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# RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET REVIEW

**Moscow | 2019 г.**

TECHART CONSULTING GROUP
Consultancy, digital transformation, business processes, marketing and hr integration

2019

1999

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# INTRODUCTION

Eugenia Parmukhina — speaker

**We bring to your attention the insight that formed the basis of our presentation at the Prof Beauty Brand professional forum in the framework of InterCHARM 2019. The data presented were collected during our studies of the injectable medical aesthetics market, which Techart has regularly conducted since 2013.**

Since our first study, the injectable medical aesthetics market has changed significantly under the influence of various factors, among which the main:

- changes in mentality, lifestyle, composition of the population, consumer behavior;
- economic crisis, sanctions policy, course on import substitution;
- the weakening of the ruble, a decrease in the purchasing power of the population,
- regulatory changes in the industry.

Recent years have been difficult for the aesthetic injection market, unfavorable factors had the greatest impact on its development, despite this, the industry has a high potential for growth in the near future.

The Analytical Department of the Techart Consulting Group studies all segments of the injectable medical aesthetics market 1-2 times a year, using official statistics, open data from Russian and foreign mass media, information received from professional communities, expert opinions and our own calculations.

Taking into account a significant share of the gray segment - up to 50% in certain product categories - we pay great attention to working with market participants, including our customers feedback processing, as well as developing our own basic market indicators calculating system, based on all accumulated during current and previous research data, indirect indicators and factors affecting the market.

We hope that the presented data will be useful for market participants to evaluate their current positions and make strategic decisions.

We will also be happy to do individual market research for you taking into account personal goals, objectives and requirements, developing an exclusive methodology that allows you to get high-quality, in-depth assessments and draw the necessary conclusions in an optimal budget.

We are always ready to consult you on research issues, point out the "pitfalls", help with the setting of tasks, with the correct interpretation of the results and their practical use.

# KEY DATA

**> 7 million injection procedures were performed in Russia in 2018**

The Russian injectable medical aesthetics market is formed by five main segments: botulinum toxins, fillers, biorevitalization facial injections, mesopreparations and absorbable sutures.

To generate its own estimates of the injectable medical aesthetics market, Techart considers the first four segments (all except absorbable sutures), which account for more than 90% of the number of procedures made in 2018. The estimation took into account the volume of sales, including the gray segment. Our data confirm Vademecum's research, the methodology of which is based on surveys of practicing cosmetologists in all regions of Russia.

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**50% reaches the gray segment of the injectable medical aesthetics market**

The gray segment of the Russian injectable medical aesthetics market is formed mainly due to the turnover of unregistered or counterfeit drugs, procedures performed at home or by people without the necessary education, and the activities of organizations without appropriate licenses.

Obviously, there is no question of any more or less accurate assessment of the gray segment of the market. Methodologically, Techart estimates only the turnover of unregistered and illegally delivered products, whose share has been declining in recent years, which would give us the right to talk about “whitewashing” the market, however, according to expert estimates, new gray forms of work appear, which, on the contrary, develop along with toughening legislation and strengthening control by inspection organizations.

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**The market shows growth despite the influence of negative factors**

Legislative changes and a decrease in purchasing power are the main negative factors that determined the development of the market in 2017-2018. Nevertheless, the aesthetic injection market was able to demonstrate growth, which indicates its pent-up potential

In March 2017, the Ministry of Health issued Order No. 11n “On Approving the Requirements for the Content of Technical and Operational Documentation of the Manufacturer of a Medical Device”, which stated that any newly registered medical device should contain only medicinal elements and substances registered in the Russian Federation. The order reduced the registration activity of market participants, therefore, during the year, new injection drugs on the market practically did not appear with a few exceptions. In September 2018, Roszdravnadzor actually canceled the effect of the order with its letter No. 10-42735 / 18.

In addition to introducing stricter rules for the registration of new drugs, in May 2018 the Ministry of Health tightened the requirements for plastic surgery departments with its order No. 298n “On approval of the Procedure for the provision of medical care in the plastic surgery profile”, and Roszdravnadzor initiated inspections of specialized clinics. These events also affected the iinjectable medical aesthetics market, provoking the closure of a number of clinics.

The purchasing activity of the population in the reporting period remained at a low level, some recovery was outlined only by the end of 2018. This factor, firstly, did not allow the market to maintain pre-crisis growth rates, and, secondly, led to a change in its structure due to increased interest in procedures that give immediate visible results, and in procedures using cheaper cosmetic preparations.

# KEY DATA

**561 thousand bottles - the volume of the white market of botulinum toxins**

The volume of the white market of botulinum toxins in 2018 amounted to ~ 561 thousand bottles, which is 17% more than a year earlier.

In total, 6 drugs were registered in Russia, one of which is of Russian manufacture (Relatox). The share of domestic products in the volume of legal sales is 11%. The most popular botulinum toxin is Dysport, occupying 35% of the white market. The botulinum toxin segment is the most legal in the market for aesthetic injections with a share of gray sales of less than 10%.

**1.7 million syringes - the volume of the white market of dermal fillers**

The volume of the white filler market in 2018 amounted to 1.7 million syringes, which is 0.46% less than a year earlier. Given the gray segment, the market can be estimated ~ 2.2 million syringes.

In total, Roszdravnadzor registered 54 trademarks of fillers from 43 manufacturers, 3 of which are domestic companies. 46% of the market belongs to the French company Allergan, which has been a leader for 5 consecutive years.

**919 thousand packages - the volume of the white market of biorevitalizants**

The volume of the white market of biorevitalizants in 2018 amounted to 919 thousand packages, which is 23% more than a year earlier.
The gray segment is estimated at 30-40%.

In Roszdravnadzor 60 brands of biorevitalizants are registered. In 2018, biorevitalizants of 38 manufacturers were presented on the Russian market, 5 of which are domestic. The largest volume of official sales was made by the Korean company BNC Korea, accounting for 24% of the market.

**817 thousand bottles - the volume of the white mesotherapy market**

The white market injection preparations for mesotherapy volume in 2018 amounted to ~ 817 thousand bottles, which is 30% more than a year earlier.
The volume of the gray market is estimated at 50%.

In 2018, the products of 27 companies were presented on the market, including 5 domestic manufacturers with a market share of 3%. 27% of the white market for mesotherapy is occupied by the Korean company Caregen with the injectable preparation Dermaheal.

# RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET

**Techart estimates the market for cosmetic injections as the sum of its most significant segments: botulinum toxins, dermal fillers, preparations for biorevitalization and mesotherapy.**

Initially, we calculate all indicators in physical terms - in bottles, syringes, packages, not taking into account their volume.

Then, based on our own calculations, taking into account the collected statistics, various indirect indicators, corporate data and expert opinions, we estimate the number of procedures in the legal market and the size of the gray segment.

It is important to note that our assessment of the gray market is presented “from below” since it takes into account mainly the turnover of unregistered drugs and a certain share of counterfeit drugs - previously they formed the majority of the gray market.

Today, many popular previously unregistered drugs received registration certificates or left the market, and we received a formal reduction in the gray market.

However, according to experts, along with increased regulatory activity and legislative changes, the forms of illegal business in the cosmetology injection market are changing.

Therefore, there is no question of any whitening of the market, moreover, a number of experts believe that the gray market, on the contrary, is increasing.

## Basic data for calculating indicators for 2018:

| Market segment | White Market Volume | Gray segment share |
|---|---|---|
| Botulinum toxins | **561 thousand** bottles | <10% |
| Dermal fillers | **1,7 million** syringes | 30% |
| Biorevitalizants | **919 thousand** packages | 40% |
| Preparations for mesotherapy | **817 thousand** bottles | 50+% |

Source: Techart calculations based on data from the Federal Customs Service of the Russian Federation, a survey of manufacturers, distributors and major market participants

# RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET

In 2018, Techart specialists estimated the volume of the Russian injectable medical aesthetics market at ~ **7 million procedures** (taking into account the gray segment).

