



MEDICAL DEVICE INDUSTRY IN MEXICO

JANUARY 2018



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1. THE INDUSTRY IN MEXICO

1.1 INDUSTRY INDICATORS IN MEXICO



Production 2016:
\$12,700 million US Dollar



Consumption 2016:
\$11,521 million US Dollar



Compound annual growth rate
CAGR 2016-2020: 4%



CAGR 2016-2020: 1 %



Economic units* recorded in 2017
2,478 Located mainly in Mexico City , Estado de México, Baja California, Jalisco, Chihuahua, Coahuila, Morelos, Nuevo León, Sonora and Tamaulipas.



Total employees in 2016:
156,831 people



Number of exporting companies in 2016:
641



Main investor countries in 2006-2016:
US , Netherlands and Germany



Exports 2016:
\$9,049 million US Dollar



Main exports:
Medical, surgical, dental or veterinary instruments and devices; orthopedic articles; mechano-therapy appliances; surgical furniture; and apparatus based on the use of X-rays.



* Economic units are offices, manufacturing facilities and distribution centers

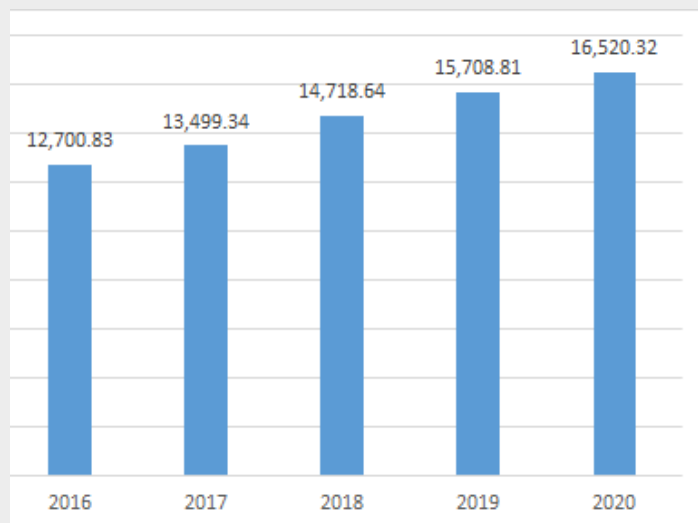
1.2 PRODUCTION AND CONSUMPTION

PRODUCTION

Production in the sector reached US\$12.7 billion in 2016 and is expected to record a 4 % CAGR in the 2016-2020 period

Medical devices production in Mexico
2010-2016 (millions of US dollars)

CAGR 2016-2020: 4%

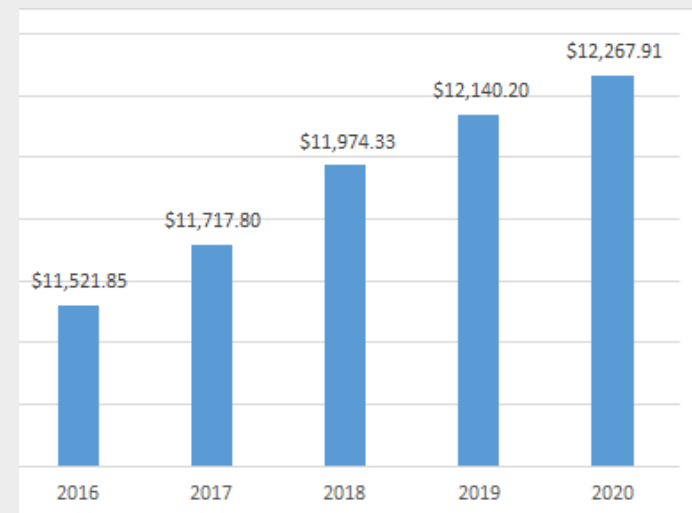


CONSUMPTION

Consumption in the sector reached US\$11.5 billion in 2016, and is expected to record a 1% CAGR in the 2016-2020 period

Medical device consumption in Mexico
2010-2016 (millions of US dollars)

