

# Strategic Growth and Investment Opportunities



CONFIDENTIAL

**DANNEX**

The leading brand in quality healthcare delivery

# Contents



- I. Company Profile
- II. Strategic Goals
- III. Sales & Marketing
- IV. Manufacturing & Operations
- V. Quality
- VI. New cGMP Facility
- VII. The Pharmaceuticals Market Opportunity

# Dannex Group - a leading Ghanaian Pharmaceutical Manufacturer



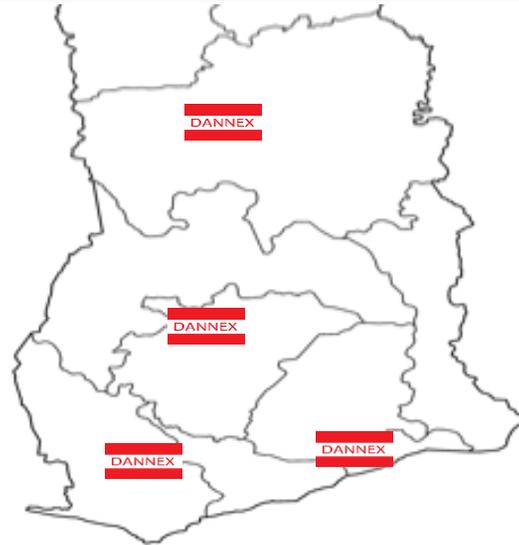
## Company overview

- Dannex is the largest local manufacturer & distributor of pharmaceutical products after acquiring majority stakes in Starwin Products Limited and Ayrton Drug Manufacturing Limited
- A mature governance structure both private company and public company senior management experience as well as varied experience in other sectors.
- Plans to enter the West African market
- Targeting annual revenues of US\$ 40 to 50 million by 2022

## Facilities

- Three factories Located in North Industrial Area, Tesano/Abeka Accra
- Factory building and offices (all owned leasehold by Dannex Group). Details factories in the Dannex Group Site Master File.
- 1 raw and packing material warehouse at Spintex, Greater Accra
- Three distribution Depots in Takoradi, Kumasi and Tamale

## Locations



## History of Starwin Drugs Products Limited

- Incorporated in 1960 as Sterling Products International Limited
- Renamed Starwin Products Limited in 1993 and listed on the Ghana Stock Exchange in 2004
- Manufactures tablets, capsules, liquids (syrops & suspensions), ointment and powder dosage forms & OTC medicines for various diseases
- Distribution network serves all ten regions of Ghana
- Strong product portfolio including key brands such as Rapinol, Asmadrin and Milk of Magnesia

## Outlook

- Acquired majority stakes in Starwin Products Limited (71.33%) and Ayrton Drug Manufacturing Limited (53.47%)
- Intends to combine into one listed entity on Ghana Stock Exchange
- Pro-forma Company will be the largest pharmaceutical in Ghana and extract cost synergies as well as ongoing economies of scale and scope
- Focused on targeting West Africa
- Intends to build Pre-qualified WHO facility to access international funds (participation in tenders), receive technical assistance and drive growth

## History of Ayrton Drugs Manufacturing Limited

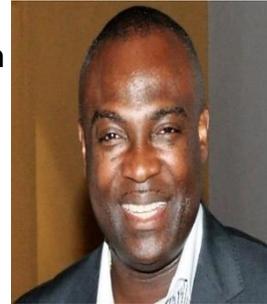
- Incorporated in 1965 and listed on the Ghana Stock Exchange in 2005
- Manufactures & sells drugs, chemicals, toiletries, and cosmetics
- Adcock Ingram acquired a 78% stake in February 2010 for \$16M
- Headquartered in Accra Ghana,
- Broad product portfolio distributed via 4 depots with 32 sales vans
- Manufactures 80 products
- ~20% of revenues are from hospitals; strong focus on private sector clients

