



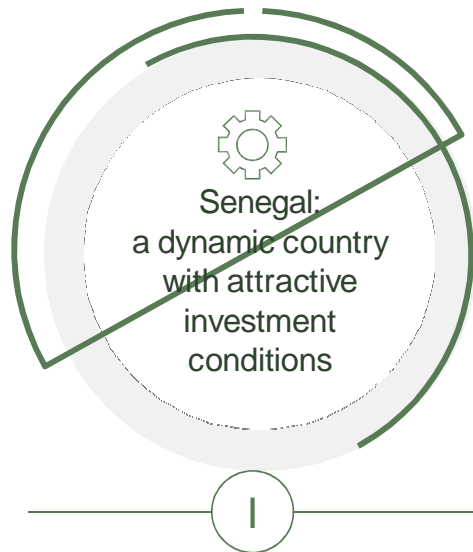
PRODUCTION DES INVESTISSEMENTS
ET GRANDS TRAVAUX

Investment opportunity to develop a pharmaceutical plant in Senegal



February 2021

A great opportunity to capture by investing in the formulation and packaging of generic drugs in Senegal



6.4%

p.a. GDP growth between 2014 and 2018

A stable country with favourable investment conditions

Attractive living conditions



€230m

market offering 10-15% annual growth; by 2030 the market is projected to grow to

€600-700m

Target vision for pharmaceutical industry development carried by entire government manifested by ongoing government support to help investments succeed

Local production meets less than

5%

of market demand

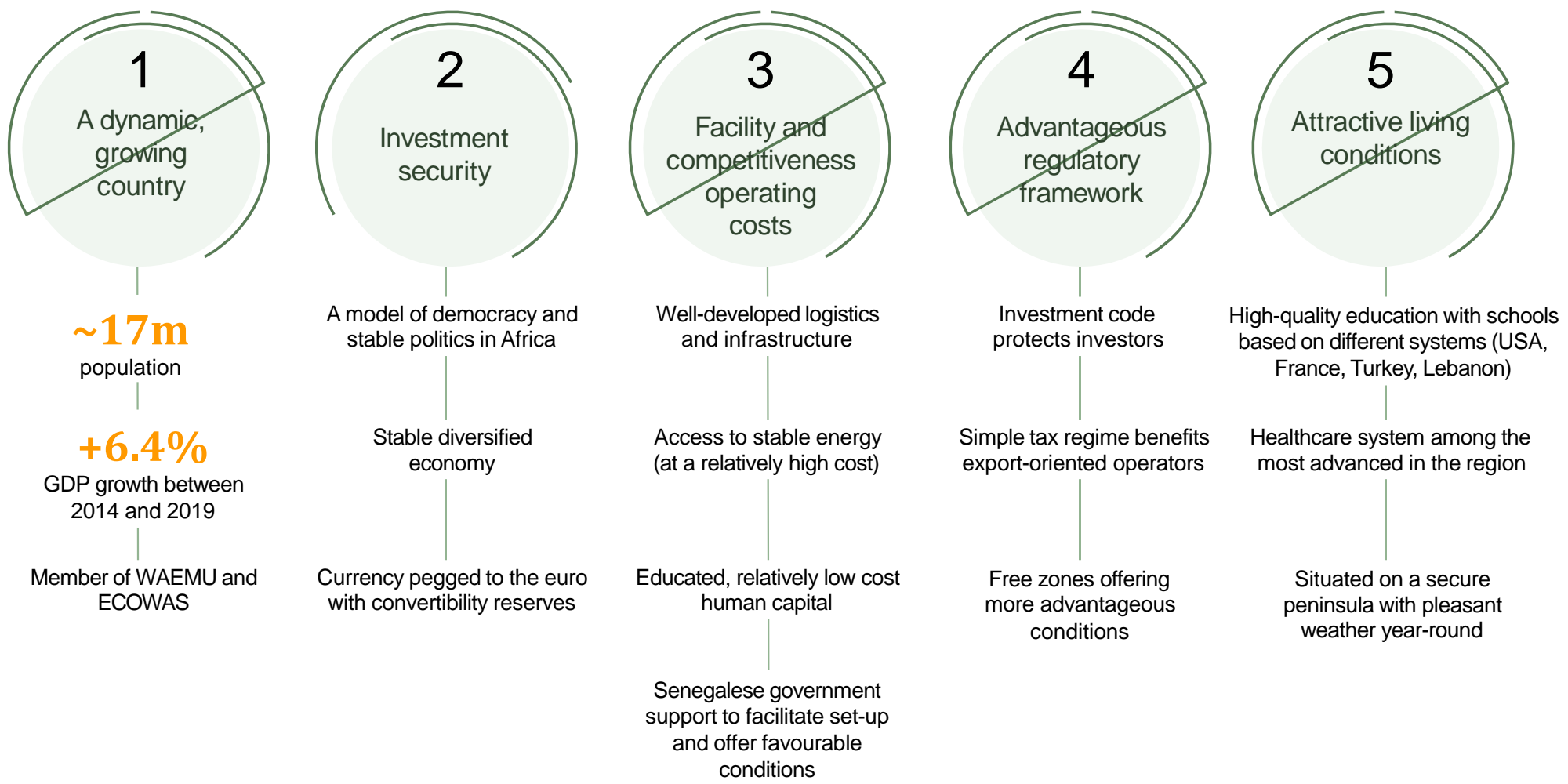


Opportunity for **€50m** sales for a target market share of

7-10%

Project focuses on the formulation and packaging of generic drugs

I Senegal is a dynamic country with attractive investment conditions



II Senegal's growing pharmaceutical market is an important element of the President's industrialization vision

Growing pharmaceutical market



Pharma market worth
€230m

Market growth of
+12% p.a.
between 2014
and 2019

Market projected to
grow to
€600-700m
by 2030

Mature, stable
pharmaceutical
regulatory framework

Uptake of generics
of over 40%

Mature healthcare system
with a full supply of
medication; sickness
coverage reform underway



Regional
market worth
€1.2b

Market
growth
9% p.a.

Local preference for
WAEMU tenders



“ Through the PAP2A (Adjusted and Accelerated Priority Action Program), in 2019-2023, we intend to make food, pharmaceutical, and health sovereignty an overriding priority, and at the same time boost the industrialization of our economy. ”

Macky Sall,
President of the Republic

III A typical project focusing on the Senegalese market offers potential sales of €50 million over the next five years

Project potential

Investment



Sales after 5 years



Solid form volumes



Liquid form volumes



Flexible investment options

Multiple investment options based on investor motivation:

- Single investor
- Partnership (e.g., JV, build-operate-transfer, PPP)



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Senegal : a dynamic country with attractive investment conditions

II



Attractive pharmaceutical market

III



Attractive investment opportunity

I
Senegal:
a dynamic
country with
attractive
investment
conditions

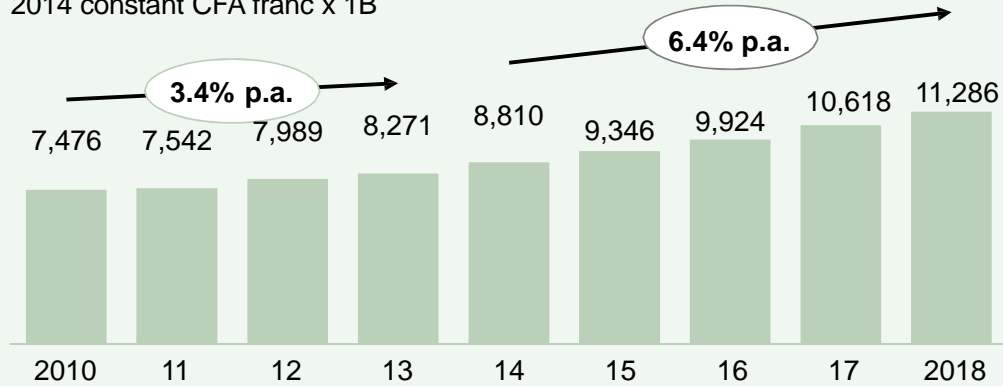


1 | Senegal has grown strongly since the launch of the PES¹ in 2014

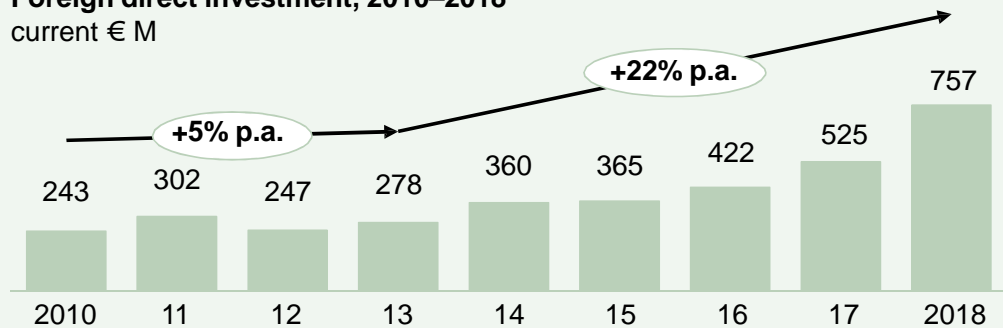


Strong rise in GDP and foreign direct investments since 2014...