Actual market growth is difficult to calculate because due to the volatility and the large weight of the gray segment, approaches to the formation of indicators are changing. We have growth rate evaluations of the white market in each of the studied segments, as well as expert estimates of the overall dynamics of the industry. In particular, according to market participants, the cosmetology injection industry in Russia **added 4-10%** in 2018.

## The following negative factors have the greatest impact on the injection cosmetology market:

- a decrease in the standard of living of the population due to the outstripping growth of tariffs and prices in comparison with the growth of salaries, benefits, pensions, etc. In addition, the crisis, sanctions, and unstable economic conditions are getting used to, which changes consumer behavior. In 2018-2019, there were signs of a recovery in the purchasing power of the population, primarily in high-income groups of the population, however, the mass consumer is still as sensitive as possible to the price of goods and services purchased;
- regulatory changes, strengthening regulatory control. First of all, we are talking about the order of the Ministry of Health No. 11n of March 2017, which complicated the registration of new medical devices. The barrier was removed by the letter of Roszdravnadzor No. 10-42735 / 18 of September 2018. In addition, the order was issued by the Ministry of Health No. 298n of May 2018, which tightened the requirements for the provision of services in the profile of "plastic surgery". In 2019, changes to the procedure for the provision of services in the "Cosmetology" profile are being discussed, which will limit the activity of nursing staff.
- competition from hardware cosmetology techniques with a quick visual effect, the supply and demand for which have grown significantly, and the price has decreased in recent years.

## The following factors have the greatest positive effect:

- an aging population, a decrease in the age of first access to injection procedures, an increase in the number of male clients increase the number of potential consumers;
- a shift in demand from surgical aesthetic operations to injection techniques;
- the cult of beauty and youth, a change in lifestyle and values of the population, wide knowledge of a potential audience about aesthetic injections.

**~ 7 million procedures 2018**

**+ 4-10%**

Negative factors

**a decrease in the standard of living of the population**

**regulatory changes, strengthening regulatory control**

**competition from hardware cosmetology techniques**

Positive factors

**aging population**

**shift in demand**

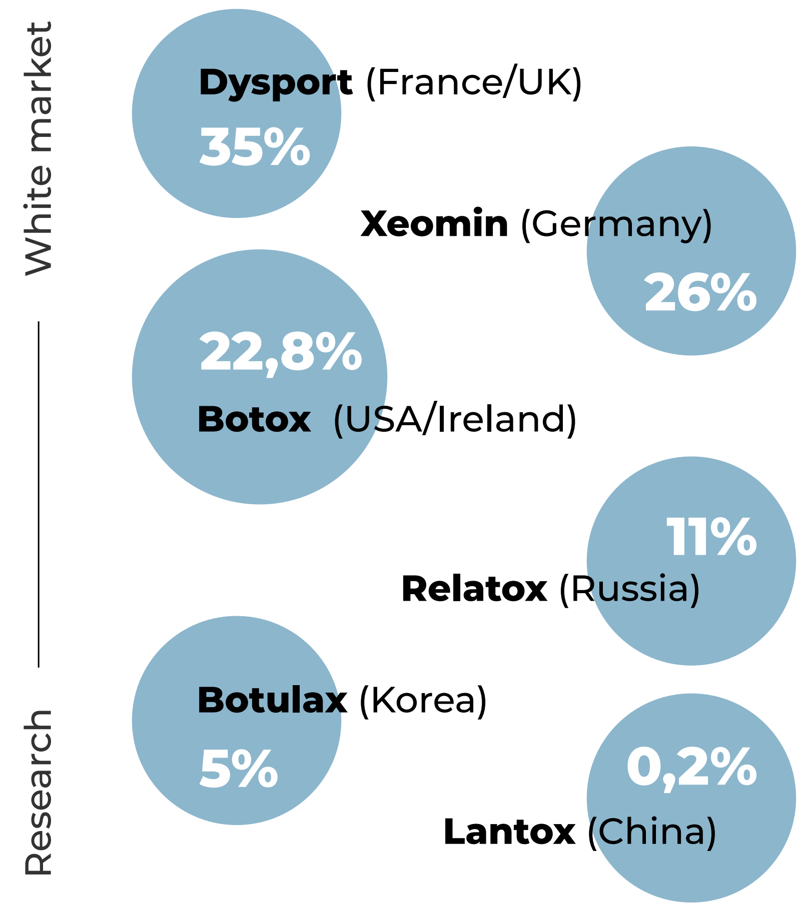
**the cult of beauty and youth**

# BOTULINUM THERAPY MARKET - THE LARGEST SEGMENT OF THE RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET

- The Russian market of botulinum toxins, according to Techart, added 17% to the level of 2017 and reached 561 thousand bottles in 2018 (excluding the gray segment).
- In 2018, products from 6 manufacturers were presented on the white market of botulinum toxins. Each manufacturer supplied only one brand of botulinum toxin:
  - Allergan Pharmaceuticals (USA / Ireland) - Botox,
  - Ipsen Biopharm (France / UK) - Dysport,
  - Merz Pharma (Germany)- Xeomin,
  - Lanzhou Institute of Biological Products (China ) - Lantox,
  - Microgen (Russia) - Relatox,
  - Hugel Inc (Korea) — Botulax.
- The most popular were botulinum toxins Dysport and Xeomin (35% and 26%, respectively). Xeomin ousted Botox from the second place where it has been since 2015.
- Chinese botulinum toxin Lantox traditionally ranks last with a market share of 0.2%.
  Even Korean Botulax registered in 2017, which took 5% of the “white” market in 2018, overtake it.
- Russian botulinum toxin Relatox has been on the market since 2014.
  Its sales show steady accelerated growth.
  So, if at the end of 2014 Relatox managed to occupy only 1% of the market, then in 2018 - already 11%.
- NPO Microgen, the manufacturer of the drug, regularly invests in clinical trials and expansion of production.
  According to the company, at the end of 2018, Relatox became the most sought-after drug in the sales structure of NPO Microgen.
  Given the fact that botulinum toxins are used not only in cosmetology but also in medicine, this segment is characterized by a large number of studies and tests aimed at expanding the scope and increasing the convenience of working with drugs for doctors of different specializations.
- In the field of botulinum therapy, a professional association operates - the Interregional Public Organization of Botulinum Therapy Specialists, established in 2008.

