

## Bogota, an opportunity for the medical devices industry.

In the Latin American context, Colombia has the **third largest** population and Bogota is the **sixth biggest** city.

### Distribution of the Population of Colombia and the Bogota Region by Age Groups (2017)

| Age Group | Colombia | Bogota Region |
|-----------|----------|---------------|
| 0-19      | 35%      | 31%           |
| 20-39     | 31%      | 32%           |
| 40-59     | 22%      | 24%           |
| 60-79     | 10%      | 11%           |
| 80+       | 1%       | 1%            |

Population **49,291,609** **10,843,518**

Source: DANE.

### Colombia's Health Sector

**7.5%** Expenditure on health as percentage of GDP (2016).

**USD 21.6 billion** Total expenditure on health (2016).

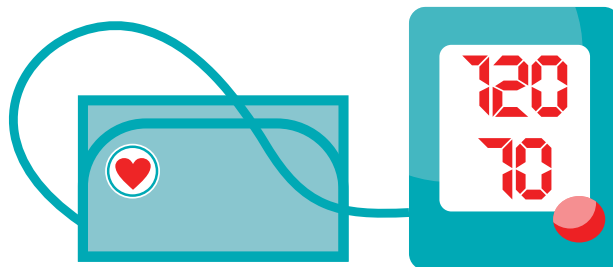
**4<sup>th</sup>** Largest market in Latin America.

**9.8%** Compound Annual Growth Rate (CAGR) 2013-2016 in local currency (COP).

**6.9%** Projected CAGR 2017-2021 in USD.

Source: Business Monitor International.

### Medical Device Market in Colombia



**USD 1,197 billion**

Market size in 2016.

**USD 1,7 billion**

Projected market size in 2020.

**18.5%**

CAGR 2013-2016 in local currency (COP).

**7.3%**

Forecasted CAGR for 2017-2020 in USD.

**3<sup>rd</sup>**

Largest market for medical devices in Latin America, after Brazil and Mexico.

Source: Business Monitor International.

- 72.4% of the main 76 medical device companies are in the Bogota-Region.
- 84% of the market are imported products.

The **INVIMA** (National Institute for Drug and Food Surveillance of Colombia) is an institution of international reference with the highest qualification of the Pan American Health Organization.

## Colombia's Medical Device Market, by Category (2016)

| Category                    | USD Mn | %   |
|-----------------------------|--------|-----|
| Consumables                 | 274    | 23% |
| Orthopedics and prosthetics | 211    | 18% |
| Diagnostic imaging          | 181    | 15% |
| Patient aids                | 139    | 12% |
| Dental products             | 64     | 5%  |
| Others                      | 328    | 27% |

Source: Business Monitor International.

## Opportunities

- High potential for substitution of imports with local production at favorable costs.
- Production of raw materials and finished products of different technological levels.
- Establishment of logistics hubs in Bogota for the Americas.

### Companies that have chosen Bogota as headquarters of their operations:

**Johnson & Johnson + Siemens + 3M**  
**Medtronic + General Electric**  
**Boston Scientific + B. Braun Medical**  
**Fresenius + Boston Medical Devices**  
**Stryker + Becton Dickinson + Dräger**  
**GAES + Glidewell Laboratories**  
**Nipro + Philips + Starkey**

## Tax Incentives for Investments in Colombia

### Free Trade Zones

- Preferential income tax of 20% instead of 34%.
- Duty-free import of equipment.
- Purchase of raw materials, capital goods or services without payment of VAT.
- Possibility of selling to the local market.
- 6 free trade zones in Bogota Region.
- Possibility of creating a single-company free trade zones, subject to certain requirements.

### Income Tax Benefits

- Double benefit: 100% deduction and 25% discount of the investments in innovation, development and research.
- 200% deduction of the wages of disabled employees.

### VAT and ICA Exemptions

- Goods and services exported from Bogota are exempt from VAT (19%) and ICA (1.14% of gross sales).
- Tocancipa and Cota - in the outskirts of Bogota, offer partial exemption of ICA, subject to meeting certain requirements.

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