# Dannex's Management Team includes industry veterans...



**Yaw Opare-Asamoah, Group C. E. O**

- Over 15 years pharmaceutical experience with expertise in operations, strategic acquisition, restructuring, etc.
- MBA in International Business & Global Markets, University of Birmingham Business School and BSc in Banking & Finance, University of Ghana
- Joined Dannex in 2005



**Daniel Apeageyi Kissi, Chief Operating Officer**

- Over 27 years work experience in a multinational setting with expertise in business leadership, manufacturing and supply chain mgt.
- Joined Unilever in 1990 and rose to become the Operations excellence Director of Unilever South Africa and leadership roles in some African and European countries
- Appointed MD of ADML a listed company on the GSE and currently the COO of the Dannex Group



**Henry Otu Ocansey, Chief Finance Officer**

- 10 years as Management Accountant at Pharmaplast/Scanbeth and 17 years at Danne
- MBA, University of Ghana, BSc. in Accounts / Finance, Ghana Institute of Management and Public Administration.
- Recently won the CFO award for the manufacturing sector



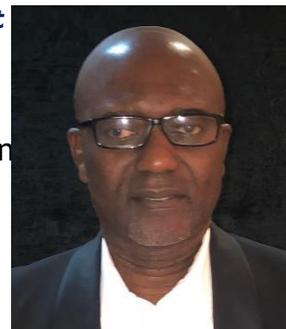
**Dede Ofei, Group Head of Human Resource**

- Over 12 years HR experience in Ghana and the UK at Cooperative Insurance Society, Haden Building Management, G4S Security Services. Olam Ghana & Nyaho Medical Centre
- Msc. Human Resources Management, University of Manchester, UK and B.A in Management & Economics, University of Ghana
- Joined Dannex in 2017



**Charles Addo-Cobbiah, Group Head of Sales & Marketing**

- Former Sales Manager, Guinness Ghana Breweries Limited driving sales & distribution in Ghana and West Africa
- Joined Dannex in 2007



**Kwasi Yirenkyi, Chief Corporate Affairs**

- Over 20 year business operation experience internationally and in Ghana.
- Former Managing Director of Stawin Product limited, he also worked as a management consultant with Deloitte and Touche. He spent eight years as banker with Merchant bank.
- A product of George Mason and the South New Hampshire Universities

## ...and operations talent with deep knowledge



### **Dr. Agyeman Kuma-Mintah, *Chief Regulatory and Quality Officer***

- He is a former Health Canada Employee and did his graduate studies at UBC, Vancouver, Canada. He held scientist and senior scientist positions at Abbot Labs (New Jersey, USA).
- He also served in senior management roles with the Geopharma Inc. subsidiaries Belcher Pharmaceuticals (Largo, Florida, USA) and American Antibiotics (Baltimore, Maryland, USA).
- He was recently employed with Apotex Pharmachem (Brantford, Canada) as an Analytical Operation Compliance and Training Specialist. He joined Dannex-Ayrton-Starwin as Chief of Regulatory and Quality Officer in 2017.

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### **Dannex Group**

- The Board of Directors of Dannex is an exceptional group of people with experience and credentials that compare favorably with the leading pharmaceutical manufacturing companies in Africa.
- Dannex is run by a competent and highly experienced management team with a proven track record of industrial and financial growth. The team consists of high caliber professionals with the business acumen, technical knowledge and years of industry experience to successfully drive the company's next growth phase.
- Existing staff possess strong pharmacy skills and operational and technical knowhow.



## The cGMP Plant Imperative in West Africa

- ▶ The business case for a cGMP-certified pharmaceuticals plant with competency in specialised products in West Africa is very strong.
  - The Ghana market is large and growing in double digits.
    - In 2015, Ghana's generic drugs market was calculated to have been worth GHS460m (USD120mn), which represented 39% of the total market value and 54% of the prescription market (IMS Health)
    - Over the long term, analysts believe Ghana's generic drugs market will reach a value of GHS1.41bn (USD260mn) by 2025
  - ECOWAS market export opportunities.
    - The Nigeria pharmaceuticals market alone is very significant - US\$ 2.5 Billion in 2011 (IMS Health).
    - A large total population and export market potential in other West Africa - Liberia, Guinea, Sierra Leone and French-speaking West African countries to supply into.
    - Many of these countries have none to limited domestic manufacturing capacity, and also largely import.
  - The general West Africa market size was calculated at US\$ 4 billion in 2011, estimated to be growing at 13%/annum.



