



# INTRAVENOUS INFUSIONS LIMITED

(Initial Public Offering on the GAX)

Launch: October 14, 2015



**INTRAVENOUS INFUSIONS LTD**  
Manufacturers of Pharmaceutical Products

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# Outline

- Pharmaceutical industry in Ghana
- Market for IV Fluids in Ghana
- Healthcare value chain
- Investment case for Intravenous Infusions
- Overview of the Initial Public Offering



# Pharmaceutical Industry in Ghana

## Profile & Outlook

- 38 registered manufacturing firms; 2 producers of IV fluids (IIL is the largest producer)
- 30% of pharmaceutical products produced locally with 70% imported
- Local manufacturers operating at 55% below installed capacity due to resource constraints
- High barriers to entry due to stringent regulatory requirements and high initial investment outlay

*Source:* Pharmaceutical Manufacturers Association of Ghana



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# Pharmaceutical Industry in Ghana

## Market opportunities

- Market size of about US\$800 million (2012); expected to grow by 12.4% CAGR (2012-2017). *Source: IMS Health*
- Regulatory reforms and tax policies favour import substitution
- Expansion of health facilities [UGTH, Ridge Hospital (Accra), Tamale Teaching Hospital, Military Hospital (Kumasi)] to support local manufacturing companies
- Strong growth in NHIS and private health insurance schemes. NHIS recorded 10.3 million active members in 2014, covering only 38% of the population. The government is aiming to achieve full coverage

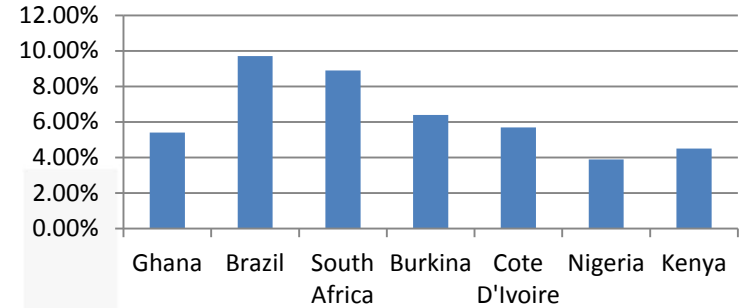


# Pharmaceutical Industry in Ghana

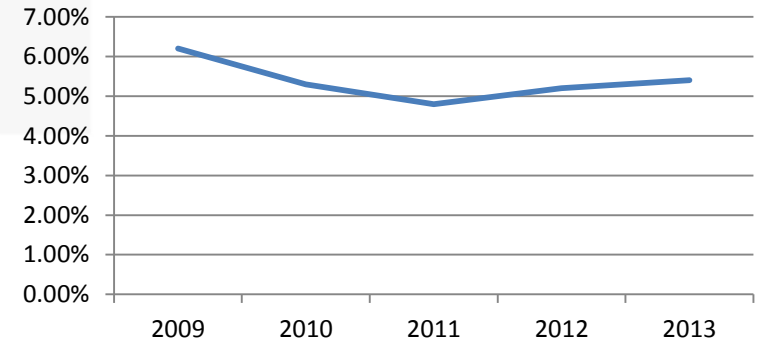
## Enabling growth factors

- Population growth approx. 2.5% per year in Ghana
- Low but increasing expenditure on health care as % of GDP
- NHIS making regular orthodox healthcare systems more accessible
- Prevalence of tropical diseases in Ghana and other parts of the SSA region

Health Expenditure as % GDP in 2013



Ghana: Trend in Health Expenditure as % GDP



# Market for IV Fluids in Ghana

## Market for Intravenous Fluids

- About 6.7 million bags of IV fluids used in Ghana in 2014, estimated at GHS 15m; expecting production of units to grow by ~50% by the end of 2020 (10% CAGR)
- Supply of IV fluids controlled by 2 major local manufacturers and some importers
- IIL controls about 50-60% of the domestic IV fluids market on average

## Demand Drivers for IV Fluids

- High birth rate – estimated 800,000 births per year (2014)
- Prevalence of tropical diseases, such Malaria, Typhoid Fever, Cholera
- Accident, burns and food poisoning other emergencies
- Focus on a 'Zero Maternal Mortality Policy'



# Potential Market for IV Fluids in West Africa



Ghana's population  
**27.1 m**

ECOWAS population  
(ex. Nigeria)  
**200 m**

ECOWAS population  
(incl. Nigeria)  
**377 m**



Depicts countries in which IIL is already present.

