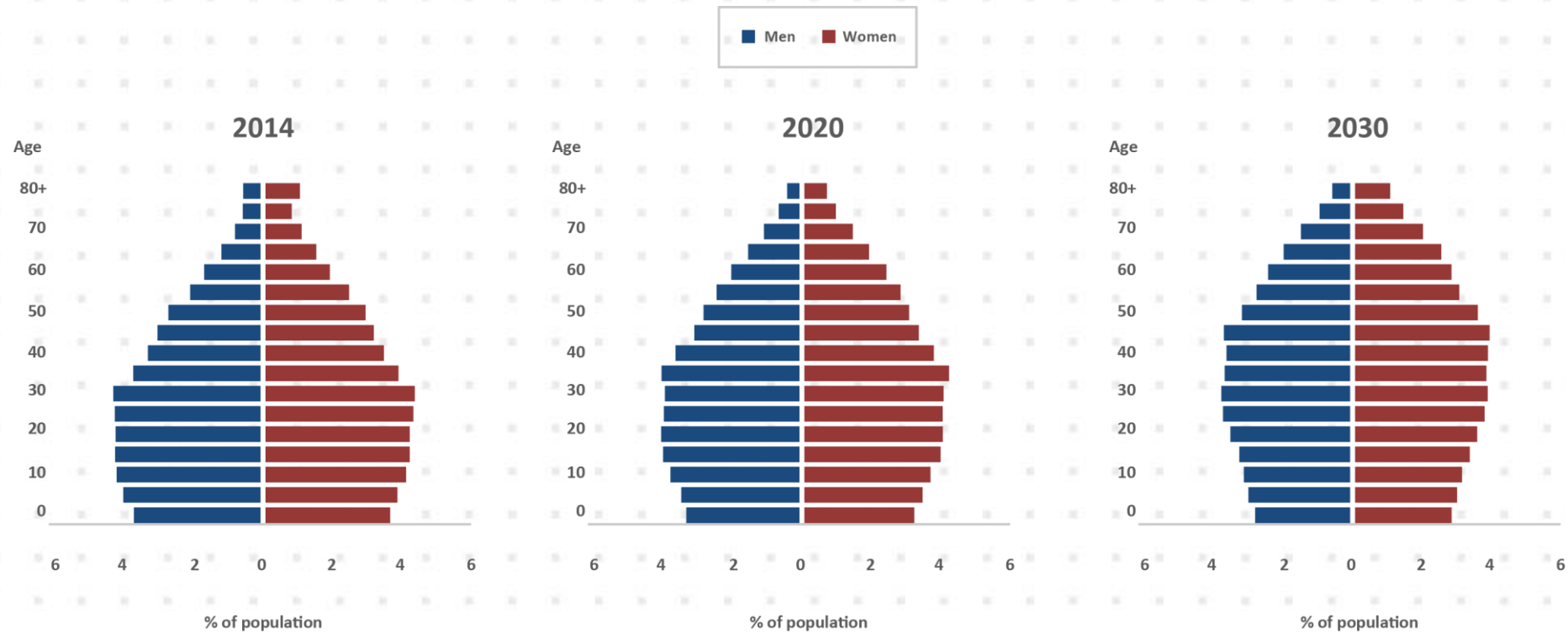
# BRAZIL IS AN EMERGING PHARMACEUTICAL MARKET

that has been growing and will keep growing in the **next years**

Exhibit 3: Top 10 Countries **Ranking Constant USD**

2010				2016				2022			
Rank	Country		USD bi	Rank	Country		USD bi	Rank	Country		USD bi
1	USA		269	1	USA		362	1	USA		447
2	Japan		87	2	China		108	2	China		189
3	Germany		47	3	Japan		108	3	Japan		121
4	China		45	4	Germany		62	4	Germany		69
5	France		40	5	UK		46	5	UK		54
6	UK		38	6	France		40	6	France		43
7	Spain		29	7	Italy		33	7	Italy		36
8	Italy		28	8	Spain		28	8	Brazil		34
9	Canada		17	9	Brazil		21	9	Spain		31
10	Brazil		12	10	Canada		19	10	Russia		30

# POPULATION PYRAMID



11,3 % of elderly population (60 years old or +)

23 million

**Brazil**  
2014 to 2030

18,6 % of elderly population (60 years old or +)

41,5 million







# SECTOR HIGHLIGHTS

**Huge** market demand



- \_ **Increase** of the income
- \_ **Aging** of the population
- \_ Surge in incidences of **chronicle diseases**