GDP at factor cost, 2014–2018
2014 constant CFA franc x 1B

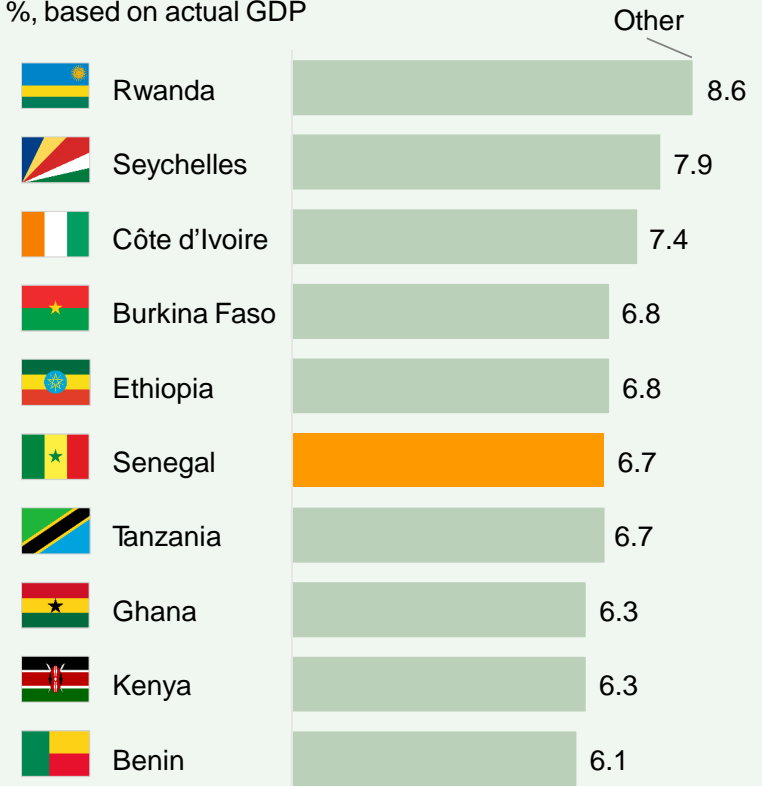


Foreign direct investment, 2010–2018
current € M



... makes Senegal one of Africa's most dynamic economies

2018 GDP growth per country, top 10²
%, based on actual GDP

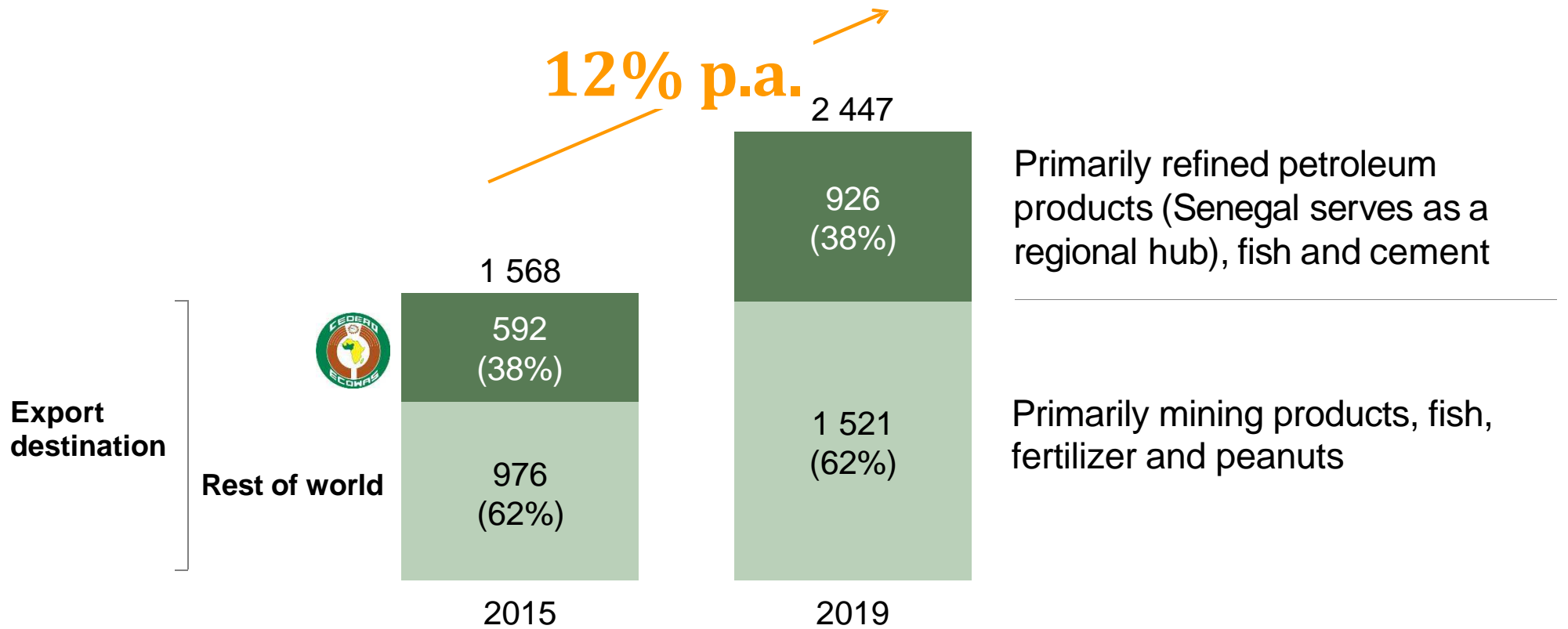


¹ Plan for an Emerging Senegal ² Excl. Libya at 11% growth, due to post-crisis catch-up effects

Source: Ministère de l'Économie, du Plan et de la Coopération (national accounts, May 2020), World Bank, African Development Bank

1 | Sectors such as mining and fishing are driving strong export growth

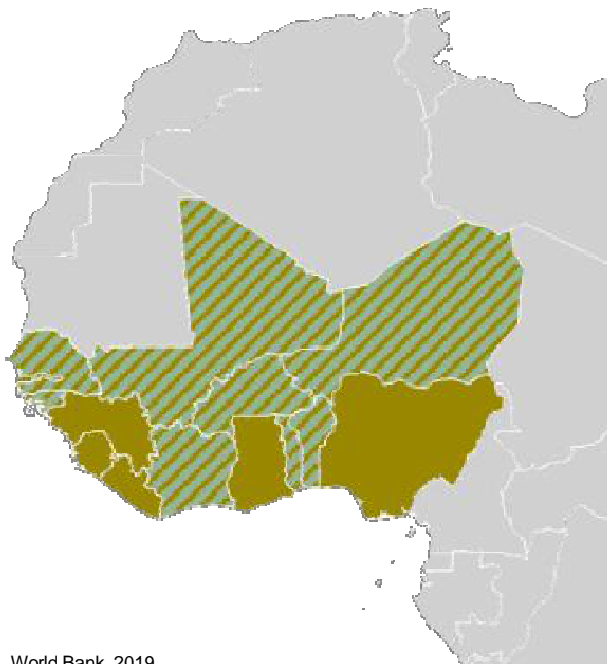
Total exports from Senegal, 2015–2019,
CFAF franc



Source: ITC Trade Map (Accessed June 2020)

1 | Senegal benefits from a strong regional inclusion and plays a leading role in WAEMU and ECOWAS

■ WAEMU ■ ECOWAS



	WAEMU	ECOWAS
Population	127m¹	387m¹
GDP 2019	\$137b²	\$697b²
GDP growth 2014–2019	6.2%	2.5%³
Principle	Total freedom of movement of people, capital, goods and services, single currency	Freedom of movement of population, trade union