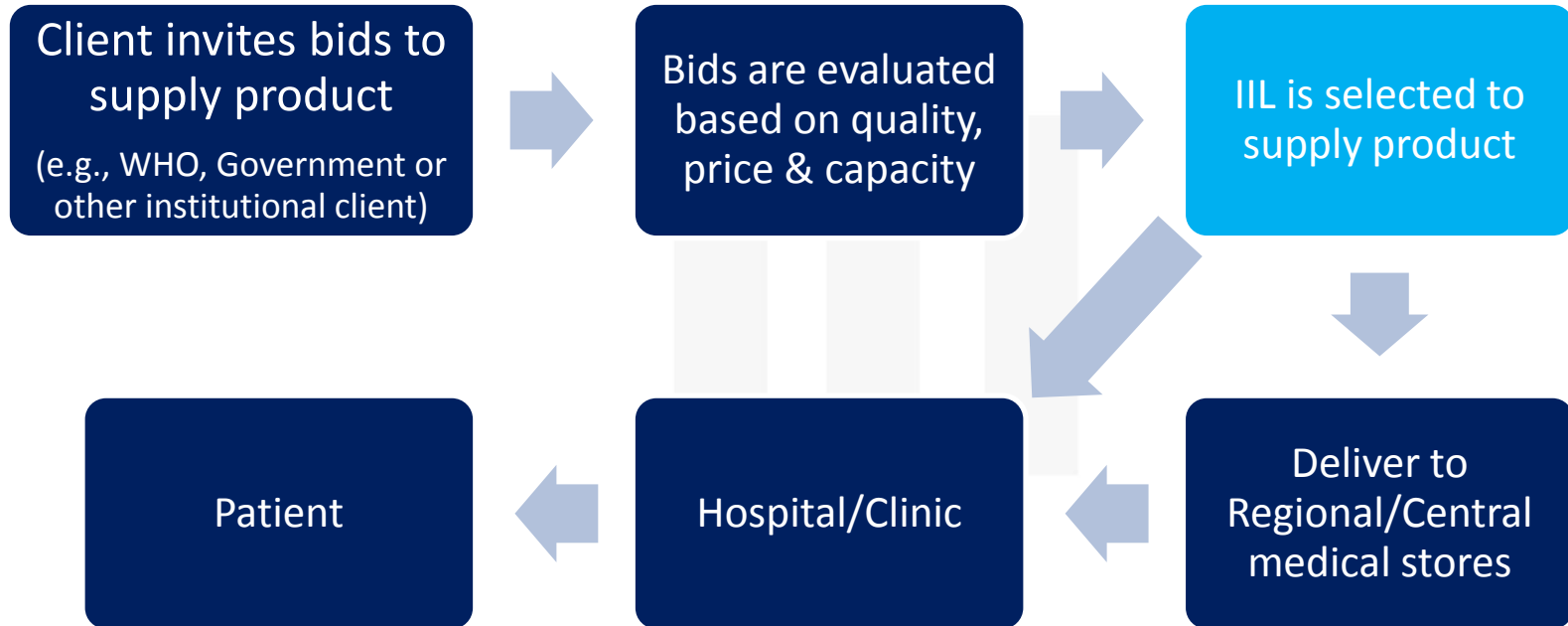


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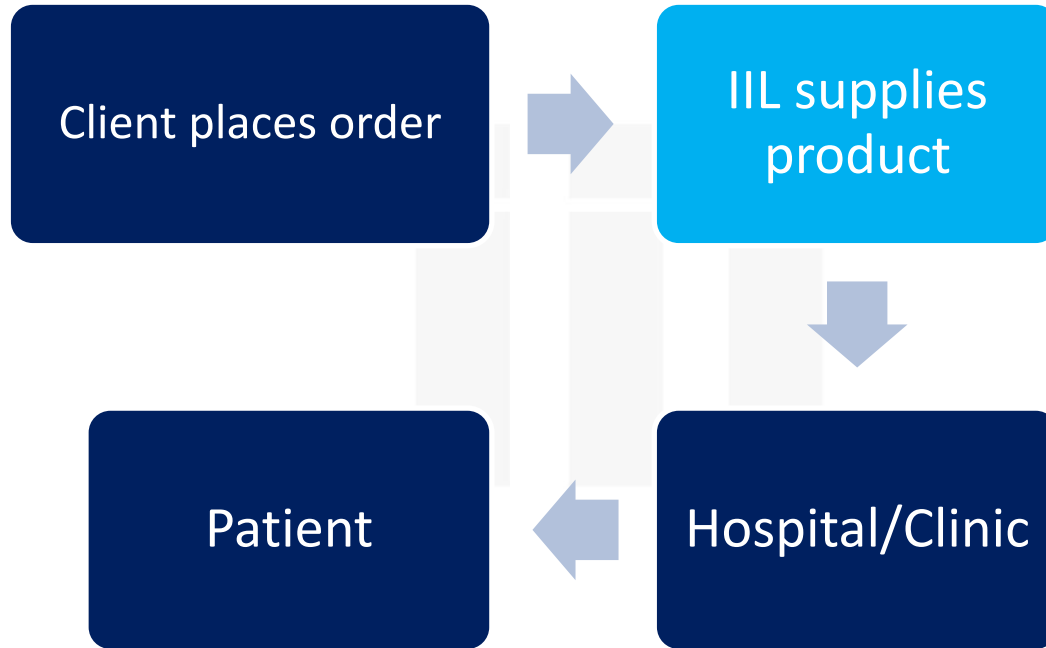
# Healthcare value chain

