

 **bluepharma®**
your partner that cares.

 BUSINESS OPPORTUNITIES
IN EGYPT | 18 Março 2016

Ana Sofia Jerónimo



S. Martinho do Bispo - 3045-016 Coimbra - PORTUGAL

Tel. +351 239 800 300 · Fax +351 239 800 333 · E-mail: bluepharma@bluepharma.pt

www.bluepharma.pt

Management team



Paulo Barradas
CEO



Sérgio Simões
VP-Business & Product
Development



Isolina Mesquita
VP-Operations



Miguel Silvestre
Bluepharma Genéricos

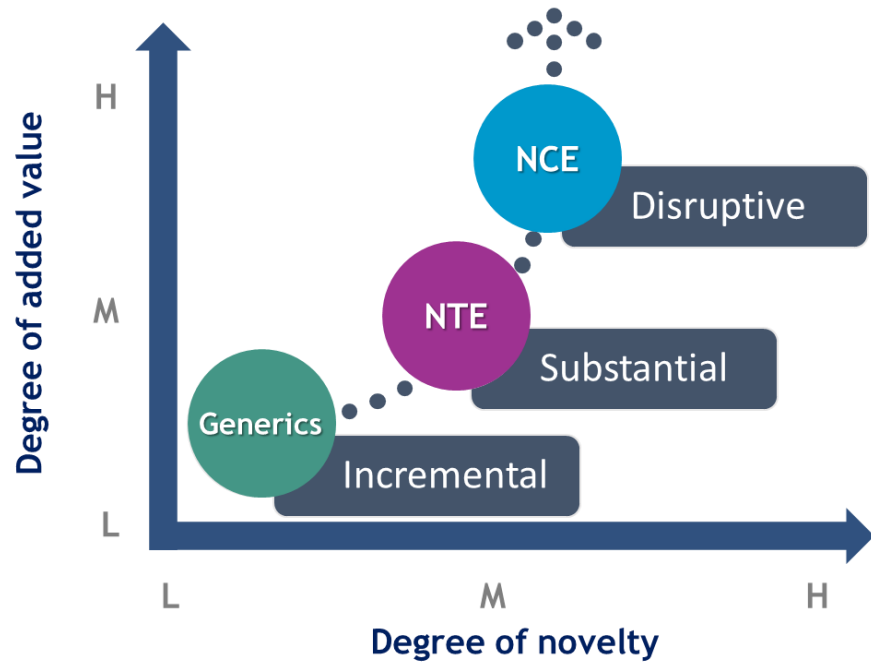







Who we are /

Founded in 2001, Bluepharma is a privately owned pharmaceutical company located in Coimbra, Portugal.

Mission /

Our core-business is to provide cost-effective integrated solutions comprising drug development, licensing and supply of high quality medicinal products.



- 
CMO
- 
CDMO
- 
Co-development
- 
Substantial innovation
- 
Disruptive innovation

<p>2001 Bluepharma's Launch. Acquisition of Bayer's former industrial unit.</p>	<p>2002 Launch of Bluepharma Genéricos.</p>
<p>2003 New R&D Center. Combined certification according to ISO 9001 and 14001, OHSAS 18001 and EMAS.</p>	<p>2004 X-Prot Project granted the European Regional Innovation Award.</p>
<p>2005 Integration in COTEC's SME Innovation Network.</p>	<p>2006 Share Acquisition of Technophage.</p>
<p>2007 Implementation of Lean 6 Sigma. Upgrade to SAP ERP.</p>	<p>2008 InovCapital becomes a shareholder. Launch of 1st medicine developed in-house.</p>
<p>2009 FDA approval.</p>	<p>2010 Inauguration of new facilities. Launch of Luzitin.</p>
<p>2011 Share Acquisition of Treat U and Biocant Ventures. Portugues SME Excellence Status.</p>	<p>2012 Share Acquisition of Blueclinical and BSIM2. COTEC Innovation Award and INSEAD's Entrepreneurship Award. Inauguration of new logistic platform. Portuguese SME Excellence Status.</p>
<p>2013 Portugal Ventures's Outstanding Venture of the Year Award. Portugal Ventures exit with an IRR of 15%. Portuguese SME Excellence Status.</p>	<p>2014 European Business Awards: best national exporter.</p>
<p>2015 Launch of Bluepharma Colombia SAS. European Business Awards: best national exporter. ANVISA approval</p>	<p>2014 European Business Awards: best national exporter.</p>

