

MIRA INFORM REPORT

Report No. :	524888
Report Date :	14.08.2018

IDENTIFICATION DETAILS

Name :	MEDICAL UNION PHARMACEUTICALS CO SAE (MUP)
Registered Office :	Medical Union Pharmaceuticals Building, 36 Dr Mohamed Hassan El Gamal Street, 6th District, Nasr City, PO Box- 7010, Cairo 11471
Country :	Egypt
Financials (as on) :	31.12.2017
Date of Incorporation :	1984
Com. Reg. No.:	13363
Legal Form :	Egyptian Joint Stock Company
Line of Business :	Subject engaged in the manufacture and preparation of pharmaceutical products for the cardio-vascular system, central autonomic nervous system, anaesthetics, metabolism, nutrition, alimentary system, urology, dermatology, gynaecology and obstetrics
No. of Employees :	2,300

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

SUMMARY

Company Name	: MEDICAL UNION PHARMACEUTICALS CO SAE (MUP)
Country of Origin	: Egypt
Legal Form	: Egyptian Joint Stock Company
Registration Date	: 1984
Commercial Registration Number	: 13363, Ismailia
Authorised Capital	: £E 1,000,000,000
Issued Capital	: £E 391,733,000
Paid up Capital	: £E 391,733,000
Total Workforce	: 2,300
Activities	: Manufacture and preparation of pharmaceutical products
Financial Condition	: Good
Payments	: No Complaints
Operating Trend	: Steady
Person Interviewed	: Waleed Attia, Accounting Manager

COMPANY NAME

MEDICAL UNION PHARMACEUTICALS CO SAE (MUP)

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Building : Medical Union Pharmaceuticals Building
Street : 36 Dr Mohamed Hassan El Gamal Street
Area : 6th District, Nasr City

PO Box : 7010

Town : Cairo 11471
Country : Egypt

Telephone : (20-2) 22709324 / 22709316 / 22709535 / 22726169
Facsimile : (20-2) 22709315
Mobile : (20-102) 8899180 / 0044544 / 0044612
Email : hr@mupeg.com / promotion@mupeg.com / w.attia@mupeg.com

Premises

Subject operates from a large suite of offices that are owned and located in the Suburban Business Area of Cairo.

Branch Office (s)

<u>Location</u>	<u>Description</u>
<ul style="list-style-type: none">Abou Sultan PO Box: 523 Ismailia Tel: (20-64) 3400822 / 3400823 / 3400893 / 3400527 Fax: (20-64) 3400363	Owned factory premises
<ul style="list-style-type: none">8 Dr Mohamed Awad Street 6th District, Nasr City Tel: (20-2) 2719460 / 22721979 / 26702968 Fax: (20-2) 22719461	Sales Office
<ul style="list-style-type: none">Pharmacists Building No. 1 Galal Al Desouky Street Wabour Al Meah Alexandria Tel: (20-3) 4264905	Sales Office

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Fax: (20-3) 4264907

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <ul style="list-style-type: none"> • 246 Portsaid Street
Cleopatra
Alexandria
Tel: (20-3) 5220947 / 5220948 | Sales Office |
| <ul style="list-style-type: none"> • Ahmed Galal Street
Mansoura
Tel: (20-50) 320140 / 320141 | Sales Office |
| <ul style="list-style-type: none"> • Takseem Shauna Al Namees Street
Assiut
Tel: (20-88) 300237
Fax: (20-88) 300238 | Sales Office |

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Ahmed Said El Kelany	Chairman
• Ahmed Said Kelany	Managing Director
• Dr Ossama Hamed Shams El Din Raslan	Director
• Dr Abdallah Zein El Abdin	Director
• Dr Mourad Abdel Salam Youssef	Director
• Essam Sayed Ahmed	Director
• Dr Ezz El Din El Aref Faranka	Director
• Dr Essam El Din Mohamed Hussain El Erian	Director
• Mahmoud Hassan Hamed	Director
• Mohamed Metwally Mahdy Mohamed	Director
• Sheikh Sultan Ben Mohamed Ben Saleh	Director
• Dr Abd El Hamid El Hadey	Director
• Waleed Attia	Accounting Manager

- | | |
|---------------------|--------------------|
| • Dr Naji Hassan | Commercial Manager |
| • Dr Abdo Abdul Aal | Factory Manager |
| • Mohamed Mahmood | Technical Manager |
| • Ayman Farooq | Sales Manager |
| • Dr Mohamed Raslan | Export Manager |
| • Dr Amira Fouad | Purchasing Manager |