CAGR 2016-2020: 1%



1.3 MEXICO'S INTERNATIONAL TRADE

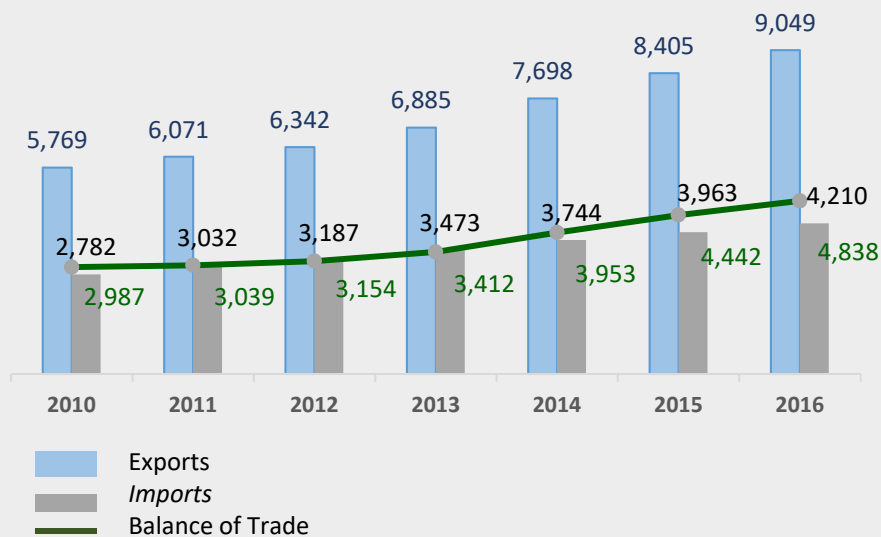
In 2016, Mexico exported US\$9.04 billion, ranking as:

- 8th** • Eight largest exporter of medical devices worldwide
- 1st** • Largest exporter in Latin America
- 1st** • Main supplier to the US

• Mexico's main trade partner in the sector is the US, with 92.8% of its exports going to that country and 65.2 % of its imports coming from it.

In 2016, the main products exported from the sector were medical, surgical, dental and veterinary instruments and devices.

Mexico's international trade of medical devices
2010-2016 (million USD)



Main products exported by Mexico in 2016

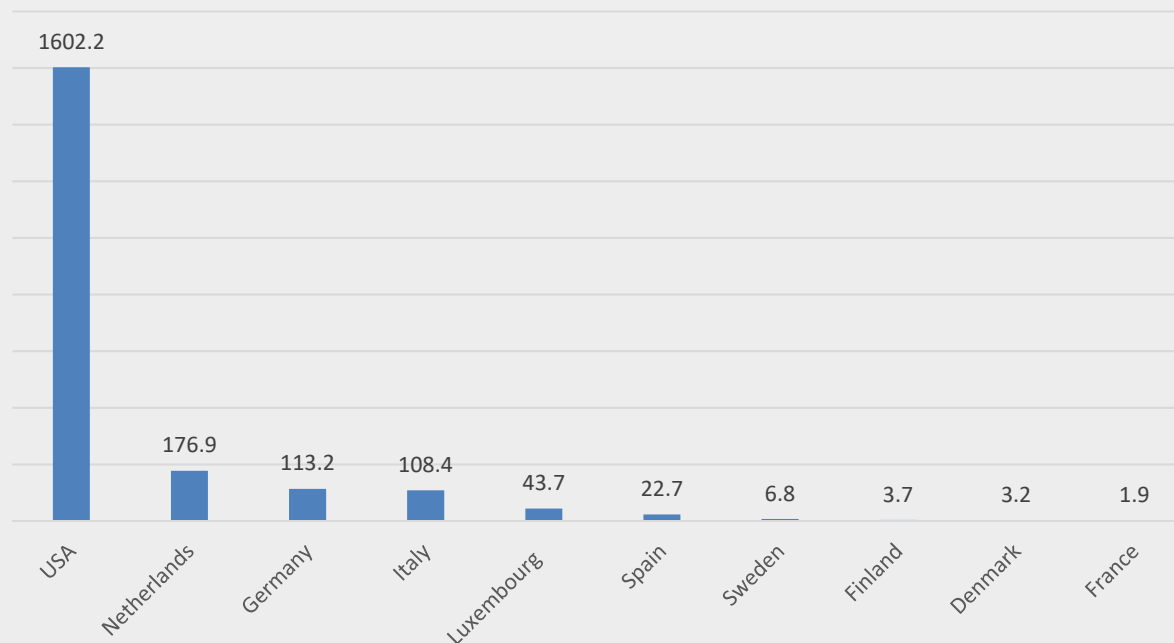
PRODUCT	EXPORTS(MDD)	%
Medical, surgical, dental and veterinary instruments and devices	6,869	75.9%
Orthopedic items and devices	976	10.8%
Mechano-therapy, respiratory therapy and massage devices	546	6%
Other	658	7.3%
Total	9,049	100.0%

