



February-2013 LIFE RUSSIA Business Update FY12 Review, 2013 Outlook

04.02.2013, Khimexpert





LIFE Distributorship



Sales, Support and Marketing Organization

Igor Merkulov,
Director

Logistic department:
Maria Semina

Custom clearance
department:
Chief: Dmitry Skipnikov
Vladimir Sokolov
Alexander Gorshkov

Accounting department:
Chief: Natalia Vasilchenko
Artem Stepanov
Raisa Semina

Warehouse manager:
Alexander Meschankin,
(Regional logistic)
vacancies:
warehouse personal, 2-3
persons

Tender department:
Chief: Tatiana Sirotkina
Sergey Selivanov

Sales and marketing
department
Chief: Maria Cheremnykh

Expeditor:
Vladimir Zhezherun

Purchasing and Order
handling:
Dmitry Vorobiev
(market analysis)
vacancy: order handling
specialist

Irina Makarenko: Invitrogen and
marketing (forecast).
Elena Savchik: CE and QPCR,
HID reagents.
Alexander Bayunov: NGS
instruments.
Dmitry Sirotkin: QST
Vladimir Tomashuk: Pharma
Svetlana Morozova: Service
Vacancies: two people
Clinics and marketing

Support Specialists:
Natalia Selivanova : LT
Alexander Kirilluk: Pharma
Vacancy – NGS support

Business Development
Tatiana Meschankina



DEMO LAB

- The facility for demo lab is ready. But at the end of 2012 we came to conclusion that we need support from scientific organizations.
- For better usage of investments and promotion of LT equipment in various fields we need to collaborate with certain significant scientific centers.
- Currently we negotiate with many organizations to find out possible ways of practical applications to be established in demo lab: AlcorBio, SCMG, MFTI, Investigation committee, Novosibirsk's Scientific center.
- Our aim – to organize demo lab acting as scientific and practical application center.



Top Priorities to drive growth in 2013

- Organizing seminars and workshops for educating customers
- Developing position in Applied Markets – clinical, pharma, food testing, etc
- Developing new markets by bringing NGS solutions into clinical research (partnership with AlcorBio)
- Developing strategy and structure for Invitrogen sales
- Regional structure development
- DemoLab opening





Market Analysis and Situation



NGS Instruments and Consumables

- Fast growing market – big interest to IonProton and IonTorrent:
 - Total instruments sales in FY 2012 ~2740k\$ (in FY11 - 2020k\$), >35% growth.
- Major competitors – Roche and Illumina. Their argument – weak support of LifeTech products. Roche has got medical registration in July 2012. Illumina has an exclusive distributor Interlabservice who has strong aggressive and sometimes unfair sales strategy.
- Our priorities - Developing knowledge and educating existing and potential customers. Being fast with newest instruments and consumables available at the market.
- “Our” activities – support to existing customers, promotion at all major scientific events, exhibitions, marketing activities. Creating of strong NGS support team.
- Receive medical registrations for IonTorrent and IonProton.



CE Instruments and Consumables

- Market situation – still growth:
 - Total instruments sales 2357k\$ (in 2011 2095k\$, ~12% growth)
- Competitive landscape – less competitive area. Therefore lot of resellers ready to sell this type of equipment

In several cases Ministry of Health has purchased Beckman

- “Our” priorities – shortening delivery time, increasing the volume of consumables available at our warehouse in Moscow
- “Our” activities – support to existing customers, promotion at all major scientific events, exhibitions, marketing activities + demo laboratory development
- Issues and Needs with LIFE – medical registrations for some kits applicable in clinics (KRAS/BRAF, Cystic Fibrosis etc.).



QPCR Instruments, Assay and Reagents

- Market situation – growth due to aggressive pricing
 - Good discounts for instruments bought on stock gives us a possibility to compete with other vendors.
- Total sales for instruments ~900k\$ (in 2011 633k\$, 42% growth)
- Competitive landscape – still tough to sell stand-alone.
- To promoting QPCRs into clinics we need complete solution: instrument, software and kits with medical registration.
- We gave 7500 and StepOne Plus to test and check their diagnostic kits. Their conclusion:
 - Instruments are too difficult to medics because of complicated s/w.
 - They used in diagnostics only after optimization.



