



# Bracco Group journey in China

Milano - February, 13 2017

Committed to Science,  
Committed to You.™



# Agenda

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- **Bracco Group at a glance**
- A successful example of internationalization
- Our cooperation programs with China
- Opportunities in the Chinese HC sector

# Who we are

A global integrated Group focused on:

- Diagnosis and Intervention
- Therapeutics
- Healthcare Services



Consolidated turnover of €1,2 Billion,  
76% outside Italy

Sales in more than 100 markets

3,300 employees

# Our Organization

A private, Italian multinational operating through 4 Business Units



# Centro Diagnostico Italiano (CDI)



- *Centro Diagnostico Italiano* is a **clinic based in Milan**. With 21 satellite units in the city and in Lombardy: CDI offers different services of prevention, diagnosis, rehabilitation and personalized treatment, with a focus on radio-surgery and on day-surgery.
- With a **30 year experience**, it offers a wide range of services for an amount per year of 150,000 diagnostic procedures in 50 clinical specializations and 4 million analysis for 500 types of exams.
- **Oncological anatomopathology advisory center** – with avant-garde systems for the accurate diagnosis and precise classification of neoplasms.
- **Cyberknife** – a revolutionary radio-therapeutic treatment for patients with neoplastic diseases, that significantly reduces the radiation to healthy tissues adjacent to the tumor.
- **Ikonyscope** – a totally automated, robot-controlled microscope used in the diagnosis of cancer of the uterine cervix and bladder.

# ACIST at a glance



- ACIST is a pioneer and global market leader of advanced contrast delivery systems for cardiology. ACIST develops, manufactures, and markets contrast injection technology solutions to simplify the complexities of **the cardiac cath labs, hybrid operating rooms, and radiology suites.**
- It offers ACIST CVi, an **angiographic imaging system** that simplifies contrast injection for various procedures that range from small injections in the coronary arteries to large volume injections in the ventricles, aorta, and peripheral vasculature; and ACIST RXi, a **system that include a combination of fractional flow reserve measurements** with the advantages of rapid exchange technology.
- The company also provides **HDi high-definition intravascular ultrasound system**; and customer services, technical support and service plans.
- ACIST products are being used by cardiologists in **more than 70 countries worldwide, and more than 15 million patients have benefited from a cardiovascular angiography procedure using an ACIST Contrast Delivery System.**

 ACIST®



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# Bracco Imaging

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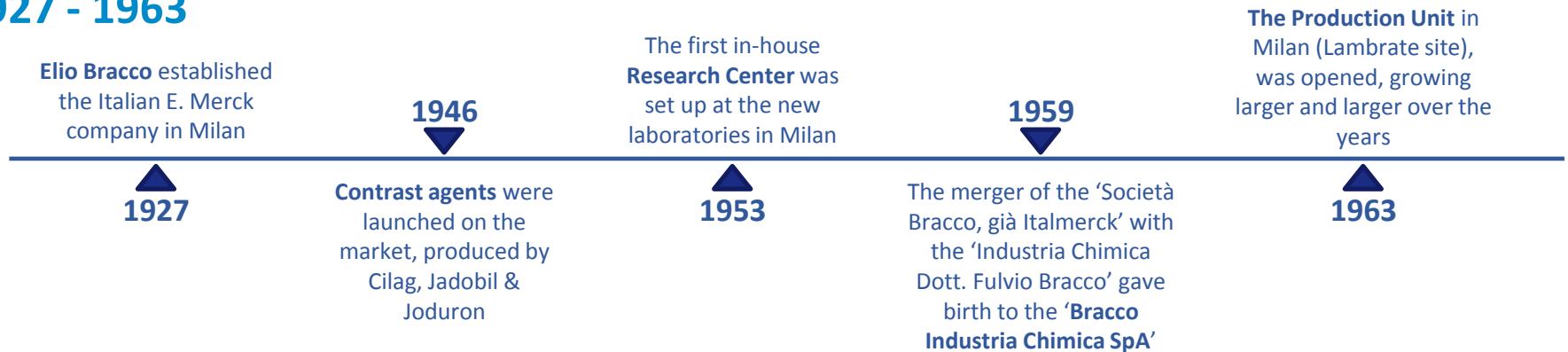
- **World's leading player** in the diagnostic imaging field
- It delivers a wide range portfolio of solutions for main imaging modalities:  
**X-ray/Computed Tomography (CT), Magnetic Resonance (MR), Ultrasound (US) and Nuclear Medicine (NM)**
- The offer is completed with **advanced contrast delivery systems for radiology, quantification software tools, decision support systems** and medical devices for **imaging in gastroenterology**
- Innovative player in **Contrast Enhanced Ultrasound** imaging modality