- 3rd** • Third largest exporter globally of tubular needles for sutures
- 4th** • Fourth largest exporter globally of surgical furniture.
- 4th** • Fourth largest exporter globally of syringes, catheters and similar instruments.

1.4 FOREIGN DIRECT INVESTMENT (FDI)

Foreign Direct Investment into the sector reached an accumulated amount of US\$2,124 million for the period 2005-2016. The main investor countries were USA, Netherlands, Germany, and Italy. In 2016, total flows of FDI into Mexico reached US\$211 million.

FDI SHARE BY INVESTOR COUNTRY
JANUARY 2005 - DECEMBER 2016 (MILLION USD)



1.4 FOREIGN DIRECT INVESTMENT (FDI)

Investment announcements in Mexico between 2010 and 2016/1:

Companies

27

Projects

33

15

Expansion Projects

18

New investments

Jobs

10,723

Main Destinations:

Baja California, Tamaulipas, Chihuahua and Morelos

Betting on Mexico...

Country	Capital Investment (millions of US dollars)	No. of Companies
U.S.	224	15
Germany	130	3
Singapour	117	1
Japan	103	2
Iceland	58	1
Canada	12	2

Source: FDI Markets.

1/ Latest figures available: Mayo 2016.

1.4 FOREIGN DIRECT INVESTMENT (FDI)

Some investment announcements in Mexico 2016:

Betting on Mexico...

Date	Company	Country	Investment (mdd)	Jobs Created	Type of project
October 2016	Paramount Bed	Italy	3.5	72	New
July 2016	Masimo	US	7.3	150	New
July 2016	Codan Medizinische Gerate	Germany	9	150	New
May 2016	Haemotronic	Italy	10	210	New

1.5 COMPANIES

In 2016, 2,478 economic units* specialized in medical devices had operations in Mexico.

The same year, approximately 641 companies reported exports.



Important Clusters in the Country: Productos Médicos de las Californias in Baja California

- Represents approximately 50% of the total national exports of the sector
 - Almost 90 enterprises in total
- ### BioMed Ciudad Juárez
- More than 20 enterprises
 - Binational association Mexico-US



* Includes companies, plants, commercial and sales offices

1.6 SUPPLY CHAIN

Industrial Processes

There are several companies that provide important processes for the medical devices manufacturing industry in Mexico, which are located mainly in Coahuila, Nuevo León, the State of Mexico, Chihuahua, Puebla, Tamaulipas, Durango and Mexico City.