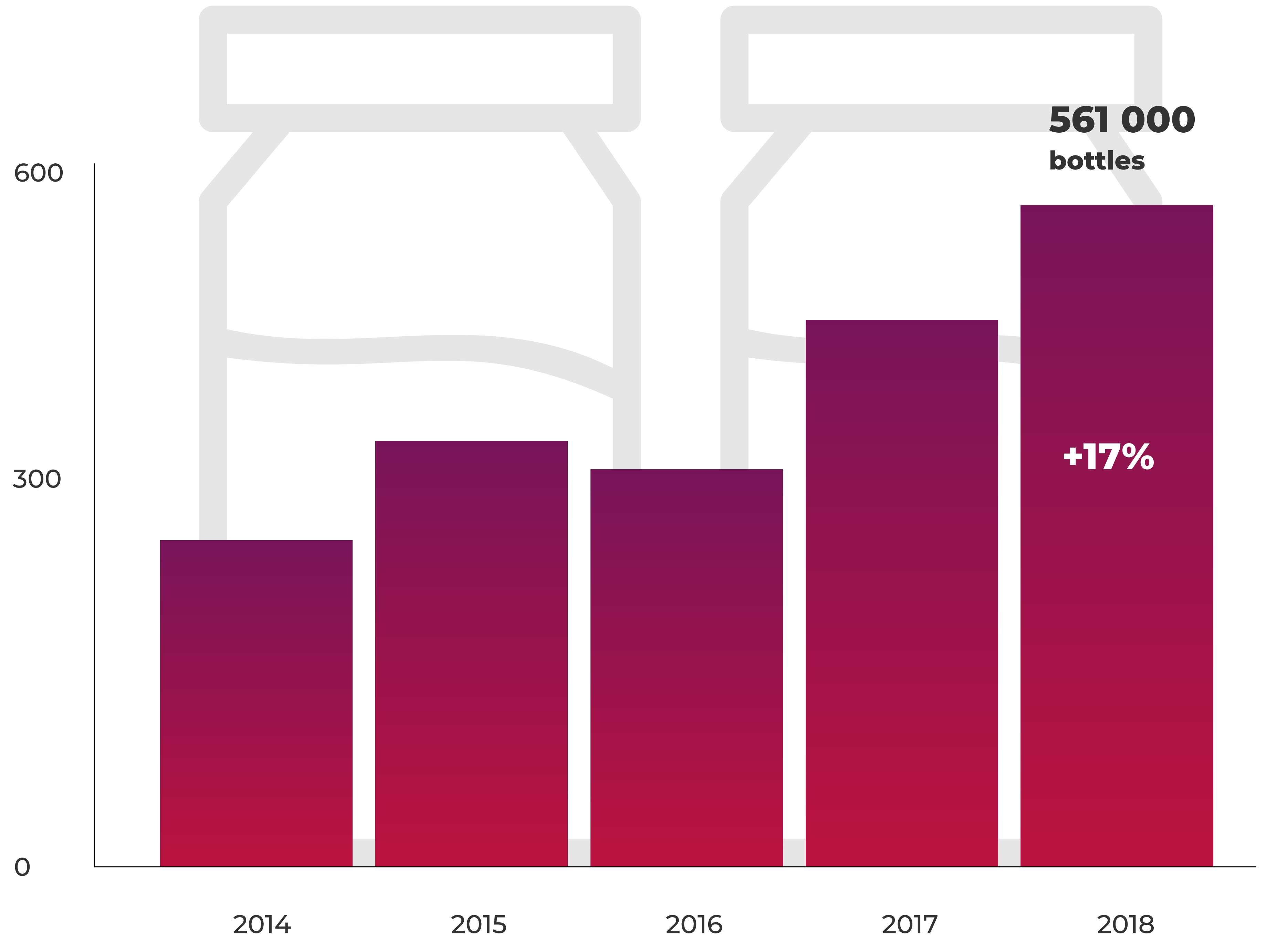
**561 000 bottles, 2018**

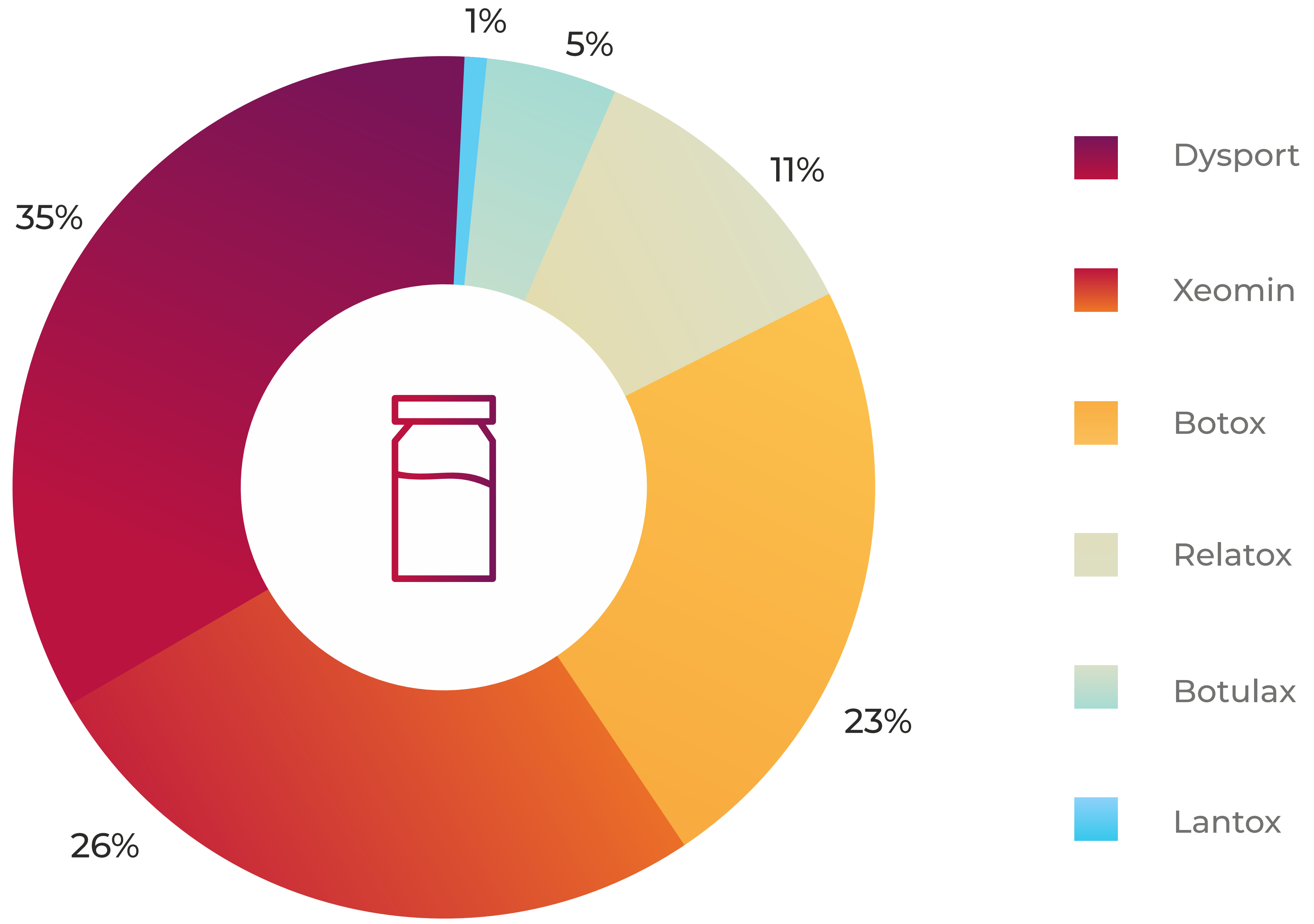
**+ 17%**



# BOTULINUM THERAPY MARKET - THE LARGEST SEGMENT OF THE RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET

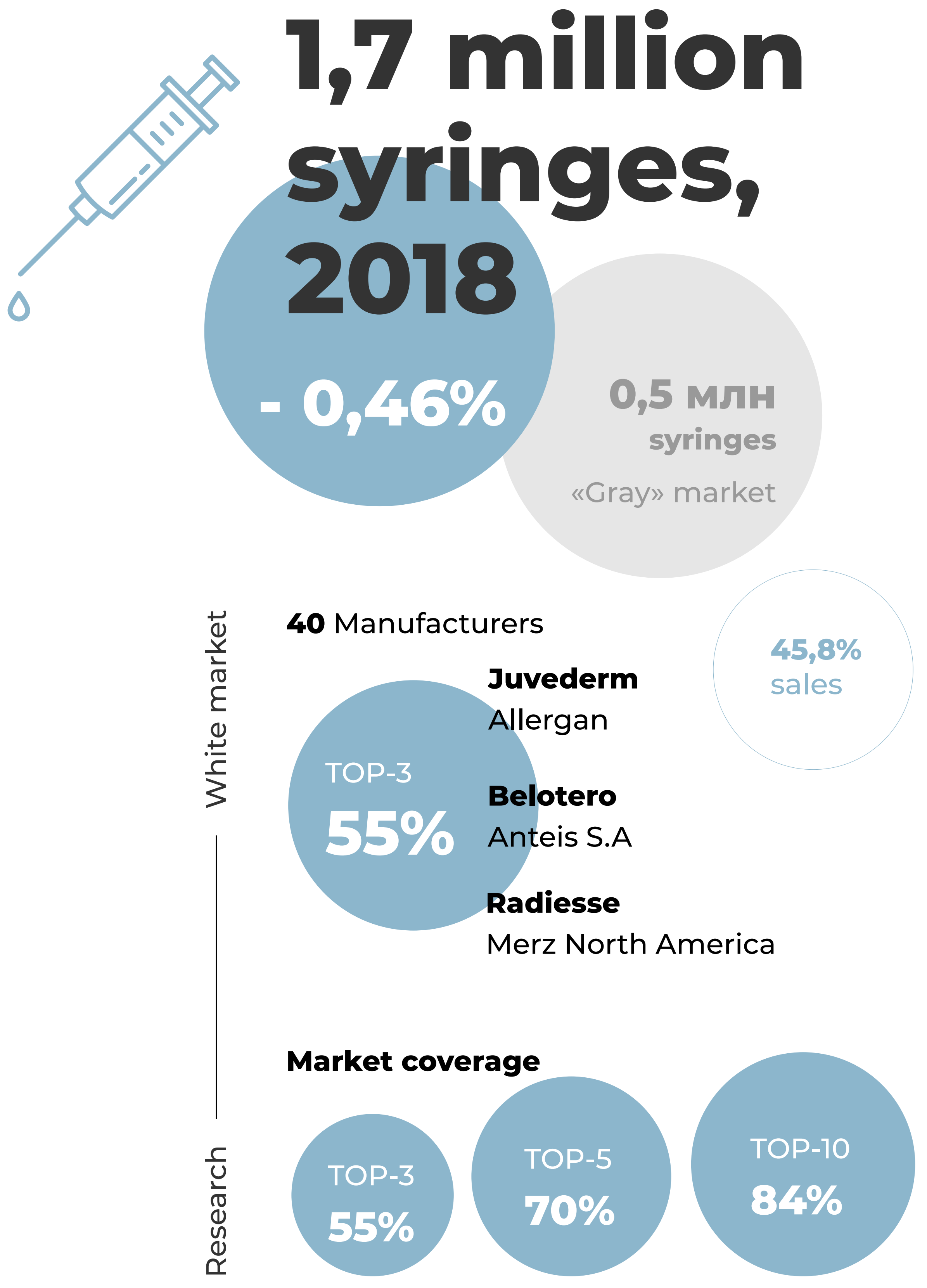