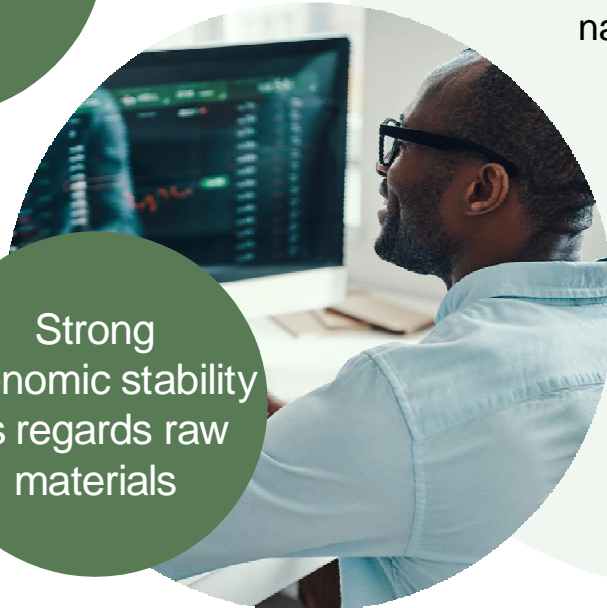
1. World Bank, 2019
 2. Constant 2010 USD
 3. Growth strongly affected by weak GDP growth in Nigeria due to the decline in oil prices

2 | Senegal is a model of stability in Africa



Ranked no. 2
in West Africa in
The Economist's
Democracy
Index

A model of
democracy in
the region



Strong
economic stability
as regards raw
materials

A diversified
economy; 11% of
GDP dependent on
mining extraction;
nascent oil and gas
production

Growth
driven by all
sectors

Resilience
demonstrated
during the COVID
crisis; GDP growth
of -0.7% in
2020 vs 2019



Stable
currency with
convertibility
reserves

CFA franc – the sole
currency in the WAEMU – is
pegged to the euro at a fixed
rate with a convertibility
guarantee from the French
Central Bank

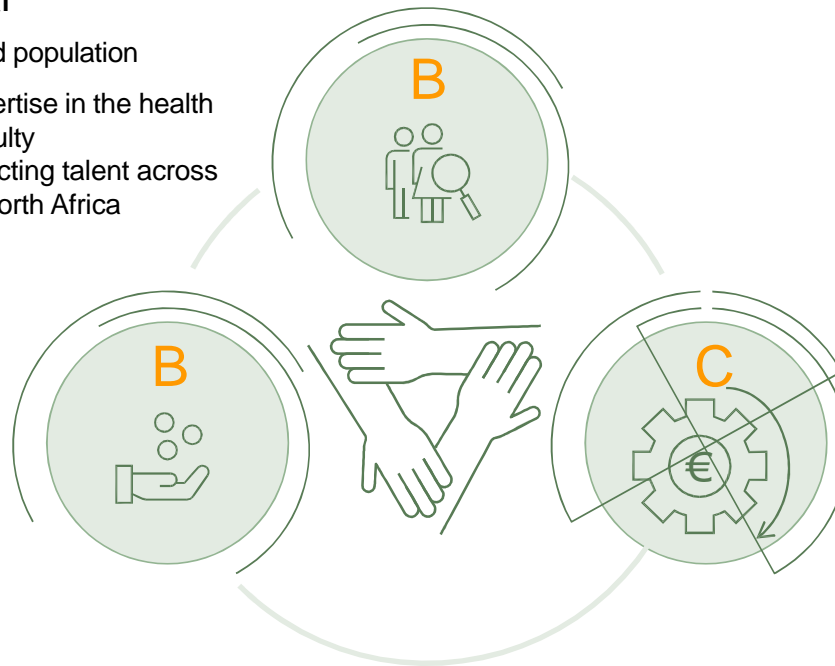
3 | Its ecosystem favours competitive industrial project development

A Educated, available human capital

- Young, educated population
- A renowned expertise in the health sector with a faculty of medicine attracting talent across the region and North Africa

B Highly developed logistics and infrastructure

- Dakar Autonomous Port is the fourth-largest port in the region, with an annual throughput of 20 million tones; it links Dakar directly to other ports in the region and main world hubs
- Blaise Diagne International Airport (Dakar) connects the region's major cities and big world hubs
- Well-developed road infrastructure connects Senegal to its four bordering countries

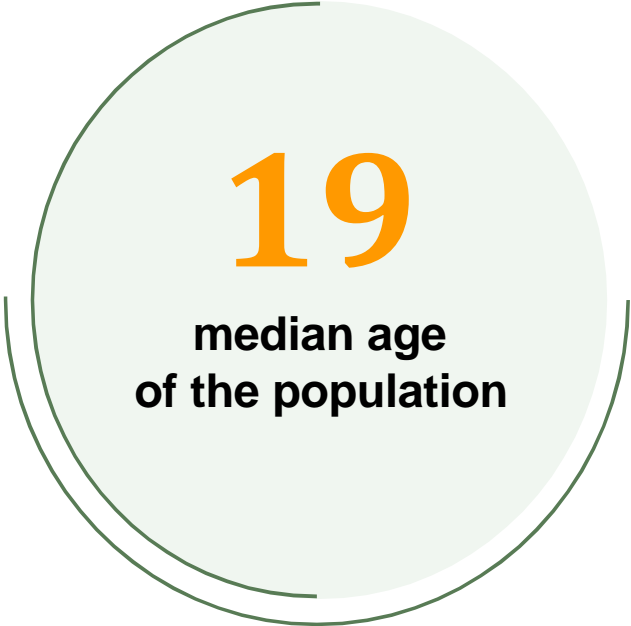


C Limited operating and investment costs

- Low investment costs: low land prices in industrial zones; low construction costs; limited logistics and customs costs on production equipment
- Low operating costs: qualified labor available at a relatively low cost

3A | Senegal offers educated, available human capital with strong skills in health care

Human capital: young, trained, available



Network of excellence in the health sector and universities recognized as the best on the continent



Faculty of Medicine at Cheikh Anta Diop University, Dakar



Faculty of Medicine at Gaston Berger University, Saint-Louis

3B | Advanced logistics and infrastructure open Senegal to the region and the rest of the world



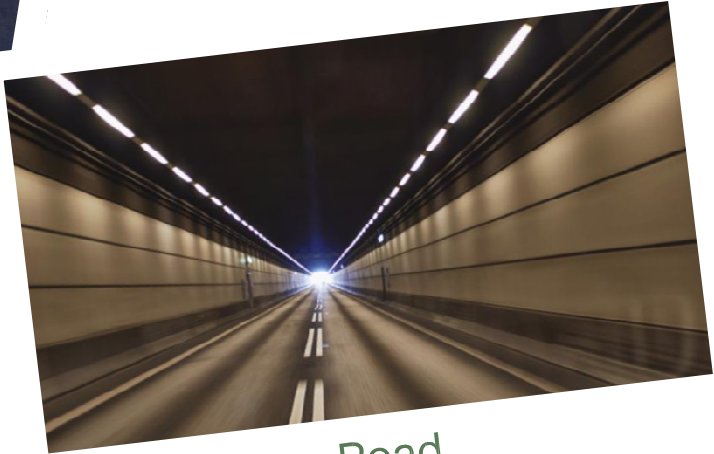
Dakar
Autonomous Port

Dakar's port is strategically placed in the heart of the city and at the western point of Africa
2019 port traffic: 20 million tonnes
Future \$2 billion investment in the new port of Ndayane with an adjacent economic zone to be created



Blaise Diagne
International Airport

Modern airport linked to Dakar by a highway
Airport with direct connections to all countries of the subregion and main world hubs