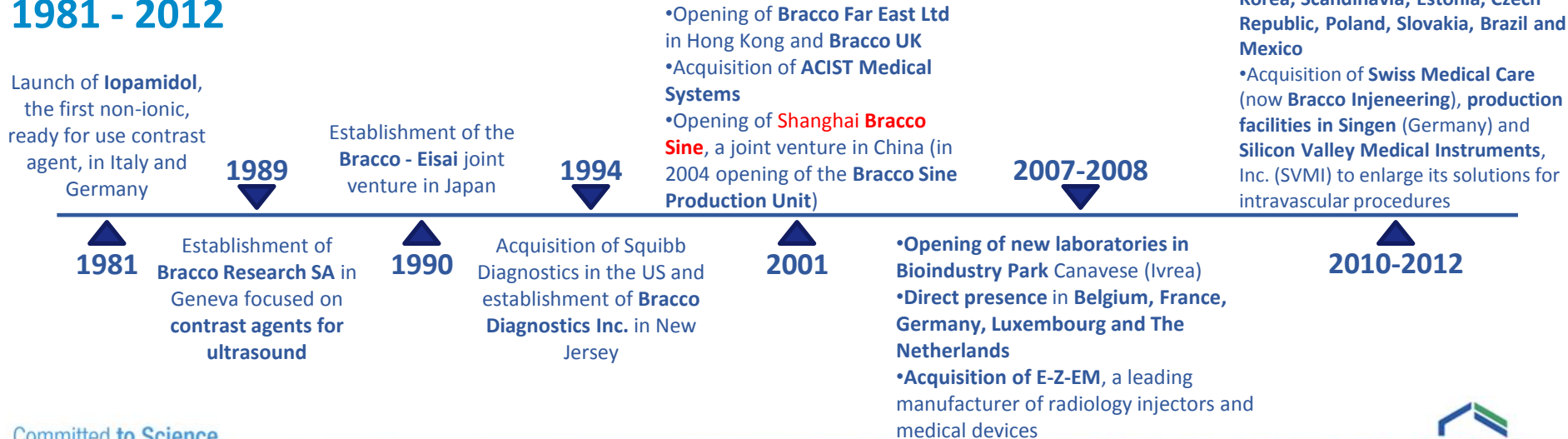
# Bracco Imaging: our journey at a glance

First established as a pharmaceutical Company in 1927, over the years Bracco has intensified its commitment to innovative research and specialized in contrast agents for medical diagnostics