**Volume, dynamics and structure of the white market of botulinum toxins in Russia (Source: Techart calculations)**



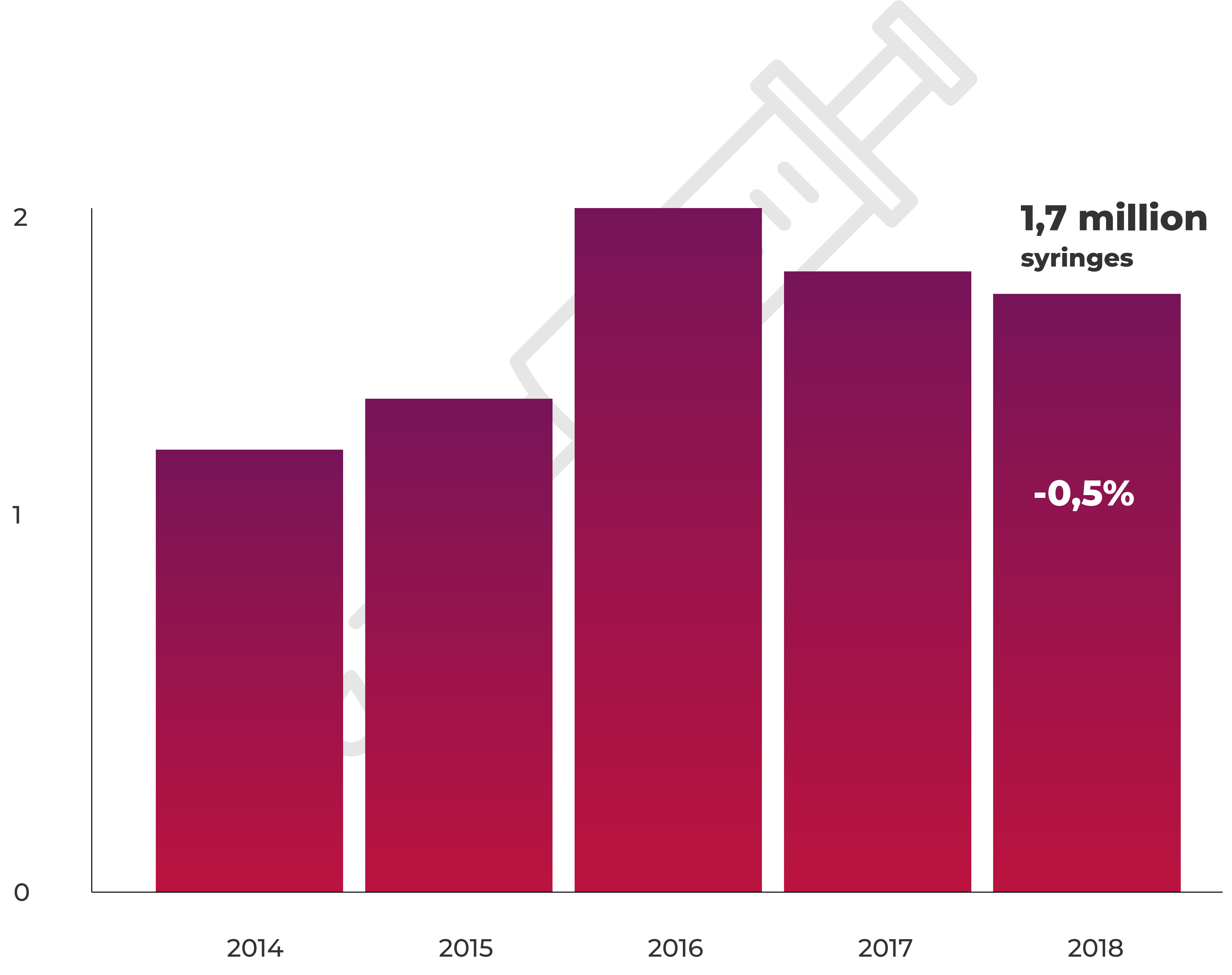
# THE DERMAL FILLER MARKET IS THE MOST COMPETITIVE INJECTABLE MEDICAL AESTHETICS MARKET SEGMENT