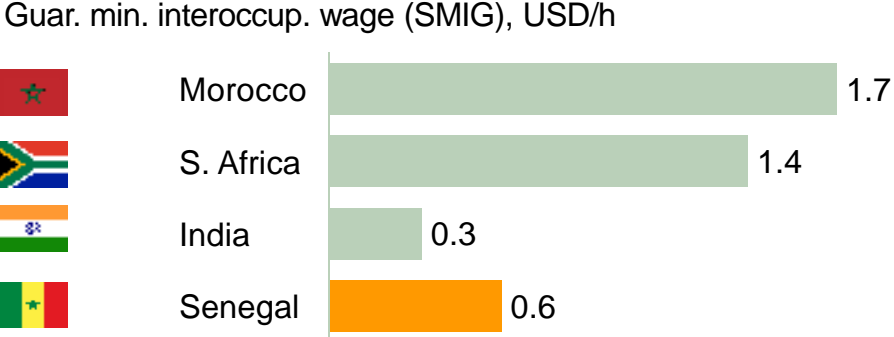
Road
network

Good road network runs east to Mali, north to Mauritania and south to Guinea

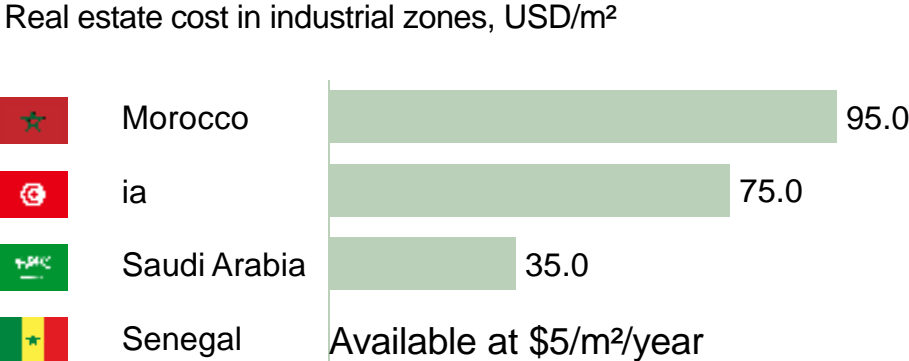
3C | Operating and capital costs are relatively low

Relatively low operating costs

Accessible labour costs



Competitive industrial real estate



Stable power grid

7 hours
average load-shedding duration in 2019;
as low as 0 in special economic zones

PAP2A prioritizes power generation; initial investments already made in solar power plants

Source: Media search

4 | The regulatory framework is advantageous



A Simple, attractive tax regime

Fixed 30% corporate income tax can be halved to 15% for exporting companies



B Strong government support

The government provides support to all manufacturers that expand their production capacity

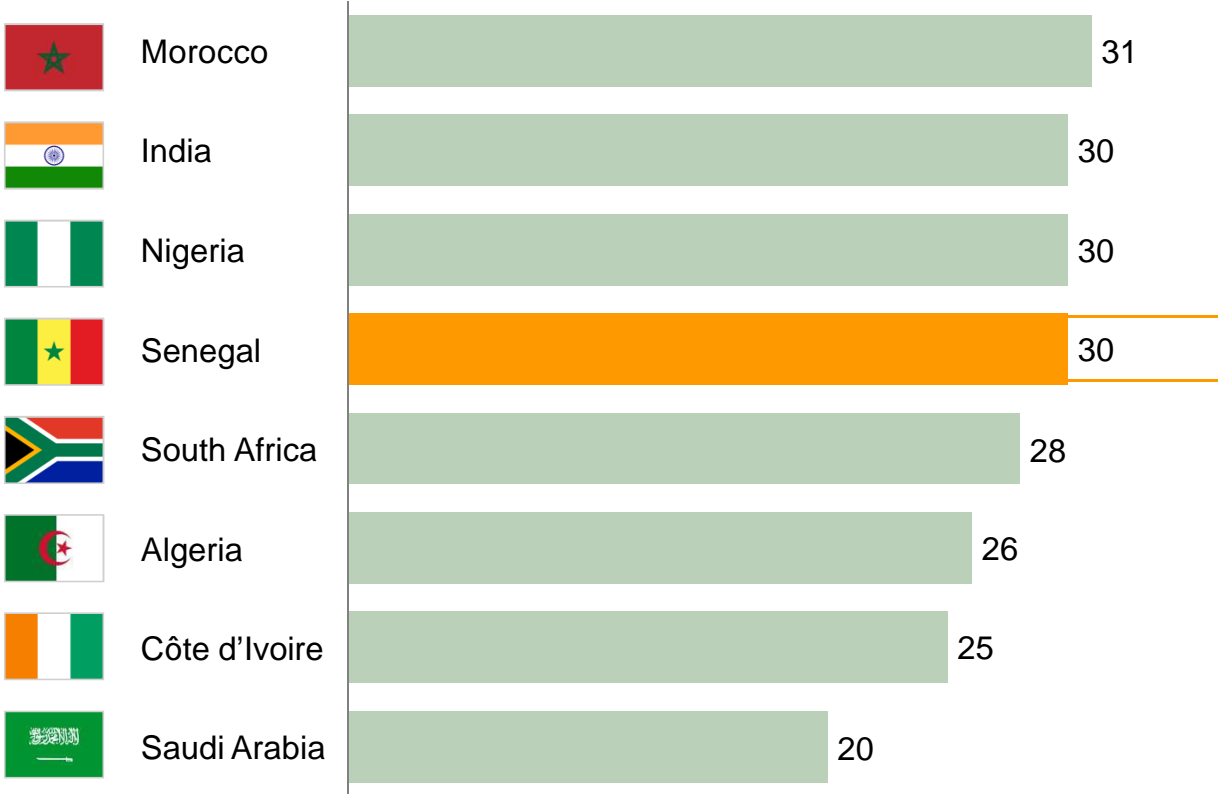


C Attractive regulatory frameworks in special economic zones (SEZs)

SEZs enjoy attractive tax conditions (e.g., reduced corporate income tax, customs right exemption), tax benefits and favourable operating conditions

4A | The simplified tax regime incentivizes companies that export

Corporate income tax rate (%)



Potential for additional favourable conditions:

- Corporate income tax reduced to 15% for exporting companies where exports generate at least 80% of sales
- Corporate income tax reduced to 15%¹ in SEZs

1. With an additional 3% tax on local revenues and an exemption of all other taxes

4B | The government offers strong support to manufacturers

Strong government commitment via multiple entities



APIX: One-stop shop for administrative procedures and set-up assistance to streamline interaction with local institutions

FONSI (Senegal's sovereign wealth fund): Invests in the country's strategic priorities (with a focus on the pharmaceutical industry), supports project planning and direct financing, assists with capital-raising through banks and guides local operations. Highly sophisticated knowledge of Senegal's context

Ministry of the Economy, Planning and Cooperation and Ministry of Industrial Development and Small and Medium-sized Industries: Supervisory ministries help to identify measures to promote implementation and operations

5 | Senegal has attractive living conditions

Peninsula with a scenic coastline



New city on the outskirts of Dakar



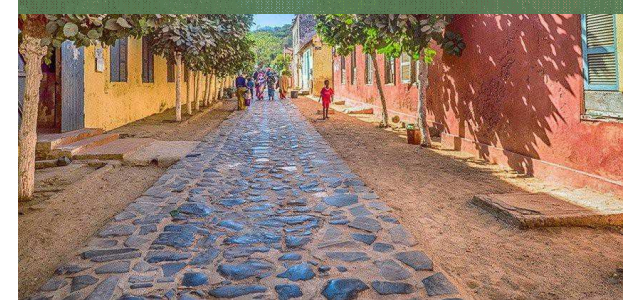
International schools (US, French, Lebanese, Turkish)



Downtown with a dynamic business core



Cultural and historical sites



II Attractive pharmaceutical I market



1 | Over the last five years, Africa's pharmaceutical market has attracted many acquisitions and start-ups

Tunisia
2013: 90% of Opalia Pharma S.A. acquired by Recordati

Algeria
2018: New sites constructed by Sanofi and Ipsen

Mali
2015: New plant constructed by Humanwell Healthcare

Senegal
2017: Winthrop Pharma acquired by Medis

Côte d'Ivoire
2020: Plant constructed by Fosun International
2020: Plant constructed by Cooper Pharma
2017: Plant constructed by Pharma 5

Francophone Africa

2019: BrandMed sites acquired by Cipla Medpro
2019: Trinity Pharma sites acquired by Strides Pharma Asia
2018: Mirren acquired by Cipla

2017: Macro Pharma acquired by Alta Semper Consortium
2017: Litha Healthcare acquired by Acino
2015: Pharma Dynamics acquired by Lupin
2013: Stake in Medpro acquired by Cipla
2013: Adcock Ingram acquired by Cfr Pharmaceuticals

Nigeria
2017: Swiss Pharma Nigeria Ltd. acquired by Biogaran S.A.S.