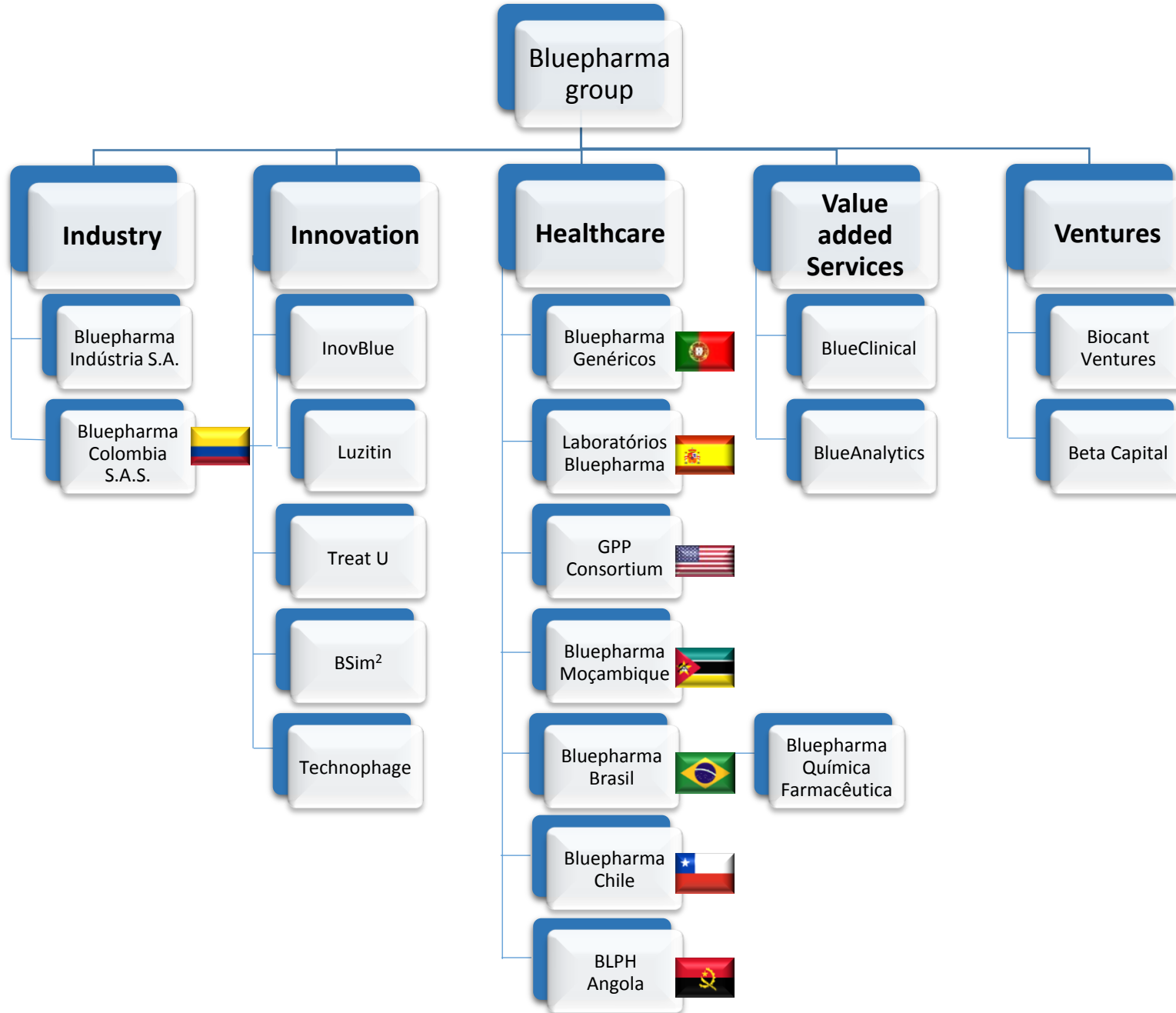


OUR NUMBERS

Employees	+300
Countries	+40
INNs produced	+40
RDI investment over turnover	20%
End customers	+130
CAGR (2009-2015E)	18,5%
Export	+80%
% EBITDA margin (before R&D and Int.)	+29%
Development projects completed	+43

Licensing & Distribution Products Bluepharma Genéricos, S.A.