## 1927 - 1963



## 1981 - 2012

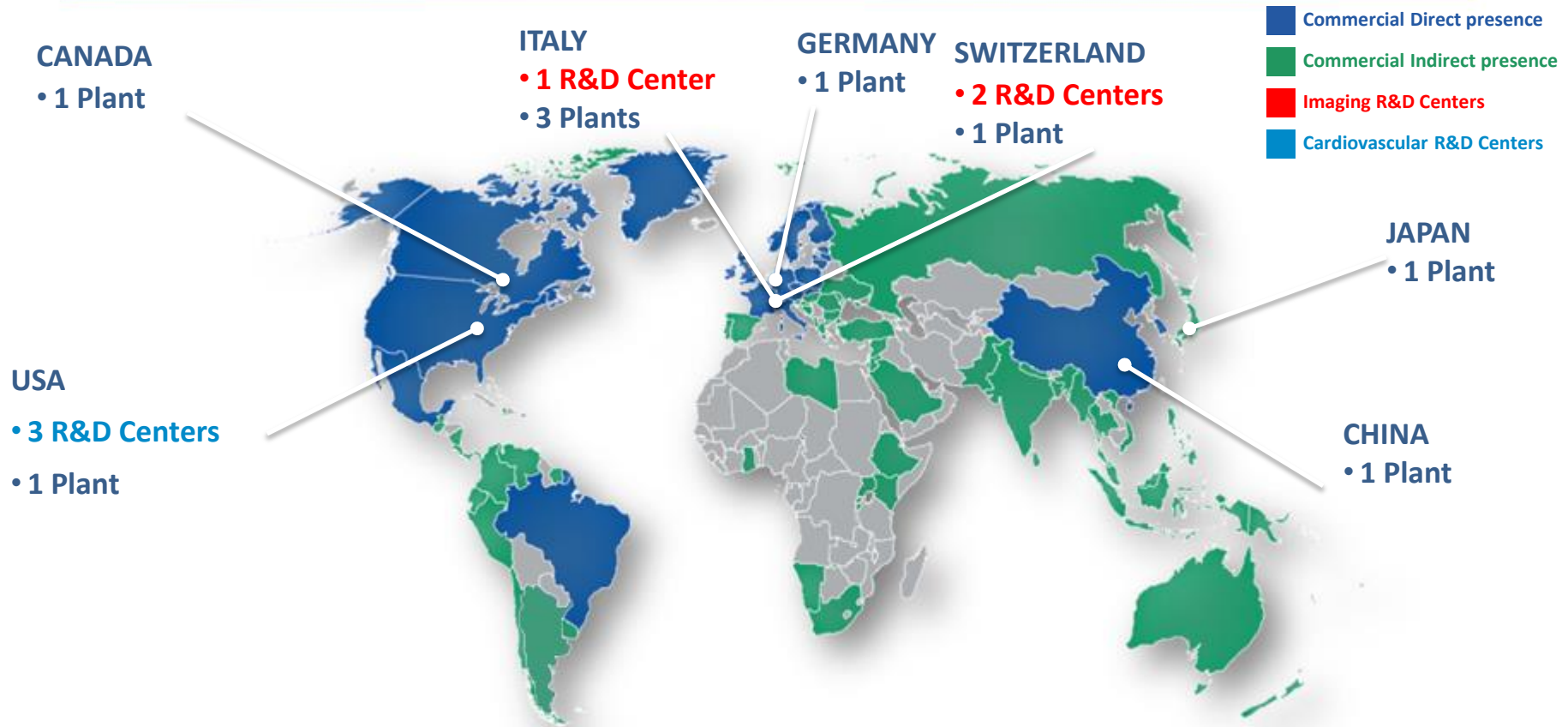


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# Bracco Group footprint



- Sales in more than 100 markets, direct presence in 25 countries
- 6 R&D Centers (3 Imaging + 3 Cardiovascular)
- 9 Production Plants

- Bracco produces more than 1/3 of the world's contrast agents
- Second global player in X-ray/CT, third in MRI and leader in CEUS (Europe & China)