Regulatory **improvements**



- \_ **Law 8080** was amended and now enables the participation of foreign capital in Brazilian companies that operate **hospitals, clinics** and **laboratories**

Big governmental **purchase**



- \_ Strategic medicaments listed as essentials for the SUS, the **Brazilian Public Health System**

## HEALTHCARE IN BRAZIL

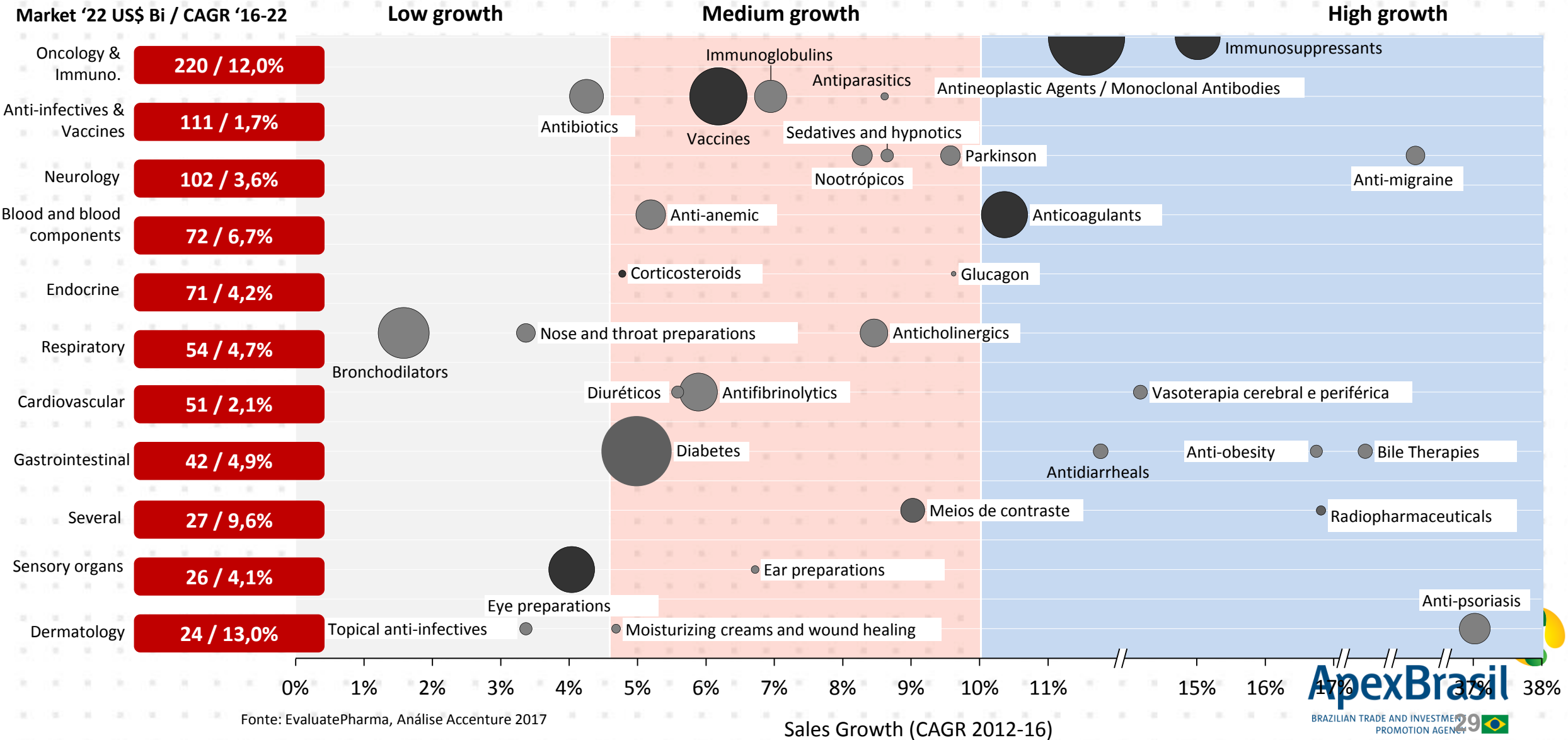
\_ **9.1%** of GDP

\_ **10%** of qualified workforce

\_ **35%** of R&D expenditure

# GLOBAL PHARMACEUTICAL MARKET

Therapeutic areas with the greatest growth prospects until 2022



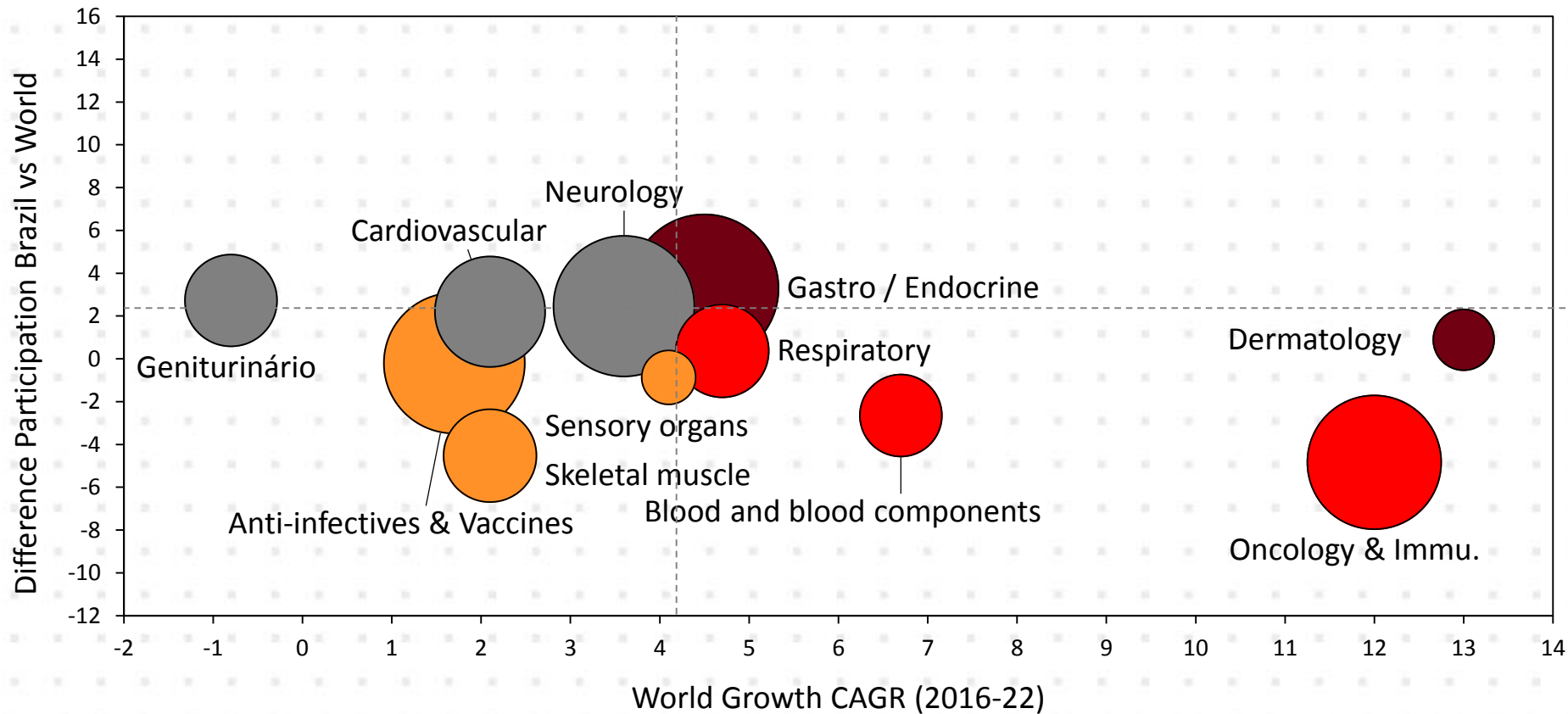
# ATTRACTIVE SEGMENTS

Oncology, hematology and respiratory are more promising segments

## Matrix of Relevance in Brazil vs Projection of World Growth

(R\$ billion, 2016)

- High Penetration, High Growth
- High Penetration, Low Growth
- Low Penetration, High Growth
- Low Penetration, Low Growth



Segment	CAGR Ranking	Gap Ranking	Final Ranking
<b>Ponderosity</b>	<b>2</b>	<b>1</b>	
Oncology	2	1	1
Dermatology	1	7	2
Blood and blood components	3	3	2
Respiratory	4	6	4
Sensory organs	6	4	5
Skeletal muscle.	8	2	6
Gastro/endoc	5	11	7
Neurology	7	9	8
Cardiovascular	8	8	9
Anti-infectives & Vaccines	10	5	10
Geniturinário	11	10	11