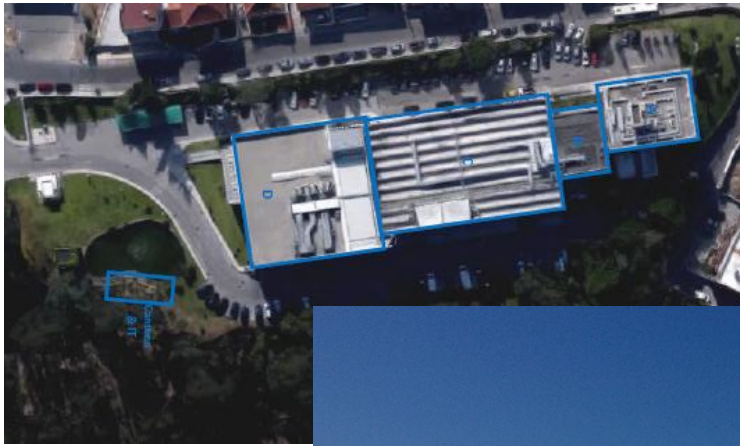
INNs commercialized	+70
Therapeutic areas	10
OTCs	4





Bluepharma Indústria, SA

Accumulated expertise of 45 years



Bluepharma Colombia, SAS

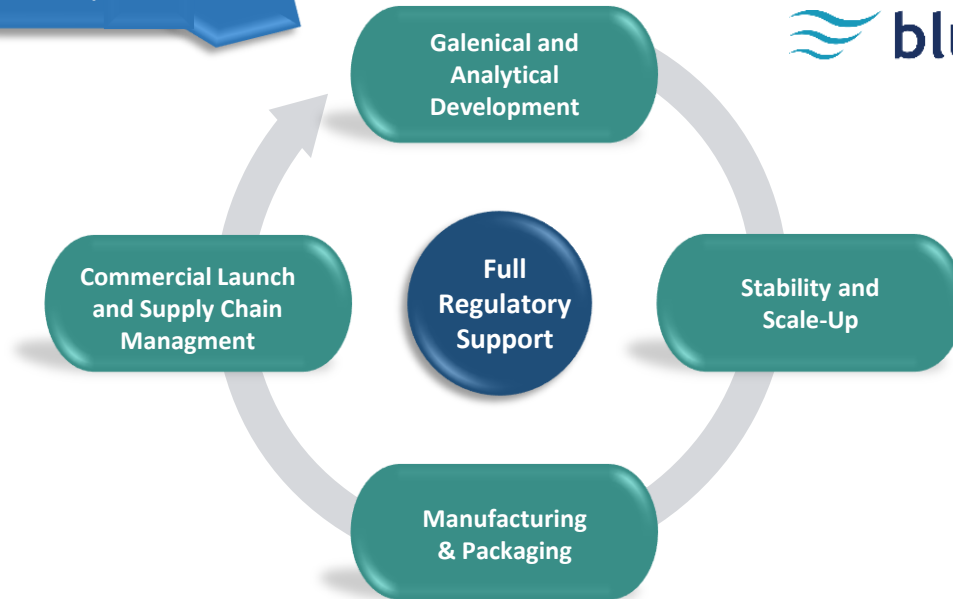


Vertical integration

Generation of pipeline



Internationalization



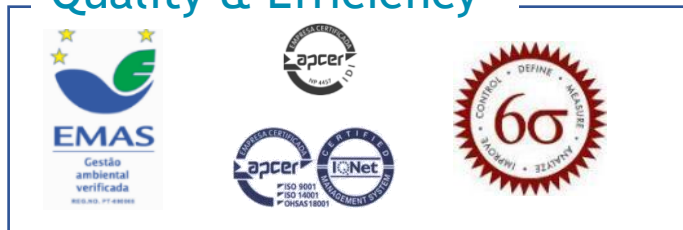
bluepharma®
Indústria Farmacêutica, S.A.

- Commercialization
- bluepharma® GENÉRICOS
 - bluepharma® MOÇAMBIQUE blph® ANGOLA
 - bluepharma® colombia
 - bluepharma® brasil
 - bluepharma® chile
 - Laboratorios Bluepharma®
 - GPP Consortium LLC