## Tender process



# Healthcare value chain

## Direct order



# Why Intravenous Infusions Ltd (IIL)

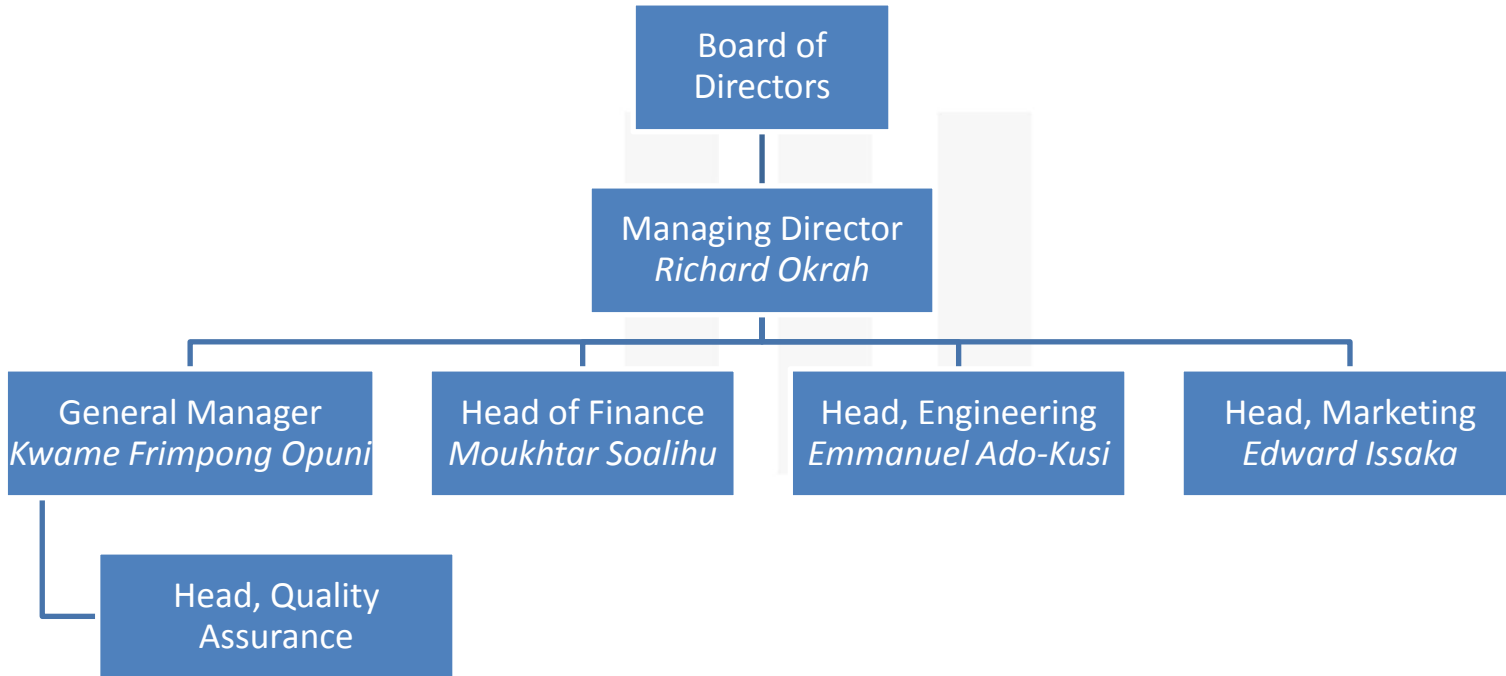
## Profile

- The oldest and most reliable indigenous IV fluids producer in Ghana and West Africa
- Incorporated in 1969; began operations in 1974 as the first Intravenous Fluids manufacturing company in Ghana