Fonte: EvaluatePharma, Análise Accenture 2017



# ATTRACTION STRATEGY: SEGMENTS

The prioritization was based on a methodology that compared 9 dimensions of each subsector segment

## Prioritization of the Segments: Pharmaceutical

### Segment Prioritization Matrix (Quantitative + Qualitative)

	Market Size	Attractive	Importation	SUS Relev.	Rename / SUS	National Industry	Operators ANS	Logistics / Production	Demography
<b>Ponderosity Index</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-2</b>	<b>1</b>	<b>1</b>	<b>1</b>
Gastro/Endocrine	11	5	6	1	9	0	-	-2	+3
Neurology	10	4	0	0	10	1	-	-3	+4
Anti-infectives & Vaccines	9	2	7	5	11	4	+1	-2	-1
Oncology	8	11	8	4	7	2	+2	-1	+5
Cardiovascular	7	3	1	0	8	0	-	-	+6
Respiratory	6	8	3	0	3	0	-	-	+2
Skeletal muscle	5	6	0	0	1	0	-	-	+1
Genitourinary	4	1	4	1	4	0	-	-	-
Blood and blood components	3	9	5	3	6	3	+1	-2	-
Dermatology	2	9	2	0	5	0	-	-	-
Sensory organs	1	7	0	0	2	0	-	-	-

### Prioritized Segments

Oncology & Immunomodulators

Digestive System & Hormones

Neurology

Respiratory

Cardiovascular

# ATTRACTION STRATEGY: SEGMENTS

The prioritization was based on methodology that compared 11 dimensions of each subsector segment

## Prioritization of Segments: Health Products

### Segment Prioritization Matrix (Quantitative + Qualitative)

	Market Size	Attractive	Importation	SUS Relev.	Rename / SUS	National Industry	Operators ANS	Logistics / Production	Demography	Market Size	Attractive
<b>Ponderosity Index</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Consumables	7	3	6	7	8	-1	4	0	1	1	0
Diagnostic imaging	6	7	1	6	5	1	6	1	-1	-1	-1
Dentistry	3	1	3	3	7	1	3	1	0	0	0
Orthopedics & Prosthetics	5	4	5	5	6	-1	1	0	0	-1	0
Patient Care	4	8	4	4	3	-1	3	0	0	0	0
Furniture	1	2	7	2	3	1	6	1	1	1	1
Transfusion	2	5	2	1	1	1	1	1	0	0	0
Laboratory	8	6	8	8	4	-1	7	1	0	0	0

