

Joint Stock Company “Borisovskiy zavod medicinskikh preparatov”

Information for potential investors

Investment proposal

I. General information about the project

- 1. Project name:** Setting up a new production of solid medicinal dosage forms
- 2. Project branch:** pharmaceutical industry
- 3. Project realization location:** 64-a Chapayeva street, Borisov, Minsk Region, Republic Belarus
- 4. Project description:** A new seven-storey manufacturing workshop for GMP-compliant production of finished solid dosage forms with an annual production capacity of 1.336 million tablets is planned for construction in accordance with the design and estimate documentation. The new production facility will help master the production of new highly marketable medicinal products and increase the production output, leading to a broader range of import-substituting drugs for the domestic and foreign markets.
- 5. Project preparation stage:** the business plan (was approved by the General Director of JSC “BZMP” on 18.01.2022), design and estimate documentation has been prepared and the project has been examined and endorsed by the team of state experts. Currently, the implementation of the investment project "Creation of a new production of medicinal solid dosage forms" (1st stage) - engineering preparation of the construction site is underway. In 2022 it is planned to carry out construction and installation works and put the 1st stage into operation.

II. Information about the project initiator

- 1. Full company name:** Joint Stock Company “Borisovskiy zavod medicinskikh preparatov”
- 2. Registration date:** 30.01.2009
- 3. Authorized fund structure, %:**

Legal entities:	Share
- owned by the state (government)	99.989
- privately owned	0.0021
Individuals	0.0089

III. Sales markets for the products intended for manufacture

A. Description of the products intended for manufacture:

- 1. Product name and description:** the main HS (customs tariff) code of the nomenclature intended for production under the project (3004900009 – Medicinal products).
The above medicinal products (MP) belong to the most marketable pharmaceutical groups:
 - MP for treatment of cardiovascular diseases (Bisoprolol, Amiodarone, Simvastatin, Amlinone, Detraven, Detraven 1000);
 - MP for treatment of type 2 diabetes (Metformin, Metformin Long);
 - Non-steroidal anti-inflammatory medicinal products, antispasmodics (Ibuprofen, Ibuprofen MAX, Spasmaton, Spasmaton Neo, Meloxicam);
 - MP for treatment of gastrointestinal disorders (Metoclopramide, Bisacodyl);
 - Vitamins (Ascorbic acid with glucose, Folic acid).
- 2. Main consumers:** the manufactured products are distributed through the state owned pharmacy network of RUP "Farmatsia", private networks as well as healthcare and preventive treatment centers.
- 3. Main competitors in the domestic market:**
 - KRKA (Slovenia);

- Berlin-Chemie (Germany);
- Gedeon Richter (Hungary);
- Sandoz (Austria);

The above companies (like “BZMP” JSC) are generic-product-manufacturing companies and have overlapping nomenclature.

B. Domestic market description

1. Current market capacity (for 2021):
79.5 thousand pcs. worth 67.1 million USD
2. Planned domestic market share: 24%, 47% by value
3. strategy for conquering of the domestic market:
 - ☒ lower prices
 - ☒ higher quality
 - ☒ state support (protection from imported product competition, guaranteed purchases by the state and other support)
4. State regulation (price regulation, licensing of the activity, etc.): licensing of the activity, price regulation by fixing maximum sales price limits for medications, specified in the special price list approved by the Council of Ministers of the Republic of Belarus.
5. Profitability of sales (%): 11.8 (after the project reaches its planned production capacity)
6. Other issues

C. Description of foreign markets

1. Estimated sales volume distribution by core regions, %:

EAEU countries (Eurasian economic union)	incl. market of the Republic of Belarus	EU countries	Other countries
47	47	0	6

2. Does the company have experience in exporting to these countries: Yes
3. Do other Belarusian producers export these products to the main target markets?
Yes

IV. Description of the available infrastructure

Railways and motorways:

- ☒ Belarusian Railway line (distance from the site, km): 3.7
- ☒ state-owned national motorways (distance, km): 7.9
- ☒ other roads with improved surface coating (distance, km): 0.7

Communications:

- ☒ electricity network (voltage: 400Volts, 50Hz, distance, km: 0.1)
- ☒ water pipeline
- ☒ gas pipeline

Land plot and manufacturing facilities:

- ☒ available land plot of 0.5 hectares for construction of the workshop to manufacture solid dosage forms.

V. Key advantages of the project and their justification

- 1) Developed brand
- 2) Highly qualified staff
- 3) Raw materials & components supply network
- 4) Distribution network

VI. Project financing

A. Total investment amount: 49 707 USD

B. Investment sources/Sources of funding:

Source		Amount
<input checked="" type="checkbox"/>	Own resources	29 707
<input checked="" type="checkbox"/>	Investor's resources	20 000
Total:		49 707

The form of ownership, participation and contributions are negotiable and based on mutual interests of the parties.

C. Investment resources allocation:

- ☒ research and development
- ☒ construction
- ☒ purchase of equipment, technologies, licenses
- ☒ preparation of production

D. Form of investor participation in the project:

Due to the importance of the project and insufficient own financing, the company is looking for an investor to implement the project. "BZMP" JSC welcomes the following form of investments:

- financial investments in capital costs;
 - investments in the form of new technologies and developments;
 - investments in the form of a new (not specified in the calculation) range of medicinal products.
- The form of cooperation will be determined during negotiations with the potential investor.

E. Estimated project cost-benefit evaluation

Parameter	Value
Annual revenue (excluding VAT, after reaching the project capacity), USD	145 401
Period for reaching the project capacity, years	2029
Simple pay-back period, years	9.5 years
Dynamic pay-back period, years	14.0 years
NPV**, thousand USD	2 677
IRR**, %	5.0
Discount rate***, %	4.4

VII. Contact information

Contact person (name, position)*: Deputy chief engineer for prospective development and equipment modernization Y.V. Kovel

Office phone: (+375 177) 76 64 23

E-mail: kovel-y@borimed.com **Website:**

Project contact person (full name, designation)*:

I. E. Voronova, leading engineer for investments and innovations

Phone: +375 (177) 73 54 15

E-mail: vie@borimed.com, **Web-site:**

Date of the investment proposal preparation: 17.05.2022