- 1 manufacturing site in the eastern region and 4 offices/depot in Accra, Takoradi, Kumasi and Tamale
- Total support staff of 120 (111 permanent and 9 contract)
- Senior management team has over 50 years' combined industry experience



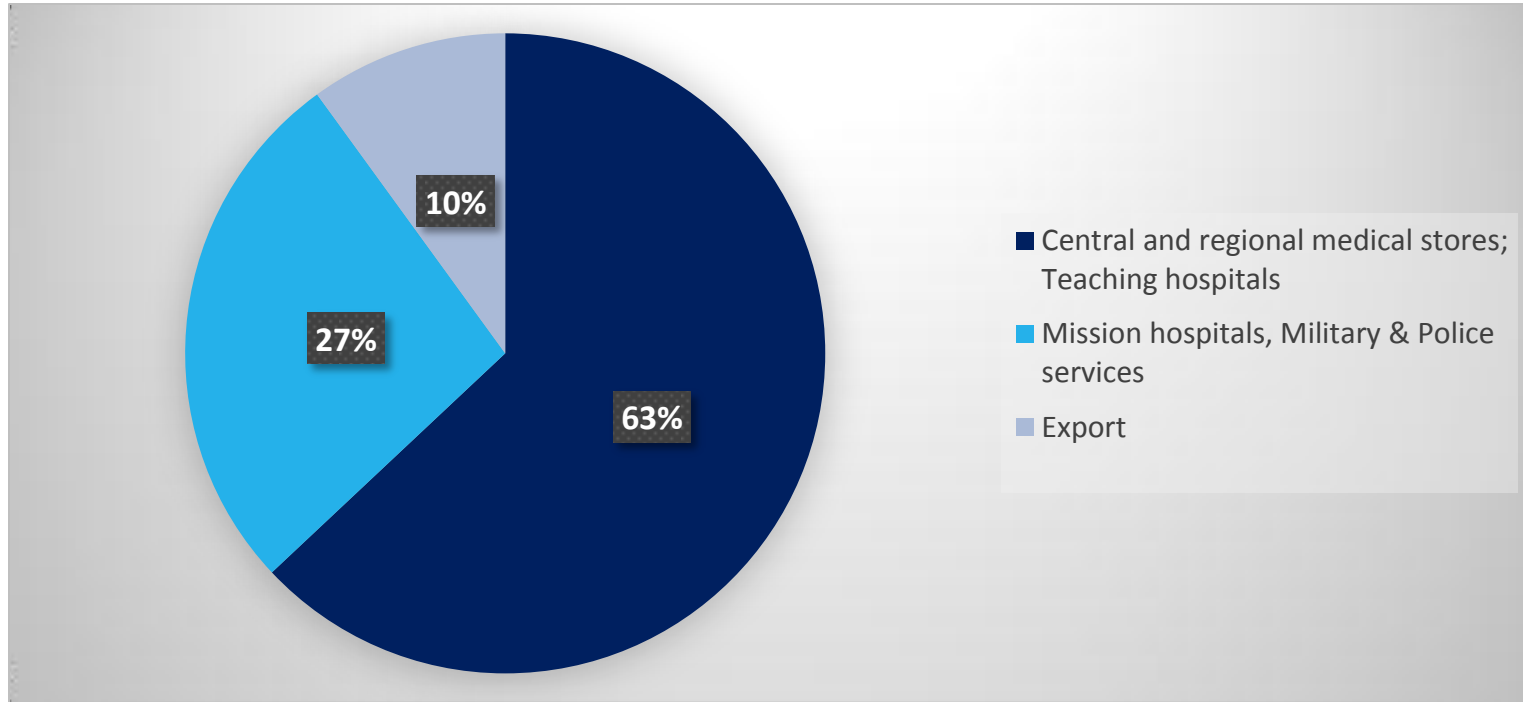
# Why Intravenous Infusions Ltd (IIL)