## The cGMP Plant Imperative in West Africa

- Ghana is developing a profile as one of the best host countries for foreign direct investment (FDI) in West Africa, and has drawn long-term investments from multinational pharmaceutical players recently.
- Stable democratic government, enabling FDI policies and incentives, and continuing healthcare regulatory improvements.
  - Potential to hub manufacturing in Ghana for export into West Africa.
  - The drug registration process in Ghana takes between 6 and 18 months, relatively short compared with other countries in Africa.
  - The geographical location and port facilities are strategic advantages.
  - Ability to import large machinery and inputs, and ability to ship in small volumes vs. full container loads from China and India.



## The cGMP Plant Imperative in West Africa

- ▶ Significant challenges pertain with healthcare delivery and the availability of pharmaceuticals in West Africa, as evidenced in the recent Ebola epidemic.
  - Low Doctor-patient ratios.
    - 1:600 (WHO), 1:417 in US, 1:357 in UK compared to 1:10,000 in Ghana and 1:2500 in Nigeria.
  - The incidence of cardiovascular diseases and cancer are on the rise in Ghana and Africa.
    - In Nigeria & Ghana, about 10,000 cancer deaths and 250,000 new cases are recorded annually.
    - Access to high quality medication is critical to the management of conditions and to protect the population.
  - Local pharmaceutical production is under-developed.
  - Only 30% local production versus 70% importation.
  - A significant number of basic materials for local production are tax-exempt and 44 drugs are protected from imports, to encourage local production.



## The cGMP Plant Imperative in West Africa

- Local manufacturers tend to range from small- to medium-size enterprises with relatively low production capacities, and produce basic, niche and narrow product ranges.
- Lack of drug security for ARVs, anti-TB and anti-malarials.
- Counterfeited and/or sub-standard products is a major challenge to the market.
- Advocacy for amendment of the Patent law, particularly with regard to certain ARVs.
- Significant value is attached to any near or GMP-compliant pharmaceutical manufacturing company, that produces medicines under international standards.



## Strategic Growth

- ▶ To achieve the company's vision, Dannex is pursuing multi-pronged strategies over the next few years.
  - ❑ Merge the three companies in 2018 and list on the Ghana Stock Exchange ( process has began)
  - ❑ Dannex's core medium-term strategic plan is to build a WHO, cGMP Center of Excellence for the production and distribution of finished pharmaceuticals and veterinary products for the West African market.
  - ❑ Align brand and organizational processes to global standards, and equip Dannex to compete globally.
  - ❑ Seek new strategic partnership to expand product portfolio with new products into therapeutic areas currently not covered, there are huge opportunities to market these new products to new and existing customers and distributors using our extensive distribution network.
  - ❑ Launch out into West Africa especially Nigerian , Dannex has already began discussion with some State Governors .

# Sales & Marketing



## Market Opportunity

- ▶ Economic growth, a growing middle-class, rising per capita income, increasing consumer awareness, rural to urban drift, an aging population, government regulation on healthcare and consumable products, and other socio-economic and demographic changes are influencing Ghanaians and West Africans to live healthier.
- ▶ Demand for better healthcare and high quality pharmaceutical products is growing at very fast rates.
- ▶ However, the situation in Ghana and the sub-region is that only a few pharmaceuticals manufacturers meet the stringent quality, safety, efficacy and manufacturing standards required by regulators; and only a few have the capacity to produce to large orders.
- ▶ A clear market opportunity exists for an innovative and successful company such as Dannex which already has a platform and sterling reputation for quality to grow market share regionally and do well in the manufacturing and marketing of pharmaceutical products.