# Aspirations and goals

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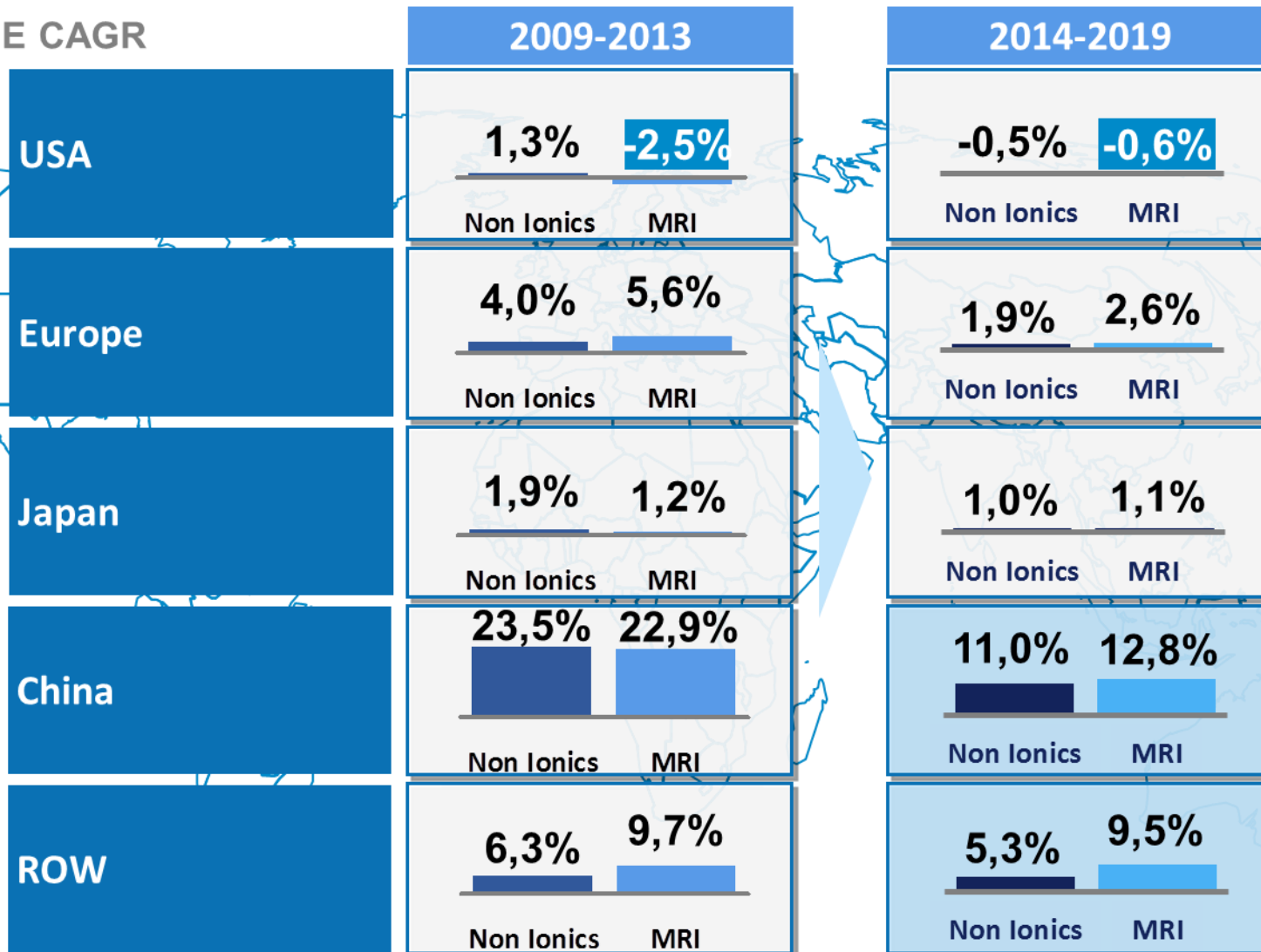
## GBUI aspirations and strategic goals

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- **Maintain** a **leading position** in the contrast imaging market building on the strength of products and brand
- Capture **opportunities** in the **high margin businesses** and **markets** to realign **profitability to the ambitions**, and **above industry average**
- **Unleash new opportunities / competences** in the imaging arena to fuel future growth

# As mature market are slowing down, the growth platforms are key for the future growth of the world contrast media market

## VOLUME CAGR



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# In 2001 a JV was established with Shanghai Sine Laboratories, the number one pharma company in China

## Talents

- The organization grew from **20 people in 2001 to over 300 in 2015**
- Bracco Sine counts on a relatively large sales force as other competitors

## Distribution

- A strong **network of distributors** spread across many geographies
- **1<sup>st</sup> level dealers** increased passing from **8 in 2005 to 54 in 2012**, with some distributors experiencing unprecedented growths

## Access

- Good **relationships with the local stakeholders** being them KOLs and public / institutional stakeholders
- From 2007 **more than 30 academic educational programs** were held in 26 cities in China, covering more than **4,500 radiologists**

## Reputation

- A positive corporate image and reputation built on high compliance and transparency standards and procedures

## Technology

- Bracco Sine runs a high quality leading edge production facility with specialized equipment and services for the production of contrast media