## Executive Management Team



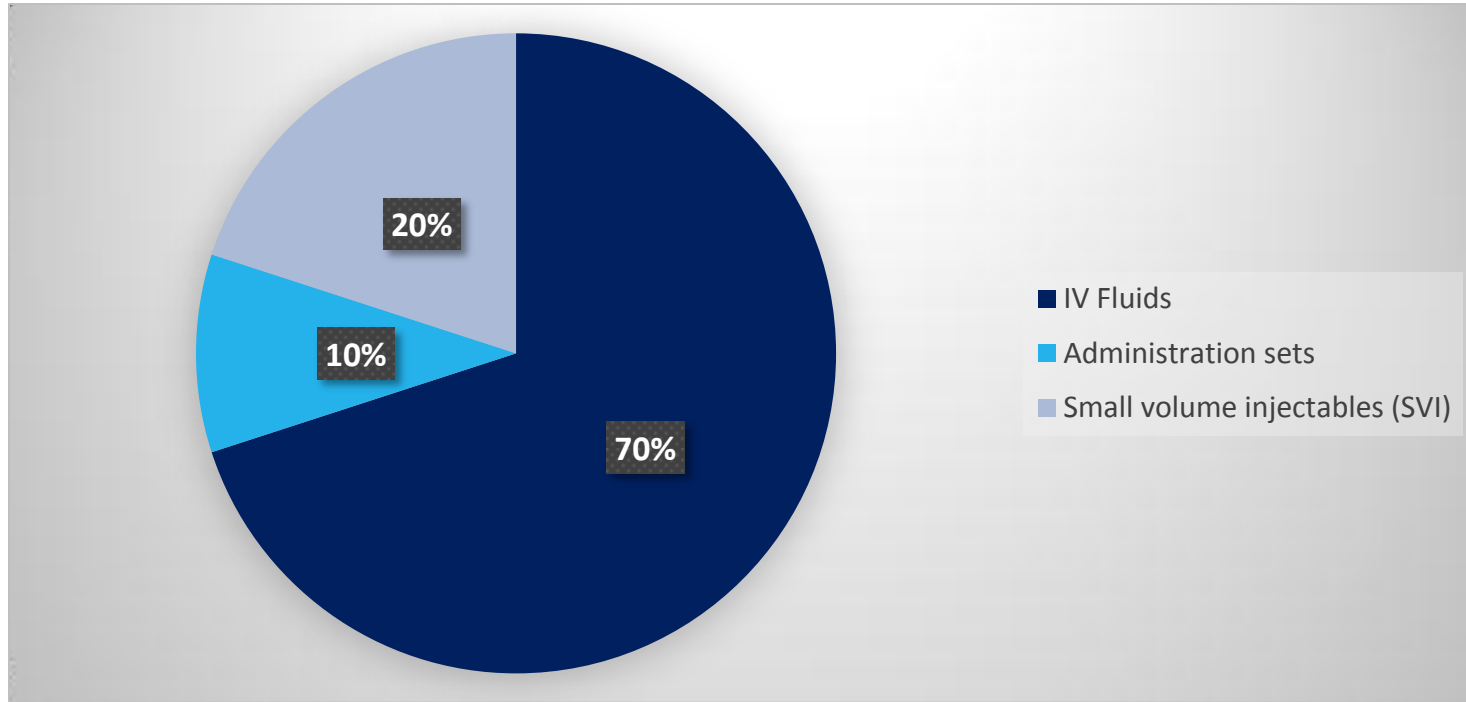
# Why Intravenous Infusions Ltd (IIL)

