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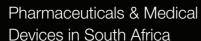
Pretoria

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- > South Africa's pharmaceutical and medical device sectors are the largest and most advanced in sub-Saharan Africa. Pharmaceutical and medical device sales have more than doubled in the last 10 years and are expected to reach R48bn and R19bn, respectively in 2019.
- Pharmaceutical and medical device imports are concentrated among a small number of countries. For both sectors, the top five country sources of imports account for about 60% of all imports. Imports account for more than two-thirds of pharmaceutical sales.
- The private health sector absorbs about two-thirds of pharmaceutical output, while the public health sector accounts for the remaining one-third
- Of the 265 South African pharmaceutical manufacturers, more than half exclusively supply the private sector, 10% exclusively supply the public health sector and the remaining companies supply both sectors.
- Within medical device sales, consumables and diagnostic imaging devices are the largest segments.



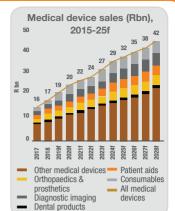


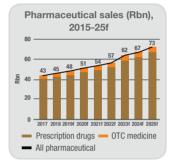


Medical device imports by source



Rest of world





Why invest?

World-class manufacturing capabilities

South Africa has advanced manufacturing capabilities, including biotechnology manufacturing facilities, as well as strong R&D capabilities in the medical industry

40%

Market share of generic druas

Gateway to the region

China

South Africa is the only SADC member country that meets the World Health Organisation's Good Manufacturing Practice standards. This positions South Africa as a gateway to the Southern African market for manufacturers of pharmaceutical products.

Policy-led preferences

Due to policy-led preferences, low-cost generic drugs, which account for close to 40% of the pharmaceutical market, have seen a rapid sales increase in recent years. Generics will remain the fastest growing category, with sales growing twice as fast as those of patented drugs. It is expected that sales of generics will overtake patented drug sales by 2027.

ARV treatment programme

South Africa accounts for 20% of all people on antiretroviral (ARV) treatment worldwide. Nearly half of infected persons in SA are under the treatment

regime. SA has the

> world's largest ARV treatment

programme

Robust market growth

It is forecasted that pharmaceutical sales will increase by about 40% in the next five years. This is partly driven by the increase in lifestyle-related diseases including hypertension, obesity, diabetes and cancer.



40% increase in next 5 years

and only

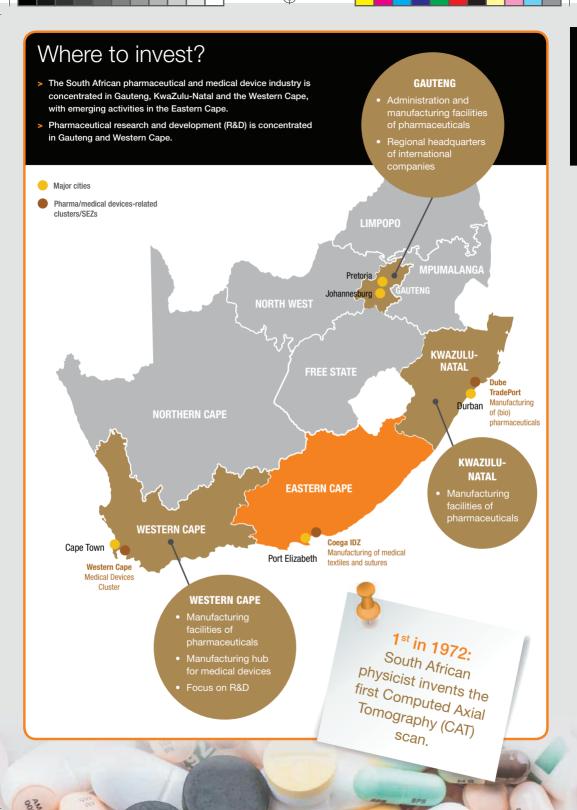
to meet WHO

standard

SADC country









- > South Africa has committed to creating a competitive environment in the pharmaceutical and medical devices industry. Government support has been focused on programmes that promote and support domestic manufacturing and R&D.
- The South African government and industry stakeholders continuously support the pharmaceutical and medical devices industry through several incentive programmes.





Financial support

The Chemical Products and Pharmaceuticals Strategic Business Unit of the Industrial **Development Corporation** (IDC) offers funding and industry and project development support to businesses developing pharmaceuticals products and medical devices.

The dti provides funding for R&D through the Technology and Human Resources for Industry Programme (THRIP) and Support Programme for Industrial Innovation (SPII) incentives.

South African Health Products Regulatory **Authority**

R&D Support

and Technology, funds

Industry Cluster Initiative

include the Western the dti, Wesgro (provincial government Another pharmaceutical Dube TradePort in

What are the opportunities?

- > South Africa's high dependency on imported pharmaceuticals and medical devices combined with strong market growth provides attractive opportunities for investors to onshore production of pharmaceuticals and medical equipment.
- The African Continental Free Trade Area (AfCFTA) is expected to unlock the African market for companies from the pharmaceutical and medical devices sectors.

Investment opportunities include:

- . Manufacturing and supply of medicinal drugs for diseases such as HIV/AIDS, malaria, cancer, tuberculosis, diabetes and other lifestyle diseases
- · Development and manufacturing of active pharmaceutical ingredients
- · Development and manufacturing of generics
- · Supply of tele-medical applications
- · Servicing and maintenance of medical devices
- Biotechnology and nanotechnology

- · Supply of niche pharmaceuticals such as alternative healing methods
- · Manufacturing of biological-based drugs and bio-therapeutics
- Manufacturing of medical consumables
- · Development and supply of innovative medical technology
- · Manufacturing and processing of cannabis oil







How to invest?

Opportunity identification

- Conduct feasibility study for your product or service
- 2 Evaluate outcome of feasibility study
- Take investment decision
- Decide on investment strategy in order to best align to the market opportunity

Go ahead



Location identification

Investment preparation

- Decide on geographic location most suitable for investment
- Consult property specialists, real estate agents to identify suitable offices for operations
- Conduct site visits of suitable locations

execution

- Acquire/lease site, rent office space
- Apply for municipal services (e.g. water, electricity)



Resourcing requirements (HR, capital, finance, IT)

- Consult with HR/recruitment agencies about staff requirements
- Determine immigration requirements
- Determine funding model (e.g. selffunding, debt, equity)
- Consult with IT systems providers

- Conduct interviews, hire staff
- Apply for work permits for expatriate staff
 - Open a bank account
 - Apply for finance
 - Set-up IT infrastructure/ systems



Compliance and legal affairs

- Determine corporate structure
- Determine licensing and permit requirements
 - Consult with labour lawyers
- Consult with InvestSA to identify eligibility for incentives, skills and other support initiatives
- InvestSA ready to assist

- Register company
- Apply for licenses and permits
- Apply for National Level Incentives Schemes, Skills and Other Support Programmes

Tet in 2003:
South Africa's Aspen
developed and
developed Africa's
manufactured Africa's
first generic antiretroviral
(ARV) drug.





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Information sources

Invest SA 2018; **the dtic**, various years; UNAIDS, 2018; Who Owns Whom, various years; BMI, various years; Helen Suzman Foundation, 2018; South African Medial Research Council, various years; IDC, various years; Dube TradePort Corporation, 2017; UNCTAD, various years

Research partner | Deloitte.