MANY  
ASSETS  
ESTABLISHED  
SO FAR

# Our philosophy is to invest directly in the major countries of interest: the example of our plant in China



- Bracco Sine industrial plant, which has been operating since 2004, is a **highly technological facility with specialized equipment and services for the production of contrast media**
- The current **technological / quality level** has been achieved through an **extensive investment plan** from 2010 till today
- The plant currently **produces**:
  - Non-ionic Contrast Media for X-ray/CT procedures
  - Contrast Media for Magnetic Resonance Imaging
  - Contrast Media for Ultrasound





# A relevant coverage of the territories, supported by continuous efforts in educational programs

**Bracco longstanding support**, through unrestricted educational grants to international and local scientific Societies, for **initiatives aimed at:**

- **harmonizing radiological education**
- **raising standards** in the field of radiology
- **helping young radiologists** to achieve **the knowledge and skills** to fulfil tomorrow's requirements



30 academic educational programs were held in 26 cities in China in the last 5 years covering more than 4,500 doctors.

# Relevant milestones along our Chinese journey

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- **2001:** Bracco Sine established
- **2007:** Bracco Sine broke even
- **2010:**
  - All products of Bracco Sine entered into the drug reimbursement list (DRL)
  - Won Shanghai as n.1 player in the branded segment
- **2011:** Enlarged production capacity
- **2007-2013:** Revenues more than tripled
- **2013:** China became 4<sup>th</sup> market for Bracco
- **2017:** Renewal of our JV for other 20 years. China expected to become the 2<sup>nd</sup> largest market for Bracco, after US

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# Bracco is promoting collaborations with Chinese counterparts: cancer prevention and early detection

- The proposal aims at **raising awareness of the health authorities of the Chinese provinces most remote to the need to implement programs for early diagnosis of primary liver cancer**, the 2<sup>nd</sup> most frequent diagnosed cancer in China.
- This objective can be achieved by bringing **diagnostic tools and advanced organizational approaches** to the remote Chinese areas where patients are at greater risk due to potential late diagnosis. Italy has been effectively deploying early detection programs for years.
- The project **integrates an organizational system with advanced equipment and diagnostic tools** and involves the local health authorities, hospitals in the provinces and selected Chinese hospitals.
- To enhance this project in the provinces not directly involved, the data collected will provide **the basis for an epidemiological study** to be published in a scientific journal in China.
- **Several Italian companies**, already present in China, **have products (equipment, contrast media, etc..) used for the early diagnosis** and treatment of hepatocellular carcinoma.



# Bracco is promoting collaborations with Chinese counterparts: Education in Healthcare Management

- The project aims at **training of both managers of Chinese local health systems** (Head of Provincial Bureau Office) and General Managers of hospitals on topics such as:
  - Italian health system management model
  - Public-private integration
  - Outpatient management
  - Hospital organization
  - Diagnostic and therapeutic pathways accuracy on high social impact diseases
- In addition to the theoretical sessions, the educational activity will allow participants also to **visits centers of excellence in Italy where to meet managers and health professionals.**
- Follow-up feedback session with representatives from the MOH, with provincial health authorities and the largest hospitals in China where participants will have the opportunity to discuss what they have learned in Italy.
- The project predicts the **potential involvement of numerous companies from different sectors and of prestigious universities.**

# Additional efforts in further supporting cooperation with the Chinese institutions

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- Together with the Bracco commitment to the Italy-China Business Forum, the Group has been working with the Italian and Chinese institutions on different opportunities
- Among the most significant ones:
  - **October 2014:** meeting with CCCMHPIE (China Chamber of Commerce for Import & Export of Medicines & Health Products) delegation
  - **June 2015:** Meeting with China FDA (Food & Drug Administration) key representatives who visited Bracco HQs
  - **January 2016:** Participation to the visit of Italian Minister of Health (On. Beatrice Lorenzin) in China
- In 2016 we supported:
  - the **Working Group Healthcare of the Italian Chamber of Commerce**
  - the **year of Italian healthcare in China ("Vitality")** developed by the Italian Embassy in China, a key initiative aimed at promoting Italy as a country upholding a fine tradition, but also a leader in innovation in science and technology