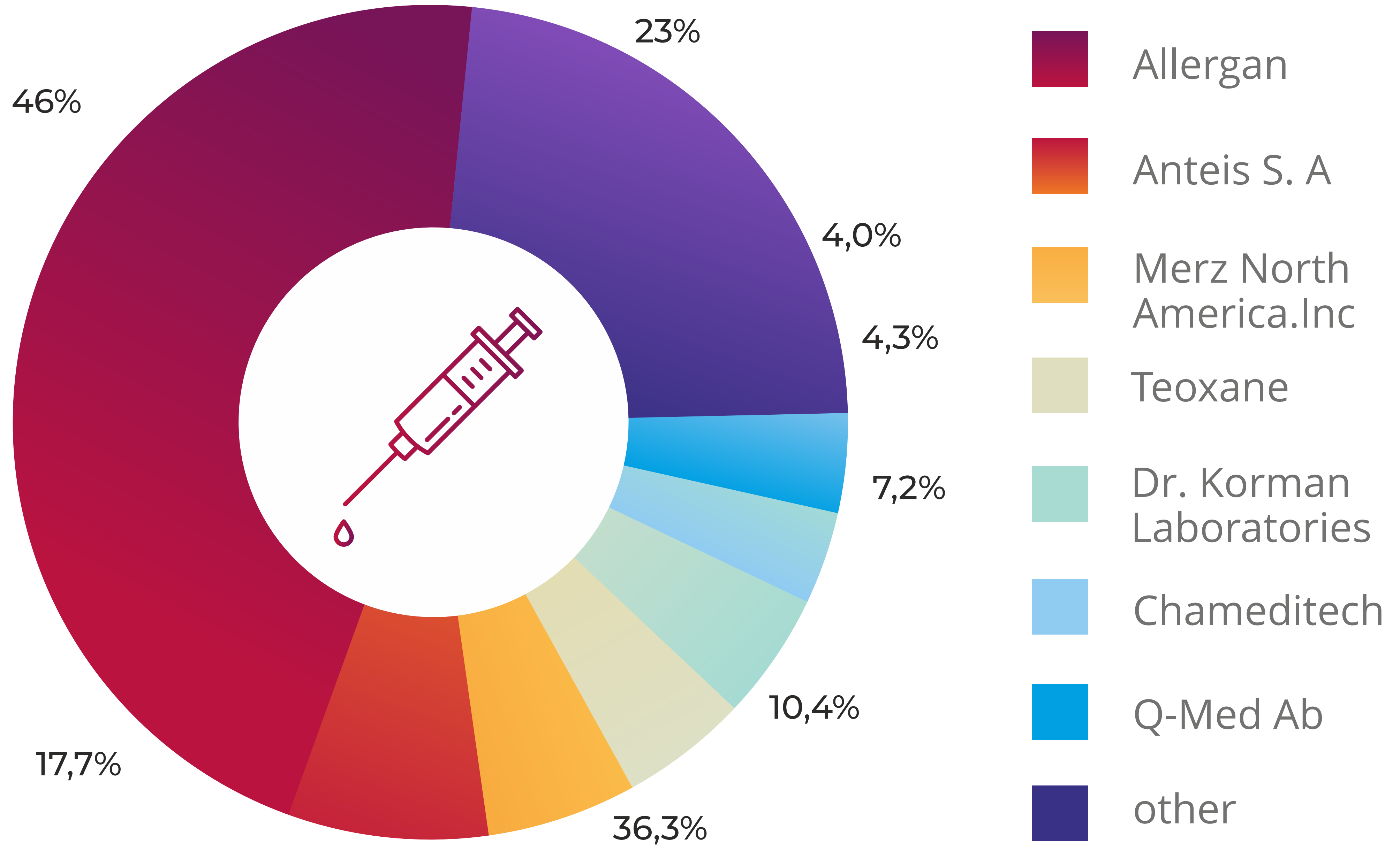
- The white market of dermal fillers in the Russian Federation in 2018 was estimated by Techart at 1.7 million syringes.
Compared to 2017, official consumption remained virtually unchanged (actually -0.46%).
Taking into account the gray segment, the market volume exceeded 2.2 million syringes.
- In 2018, products from 40 manufacturers were presented on the white market of dermal fillers. In total, 54 dermal fillers brands from 43 manufacturers have registration certificates of Roszdravnadzor.
- About 70% of legal dermal filler consumption in 2018 came from preparations of French, Swiss, and Korean origin.
- Since Techart's first dermal filler market research in 2011, the French company Allergan has been a market leader.
In 2018, it accounted for 45.8% of sales.
- The group of persecutors changes every year.
In 2018, it included:
  - Anteis S.A.,
  - Merz North America,
  - Teoxane S.A.,
  - Dr. Korman Laboratories,
  - Chameditech,
  - Q-Med Ab.
- Manufacturers from TOP 3 accounted for almost 60% of the market, from TOP 5 - about 70% and from TOP 10 - 84%.
- The most popular dermal filler in 2018 was Juvederm (Allergan). The three leaders also included Belotero (Anteis S.A.) and Radiesse (Merz North America). Brands from TOP 3 occupied about 55%, and from TOP 10 - more than 75% of the market.
- Russian products occupy an insignificant share in the total legal sale of dermal fillers, however, the growth rate of the segment exceeds the industry-wide (+ 10-15% annually).
- 3 Russian manufacturers produce 4 brands of dermal fillers: Amaline and Reneall (MKS-Laboratory / NMTC International), Hyaluform filler (Laboratory THOSCANE), Femegyl (Diarsi Center).



# THE DERMAL FILLER MARKET IS THE MOST COMPETITIVE INJECTABLE MEDICAL AESTHETICS MARKET SEGMENT

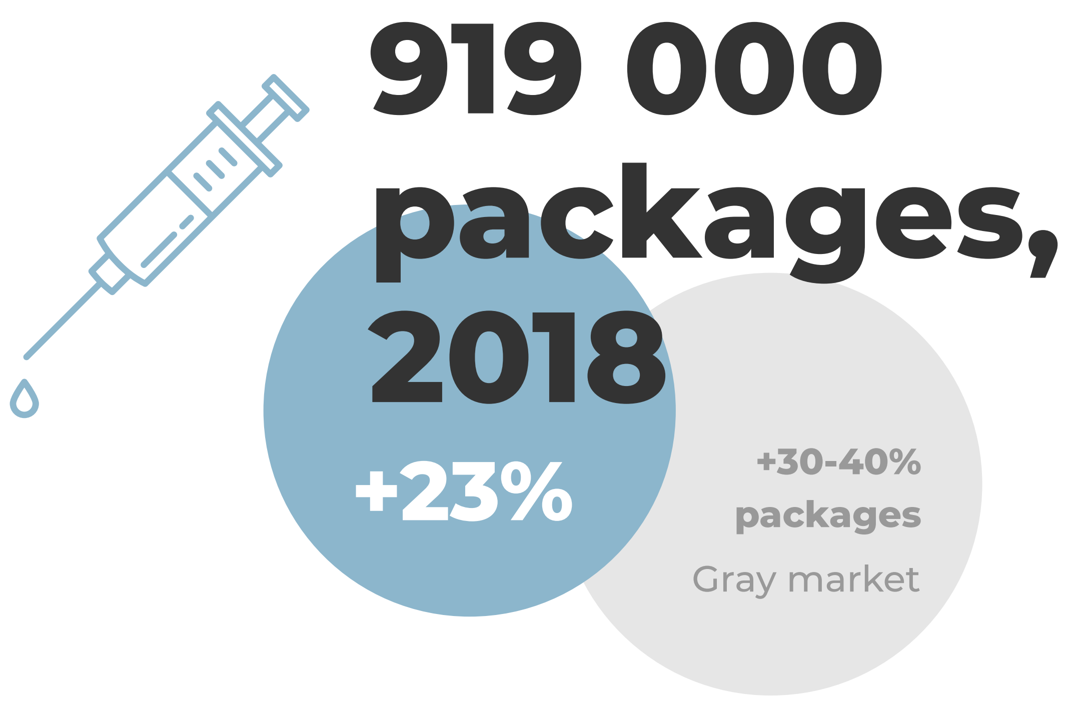
**Volume, dynamics and structure of the white filler market in Russia (Source: Techart calculations)**



# THE BIOREVITALIZATION MARKET IS A SEGMENT OF THE RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET WITH A SIGNIFICANT SHARE OF DOMESTIC PRODUCTION