R&D Partnerships



Quality & Efficiency



Certifications



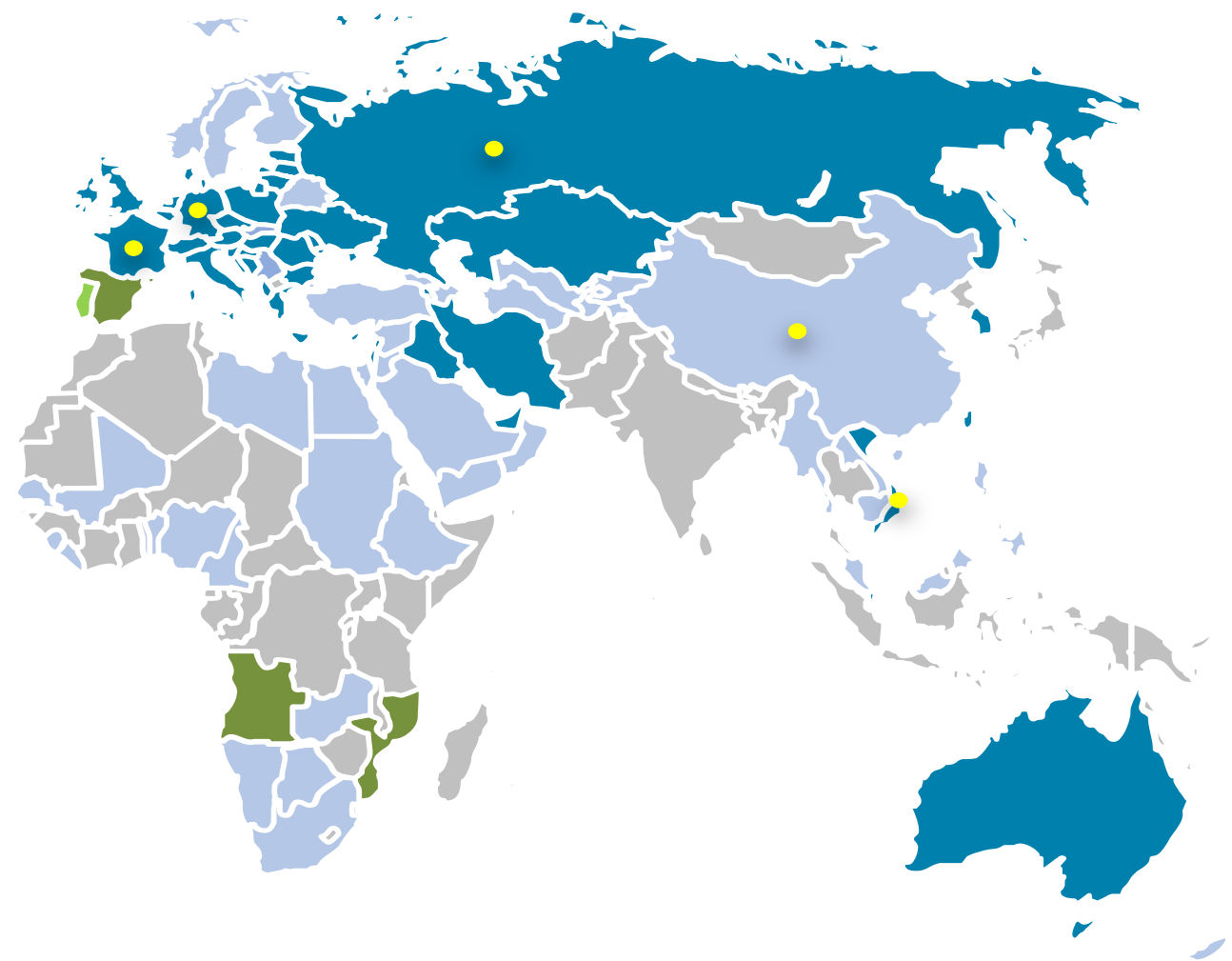
Customers



Scheduled May 2016: الهيئة العامة للغذاء والدواء Saudi Food & Drug Authority

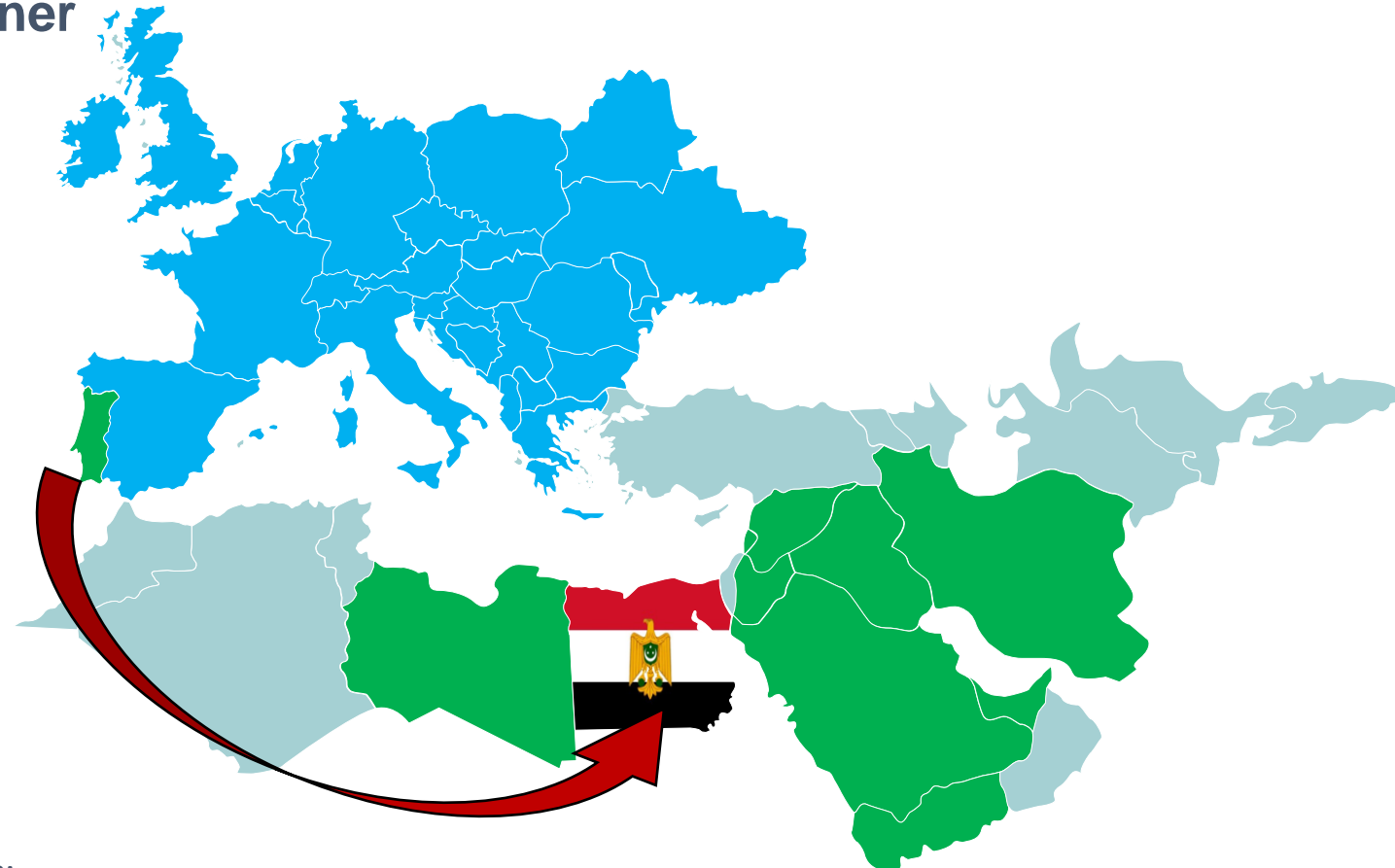


- Legend:
- Delegations
 - Products
 - Products (registration ongoing)
 - New industrial facility
