

JS GLOBAL IS PLEASED TO PRESENT THE OFFER FOR SALE OF AGP LIMITED

Transaction Overview

OBS Pakistan (Private) Limited and Muller & Phipps Pakistan (Private) Limited (the “Offerors”), major shareholders of AGP Limited (“AGPL”) intend to offer 20,000,000 shares and 15,000,000 shares respectively to the public from their total shareholding in the company. The Transaction represents 12.50% (35,000,000 shares) of the total Paid-up Capital of AGPL. The Floor price has been set at PKR 80 per share. The Offerors have mandated JS Global Capital Limited as the Consultant to the Issue. BMA Capital Management Limited will be the Book Runner for this Transaction.

- Book Building Portion – 35,000,000* Shares at a Floor Price of PKR 80.00/share
- General Public Portion - 8,750,000 Shares at the Strike Price determined via the Book Building

**The Bidders shall be allowed to place Bids for hundred percent (100%) of the Offer size and the Strike Price shall be the price at which the hundred percent (100%) of the Offer is subscribed. However, 75% would initially be allotted while the remaining shares would be allotted in case the public offer is undersubscribed.*

The Company

The Company consists to two plants that were previously two companies i.e. AGP (Pvt.) Limited and AGP Healthcare (Pvt.) Limited. These companies were acquired by a consortium led by OBS Pakistan (Pvt.) Limited through a Special Purpose Vehicle (“SPV”). Post-acquisition, the two companies were merged into the SPV with the surviving company being named AGP Limited.

AGPL is a pharmaceutical manufacturing and marketing company based in Karachi, Pakistan. It has grown steadily through manufacturing and marketing products under licensing arrangements with many companies of international repute and simultaneously through manufacturing and marketing its own brands.

The Company is one of the largest pharmaceutical companies in Pakistan, providing a broad range of pharmaceutical products. AGPL specializes in manufacturing, marketing and sales of pharmaceutical & healthcare products licensed from reputable European and American multinational pharmaceutical companies in the domestic and export market. The delivery of AGPL’s products, across the country, is managed by Muller & Phipps Pakistan (Private) Limited, with one of the largest and state of art distribution setups in Pakistan.

AGPL has a strong foothold across the country through a comprehensive access to 32,400 pharmacies in Pakistan through Muller & Phipps Pakistan (Private) Limited. M&P is the largest Pharmaceutical distributor in Pakistan with information systems, warehousing and network outreach, that is next to none.

Product Portfolio

The company offers a broad range of 54 drugs including some well-known names such as Rigix, Ceclor, Osnate, Anafortan, Keflex etc, some of which are leading drugs in their therapeutic class. It launched 5 new products in 2016 and 8 products in 2017. A robust allopathic and nutraceutical product pipeline is aggressively pursued in order to ensure sustained revenue growth. AGPL has a long history of strategic alliances with international pharmaceuticals like OM (Vifor) Pharma, UCB, Osmopharm, GSK, Dr. Kade, Eli Lilly etc. to manufacture and promote their products.

The top ten product ranges contributed 68% of total revenue in CY17. MyHep, a licensed generic of Sovaldi, was launched in March 2016 and has already contributes in excess of PKR 250mn in the topline of the Company. Each of AGPL's top three brands (Ceclor, Rigix and Osnate) has the potential to become a billion-rupee brand within the next few years.

Sponsors Overview

OBS Group is Pakistan's 8th largest pharmaceutical group having a turnover in excess of PKR 10 billion with a strong presence in Sri Lanka and Afghanistan.

The group commenced operations in 1963 and became a name associated with quality medicine throughout Pakistan in 2006 after entering into a strategic alliance with Organon (part of Akzo Nobel). Since then, OBS has fostered strategic alliances with many reputable international firms including Organon, Merck & Co Inc, USA, Schering Plough, Mylan USA, Vifor and Santen Pharma Japan.