Egypt
2019: United Pharma acquired by RxHM
2018: Stake in DBK Pharma acquired by Marei Binmahfouzde
2015: Amoun Pharmaceutical Company acquired by Valeant
2013: Egyptian Company for Pharmaceuticals acquired by Hikma

Sudan
2010: Sudanese Pharmaceutical Company acquired by Tabuk

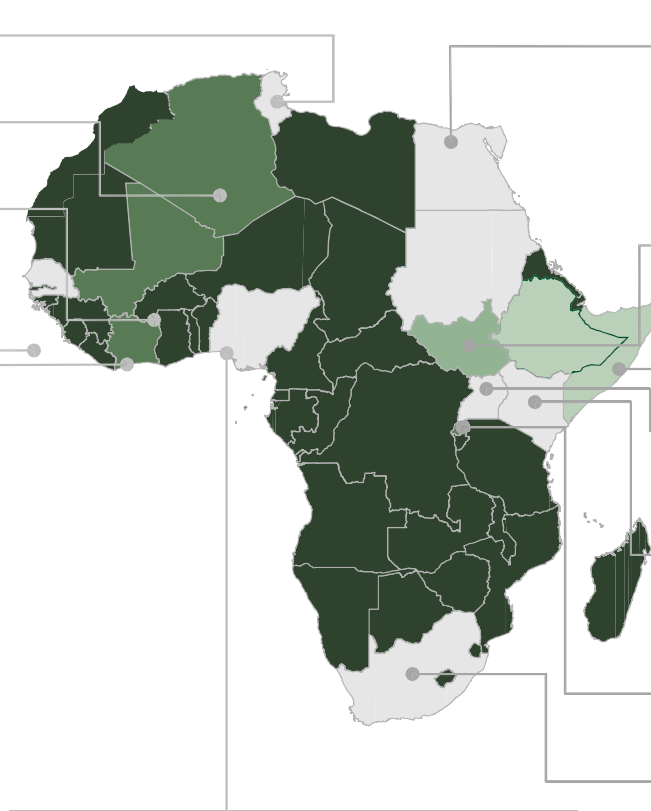
Ethiopia
2013: Plant constructed by Julphar Pharmaceuticals

Uganda
2018: Majority stake in AK Life Sciences (Abacus) acquired by Carlyle Group Uganda

Kenya
2019: Kenya's Pharmaceutical Company acquired by Shalina Healthcare

Rwanda
2020: Plant constructed by Cooper Pharma

South Africa
2019: Phekolong Pharmaceuticals acquired by Laurus Labs

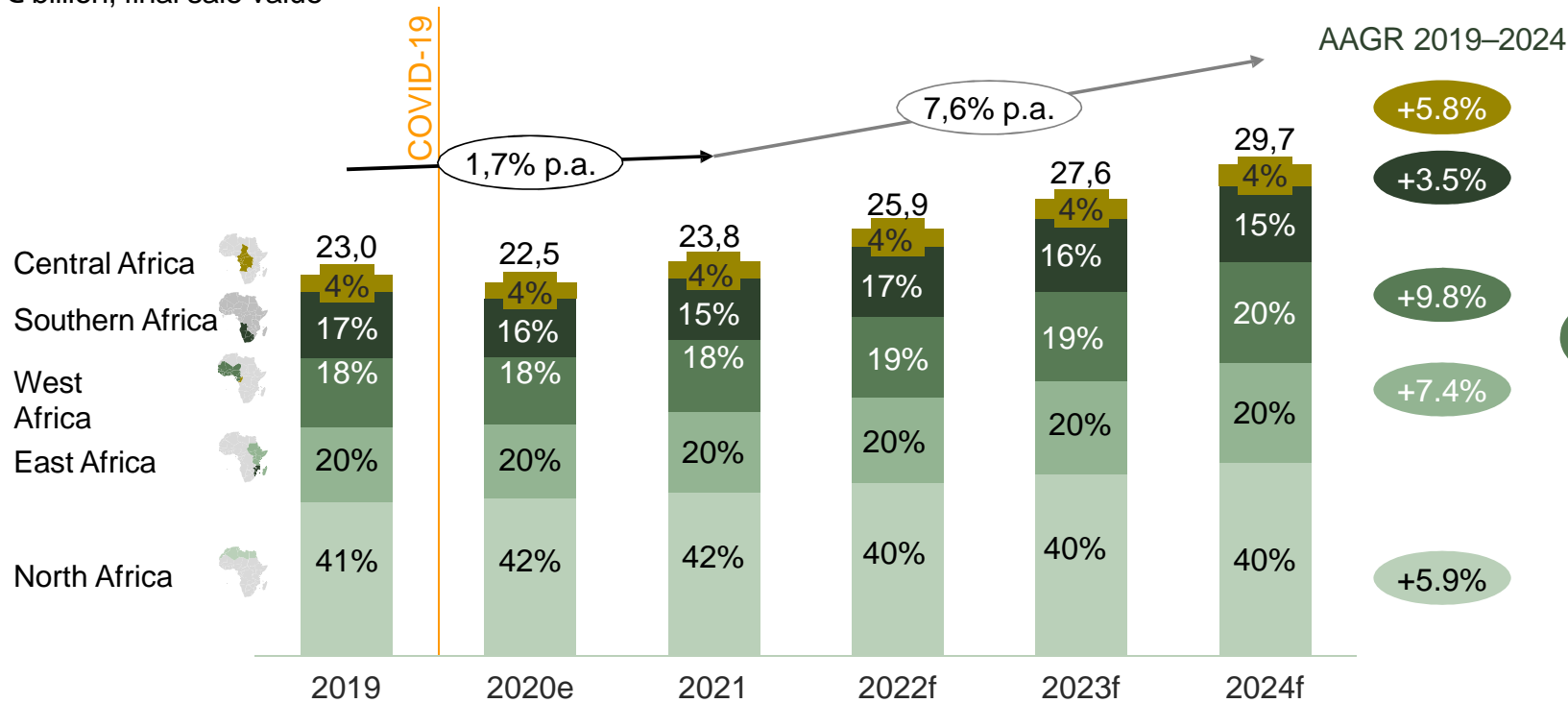


1 | West Africa is set to post the strongest growth of +9.8% p.a. in 2019–2024

Estimates

Estimated change in size of the pharmaceutical market,¹ 2019–2024

€ billion, final sale value



West Africa enjoys the strongest growth, at 9.8% p.a., due to increased demand, higher per capita health spending and population growth

North Africa countries account for ~40% of the market due to broad health coverage and high public health spending

1. Northern Africa: Egypt, Algeria, Sudan, Morocco, Tunisia, Libya. Southern Africa: South Africa, Namibia, Botswana, Lesotho, Eswatini. Eastern Africa: Ethiopia, Tanzania, Kenya, Uganda, Mozambique, Madagascar, Malawi, Zambia, Somalia, Zimbabwe, Rwanda, Burundi, S. Sudan, Eritrea, Mauritius, Djibouti, Comoros, Seychelles. Western Africa: Nigeria, Ghana, Côte d'Ivoire, Niger, Burkina Faso, Mali, Senegal, Guinea, Benin, Togo, Sierra Leone, Liberia, Mauritania, Gambia, Guinea-Bissau, Cabo Verde. Central Africa: Congo (DRC), Angola, Cameroon, Chad, Congo, Central African Republic, Gabon, Equatorial Guinea.