 - Network of representatives



INVESTMENT INNOVATION INTERNATIONALIZATION

**Bluepharma,
your european partner
for GCC market**

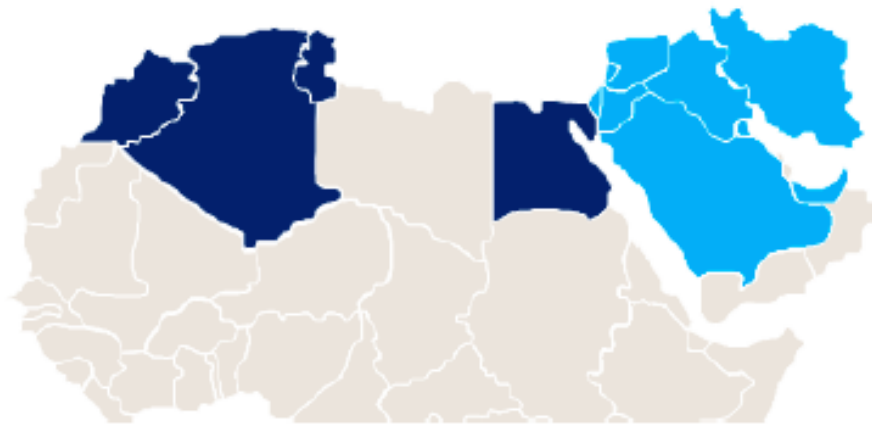


Our presence in MENA region:
Saudi Arabia, UAE, Libya, Iraq,
Lebanon, Yemen, Jordan, Iran and
Egypt

Partnership:



Sales 2013 (\$ Bn) CAGR 13-18 (%)