Electronics

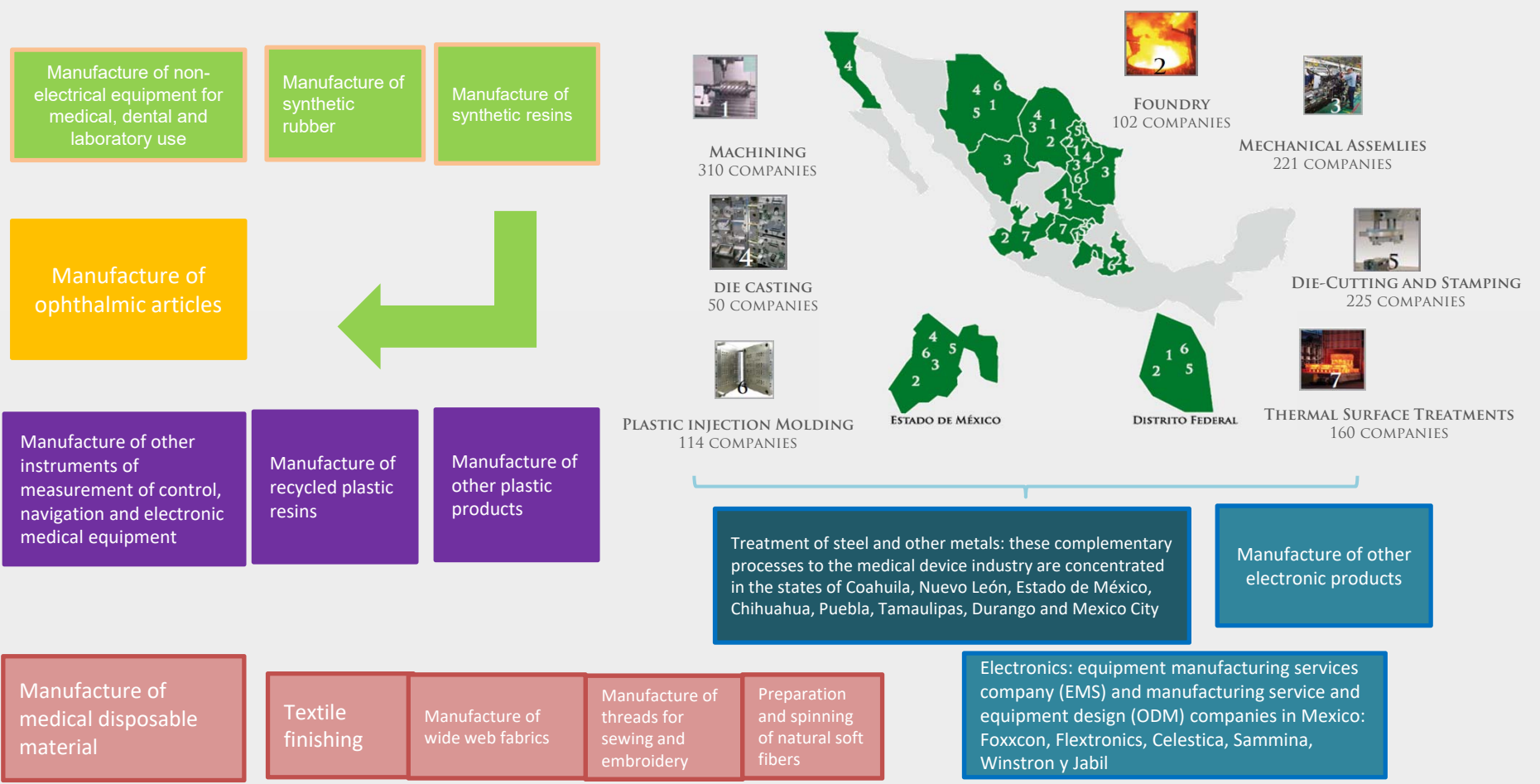
One area of the electronic industry takes care of the manufacturing, assembly and incorporation of electronic components into medical devices.

Leading global electronic manufacturing services providers (EMS) have operations in Mexico.

Company	Country of origin	Presence in Mexico
Foxconn	Taiwan	Chihuahua, Baja California and Tamaulipas
Flextronics	Singapore	Jalisco, Chihuahua and Aguascalientes
Jabil	US	Tamaulipas, Jalisco and Chihuahua
Celestica	Canada	Nuevo León and Tamaulipas
Sanmina	US	Jalisco
Plexus	Brazil	Baja California
Wistron	Taiwan	Chihuahua



1.6 SUPPLY CHAIN



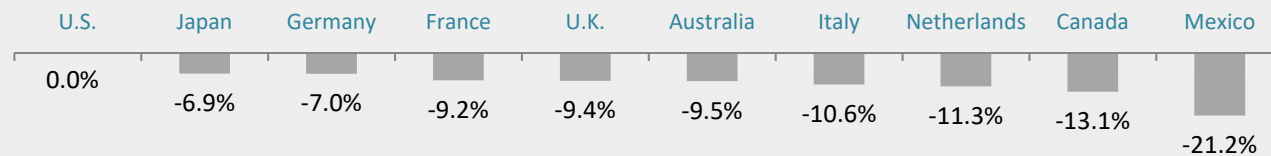
1.7 COSTS

Costs

Mexico offers lower operation and labor costs for every level of specialization, as well as lower manufacturing costs for medical equipment, electronic devices and precision components, in comparison to countries that are representative of the industry.