Reasons to Invest in AGP Limited

- OBS Group has become the **8th largest pharmaceutical group** in Pakistan, from 9th largest a quarter back
- Actual earnings of the company have **positively crossed previous expectations**, posting actual EPS of PKR 4.41 vis-à-vis EPS PKR 4.31 expected for CY17
- Sponsors themselves have bought out a shareholder recently at PKR 85/share, depicting **immense confidence** in the company valuations and growth potential
- **Breast-Cancer drug** of Mylan which has potential to become **Star Product** has been registered with pricing approved, which was in process earlier
- Drug Regulatory Authority of Pakistan (DRAP) has **approved increase in drug prices** in line with CPI inflation, which would further improve company's profitability
- Top Brands (Ceclor, Rigix, Osnate) are forecast to contribute **PKR 1.0 bn each to Revenue** in the next 3 years
- Exclusive Partnership with Mylan – **World's 2nd largest generic drug manufacturer**
- **First Pharmaceutical** sector IPO in Pakistan **after a gap of 22 years** enhancing Sector **free-float by 19%**
- **Highest Gross/EBITDA Margins** of 61%/36% compared to the industry average of 40%/20%
- Targeting a healthy Sales growth of **19%/annum** for the next 7 years
- 5 New product launches in CY16 and **8** new launches in CY17
- Targeting launch of **6 new products** every year going forward
- Recently entered the high-margin nutraceuticals segment and in process of setting-up a **new plant**
- **Drug registration for export** to Sri Lanka, Kenya, Myanmar and Tajikistan is underway
- Distribution agreement with **Largest distributor** of Pakistan – Muller & Phipps
- **Shariah-Compliant** Company with strong governance - **E&Y as Company Auditors**
- Renowned shareholders, including **USAID, Muller & Phipps and Banks**
- Partnerships with **Fortune 500** Pharmaceutical companies
- Pakistan's per capita pharma spending at only **USD 15/annum** compared to regional average of USD 35/annum translating to huge growth opportunities.

Financial Highlights

Amount in PKR '000	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17
Income Statement						
Revenue	2,711,154	3,116,304	3,338,223	3,747,925	4,205,750	4,724,990
Gross Profit	1,586,756	1,822,202	1,926,192	2,161,865	2,460,112	2,874,392
EBITDA	1,081,335	1,216,401	895,732	1,403,220	1,634,426	1,718,688
Operating Profit	1,005,064	1,141,899	813,984	1,288,455	1,528,879	1,610,235
Profit After Tax	692,028	809,243	407,034	643,362	1,087,081	1,233,904
Balance Sheet						
Non Current Assets	373,746	373,782	6,809,417	6,801,053	6,804,379	6,874,933
Current Assets	1,064,522	1,569,406	1,007,769	1,545,950	1,708,624	1,651,904
Total Assets	1,438,268	1,943,188	7,817,186	8,347,003	8,513,004	8,526,836
Share Capital	110,000	110,000	2,800,000	2,800,000	2,800,000	2,800,000
Total Equity	1,121,883	1,606,550	2,546,589	3,189,951	4,277,031	5,510,935
Non Current Liabilities	20,616	16,828	4,486,906	3,368,830	2,257,643	1,713,826
Current Liabilities	295,768	319,810	783,692	1,788,222	1,978,330	1,302,075
Ratios						
Gross Margin	58.53%	58.47%	57.70%	57.68%	58.49%	60.83%
EBITDA Margin	39.88%	39.03%	26.83%	37.44%	38.86%	36.37%
Net Margin	25.53%	25.97%	12.19%	17.17%	25.85%	26.11%
Earnings Per Share	2.47	2.89	1.45	2.30	3.88	4.41
Dividend Per Share	2.23	1.15	4.26	-	-	-
Breakup Value Per Share	4.01	5.74	9.09	11.39	15.28	19.68
Current Ratio	3.60	4.91	1.29	0.86	0.86	1.27
Debt Equity Ratio	0.00	-	1.75	1.41	0.79	0.39
Return on Assets	52.72%	47.86%	5.21%	7.96%	12.90%	14.48%
Return on Equity	74.11%	59.32%	15.98%	22.43%	29.12%	25.21%

* Financials of December 2012-14 are consolidated numbers of AGP Limited, AGP Healthcare (Pvt.) Limited and AGP (Pvt.) Limited.

Disclosure

This Information Brief has been prepared in respect to the Offer for Sale (“OFS” or the “Transaction”) of 35,000,000 ordinary shares of AGP Limited (“AGPL” or the “Company”).

The Company and Offerors have appointed JS Global Capital Limited (“JS Global” or “JSGCL”) to act as Consultant to the Offer (“Consultant”). BMA Capital Management Limited (“BMA”) will be the Book Runner (“BR”) for this Transaction.

The information contained in this Information Brief has been prepared on behalf of the Company and Offerors by the Consultant to assist prospective investors in proceeding with further analysis of this Transaction. Whilst all attempts have been made to ensure that the information is accurate and complete in all material respects, the Consultant, or any of its affiliates or subsidiaries do not make any representations or warranties, express or implied as to the accuracy, adequacy, reasonableness or completeness of such information. Nothing contained in this Information Brief is, or should be relied upon as, a promise or representation of the future. The Consultant will not have any liability for any statement, opinion, information, statistics, representations or matters expressed or implied arising out of, contained in, or derived from or for any omissions from this Information Brief or any other written or oral communications transmitted to any participant or any other recipient in relation to the Company or the Offerors or the Transaction.

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