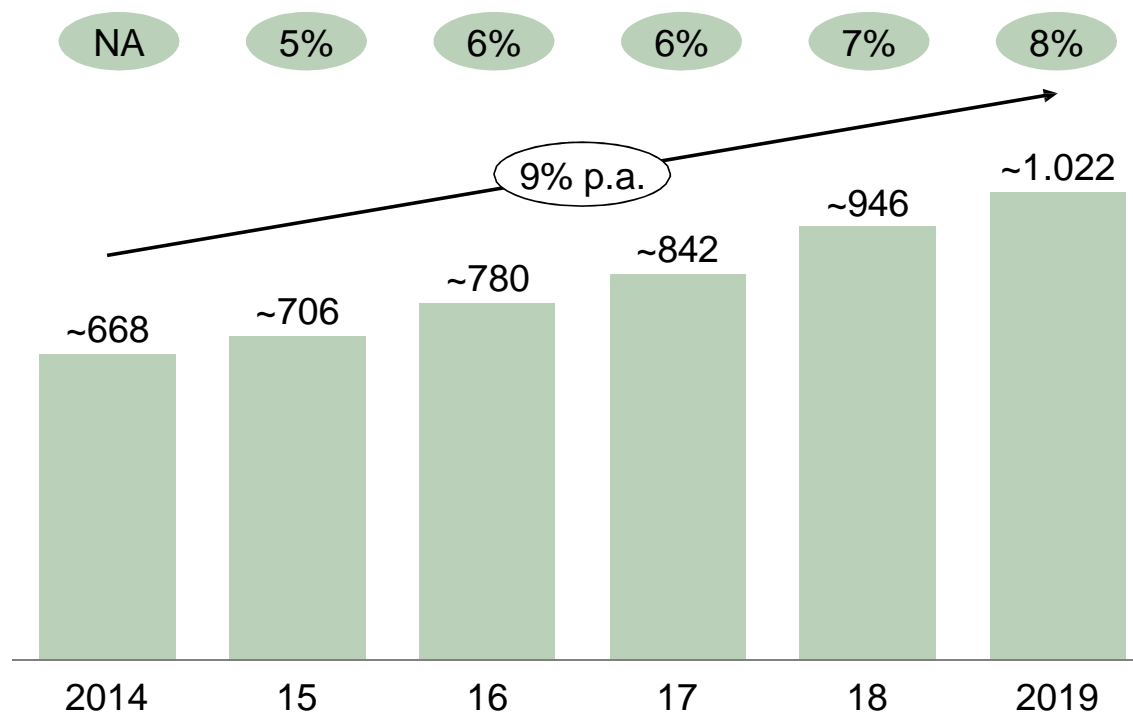
Source: Fitch Solutions (September 2020), IQVIA (September 2020)

1 | WAEMU has strong export potential (€1 billion) and sustained growth (+9% p.a. in 2014–2019; +5% p.a. to 2024)

Estimates

Size¹ of the WAEMU² market, 2014–2019,
M EUR, expressed as manufacturer price, 2014–2019

% African market



Foundations of growth



Population growth of 3% in 2015-2019



Increased consumption of medication due to growth of per capita GDP



Growth of middle-class and urbanization



Increased penetration of generic medications at lower prices

1. Manufacturer price
2. Togo, Senegal, Mali, Guinea, Ivory Coast, Burkina Faso, Benin and Niger

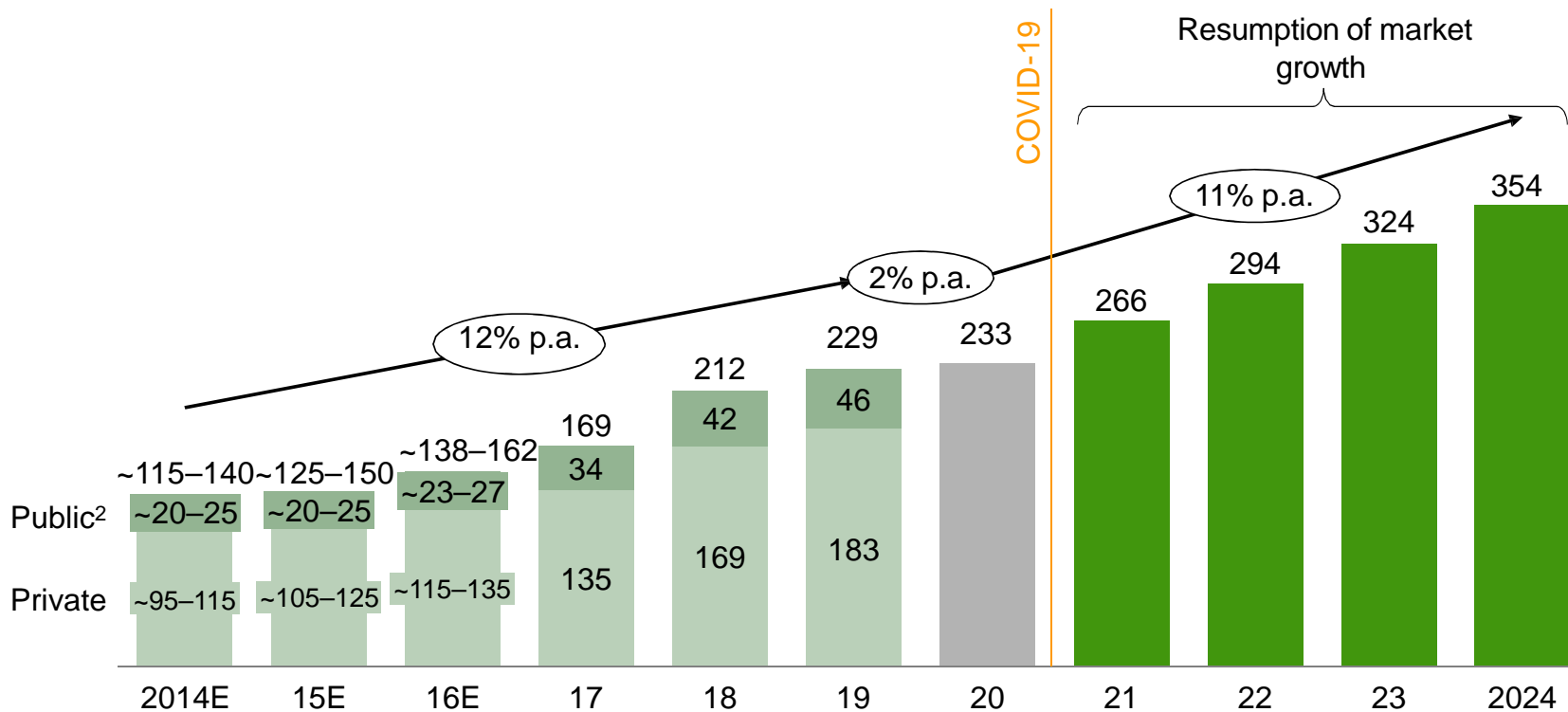
Source: IQVIA (accessed June 2020); Fitch Solutions

1 | The growth of Senegal's pharmaceutical market (+12% p.a. in 2014-2019) is forecast to continue to 2024 (+11% p.a.)

Estimates

Past and projected demand¹, 2014–2024

€ M, expressed as manufacturer price, estimates for 2014–2016, IQVIA values for 2017–2019










- Growth dipped in 2020 as the economy slowed as a result of the COVID-19 health crisis
- Strong recovery buoyed by demographic growth and widening health coverage
- Private-sector met ~80% of demand in 2019

1. IQVIA data reprocessed between 2014 and 2017 to take into account an adjustment to the methodology and perimeter for gathering IQVIA data

2. Estimate - 20% of total market

1 | Senegal's advanced health care system and indicators fuel the market

Comparison of WAEMU country healthcare systems

Country	Size of private pharma market, 2019 (€)	Market/population ratio ¹	Per capita out-of-pocket health expenses, 2017 (current €, ppp)	Life expectancy at birth, 2018 (years)	Infant mortality, 2017 (incidence per 1,000 births)
 Senegal	~182M	12	66	68	32
 Côte d'Ivoire	~212M	8	61	57	59
 Togo	~62M	8	54	61	47
 Benin	~82M	7	34	61	61
 Mali	~115M	6	26	59	62
 Burkina Faso	~70M	4	36	36	49
 Niger	~30M	1	33	33	48

Senegal has a large pharmaceutical market in relation to its population because of its advanced healthcare system and better health indicators (esp. life expectancy at birth and infant mortality)

1. Size of private pharmaceutical market (2019)/ total population (2017)
Source: IQVIA (accessed June 2020), World Bank Open Data

1 | Local factors are driving volume and price

Market growth factors

Volume



- A** Growth and demographic structure
 Demographic growth: +2.8% p.a. in 2014–2018; +2.5% p.a. projected in 2018–2024
 Growing urbanization facilitating access to healthcare (urban population: 47% in 2018 vs 39% in 2013)

- B** Per capita healthcare spending
 Per capita GDP growth: ~+3.6% p.a. in 2014–2018; ~+2.1% p.a. projected in 2018–2021 despite marked slowdown in 2020 due to the COVID-19 crisis
 Growth in per capita healthcare spending: +8% p.a. in 2005–2017, largely resulting from implementation of medical coverage