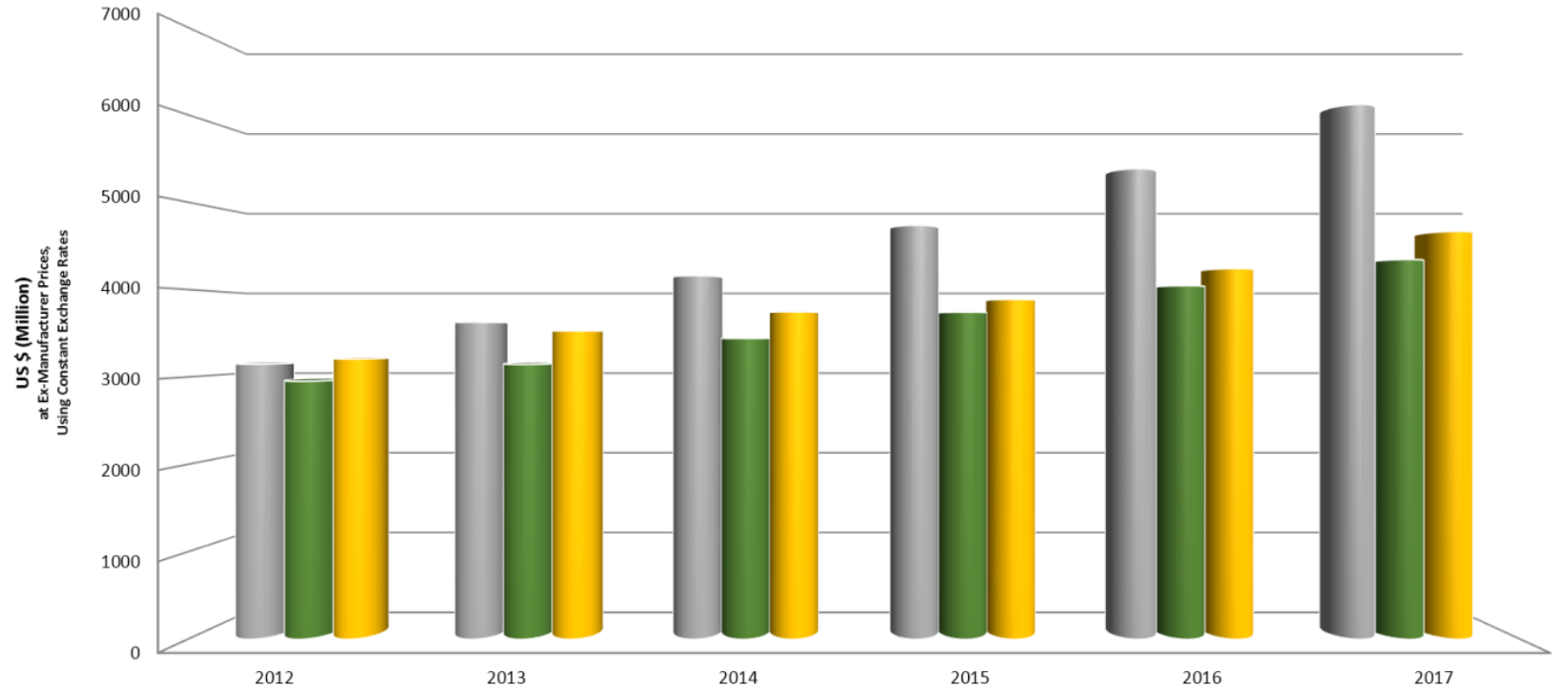
Country	Sales 2013 (\$ Bn)	CAGR 13-18 (%)
Saudi Arabia	5,065	11
Egypt	3,347	13
Algeria	3,332	13
Israel	2,609	3
Iran	1,795	-1
UAE	1,606	14
Morocco	1,281	4
Syria	1,225	-19
Iraq	1,121	16
Lebanon	887	7
Tunisia	806	9
Kuwait	568	8
Jordan	557	6

Source: IMS market prognosis, 2014

■ Middle East ■ North Africa



The African Pharmaceutical Market (2012-2017)



	2012	2013	2014	2015	2016	2017
■ Egypt	3146.5	3625.8	4158.2	4734.7	5381.5	6116.7
■ Algeria	2951.1	3143	3441.5	3741	4044	4343.2
■ South Africa	3206.3	3527.1	3744.9	3887.3	4240	4665.5



Area: 1,010,407.87 km²

Pop: 90.59 million inhab.
(est. 2016)

GDP per capita: 3,314.46 USD

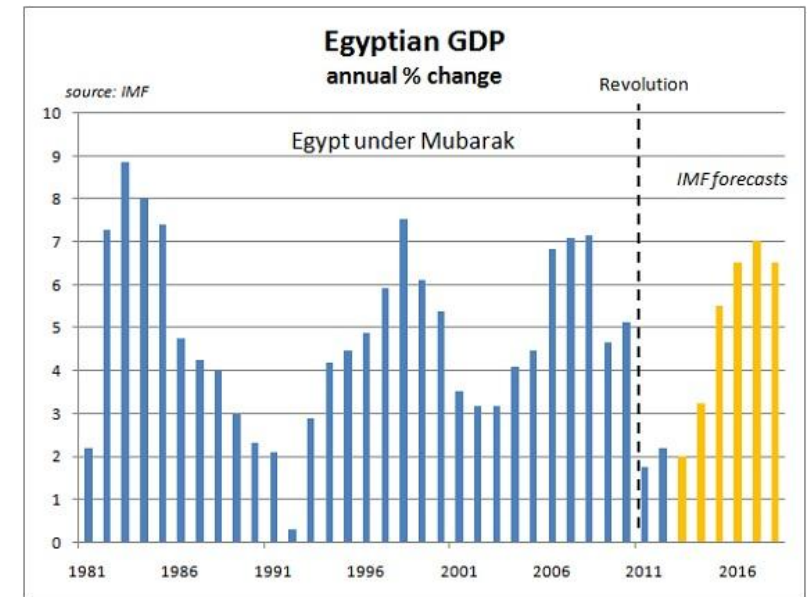
Fragile economic growth:

- Lower tourism revenues
- Worse trade balance
- Devaluation of the currency (the Egyptian pound is estimated to depreciate by at least 10% over the course of 2016)
- Expected higher inflations
- Weaker currency will provide a fillip to investment into the country



Unstable Politics:

Egypt's government will remain on an authoritarian trajectory for the foreseeable future with only a modicum of democratic reform.



32% of the population is under 15 years of age, and 7% of the population is over 60 years of age.

The **urban population currently stands at 43%** of the total population.

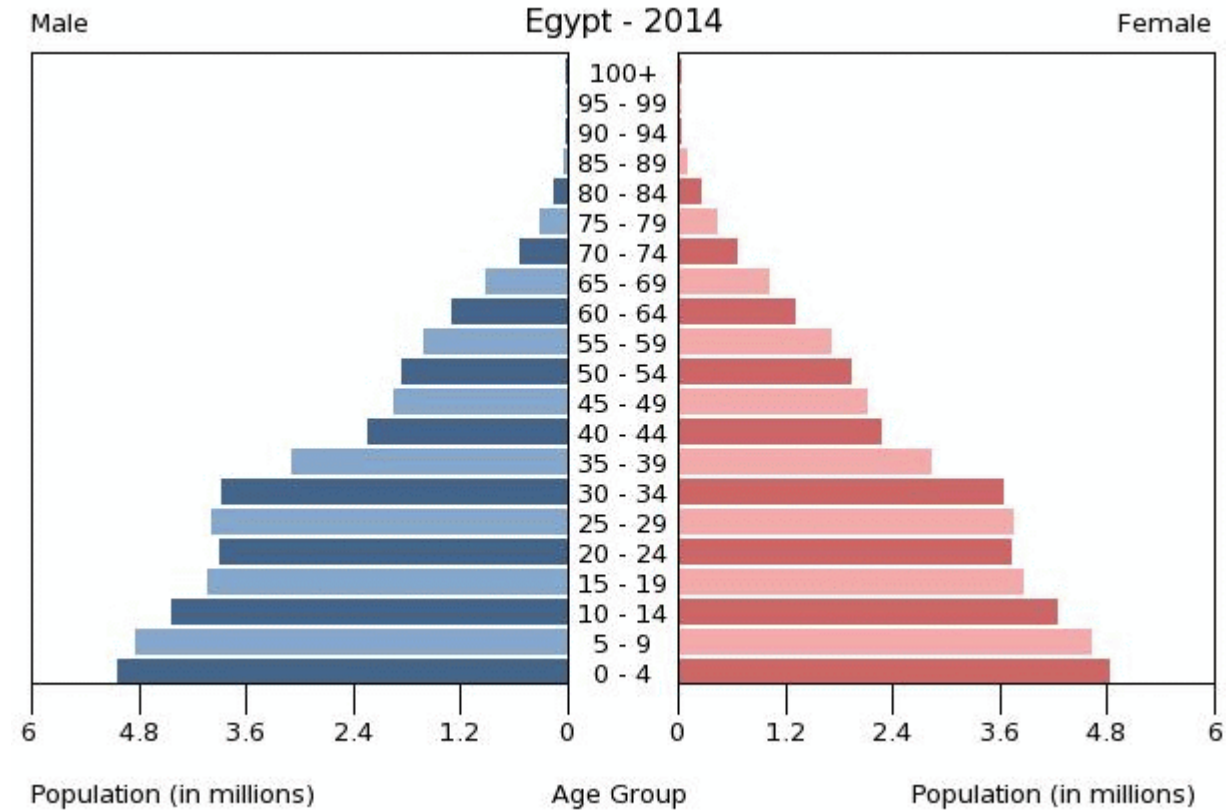
The **fertility rate in Egypt is 2.8 births** per woman.

The **life expectancy at birth is 69 and 73 Years** for men and Women respectively.