### Prioritized Segments

Laboratory

Materiais de Consumo

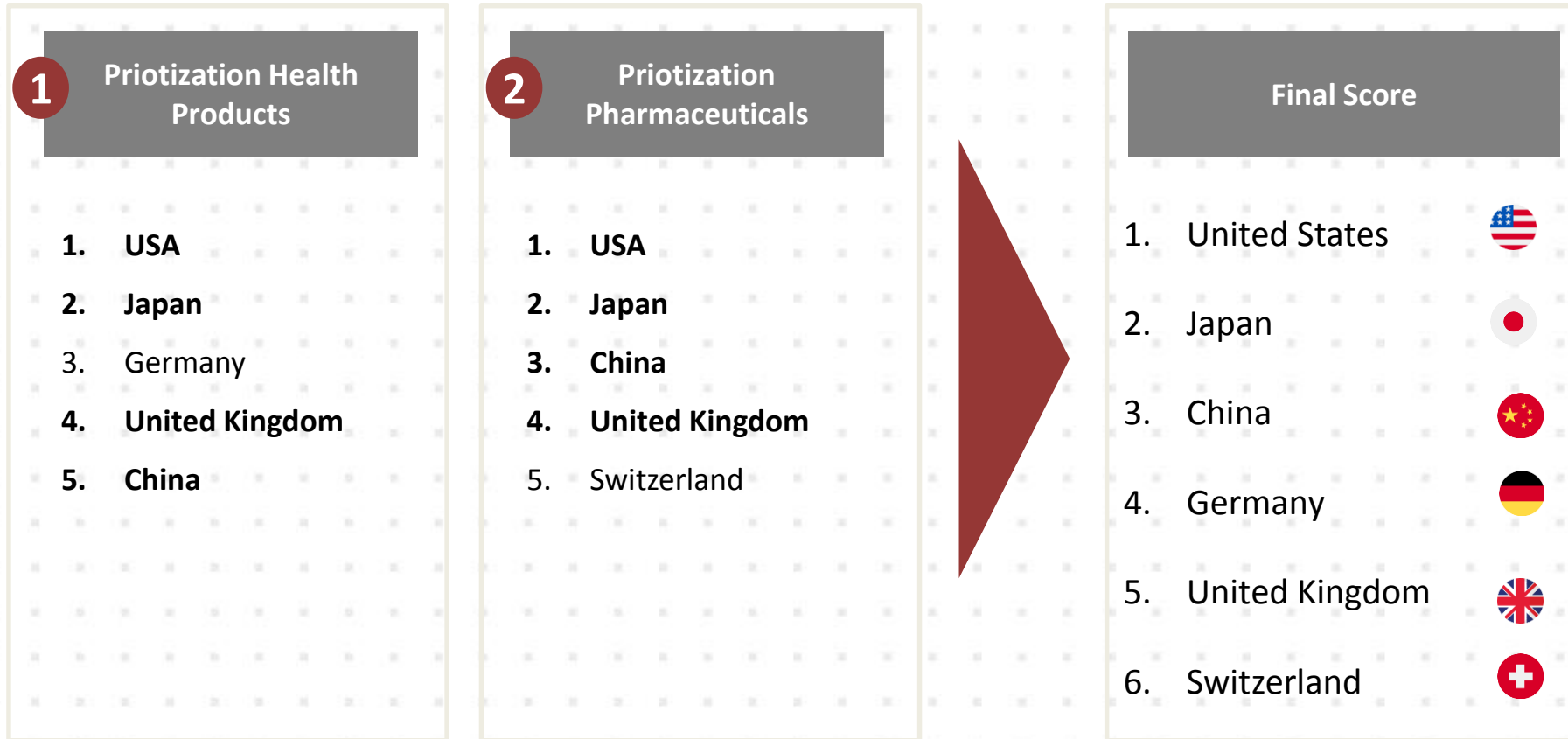
Radiology

Patient Care

Orthopedics & Prosthetics

# ATTRACTION STRATEGY: COUNTRIES

## Target Country Selection Methodology



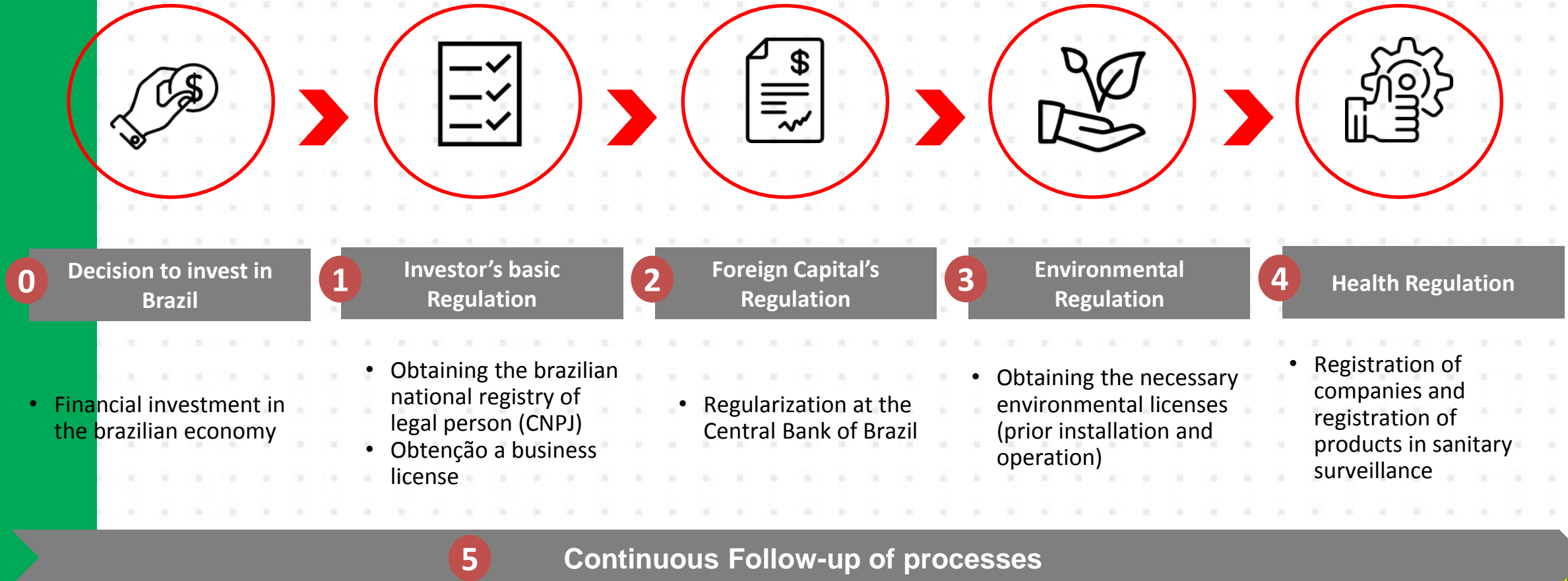
Countries in **bold** are countries that appear in both sectors