LEGAL FORM & OWNERS

Date of Establishment : 1984

Legal Form : Egyptian Joint Stock Company

Commercial Reg. No. : 13363, Ismailia

Authorised Capital : £E 1,000,000,000

Issued Capital : £E 391,733,000

Paid up Capital : £E 391,733,000

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Arab Drugs & Medical Industries	44.04%
• Medical Professions Investment	11.75%
• Medical Union Pension Fund & Endowment Fund	11.00%
• Industrial Investment	10.04%
• Arab Libyen for Investment Foreign	10.01%
• Private Investors	6.35%
• Nomas Trade Establishment	5.24%
• Suez Port Authority	1.57%

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Notes to the legal Form A Joint Stock Company (SAE) can be both a public or private company the capital of which is divided into shares of equal value; the liability of the shareholder is confined to the value of the shares to which he subscribes, and he is not liable for the debts of the company except within the limit of those shares. A JSC may be 100% owned by foreign investors and there should be at least three shareholders. The minimum capital of JSC companies is EGP 250,000 or EGP 500,000 if it is a public company.

OPERATIONS

Activities: Engaged in the manufacture and preparation of pharmaceutical products for the cardio-vascular system, central autonomic nervous system, anaesthetics, metabolism, nutrition, alimentary system, urology, dermatology, gynaecology and obstetrics.

Subject acquired the ISO 9001 Certificate from the British Standards Institute (BSI) in 1996.

According to the Memorandum of the Understanding signed on November 4, 2014 Between MUP & Eli-Lilly under the patronage of the Minister of Health and population of Egypt. On December 21, 2014 MUP & Eli-Lilly –USA signed three agreements: First agreement "Factory Purchase agreement" concerning MUP acquiring of Eli-Lilly factory which produce human Insulin vials, located in 6th October City, Egypt. Production planned to be in the Egyptian market within weeks. Second agreement "Products' Registration Files Assignment Agreement" according to which Eli-Lilly waiving the registration files of 9 human insulin vials products to MUP. Third agreement "Supply agreement" is about the insulin Raw Materials supplying. Insulin Crystals will be supplied by Eli Lilly and company, USA. Eli-Lilly, SA will be MUP's sole supplier of Insulin Crystals for 10 years.

Import Countries: Spain, Switzerland, Italy, Germany, United Kingdom, India, China, Malaysia, Japan and France

International Suppliers:

- Almirall Prodesfarma SA Spain
- Mepha AG Switzerland
- Recordati SpA Italy
- Hermal GmbH Germany
- Smithkline Beecham United Kingdom
- Pierre Fabre SA France

Export Countries: Subject exports to over 20 countries, including Iran, Algeria, Sudan, United Arab Emirates, Saudi Arabia, Yemen, Libya, Iraq, Switzerland and other European nations

Operating Trend: Steady

Subject has a workforce of approximately 2,300 employees.

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FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Egyptian Pounds (EGP)

Year	Revenue
Year Ending 31/12/15:	EGP 1,214,600,000
Year Ending 31/12/16:	EGP 1,433,700,000
Year Ending 31/12/17:	EGP 1,600,000,000

Local sources consider subject's financial condition to be Good.

Note: According to Egyptian Commercial Law, only Joint Stock Companies SAE (Listed on the Stock Market) are required to publish their financial information. Financial information on other legal forms can only be obtained from the companies / businesses directly

BANKERS

- Bank of Alexandria
Main Branch
Cairo
Tel: (20-2) 24824056 / 24836073
Fax: (20-2) 24837468
- Commercial International Bank (CIB)
Nile Tower Building
21-23 Giza Street
PO Box: 2430
Cairo
Tel: (20-2) 35703043
Fax: (20-2) 35703172 / 35072691
- National Societe Generale Bank
86 Mokram Ebaid
PO Box 631
Nasr City
Cairo 11371
- Suez Canal Bank
PO Box: 2620
Cairo
Tel: (20-2) 25769296
Fax: (20-2) 25322064

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- Arab Bank
PO Box: 68
Cairo
Tel: (20-2) 33029069 / 33029070
Fax: (20-2) 33029068
- National Bank of Abu Dhabi
Nile Tower, 18th Floor
21, Giza Street
Cairo
Tel: (20-2) 33609724
- American Express Bank Ltd
PO Box: 1824
Cairo
Tel: (20-2) 33608228
Fax: (20-2) 33608227
- Industrial Development Bank of Egypt
Cairo

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

Date of transaction	September 2004	November 2005	July 2007
<u>Credit amount</u>	100,000	170,000	100,000
<u>Amount overdue</u>	0	0	0
<u>Payment terms</u>	60 days	60 days	60 days
<u>Payment Method</u>	Letters of Credit	Letters of Credit	Letters of Credit
<u>Paying record</u>	No Complaints	No Complaints	No Complaints
<u>Currency</u>	US Dollars	Pounds Sterling	US Dollars

GENERAL COMMENTS

During the course of this investigation the following sources were consulted:

- Internal database
- Journals, directories, media & web searches
- Local Registry office
- Interview with Mr Waleed Attia, Accounting Manager

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The subject and its shareholders/owners have been searched in the following databases; Office of Foreign Assets Control (OFAC), United Nations Security Council Sanctions, Australian Sanctions List, US Consolidated Sanctions List, EU Financial Sanctions List and UK Financial Sanctions List and nothing adverse could be found on the exact names listed within the report.