PCR Instruments, Assay and Reagents

- Market situation – very competitive market. Instruments usually sold as part of package of LiteTech instruments.
 - Total sales in 2012 ~270k\$ (in 2011 233k\$, 16% growth)
- Sales of 9700G model is forced by growing HID market
- Veriti is competitive on the market only with good discount.
 - We have an ability to sale this model only when we buying pack of 5 units minimum with special discount.



HID Kits and Instruments

- Market situation – still very centralized market. Most of all customers are government structures.
 - Our sales in 2012: instruments 720k\$, consumables 1481k\$, COPAN cards 966k\$.
- Together with Copan and LT achieved good reputation in FSIN
 - Waiting for announce of tender for this year.
- Together with LT achieved good reputation in IC.
 - Waiting for opening of three new regional labs.
- Successful participation in regional tenders for HID consumables in the end of 2012. Established good relationship with many of regional ECC MOI (20 from 36 expert criminalistics centers).
- Our priorities: to continue our work with all customers.



Invitrogen products: Cell Biology, Protein Analysis, Cloning, Transfection.

- Working with this products just half of year.
- Sales ~85k\$ (lots of small orders)
- Complicated products from point of customer clearance (needs many permissions for serum)
- “Our” activities – promoting Invitrogen on conferences, prepare printed materials for mailing, organize small seminars in regions.
- Issues and Needs with LIFE:
 - Shortest time of delivery
 - Special discounts to be competitive
 - Help with some documents for customs clearance



Extraction and Purification

- Market situation – mainly HID market due to the high volume of analysis (manual extraction is used in areas where low volume of analysis is required)
- Competitive landscape: Thermo Fisher (registered analogue of MagMax), Tecan, Epimotion, Qiagen.
- Issue with LT: medical registration for MagMax to promote in clinical market.



Food Safety and Animal Health

- Market situation
- Competitive landscape
- “Our” priorities
- “Our” activities

Participated in Obolensk and Stavropol seminars (Obolensk and Stavropol as a part of Russian Committee of consumer supervision structure)

- Issues and Needs with LIFE:
 - registration of sets required;
 - reliable delivery terms for GMO kits.



Biologics and Pharma Analytics - analysis in progress

- Market situation – emerging market with high potential
- Competitive landscape
- “Our” priorities
- “Our” activities
- Issues and Needs with LIFE: not enough information from LT about key sales potentials.