## Revenue distribution from key clients



# Why Intravenous Infusions Ltd (IIL)

Revenue distribution from key products



# Why Intravenous Infusions Ltd (IIL)

## Market position

- Track record as **oldest, most reliable indigenous manufacturer of IV fluids** in Ghana
- Entrenched leadership position with ‘first mover effect’ in IV fluids with about 60% share of the market
- 10% of export sales to Cote D’Ivoire, Burkina Faso and Togo
- Currently repositioning itself to exploit opportunities and capture growth in the IV fluids market in Ghana and neighboring countries
- Maintains a monopolistic position over the production of Pethidine in Ghana



# Why Intravenous Infusions Ltd (IIL)

## SWOT

### Strengths

- Strong market position and brand equity
- Competitive pricing advantage
- Experienced management team
- Presence in the ECOWAS sub-region
- High quality products
- Operates in a niche market
- Lower corporate rate because of location in Ghana

### Opportunities

- Low and rising health sector expenditure and expansion of infrastructure
- Growing and attractive industry
- Growth in health insurance schemes is positive for demand
- Untapped export market in West Africa for IV fluids products
- Major competitor expected to cede market share in the local market after becoming a freezone company





# Why Intravenous Infusions Ltd (IIL)

## SWOT

### Weaknesses

- Highly concentrated customer base with government and few institutional clients accounting for over 90% of total sales
- Inadequate working capital coupled with long working capital cycle

### Threats

- Threat of new entrants
- Foreign exchange exposure as key raw materials sourced overseas
- Increased competition from Sanbao scaling up production given its financial strength



# Why Intravenous Infusions Ltd (IIL)

## Strategy for future growth

### ***Objective:***

*Consolidate market leadership position in Ghana and increase our footprint in the ECOWAS region.*



# Why Intravenous Infusions Ltd (IIL)

## Strategy for future growth

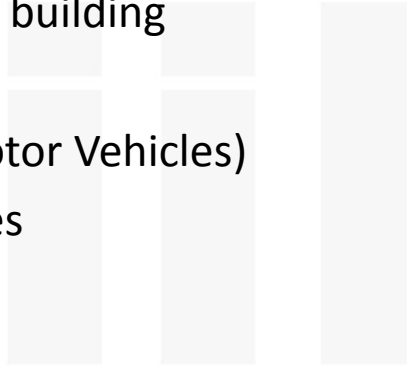
- Complete installation of new production plant to increase capacity from the current 4.5 million to 15 million bags of IV fluids per year using a double-shift system (installation is currently 90% complete)
- Fully exploit untapped market opportunity in ECOWAS by growing export revenue from 10% to 45%
- Improve balance sheet leverage and working capital
- Investment in OTC market to support working capital



# Why Intravenous Infusions Ltd (IIL)

## CAPEX requirements

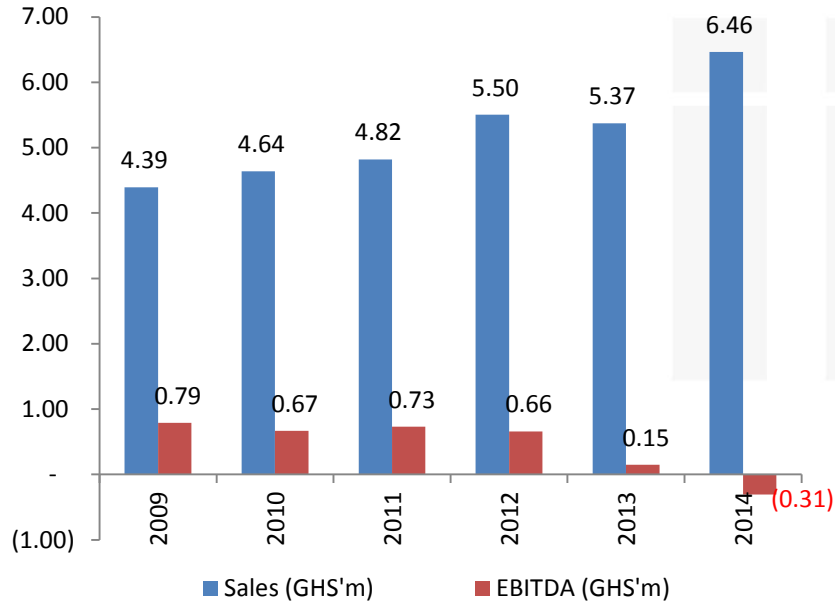
- Immediate CAPEX investments focused on completing capacity expansion:
  - Refurbishment of factory building
  - Plant and machinery
  - Distribution capacity (Motor Vehicles)
  - Computer and accessories