Mexican Offer

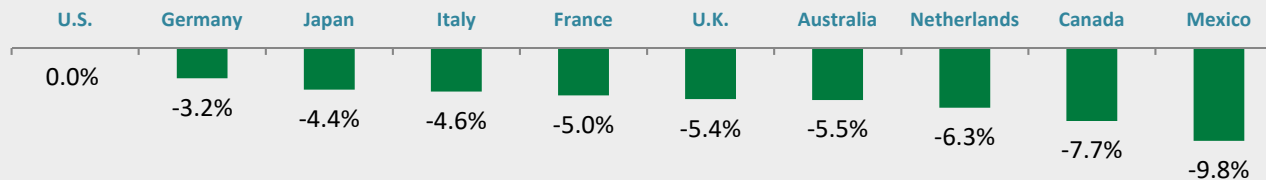
Index of savings on medical device manufacturing costs 2015



Compared to the US, Mexico offers 21.2% savings on manufacturing costs for the medical device industry.

Source: KPMG, Competitive Alternatives, 2016

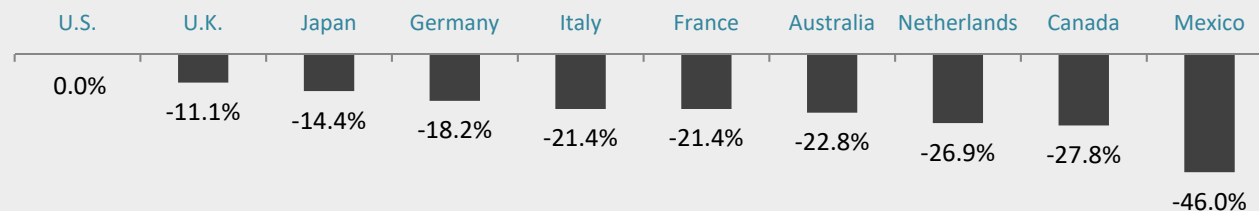
Index of savings on precision component manufacturing costs 2015



Compared to the US, Mexico offered 9.8% savings on manufacturing costs for precision components, making it a globally competitive country.

Source: KPMG, Competitive Alternatives, 2016

Index of savings on electronic systems development and testing costs 2015



Compared to the US, Mexico offered 46% savings on product testing.

Source: KPMG, Competitive Alternatives, 2016

1.8 SECTOR-RELATED CHAMBERS AND ASSOCIATIONS



National Chamber of the Transformation Industry (CANACINTRA)

CANACINTRA is an autonomous and public organization that facilitates the development of the national industry through interaction with the federal, state and municipal governments, as well as with legislators, to make proposals in favor of companies.

National Chamber of the Pharmaceutical Industry (CANIFARMA)

CANIFARMA operates under the supervision of the Ministry of Economy and the Mexican Business Information System (SIEM), and represents health care companies through policies, programs, instruments and promotion.



Mexican Association of Innovation on Medical Device Industry (AMID)

AMID is a group of global medical device leaders committed to the growth of the sector in Mexico.

National Council of the Export Manufacturing Maquila Industry (Index)

Represents the Export Manufacturing and Maquila Industry. The leading export companies of medical devices in Mexico belong to the council.



Productos Médicos de las Californias in Baja California

Group of key representatives of the sector, suppliers, universities and government agencies. It has almost 90 companies within it.

Cluster BioMed Ciudad Juarez

It has more than 30 enterprises. Binalateral association Mexico-US. Specialized production of medical devices, infrastructure and competitiveness.



THANK YOU