During the course of this investigation nothing detrimental was uncovered regarding subject's operating history or the manner in which payments are fulfilled. As such the company is considered to be a fair trade risk.

COUNTRY OUTLOOK

Economic growth doubled (to 4.2 %) in FY15, after four years of slow growth. Yet challenges remain, and were aggravated by the recent foreign exchange crunch. Growth in FY15 (July 2014/June 2015) was attributed to the restoration of stability and improved confidence, resilient private consumption, and the government's public investments that started to crowd in private investments. The first quarter of FY16 witnessed subdued growth (of 3 %, from 5.6 % a year earlier), mainly due to foreign exchange shortages that stifled production. The inadequacy of foreign exchange along with an overvalued Pound hampered Egypt's competitiveness; lowering the volume of exports by 26 % in Q1-FY16. Unemployment inched downwards (to 12.8 % in the H1-FY15 versus 13.3 % a year earlier), albeit partially reflecting dropouts from the labour force. The labour force participation rate dropped to 46 % of the adult population (those above 15 years old) versus 50 % at end-2010. Headline inflation eased slowly in early-2016, reaching 9 % in February 2016, from an average of 11 % in the previous three months. The Central Bank of Egypt (CBE) has recently started tightening monetary policy to curb inflation, especially in light of the recent exchange rate depreciation.

The CBE allowed the official exchange rate to weaken in mid-March as pressures on external accounts intensified. Net international reserves (NIR) dropped in FY16, due to large debt repayments, the unfavourable external environment, the recent crash of the Russian airplane over Sinai, as well as the CBE's ongoing injection of foreign exchange to meet import needs and to clear forex backlogs. Thus, NIR declined to just below \$16.5 billion in October 2015, and has stabilized at this level through end-February 2016. The CBE left the official exchange rate to weaken by 14.3 % on March 14, 2016, after the parallel market premium had surged to 18 % above the official rate. The CBE held a later auction at a slightly stronger exchange rate, but still signalled a move towards more flexibility.

The fiscal stance improved in FY15 due to key consolidation measures, but the reform momentum has faded in FY16. The budget deficit reached 11.5 % of GDP in FY15 (compared to 12.2 % of GDP in FY14, and 13 % of GDP in FY13), thanks to the partial streamlining of energy subsidies, revenue-enhancement measures, and the drop in international oil prices. This was achieved whilst the government raised allocations to health, education, and infrastructure, in line with the constitutional mandate. Yet, the reform pace has slowed down in FY16, as the energy subsidy reform program was only partially implemented, and the ratification of the VAT and the mining laws have been delayed.

The outlook is for GDP growth to slow down to 3.3 % in FY16, before rebounding thereafter. A combination of unfavourable domestic and external factors is undermining growth in FY16. Important sectors have been underperforming, notably, the extractives which continue to suffer from liquidity issues (accumulated arrears were recorded at \$3 billion in end-2015); and tourism, affected by the Russian plane crash last October. Externally, the sluggish recovery of the Euro zone is expected to weigh on Egypt's growth, while the lower oil prices and slowdown in Gulf countries might negatively impact Egyptians' remittances; hence private consumption. The deficit is expected to decline to 11.3 % of GDP in FY16, and decline further in the medium term, with continued

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fiscal consolidation effort. Egypt's external accounts are likely to worsen in FY16 before recovering afterwards, provided that monetary authorities continue to ease restrictions on foreign exchange and re-align the exchange rate.

Key Economic Indicators	2014	2015	2016*	2017*
Real GDP Growth (%)	2.2	4.2	3.3	4.2
Inflation Rate (%)	10.1	10.9	9.8	9.5
Fiscal Balance (% of GDP)	-12.2	-11.5	-11.3	-9.8
Current Account Balance (% of GDP)	-0.9	-3.7	-4.6	-4.6

* forecast

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.95
UK Pound	1	INR 88.19
Euro	1	INR 78.99
UAE DH	1	INR 3.91

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	KET

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)