# Recent updates

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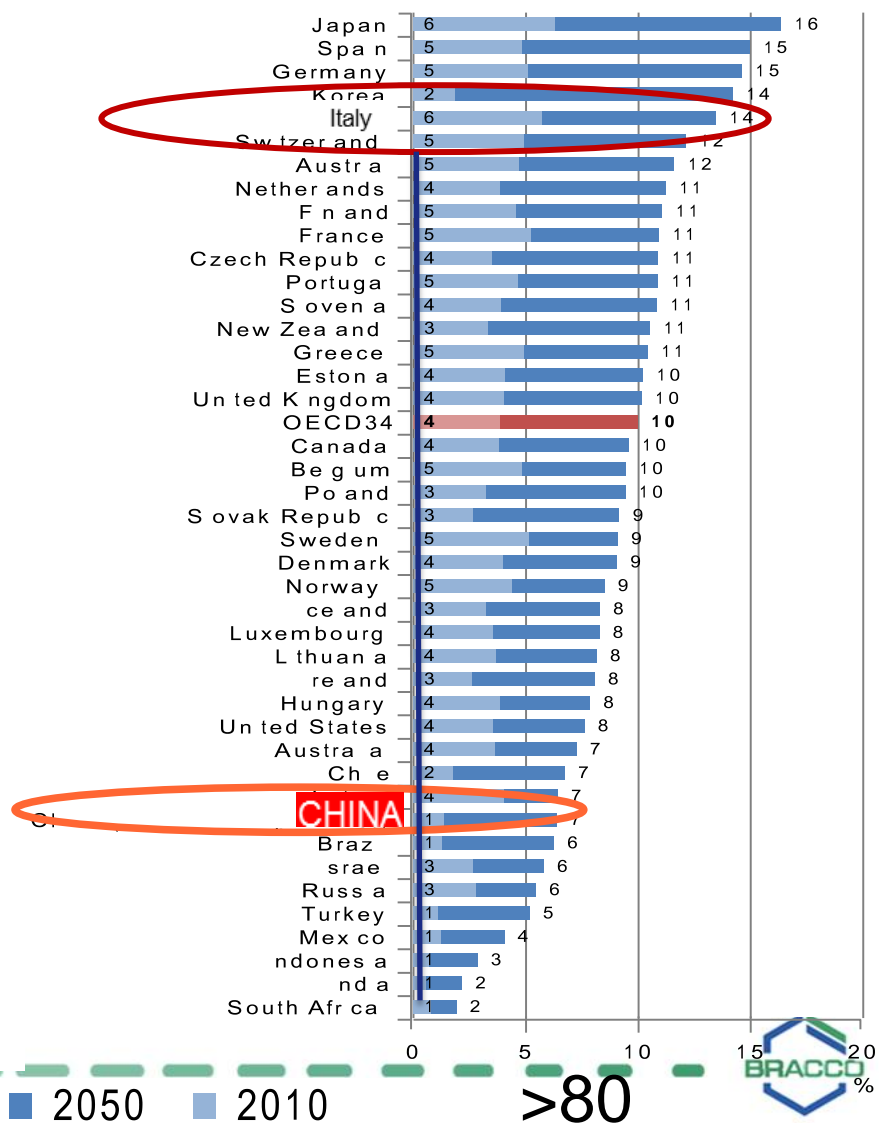
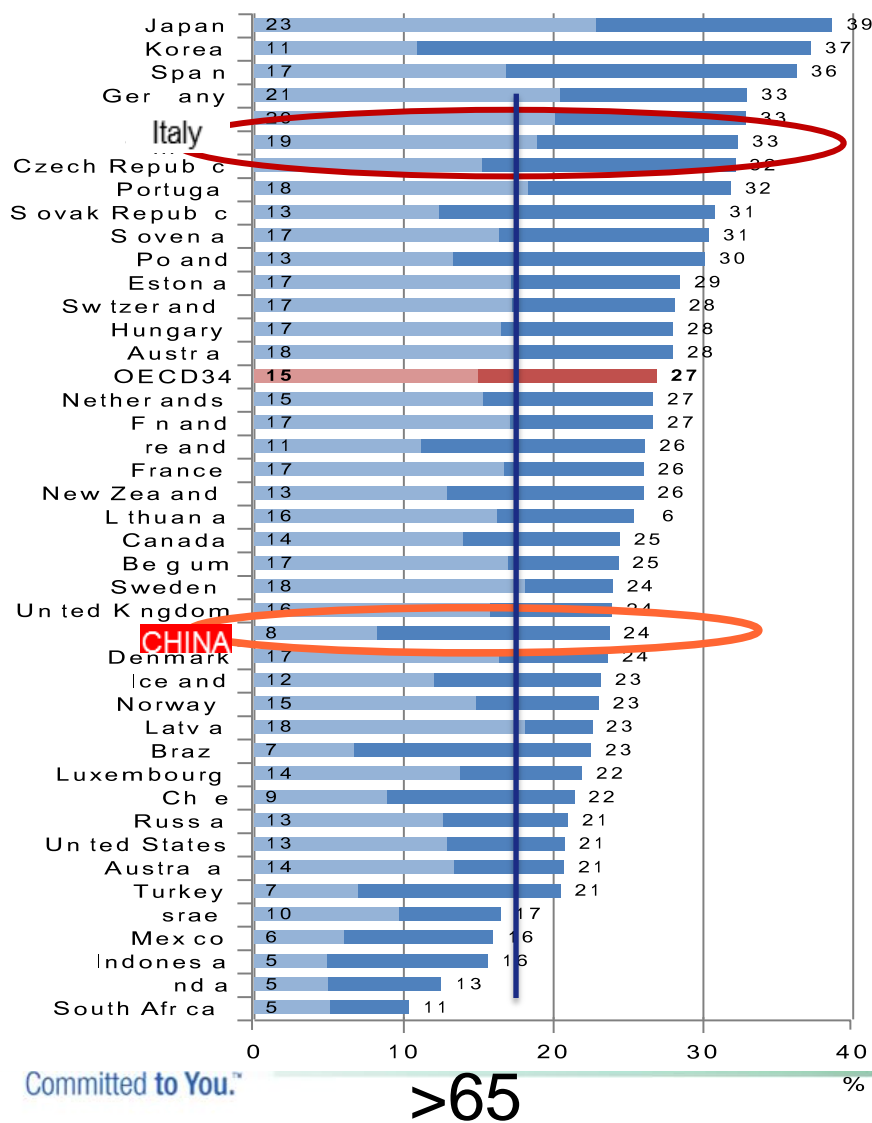
- Following the visit of MOH Lorenzin, visits from the General Directors of the Italian MOH (Botti (Planning) and Ranieri Guerra (Prevention) were successfully organized
- A proposal by the Italian delegation has been made in order to identify **2 local geographies where to test the implementation of an Italian-like model** including various collaboration fields
- NHFPC (National Healthcare and Family Planning Commission ) accepted the project philosophy while financing and implementation details will have to be clarified
- Within this context, **Bracco is still pursuing the 2 cooperation projects as presented:**
  - Education : A **MOU** has been signed between BWW (entity belonging to NHFPC) and the CICC (Camera di Commercio Italiana in Cina). The Chinese counterpart will finance 50% of the related costs and will select the potential MD who will be involved in the training
  - Early diagnosis : A **MOU** has been signed between the International Healthcare Exchange and Cooperation Center (belonging to the NHFPC) and the CICC. The idea is to include this project into the 2 areas that will be selected as the key geographies where to test the implementation of an Italian-like model