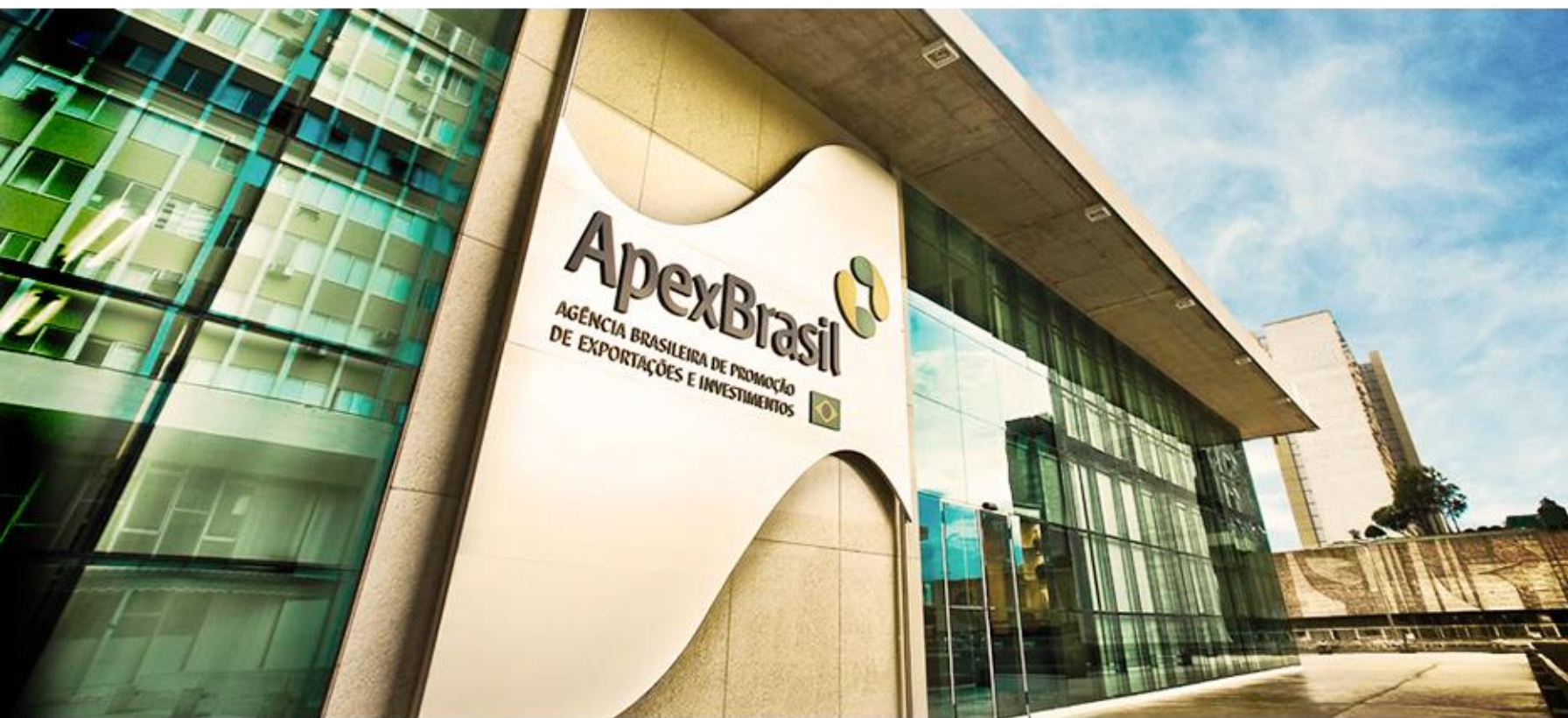
# INVESTMENT ATTRACTION STRATEGY

Investment decision making in Brazil is only the first step in a series of legal requirements

## Main mark of the Process of Foreign Investment in Health



**THANK YOU!**



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BRASIL**

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