- C** Medical coverage
 Couverture Maladie Universelle (universal healthcare coverage - CMU) rose from 21% in 2012 to 49% in 2017
 Government targets 70–75% healthcare coverage by 2024

Past trend

Future trend



Price



- D** Government price-setting policy
 Government aims to increase medication accessibility via various levers, e.g., margin capping, originator medicine at cost price

- E** Generic medication penetration
 Increased penetration of generic medications at lower prices (40% of the private market in 2018)

- F** Product mix
 Entry of new, more sophisticated molecules expected over the long term (e.g., cancer treatments)

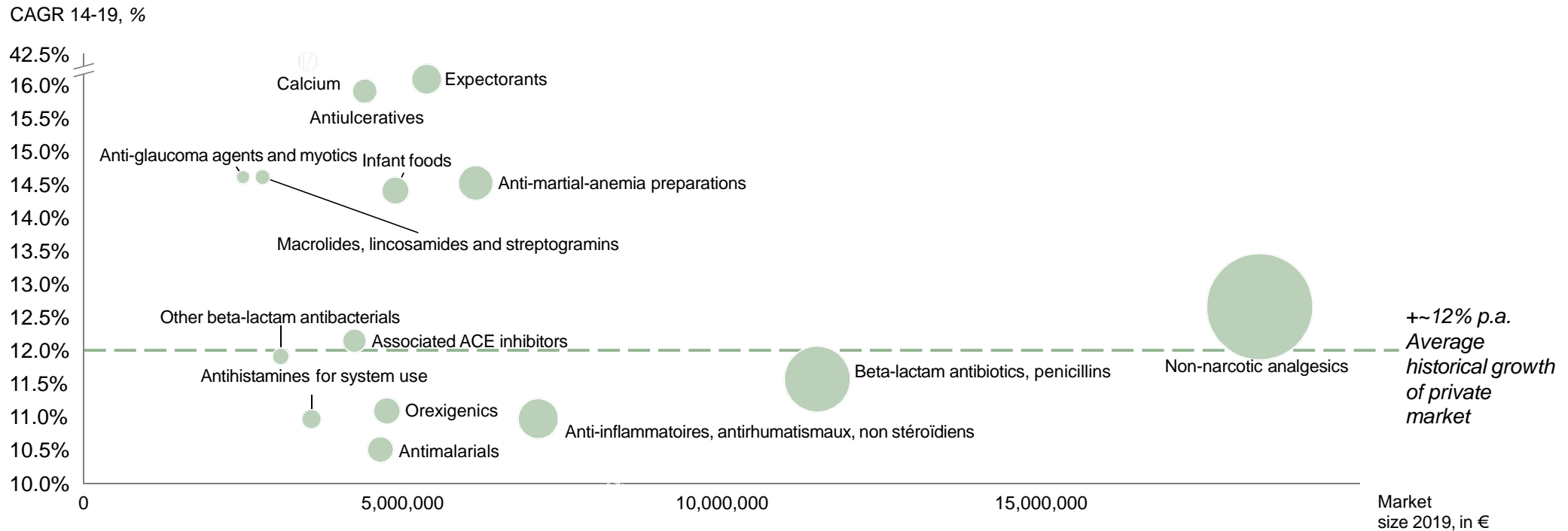


N.A.



1 | Senegal is relatively diversified; 15 therapeutic areas account for ~50% of the market

Top 15¹ ATC3s by size and growth; focus on the private market



Analgesics, antibacterials and anti-inflammatories accounted for 20% of sales by value in 2019; importance of antimalarials and antidiarrheals match Senegal's epidemiological profile

1. Top 15 by value, representing ~50% of the total private market in 2019
Source: IQVIA (accessed June 2020)

1 | The market provides guarantees

to local generics manufacturers



Local preference under WAEMU tenders (up to +15% of price) providing preferred access to a €200–400m market



Mature healthcare system with a large range of products distributed and a large network of private medical centers offering a large diversity of treatments



Mature pharmaceutical regulation and stable regulatory institutions with international standards deontological code



Over 40% uptake of generics



Sickness coverage reform underway

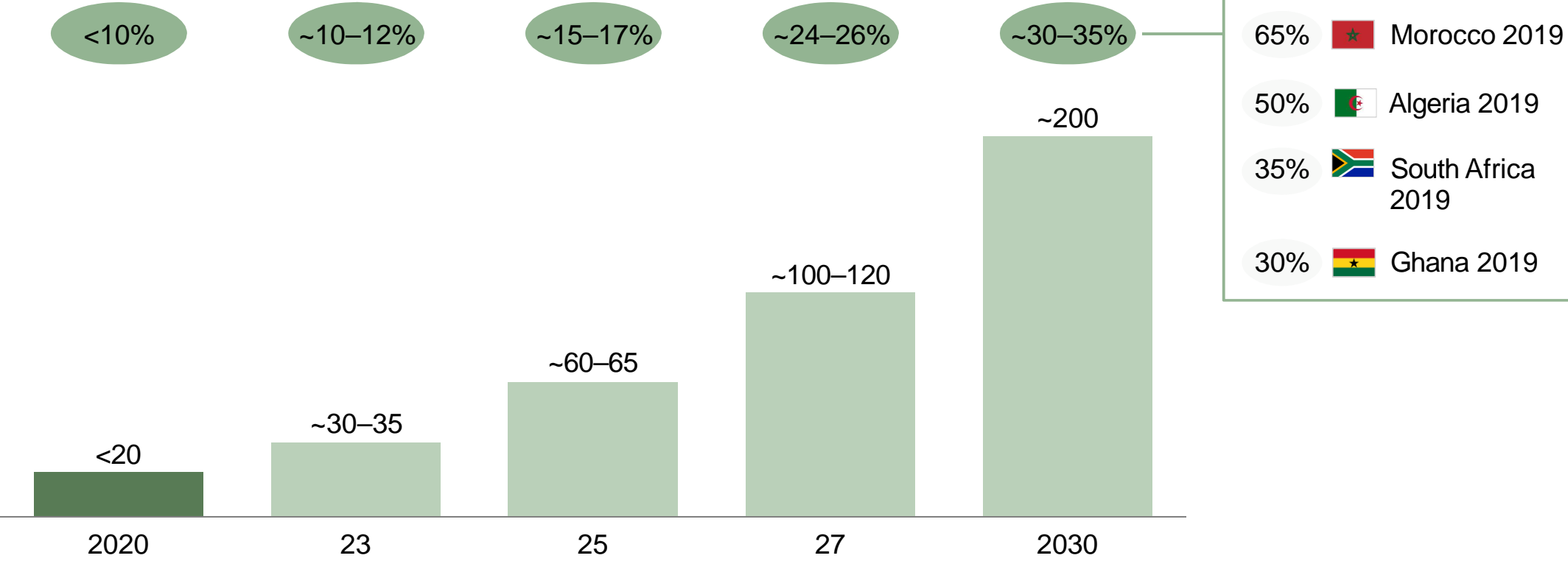


A mature regulation protecting intellectual property and a deep expertise in medicinal plants creating a solid base for R&D

2 | PAP2A2 aspires to meet 30% of local needs by 2030

X% Locally produced market share

Estimates
Senegalese pharmaceutical production revenue,¹ local market, estimates, x €1 million, 2020–2030



1. Note on methodology used to estimate revenue: i) revenue from sales of products whose composition includes the 18 molecules considered a priority and close/substitutable molecules, ii) production target: 2/3 market share for local production of these 18 molecules, iii) 11% growth between 2020 and 2025, then 8% between 2025 and 2030, in line with Moroccan growth (country to emulate), iv) assumption that production of these molecules represents 60% of total local production by 2030

2. Adjustment and acceleration strategic plan in the continuity of the Plan Sénégal Emergent

Source: Interviews with national and international experts (conducted in July 2020), IQVIA (accessed June 2020), financial reports of local players

2 | The government is leading a structured effort to enhance the industry's competitiveness

11 reforms



3 objectives



1

Streamline the regulatory framework and procedures



2

Reinforce WAEMU's local preference in public procurement



3

Stimulate competitiveness by reducing taxes for local manufacturers (e.g., VAT exemption) and improving access to real estate and financing (e.g., public guarantees)