## Positive Market Dynamics

- ▶ The healthcare and pharmaceuticals sectors in Ghana have demonstrated double digit growth annually over the past few years.
- ▶ Given the market opportunity, similar rates of growth are expected into the future.
  - Healthcare spending and pharmaceutical sales are estimated have grown at 15% and 23%, respectively to current sizes of GH¢ 3.59 Billion (US\$1.03 Billion) and GH¢831 Million (US\$237 Million), respectively between 2007 and 2015; with similar growth rates projected.
  - Drug consumption per capita has increased from GH¢7.0 to current estimated GH¢31.2, more than 4x multiple over 8 years.
- ▶ The common ECOWAS market and regional integration efforts and increasing trade also offer large market opportunities for a Ghanaian manufacturer.

## Strong market position with established brands

- ▶ Dannex, Ayrton and Starwin are well positioned in the consumer health market, and have strong brand recognition throughout Ghana.
- ▶ Dannex Group products are associated with quality and have served customers with the same trademark for years with more product in the pipeline
- ▶ Ability to capitalize on market dynamics and manage growth based on years of quality manufacturing and marketing to numerous distributors and public and private healthcare providers in Ghana and West Africa.

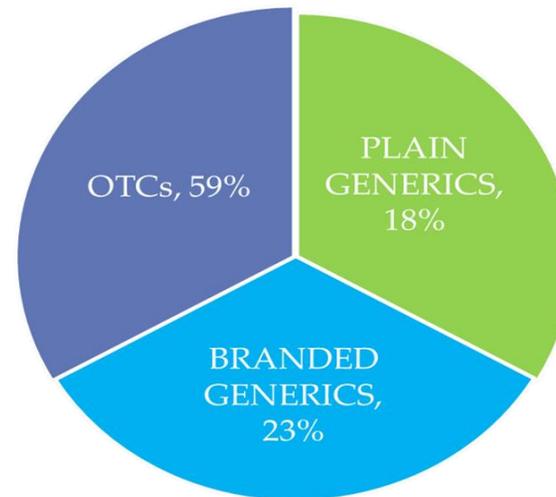
# Sales and Marketing



## Attractive Business Model

- ▶ Dannex has a quality-compliant pharmaceutical manufacturing facility with multiple production lines; to be enhanced by acquired capacity upon consolidation.
- ▶ The company has a large product portfolio and a strong pipeline of new products, to be complemented by Ayrton and Starwin's portfolios.
- ▶ An established distribution network of wholesalers, retailers, and distribution points exist in all ten regions of Ghana, with a tried and tested marketing and sales force with demonstrated success, to be complemented by Ayrton's extensive marketing infrastructure.