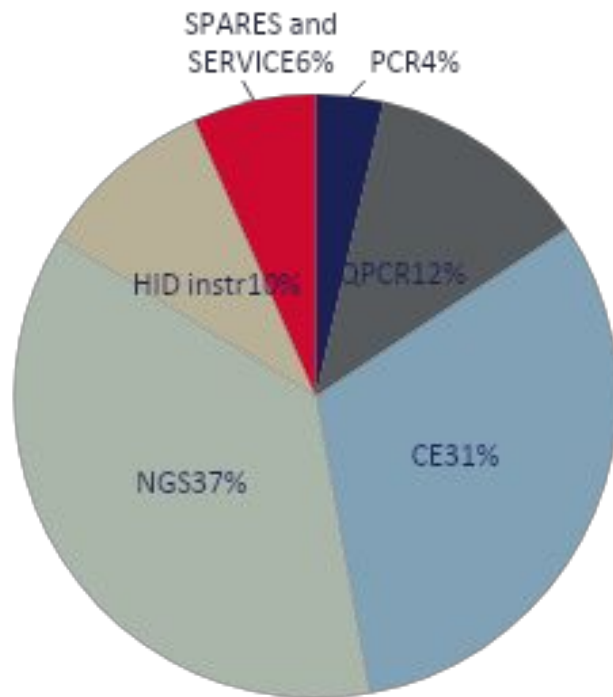




2012 Review



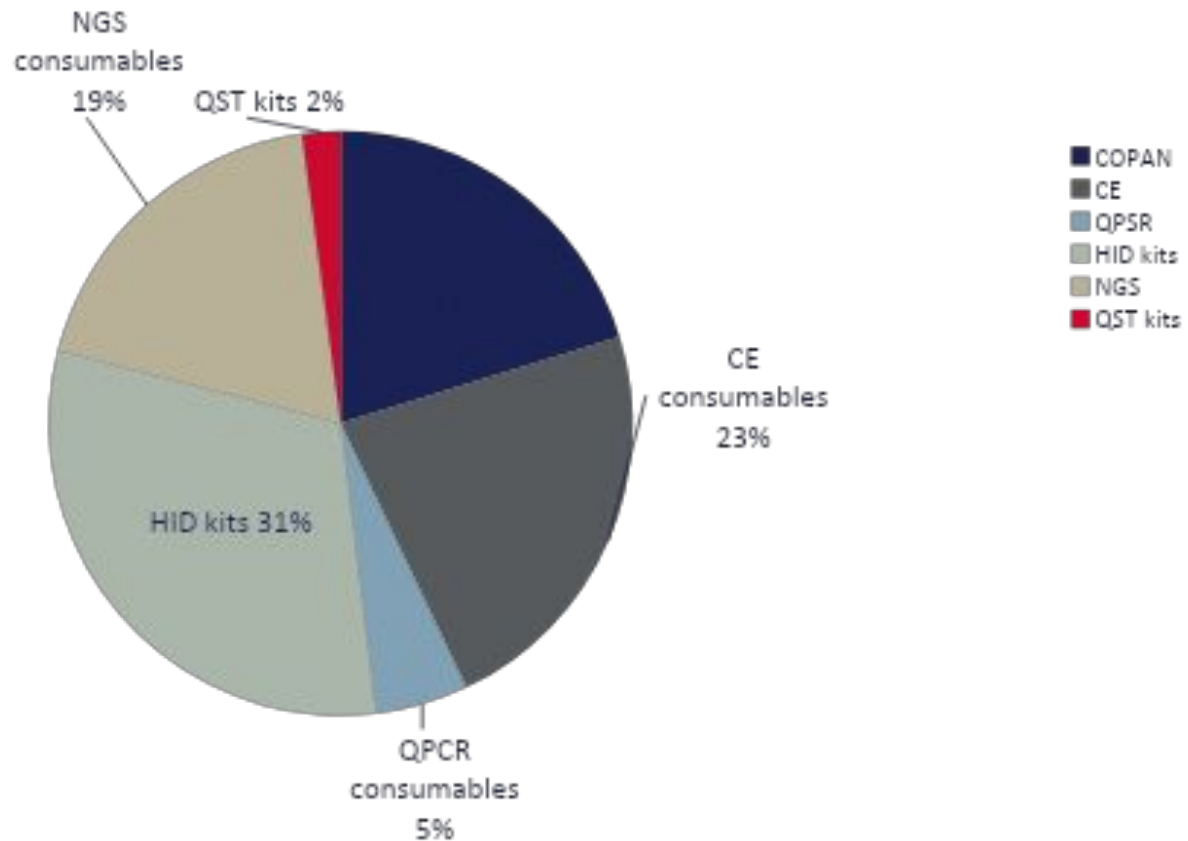
Growth in instrument sales 29%



Sales structure - Instruments
Total volume FY12: 7481k\$
(Total volume for FY2011: ~5.8 mln\$)



Growth in consumables sales >95%!



Total volume 4784k\$/ 2448k\$ in FY11

Actual growth >95%. 56% growth if not take COPAN into account.