- The white market of biorevitalization preparations in the Russian Federation in 2018, according to Techart research, reached 919 thousand packages, which is 23% more than in 2017. The share of the gray segment reaches 30-40%.
- At the time of the study, in the register of medical devices registered in Russia there were more than 60 preparations for biorevitalization.
- On sale in 2018, products of 33 foreign and 5 Russian manufacturers were presented.
- Biorevitalization preparations are the only segment of the injectable medical aesthetics market where Russian manufacturers have a significant market share. In 2018 - 16%.
- Russian preparations for biorevitalization: Hyaluform (Laboratory THOSCANE), Evgulon (Tula Industry LTD), OutLine Gel (Himpolymed), Reneall (SLS), Amaline and Revi (MKC Laboratory / NMTC International).
- More than half of the official biorevitalization preparations sales were accounted for by five foreign manufacturers:
  - BNC Korea (Korea),
  - Fidia Farmaceutici (Italy),
  - Caregen (Korea),
  - Yuria-Pharm (Ukraine),
  - Allergan (France).
- The most popular in 2018 were biorevitalization preparations Meso-Wharton P199 (BNC Korea) and IAL System (Fidia Farmaceutici) — their shares are 11% and 10%, respectively  The third place was taken by the brand Aquashine (Caregen) — 9%.
- The main trend of recent years is the redistribution of the market: the share of the most popular Italian products in the past is decreasing, while the supply of biorevitalization preparations from South Korea is growing.
- The biorevitalization preparations market is characterized by variability: the product lines are expanding, new products appear, and the brand structure of sales changes annually.




White market — Research

Russian production

16%
market

**Hyaluform**
Laboratory THOSCANE

**Evgulon**
Tula Industry LTD

**OutLine Gel**
Himpolymed

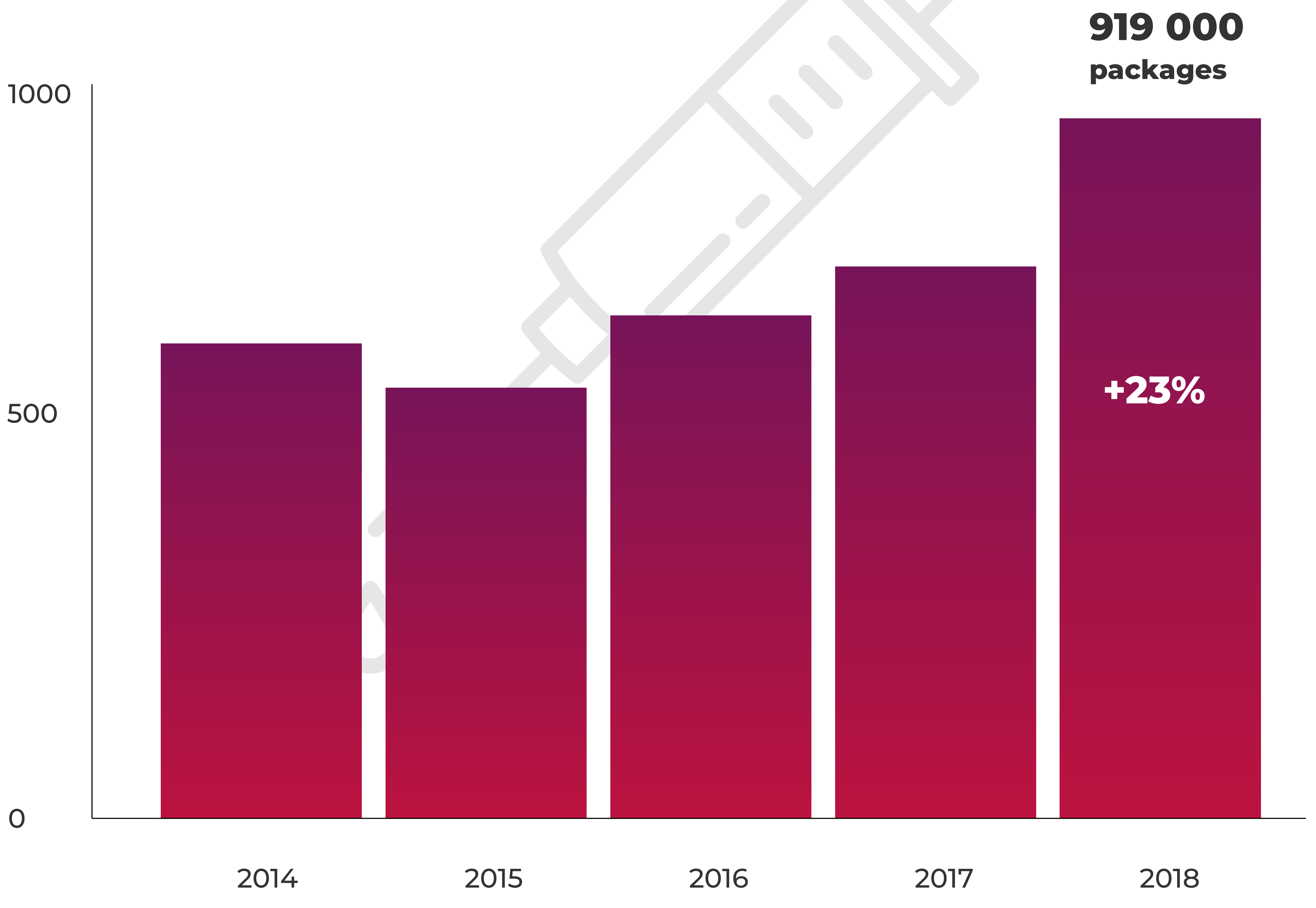
**Reneall**
SLS

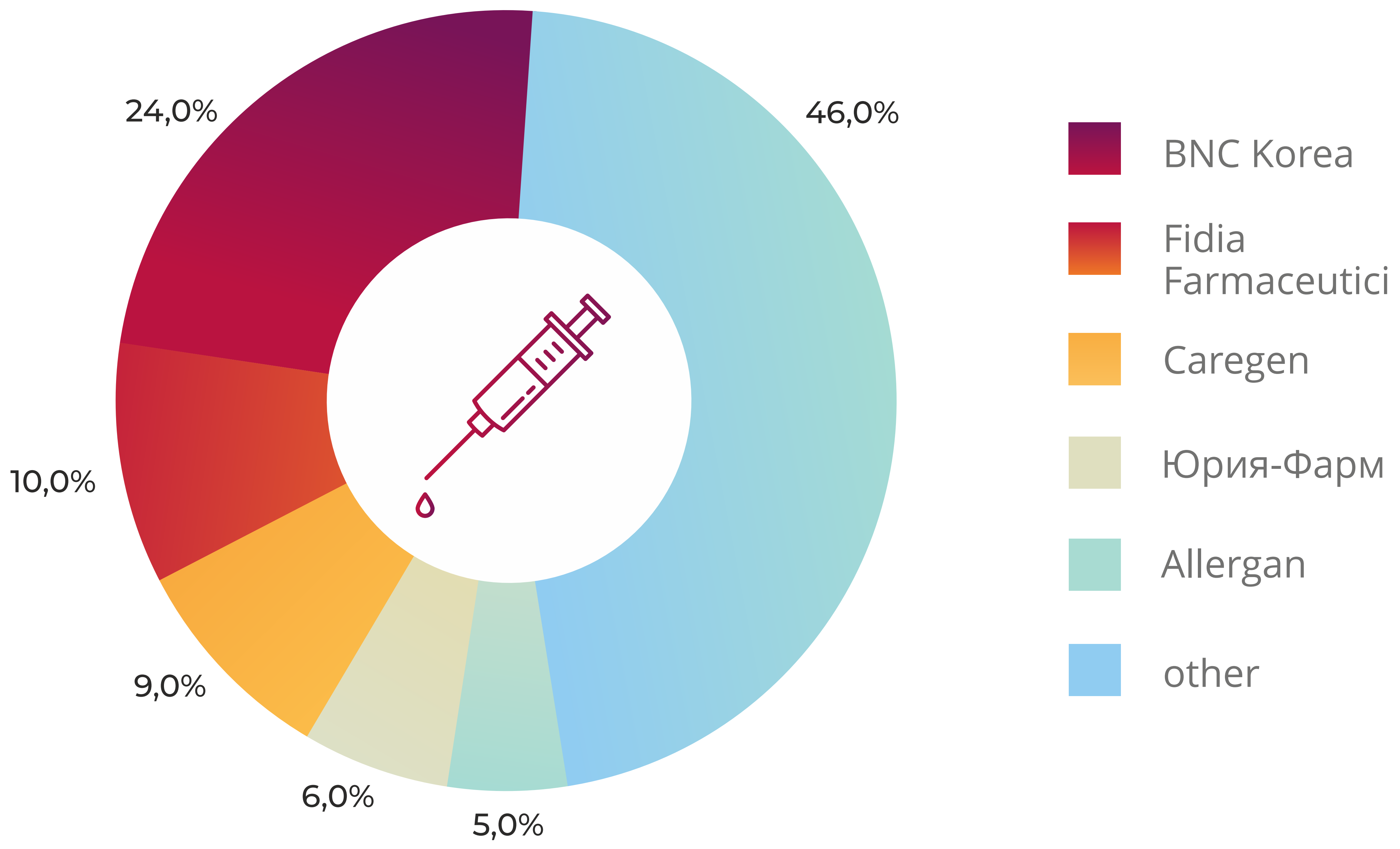
**Amaline**
MKC Laboratory
NMTC International