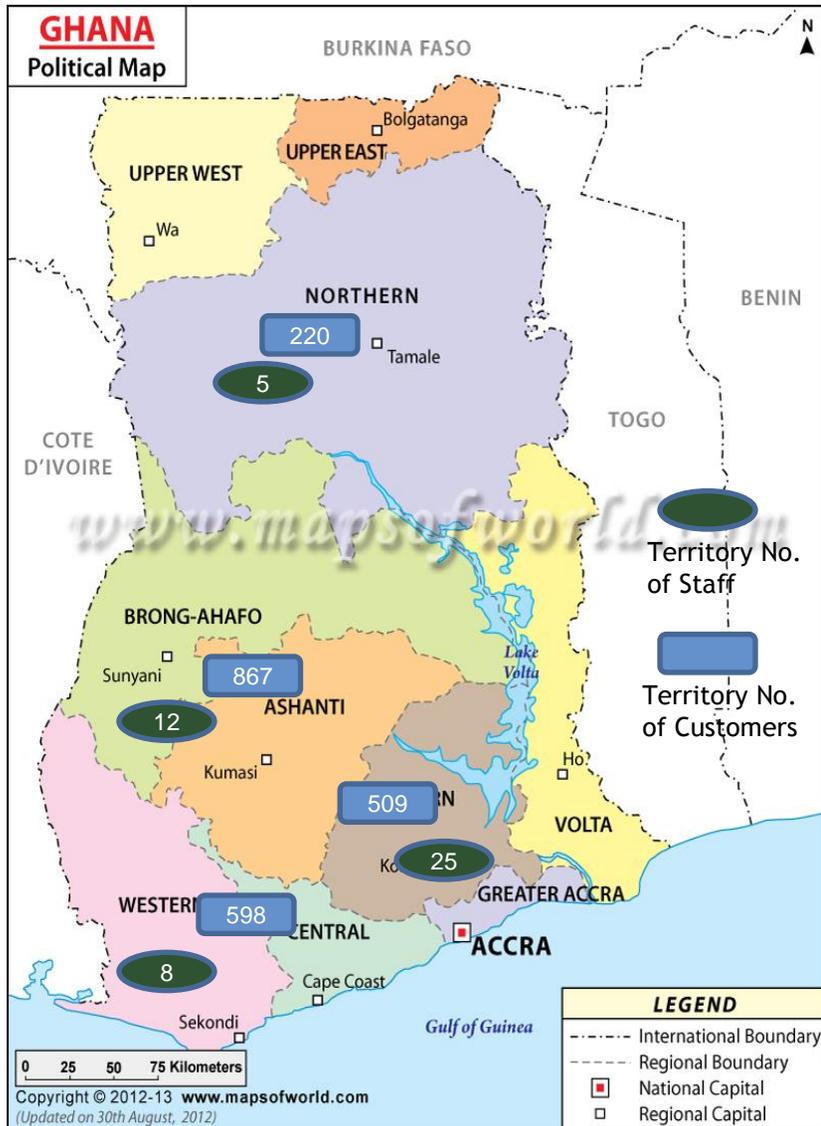
	THERAPEUTIC AREA	% CONTRIBUTION
1	ANALGESICS/PAIN	36.6%
2	RESPIRATORY	20.4%
3	FOOD SUPPLEMENTS	12.7%
4	DIARRHOEA	8.1%
5	DERMATOLOGY	6.5%
6	ANTACIDS	5.0%
7	ANTI-INFECTIVES	4.8%
8	HEMATINICS	3.8%
9	VETERINARY	1.0%
10	CENTRAL NERVOUS SYSTEM	0.4%
11	ANTHELMINTICS - DEWORMERS	0.4%
12	ALLERGY	0.1%
13	ANTISEPTICS	0.1%



## Growth Plan

- ▶ Dannex plans to increase its products portfolio to cover other therapeutic areas
- ▶ Increase its coverage of the pharmacies and chemical shops from the present 40% to 60%.
- ▶ Increase churn rate through increase advertising
- ▶ Develop the export market
- ▶ Deliver superior quality customer service
- ▶ The group has some 12 products in development

# Coverage



- Current team of 50
- The country is divided into four territories; GAVET, ASHBA, WEST and NORTH
- Customer Service and Distribution Centers strategically located in these territories to deliver to customers nationwide

## Exports

- Dannex Group has commissioned consultants' to research and advise on the Nigerian market.
- We have created an export department with that reports directly to the Board,
- Plans are underway to establish sales liaison offices in Liberia, Serra Leone and the Gambia.
- We have started engaging key wholesalers and distributors in the French speaking West African countries.



# What we seek



- ❑ Prospective Partnership in the following Therapeutic Areas
  - ❑ Cardiovascular,
  - ❑ Central Nervous System,
  - ❑ Diabetes,
  - ❑ Antibiotics,
  - ❑ Anti-malaria,
  - ❑ Men's Health and
  - ❑ Musculoskeletal Fields
  
- ❑ Strategy
  - ❑ In the short to medium term we seek to import fully finished goods that carry Dannex brand name
  
  - ❑ Scale up to primary and secondary packing of the Dannex branded products
  
  - ❑ In the long term, technology transfer of manufacturing of products from partner sites to Dannex sites
  
- ❑ Opportunity
  - ❑ We believe that with this partnership we can increase our estimated market shares from 2.7% to 6% in the first 2 years.