III

Attractive investment opportunity



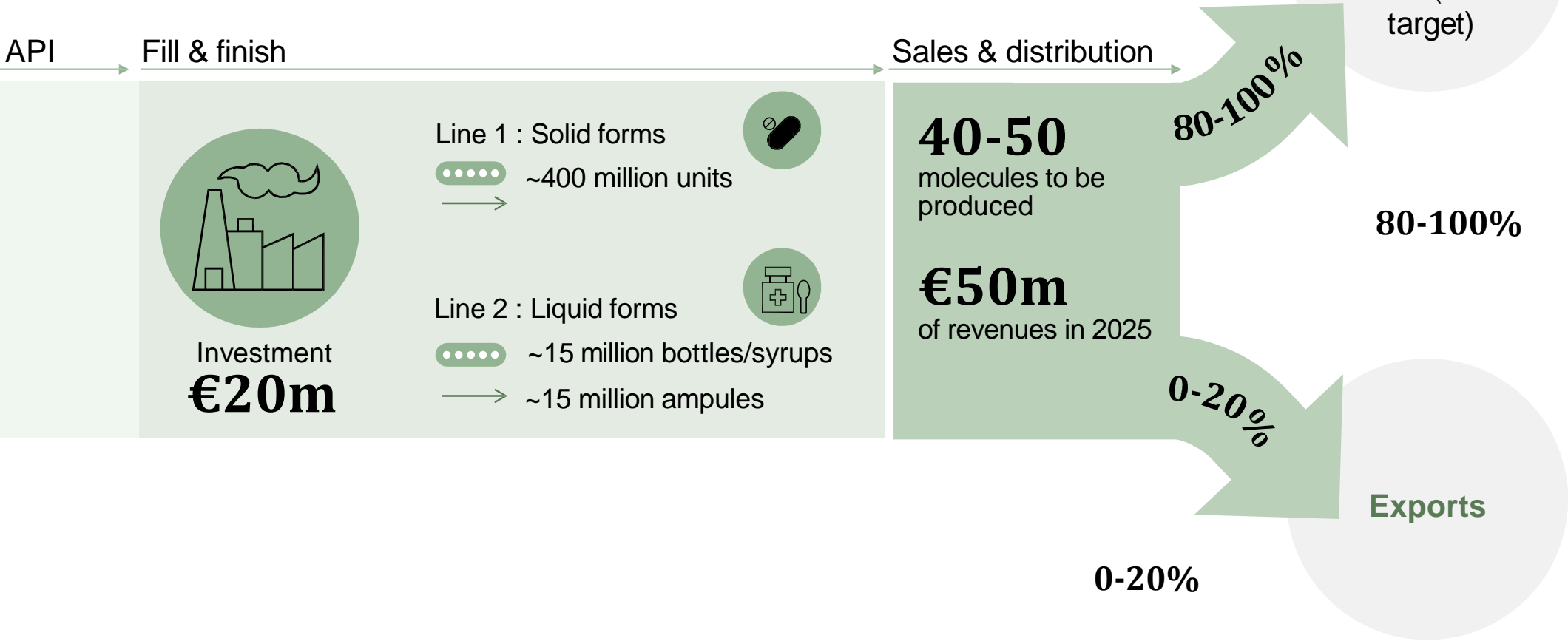
There is a big opportunity to develop a project around dry and liquid forms of medication that represent ~85% of the market

Galenic form	Type of medication	Size of potential market 2030, Millions USD, high estimate	Market size in volume 2030, units, millions, high estimate
Dry form	Tablet	268	2.942
	Powder sachet	57	244
	Gel capsule	47	505
	Coated tablet	21	188
	Capsule	6	48
	Granulated tablet	2	11
Liquid form	Bottle/syrup	108	135
	Ampoule	25	122
	Collyrium	28	17
Other	Other	91	164
Total	Total	654	4.376










- Project could be positioned around dry solid and liquid forms
- Market dominated by solid forms (~60%) and liquid forms (~25%)
- Other forms could be prioritized given low volume of local demand

Source: IQVIA, PNA

A project based on fill & finish of generics could generate revenues of up to €50 million



The project size should be considered in line with regional industrial sites

Company	Production volume	Investment, USD M
 Astra Zeneca Alger site	300 M Millions of tablets	125
 Jamjoom / Hupharma Constantine site	250 M dropper bottles	50 +80 in a second investment
 Pharma 5 Abidjan site	100 M tablets and 10 M sachets produced	10
 Pharmax Dubai Dubai site	200 M tablets	34
 Square Pharmaceuticals Ltd. (SPL) Athi River EPZ site	2 B Tablets and capsules 60 M Bottles of liquid formulations	25 In a first phase
 Cooper Pharma Tit Melil site	75 M units in dry solid form produced	
 Laprophan Ouled Saleh site	105 M units produced	30–40
 Cooper Pharma Kigali, Rwanda, site	NA units	6 In a first phase
 Apex Biotech Kigali, Rwanda, site	800 M pcs of tablets 200 M capsules 8 M bottles 5 M oral rehydration therapy sachets	18



Plant considered:

- ~40 million in dry solid form by 2025
- ~15 million in liquid form in vials by 2025
- ~15 million in ampoules by 2025

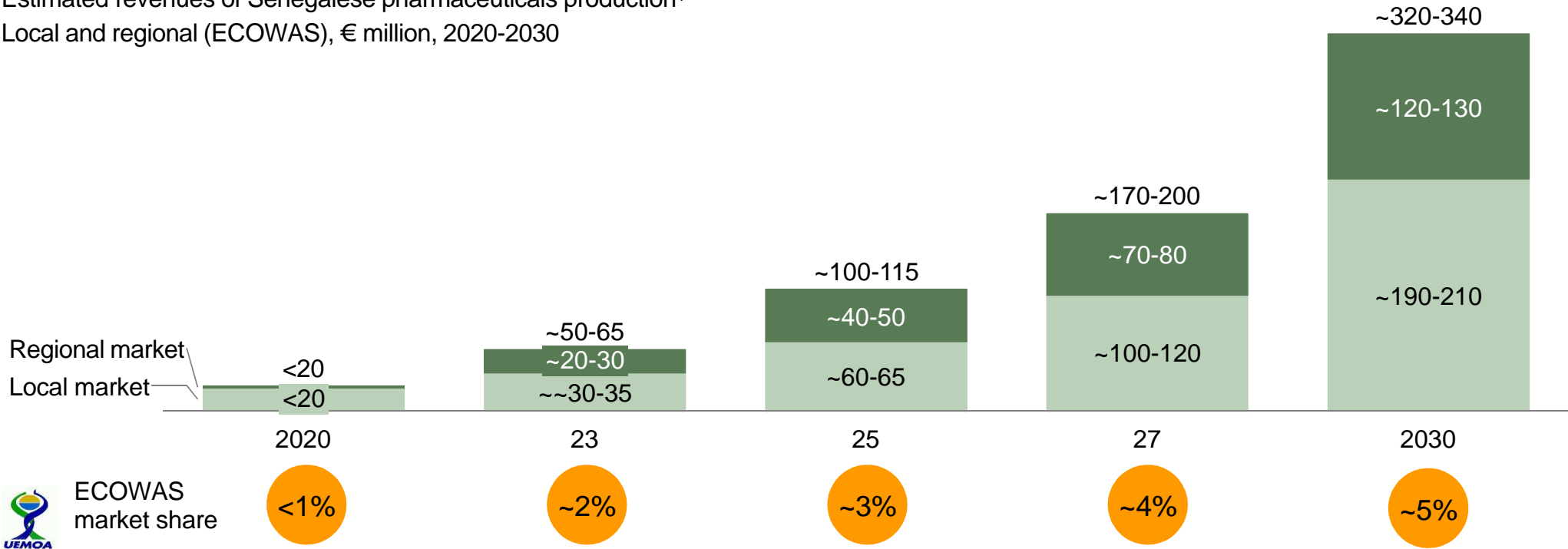
Investment considered:
€20 million

Regional exports could represent an additional opportunity of €120-130 million by 2030

Estimates

Access to UEMOA market could double revenue by 2030

Estimated revenues of Senegalese pharmaceuticals production¹
Local and regional (ECOWAS), € million, 2020-2030



1. Regional market growth aligned with Senegales market growth - 5% hypothesis of market share for Senegalese industry by 2030

Source: National and international experts, financial reports of local players



Sénégal

Emergent

2035

L'élan



Senegal the Business
friendly destination

www.apix.sn

www.investinsenegal.com

infos@apix.sn