2012 Financials

- Plan: 12mln\$ Achieved: 12 255 652,42\$ (2011: 8 228 772.00 \$)
- Absolute 4 026 880.00\$ and ~49%
- By major product lines – analysis in progress
 - NGS Instruments ~2740k\$ (in FY11 - 2020k\$) >35% growth
 - NGS Consumables 901560\$ (in FY11 – 224170\$) 4 times
 - CE Instruments 2357k\$ (in 2011 - 2095k\$) ~12% growth
 - CE Consumables 1086966,71\$ (in 2011 - 1021965.00\$) 6% growth
 - QPCR Instruments ~900k\$ (in 2011 - 633k\$) 42% growth
 - QPCR Consumables 246k\$ (in 2011 - 278k\$) less on 12%
 - Total for MCB (Invitrogen) about 85 k\$
 - HID consumables 1 481 258.00\$ (in 2011 - 871033\$) 70% growth
 - Food Safety and Animal Health >100k\$
 - Service 95522\$



2012 Commentary

- Good growth compared to 2011
- Good structural development and shearing responsibilities. Hiring plan successfully performed (hired: 5 Sales/1 Support/1 Tender/1 Logistics specialist)
- Good growth in NGS consumables means that our instruments are in use.
- Start focusing for clinical field additionally to scientific.
- Perfect performance of FSIN project.
- Strong growth in HID field. Achieved good reputation for lots of regional MOI labs as performed shipments in short period of delivery.





Major Projects



Major Projects for 2013

- RAS has won the tender for three end-users.
 - Brief description: 2 x 3500, 1 x IonProton
 - \$ Value – ~700k\$
 - Expected closing Q1, 100 % of winning
 - Critical success factors
 - Actions achieved
 - Actions planned and timelines
 - Needs from LIFE – special letter for RAS with pricing.



Major Projects

- Investigation committee plans to open three new regional labs with complete list of HID instruments. Next purchase of HID kits in 2013 for IC for already 8 labs.
 - Brief description: three sets of HID instruments
 - \$ Value ~1mln\$ (instruments) + 1.5mln\$ for HID consumables in 2013
 - Expected closing Q4, % of winning – 90% winning
 - Critical success factors
 - Actions achieved – customer loyalty
 - Actions planned and timelines
 - Needs from LIFE – the same pricing policy as in 2012



Major Projects

- FSIN – just the same portion of FTA cards kits (~210k)
 - Brief description 210000 FTA card kits
 - \$ Value - 1 mln USD
 - Expected closing Q2, % of winning – 75% winning
 - Critical success factors – possible competition
 - Actions achieved – customer loyalty
 - Actions planned and timelines – Q2/Q3
 - Needs from LIFE – the same pricing policy as in 2012
 - Needs from LIFE – short delivery terms



Major Projects

- Kids Hematological clinical center: already delivered IonProton from warehouse in Q1
 - Waiting for 3500xl + PGM + one more IonProton (probably)
 - \$ Value - USD 500k – 1 mln\$
 - Expected closing Q3/Q4, % of winning – 60% winning
 - Critical success factors – conection to Mr. Govorun
 - Actions achieved – already delivered IonProton from warehouse in Q1
 - Actions planned and timelines – Q4



Major Projects

- Endocrinological scientific center
 - Brief description – 3500, 3500xl, IonProton, QuantStudio
 - \$ Value ~1200k\$
 - Expected closing Q4, % of winning – 60% winning
 - Critical success factors - budgeting
 - Actions achieved – customer loyalty, already shipped 5500xl and PGM in 2012
 - Actions planned and timelines – Q4 2013



Major Projects

- AlcorBio is going to finish development of diagnostics panels for PGM in Q1. Then get registration in Q2. With this we can approach clinical market with PGM for prenatal diagnostics.
 - Brief description – PGM + AmpliSeq
 - \$ Value - from 150 to 500k\$
 - Expected closing Q4, % of winning – 40% winning
 - Critical success factors – achievement of medical registration the new kit (AlcorBio), good pricing from LT for PGM consumables
 - Actions achieved – the kit is almost ready, the special software for clinics is done.
 - Actions planned and timelines – Q4 and further.





Needs and Issues



Needs & Issues

- Medical registration for certain products: PGM, Proton, QuantStudio, Attune, diagnostic kits.
- Consider promo actions for most popular products (7500, StepOnePlus, Veriti and Invitrogen)
- Regular updates on new products, upcoming promotions
- Improving of local sales and support team in Rep. office.
- Establishing well running order-handling process (after transferring on E1 no one order was entered).
- Possibility to order small consumables via electronic system similar to e-commerce.
- Training for new employees.