**Revi**
MKC Laboratory
NMTC International

# THE BIOREVITALIZATION MARKET IS A SEGMENT OF THE RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET WITH A SIGNIFICANT SHARE OF DOMESTIC PRODUCTION

**Volume, dynamics and structure of the white market of biorevitalization preparations in Russia (Source: Techart calculations)**



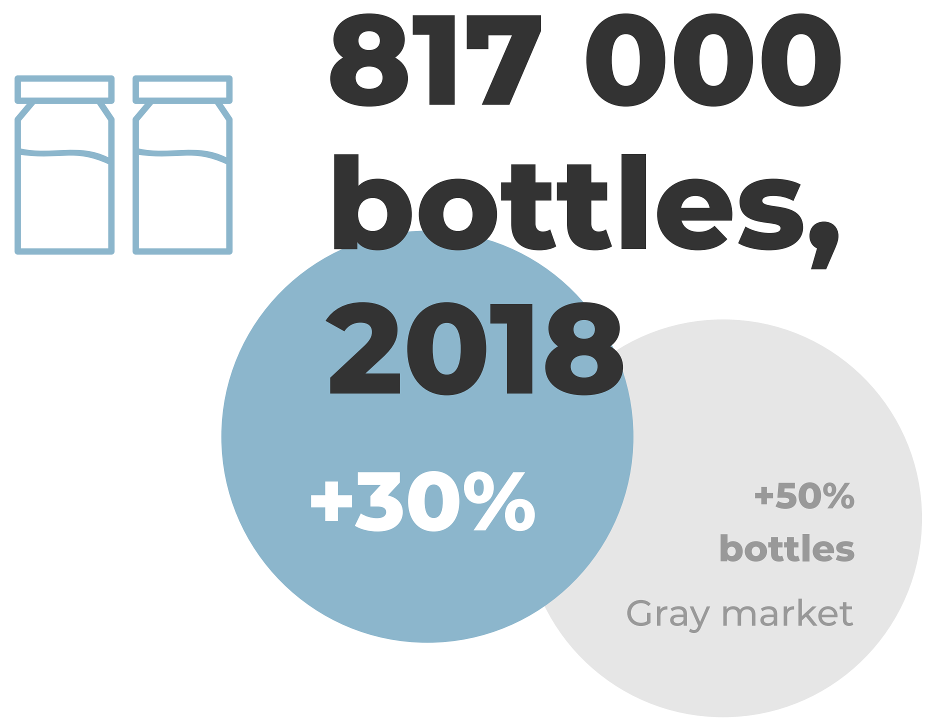




Russian injectable medical aesthetics market

# MESOTHERAPY MARKET IS THE MOST DIFFICULT SEGMENT OF THE RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET TO EVALUATE

- The volume of the white market for mesotherapy preparations in Russia in 2018, Techart estimates at ~ 817 thousand bottles.
  This is 30% higher than the previous year. The market is developing quite dynamically, in particular, new preparation regularly appear, promising a tangible effect for relatively little money.
- The market for drugs for mesotherapy is difficult to analyze considering that there are more than 100 various brands of preparations for mesotherapy in it, only 15% of which have registration certificates from Roszdravnadzor.
- The size of the gray market is ~ 50%.
- Only 27 participants work on the legal market, among which 22 are foreign companies and 5 are Russian.
- Among the market leaders in 2018, there were only foreign manufacturers supplying one brand of drugs to the market:
  - Caregen (Korea) with Dermaheal occupied 27% of the market,
  - Sedifa Laboratoire (Monaco) with Conjonctyl - 22% of the market,
  - Laboratoires Filorga (France) with NCTF 135 - 12% of the market,
  - MD Skin Solutions (Luxenburg) with Mesoline - 9% of the market,
  - NC Korea (Korea) with Mesosculpt - 7% of the market.
- In Russia, the following companies produce preparations for mesotherapy:
  - Laboratory THOSCANE (Hyaluform Mesolift, Skinasil),
  - MKC Laboratory / NMTC International (Amalain, Revi),
  - Himpolymed (OutLine Gel),
  - NovoNexus (Intensive Anti-Aging Serum),
  - Cosmoterus (Giatulon M).

  In total, they accounted for 3% of the market in 2018.
- In 2018, 60% of meso-cocktail sales were in 5 ml bottles. The trend of recent years is a shift in demand for larger bottles.




