

MIRA INFORM REPORT

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| Report No. : | 538250 |
| Report Date : | 03.11.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|--|
| Name : | GLOBAL NAPI PHARMACEUTICALS SAE (GNP) |
| Registered Office : | 2 nd Industrial Zone, Street No. 18, Plot No. 40 Sixth of October City |
| Country : | Egypt |
| Financials (as on) : | 31.12.2017 |
| Date of Incorporation : | 1994 |
| Com. Reg. No.: | 2048 |
| Legal Form : | Egyptian Joint Stock Company |
| Line of Business : | Subject is Engaged in the manufacture of pharmaceuticals specialising in therapeutic classes such as cardio – vascular, anti inflammatory, respiratory tract, anti infective gastro intestinal, and dermatological preparations, as well as food supplements and natural products. |
| No. of Employees : | 430 |

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 | Acceptable Risk | Business dealings permissible with moderate risk of default |

| | |
|----------------------------|---------|
| Status : | Good |
| Payment Behaviour : | Regular |
| 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 | : GLOBAL NAPI PHARMACEUTICALS SAE (GNP) |
| Country of Origin | : Egypt |
| Legal Form | : Egyptian Joint Stock Company |
| Registration Date | : 1994 |
| Commercial Registration Number | : 2048 |
| Issued Capital | : £E 100,000,000 |
| Paid up Capital | : £E 100,000,000 |
| Total Workforce | : 430 |
| Activities | : Manufacture of pharmaceuticals |
| Financial Condition | : Good |
| Payments | : Regular |
| Operating Trend | : Steady |
| Person Interviewed | : Medhat Sadek, Finance Manager |

COMPANY NAME

GLOBAL NAPI PHARMACEUTICALS SAE (GNP)

ADDRESS

Registered & Physical Address

Location : 2nd Industrial Zone, Street No. 18, Plot No. 40
Town : Sixth of October City
Country : Egypt
Telephone : (20-2) 38333350 / 38333354 / 38333352 / 38333353 / 38202152 / 38164731 / 38202156
Facsimile : (20-2) 38333351
Mobile : (20-12) 2125392 / 3256693 / (20-122) 3461858
Email : mail@globalnapi.com / msadek@globalnapic.com

Premises

Subject operates from a suite of offices and a factory covering an area of 20,000 square metres that are owned and located in the Industrial Area of the Sixth of October City.

Branch Office (s)

| <u>Location</u> | <u>Description</u> |
|---|------------------------|
| 297 Ramsis Street, 2 nd Floor Cairo Tel: (20-2) 26748275 / 26748276 / 26748277 / 26748278 Fax: (20-2) 26748279 | Rented office premises |
| 207 Ramsis Street, 2 nd Floor Daher Cairo Tel: (20-2) 25888001 / 25888002 / 25888003 / 25888004 Fax: (20-2) 25888003 | Rented office premises |

KEY PRINCIPALS

| <u>Name</u> | <u>Position</u> |
|---------------------------------|-----------------|
| Peter Makram Sayed Mehany Fahmy | Chairman |

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| | |
|---------------------------------|------------------------------|
| Shawky Ghattas | Director |
| Maurice Ghattas | Director |
| William Sayed Mehana | Director |
| Dr Mohamed Hussein Abd El Wahab | Director |
| Dr Gamal El Leithy | Director |
| Dr Mahmoud Ghorab | Director |
| Ibrahim Maurice Ghattas | Director |
| Maher Naguib | Director |
| Emad Wasfy | Supply Chain Manager |
| Dr Huda Williams | Factory Manager |
| Mona Barsoum | Human Resources Manager |
| Sameh Samy | Sales Manager |
| Medhat Sadek | Finance Manager |
| Faisal Fouad | Business Development Manager |
| Sameh Samy | Office Manager |

LEGAL FORM & OWNERS

Date of Establishment : 1994

Legal Form : Egyptian Joint Stock Company

Commercial Reg. No. : 2048

Issued Capital : £E 100,000,000

Paid up Capital : £E 100,000,000

| Name of Shareholder (s) | Percentage |
|----------------------------------|------------|
| Peter Makram Sayed Mehany Fahmy | 33% |
| Monica Makram Sayed Mehany Fahmy | 33% |

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Dr Iyda Mehany

33%

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.

AFFILIATED COMPANIES

Ramco Co

207 Ramses Street
Cairo 11271
Tel: (20-2) 26746424-5
Fax: (20-2) 26746426

Makram Mehane Pharmaceuticals (MMP)

207 Ramses Street
Cairo 11271
Tel: (20-2) 26746424-5
Fax: (20-2) 26746426

Monica Makram Mehane (3MP)

207 Ramses Street
Cairo 11271
Tel: (20-2) 26746424-5
Fax: (20-2) 26746426

OPERATIONS

Activities: Engaged in the manufacture of pharmaceuticals specialising in therapeutic classes such as cardio – vascular, anti inflammatory, respiratory tract, anti infective gastro intestinal, and dermatological preparations, as well as food supplements and natural products.

Subject produces pharmaceuticals under license from the following companies: Merck & Co, White Hall, Roche, Aventis, Sanofi Synthelabo, Elerte, Sisu, Rogier, Refarmed, MIAT, Valpharma, Nova Pharma, Prodes, Lek, Help, Unipharma and Serolam, Lemery, Pierre Faber, Pan Laboratories, PH&T, Covex.

Subject is ISO 9001 and ISO 14001 accredited.

Import Countries: France, Netherlands, Spain, Sweden, Italy and India

Export Countries: Yemen, Sudan, Kenya, Uganda, Tanzania and Iraq

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Operating Trend: Steady

Subject has a workforce of approximately 430 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Egyptian Pounds (EGP)

| Year | Sales |
|-----------------------|-----------------|
| Year Ending 31/12/14: | EGP 682,000,000 |
| Year Ending 31/12/15: | EGP 700,000,000 |
| Year Ending 31/12/16: | EGP 870,000,000 |
| Year Ending 31/12/17: | EGP 915,000,000 |

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

National Societe Generale Bank SAE
Evergreen Building
10 Talaat Harb Street
Cairo
Tel: (20-2) 25749376
Fax: (20-2) 25776249 / 25782838

American Express Bank (Amex)
PO Box: 1824
Cairo
Tel: (20-2) 33608228
Fax: (20-2) 33608227

Arab African International Bank
Main Branch

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Sixth of October City
A/C No. 508254

Misr International Bank (MIBANK)
14 Alfy Street
PO Box: 631
Cairo
Tel: (20-2) 25931002
Fax: (20-2) 25912306

QNB Al Ahli Bank SAE
5 Champillion Street
Cairo
Tel: (20-2) 27707000

Export Development Bank of Egypt (EDBE)
108 Mohi El Din Abu El Ezz Street
Mohandessin
Cairo 11111
Tel: (20-2) 33619005 / 33385877
Fax: (20-2) 33385940 / 33385938

Misr America International Bank
12 Nadi El Seid Street
Dokki
Cairo
Tel: (20-2) 33616613

PAYMENT HISTORY

Regular

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 Medhat Sadek, Finance Manager

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

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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.

Local sources report that the subject's operating history is clear with payment obligations met in a generally timely manner. The financial position is satisfactory and the company is deemed 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 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 72.87 |
| UK Pound | 1 | INR 94.75 |
| Euro | 1 | INR 83.23 |
| EGP | 1 | INR 4.07 |

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

INFORMATION DETAILS

| | |
|----------------------|-----|
| Analysis Done by : | NIS |
| Report Prepared by : | POJ |

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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)