## Current Manufacturing & Operations

- The Group has three production sites within 7 minutes drive from each other and huge warehouse facility for raw and packaging materials.
- The facilities has the capacities to produce the following product category
  - Syrups/Suspensions
  - Non beta-lactam Capsules
  - Ointments/Creams
  - Disinfectants
  - Beta-lactam dry powder suspensions
  - . Tablets
  - . Powders
  - . Veterinary
  - . Beta-lactam capsules
- The Group can count on the following;
  - A very efficient S&OP process
  - Strong Supplier Base
  - Economies of scale due to procurement synergies
  - Surplus intrinsic/design capacity
  - Current focus on building a SHE Management system and culture.
  - Skilled Personnel



## NEW FACILITY

Plans are far advanced to build a new facility to meet WHO, cGMP, GDP international standards to meet the cGMP roadmap set out by the regulator. The construction is expected to begin in the 2 half of 2018 on one of the group's prime location.

- The new facility would produce the following dosage forms:
  - Syrups/Suspensions
  - Non beta-lactam Capsules
  - Ointments/Creams
  - Disinfectants
  - Beta-lactam dry powder suspensions
  - . Tablets
  - . Powders
  - . Veterinary
  - . Beta-lactam capsules
- The design of the facility is driven by market analysis and demand creation projected over specific time horizon.
- International firms have been engaged in the design and equipment of the facility to ensure high quality and value for money.
- The regulator is being encouraged to stick to this GMP roadmap, so Dannex does not end up with a world class facility competing against old facilities.
- We are engaging Ghana and the Indian Exim Banks to finance the new facility and indication from these banks are very positive.

# QUALITY



- ❑ The group has set out to reorganize quality management systems after UNIDO and Ghana Food and drug Authority in 2016
- ❑ The Group has appointed Dr, Kuma-Minta, a man with many year experience with top pharma firms and labs in US and Canada to head the quality department.
- ❑ The upgrade of QMS has began and the Board has approve an initial amount of US\$ 1.5 million for capital upgrades and training.
- ❑ The Group takes the recommendations of UNIDO and Ghana FDA seriously to the extend that we have shut down the Starwin facility because of compliance and under utilization and moved the all resources to Dannex facility.
- ❑ Corrective and preventive actions scheduled for 2018 per our communication with the Ghana FDA were included in the 2018 budget.



# Investment Rationale

- 1 Leading player in Ghanaian market**
  - Dannex, Starwin and Ayrton will combine to become a leading Ghanaian pharma
  - Broad product portfolio and a robust new product pipeline addressing both infectious diseases (malaria, TB) and lifestyle diseases (diabetes, hypertension)
  - Dannex, Starwin and Ayrton each have strong brand recognition throughout Ghana

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- 2 High growth industry**
  - Healthcare spending grew at 2007-15 CAGR of 15% to GHS 3.59B (US\$ 1.03B), pharma sales grew to GHS 831M (US\$ 237M) over the same period
  - OTC drugs sales currently ~GHS 249M (US\$71M).
  - Drug consumption per capita increased >4x from GHS7.0 to ~GH¢31.2 over 8 years

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- 3 Operational Expertise**
  - Best in class local manufacturing practices with loss rates of 2% below industry average of 5%
  - Established distribution network of wholesalers, retailers, and distribution points to cover all ten regions

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- 4 Experienced management team**
  - Senior management team has a proven track record of industrial and financial growth.
  - Supported by knowledgeable staff with strong pharmacy, operations & technical skills

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- 5 Value Creation Opportunity**
  - ~~Advisory Board has experience & credentials which compare favorably with peers~~
  - Access to international funds (participation in tenders) in West Africa, market size estimated at US\$ 4B in 2011, growing at ~13% p.a.
  - Addresses infectious diseases limit economic growth - 10% increase in life expectancy at birth is associated with rise in economic growth of 0.3-0.4% per year<sup>1</sup>

Note: 1. US National Institutes of Health. Pricing infectious disease. The economic and health implications of infectious diseases  
Sources: Dannex Pharmaceuticals

# THANK YOU