White market — Research

**22** foreign companies — **97%**

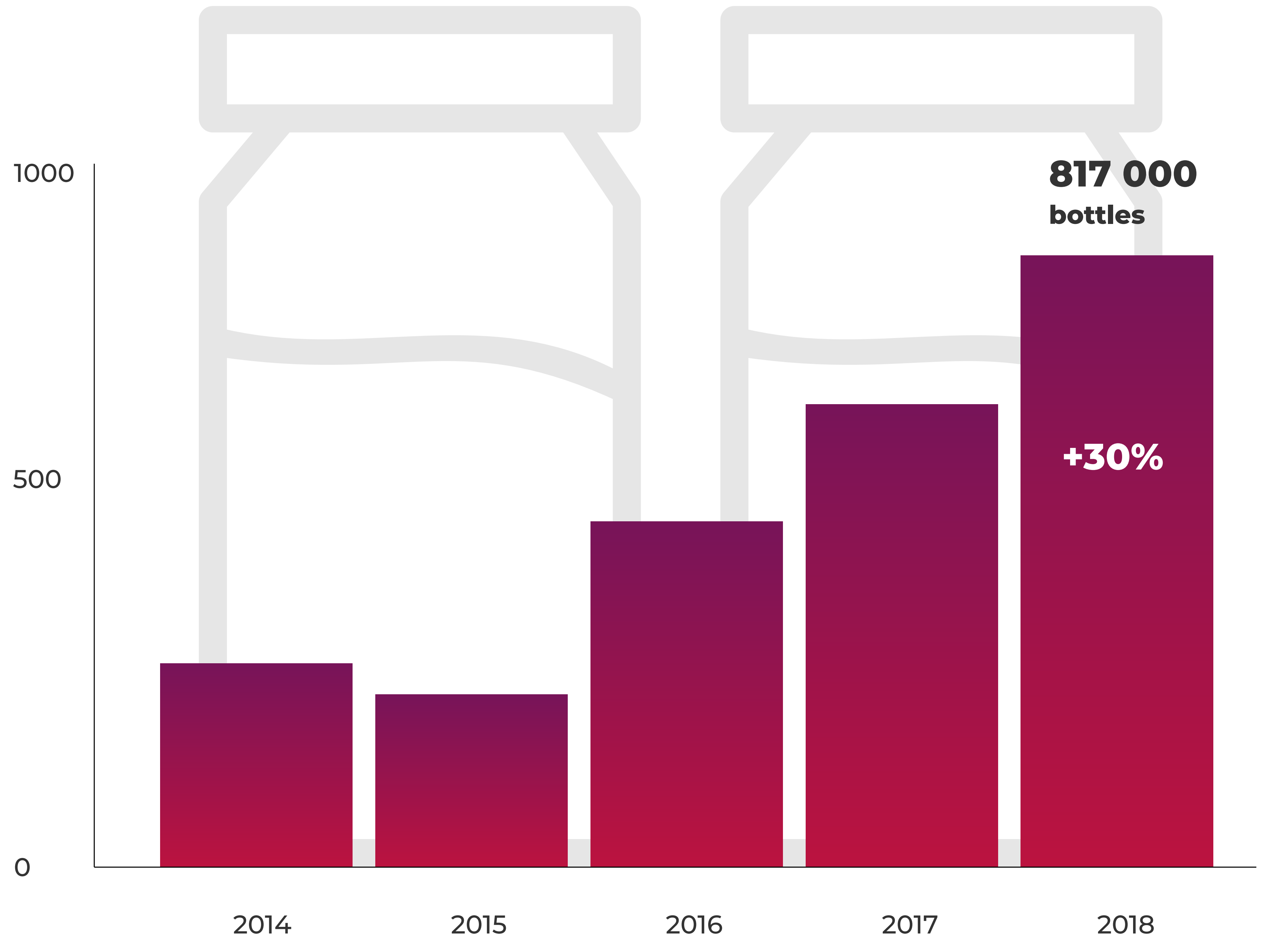
**Caregen** (Korea)
**Sedifa Laboratoire** (Monaco)
**Laboratoires Filorga** (France)
**MD Skin Solutions** (Luxenburg)
**BNC Korea** (Korea)
...

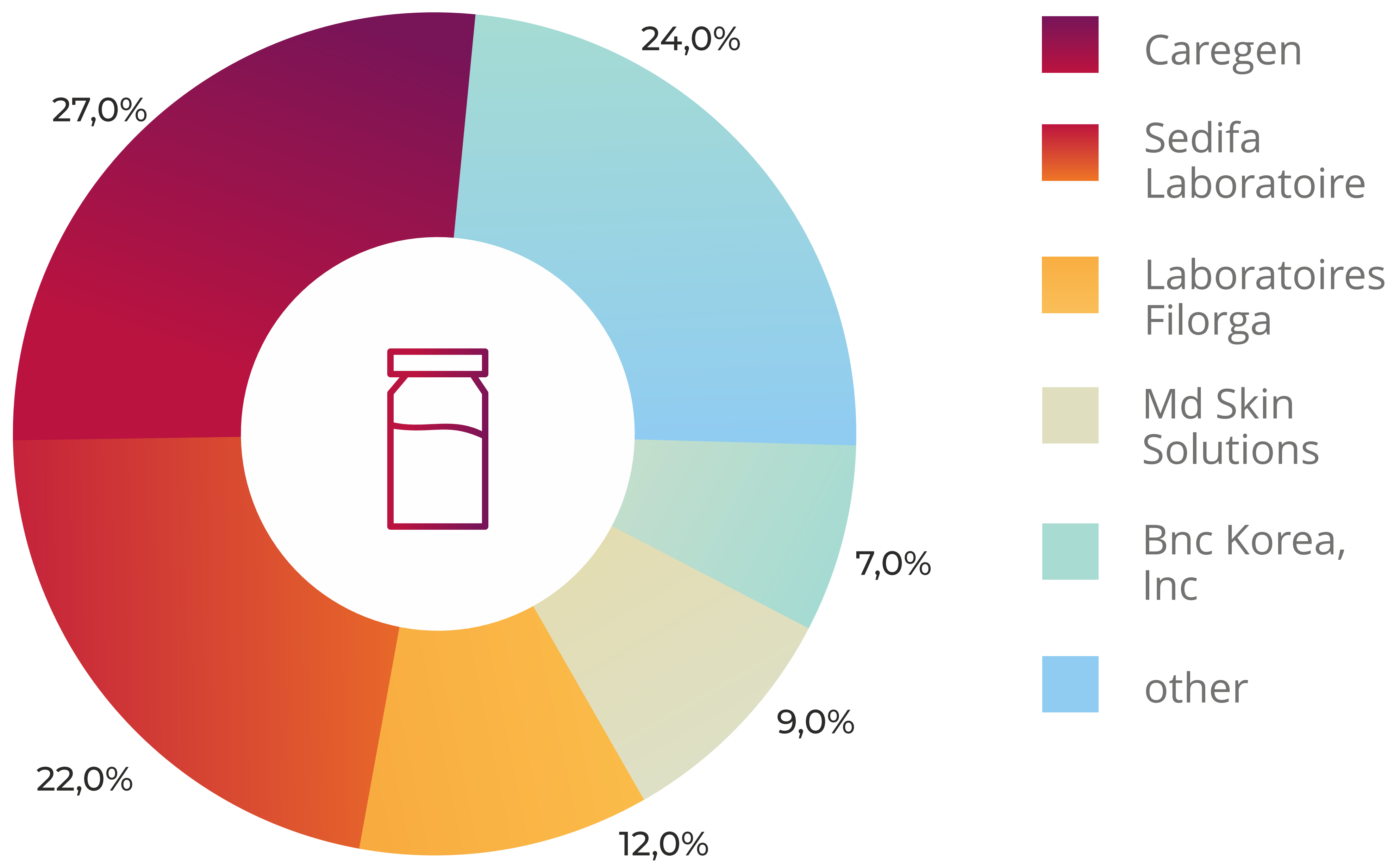
**5** domestic companies — **3%**

**Martinex Group**
**NMTC International**
**Himpolymed**
**NovoNexus**
**Cosmoterus**

# MESOTHERAPY MARKET IS THE MOST DIFFICULT SEGMENT OF THE RUSSIAN INJECTABLE MEDICAL AESTHETICS MARKET TO EVALUATE

**Volume, dynamics and structure of the white market of mesotherapy preparations in Russia (Source: Techart calculations)**



# EXPERIENCE IN RESEARCH ON THE INJECTABLE MEDICAL AESTHETICS MARKET

**Dermal filler market research**

**8**
market research since 2013

**>30**
customers

**Botulinum toxin market research**

**7**
market research since 2014

**>20**
customers

**Marketing research of biorevitalization preparations**

**4**
market research since 2016

**>20**
customers

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**Market analysis of absorbable threads for aesthetic medicine and cosmetology**

**3**
market research since 2014

**Market analysis of equipment and materials for non-surgical rejuvenation**

**4**
market research since 2014

## Industry experience


Experience in the provision of marketing services in the cosmetology industry


Experience in providing marketing services in the medical industry


Research experience in the markets of medicine and cosmetology

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# TECHART CONSULTING GROUP

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