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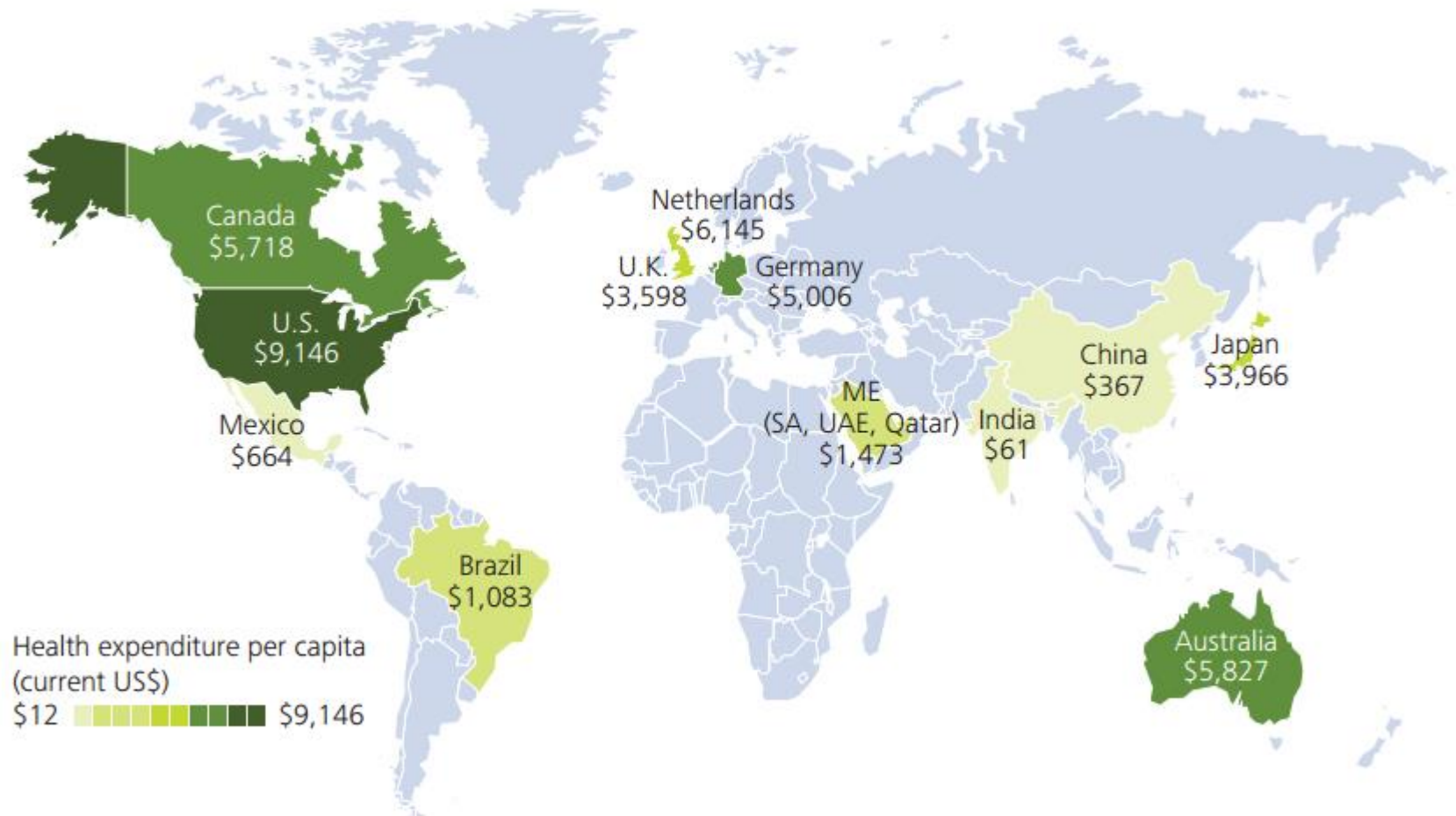
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# Share of population aged over 65 and 80 years, 2010-2050 (OECD)



## Health care expenditure varies greatly around the world



Source: D TTL Global Life Sciences and Health Care (LSHC) Industry Group analysis of The World Health Organization Global Health Expenditure database (see <http://apps.who.int/nha/database> for most recent update)

# Share of population aged over 65 and 80 years, 2010-2050 (OECD)

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- **XIII plan:** a significant improvement in the healthcare system
- **HC Reform started in 2009.** within 2020 the Government intends to foster a cost effective **universal healthcare system**
- Healthcare insurances (now covering about 96% of the population) have to extend their **covered services**
- **HC infrastructures** (focus on specialized HC centers), telemedicine, e-health early diagnosis. According to McKinsey China ranks 3<sup>o</sup> among medical devices importers. In 2020 it should become 1<sup>o</sup> (HC expected budget: one trillion USD)