The **infant mortality rate** (i.e. children under 1 year) is 18/1,000 live births.

For children under the age of 5, the **mortality rate** is 21/1,000 live births.

The **maternal mortality** rate is 82/100,000 live births.



The top 5 diseases causing mortality:

- 1-Essential primary Hypertension
- 2-Intracerebral Hemorrhage
- 3-Fibrosis and cirrhosis of liver
- 4-Hepatic Failure
- 5-Atherosclerosis

Human resources in health sector in Egypt (2011)

1-Licensed pharmacists (all sectors)	139,479 (16.8/10,000)
2-Pharmacists in the public sector	15,457 (1.9/10,000)
3-Pharmaceutical technicians and assistants	unknown
4-Physicians (all sectors)	223,203 (27/10,000)
5-Nursing and midwifery personnel (all sectors)	280,561 (35.2 /10,000)

The top 10 diseases causing morbidity:

- 1-Infectious Gastroenteritis
- 2-Spontaneous Labor
- 3-Caesarean section
- 4-Acute appendicitis
- 5-Iron deficiency anemia

Health Center and hospital statistics:

Hospitals: 1969
 Hospital beds: 128,573 (15.49/10,000)
 Primary health care units and centers: 5034
 Licensed pharmacies: 59.798

New social health insurance system that will extend its beneficiary coverage. The main goal of the new system is to **cover 90% of the population.**

Pharmaceutical Sales forecast (\$Billion)	2016	2017	2018	2019	2020
Sales	4.469	4.610	4.855	5.158	5.492
Sales % of GDP	1.43	1.40	1.38	1.39	1.39
Sales % of health expenditure	28.7	28.5	28.2	28.0	27.7
Total Health spending	15.565	16.183	17.19	18.42	19.80



There are currently around **130 local and foreign pharmaceutical factories** in the Egyptian market, including **70 additional plants under construction**.



Healthcare system **change towards privatization** and reform of public sector pharmaceutical companies.



Domestic production has accounted for 93% of the local market in terms of volume in recent years, although due to pricing complications, only accounts for a little more than **half of the market's value**.



In February 2016, Egypt hosted the first **Africa-to-Africa investment forum**, whereby a number of Egyptian pharmaceutical companies can offer expertise and solutions for drug companies within other African countries.



In December 2015, Egypt approved an **USD75mn loan from the World Bank**, which will be invested towards the country's ailing healthcare sector.



P
R
O
S

- ✓ Rapidly **expanding population**
- ✓ Wide scope for **development and investment**
- ✓ **Health promotion activities** to reduce endemic disease
- ✓ Implementation of the latest **international medicine registration system** (CTD and Electronic CTD) in the next 3 years will improve the regulatory framework and shorten the time frame of the drug approval.
- ✓ Expected **revision of pricing processes**
- ✓ Demand for **niche therapeutic areas and new innovative treatments**
- ✓ In 2015, there were 9210 pharmaceutical products registered in Egypt.
- ✓ **The domestic pharmaceuticals sector growth is expected to continue at a rate of 11%**



CONS

- **Delays** in new product registration and excessive bureaucracy
- **High protectionism:** stringent pricing system
 - a) the first four products receive 60-75% of the price of the originator
 - b) subsequent products would receive consecutive 10% reductions in the set price
 - c) 1 slot per imported generic product
- The Egyptian MOH **prohibits the importation of natural products**, vitamins, and food Supplements in their finished form.
- **Counterfeiting:** highly fragmented market, with more than 45.000 smaller pharmacies selling over 8000 different forms of product. In total, fake, expired or illegal drugs are estimated to comprise anywhere between 10% and 15% of the local market.
- The **currency devaluation** has also been eating at companies' profits since 95% of raw materials are imported
- **Intellectual property:** Lack of effective patent legislation



Our experience...our suggestions

- ✓ Logically, the approach to the Egyptian market will depend on the business sector
- ✓ Finding a local partner might be the most appropriate strategic option
- ✓ The local partner must be reliable, economically healthy and have good relations with authorities
- ✓ Be prepared for difficult communication with authorities and delays in implementing a project
- ✓ Try to find opportunities between the adversity and adapt to changing environment

Despite the challenges facing the sector, it is clear that Egypt's pharmaceutical industry is on a growth path. At the same time large international companies are investing in production, local demand is increasing, ensuring that there are plenty of buyers for the sector's growing output.



15 years joining efforts, developing competences
and disseminating ideas.

Thank you!



S. Martinho do Bispo - 3045-016 Coimbra - PORTUGAL

Tel. +351 239 800 300 · Fax +351 239 800 333 · E-mail: bluepharma@bluepharma.pt

www.bluepharma.pt