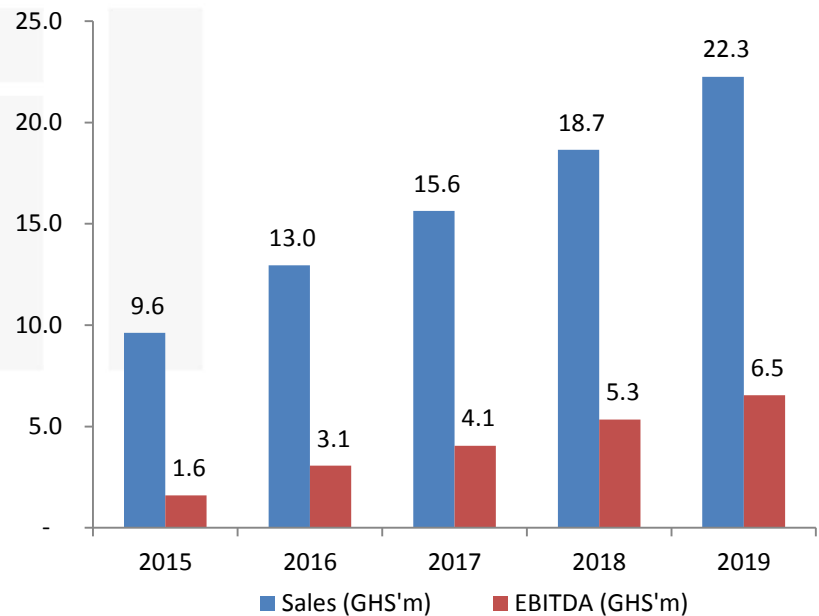
# Why Intravenous Infusions Ltd (IIL)

## Financial highlights

### Historical Highlights



### Financial Forecast



# Intravenous Infusions Ltd (IIL)

## Initial Public Offering

- **The Transaction:**
  - Listing of 132.32 million shares by introduction
  - Issuing of 153.31m shares @ Gp8 to raise GHS12.3 million (~54% of IIL)
- **Use of Funds:**
  - CAPEX (28%), and
  - Working Capital (72%)
- **Post Offer Capitalisation:** GHS22.85 million
- **Listing:** Ghana Alternative Market



# Intravenous Infusions Ltd (IIL)

## Offer Timetable

Activity	Date	Time
Commencement of Offer	14.10.2015	9:00 am
End of Offer	25.11.2015	5:00 pm
Listing of all IIL Shares on GAX	09.12.2015	10:00 am



# Contact details

## **Databank Brokerage Limited**

61 Barnes Road, Adabraka

Accra, Ghana

Tel: +233 (0) 302 610 610

Email: [equities@databankgroup.com](mailto:equities@databankgroup.com)

Armah I. J. Akotey

+233 (24) 4541626

Wilson Kyeremeh

+233 (24) 4113428

## **CAL Brokers (Gh) Limited**

6th Floor, WTC Building

Ambassadorial Enclave, Ridge Accra

Tel: +233 (0) 302 680 051/ 680 061-9

Email: [info@calbrokersghana.com](mailto:info@calbrokersghana.com)

Victor Avevor

+233 (26) 7516007

Nana A Opoku-Agyemang

+233 (26) 7516011





# Thank You

Intravenous Infusions Limited  
Plot 4/7 Blk L, Effiduase-Koforidua  
Tel: +233-342-20204/20141/20440  
Fax: +233-342-20125  
[www.intravenousinfusionsltd.com](http://www.intravenousinfusionsltd.com)  
[info@intravenousinfusionsltd.com](mailto:info@intravenousinfusionsltd.com)



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