

MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO)



MA Support Boosts Kenyan Pharmaceutical Company's Fundraise

Regal Pharmaceuticals is a leading manufacturer of essential pharmaceutical products in Eastern and Central Africa. It seeks to expand its production capacity to increase its market share in the regional market.

The company has a manufacturing plant in Kenya, with distribution centers across Uganda, Tanzania, Rwanda, Burundi, South Sudan, Zambia, and Somalia. 55% - 60% of the manufacturer's current sales revenue is generated from exports to other Sub-Saharan African countries via their distribution network.

It employs 250 people across the region with 25% of its top management positions held by women.

Founded in 1981, Regal Pharmaceuticals boasts a specialist penicillin production capability. It manufactures both Non-Beta Lactam (non-Penicillin) and Beta-Lactam (Penicillin antibiotic) products, in a variety of dosage forms.

Kenya has an attractive and investible pharmaceutical private sector that serves several countries across East Africa. This company's growth ambition is a clear example of the rising profile of the sector in the country.

55% of the
company's
revenue is
generated from
exports



OVERVIEW OF KENYAN PHARMACEUTICAL MARKET

\$1 billion Value of Kenya Pharmaceutical market (2020)

7.6% - 12% Projected compound annual growth over the next 5 years

30% Market share of locally manufactured medicines

Drivers of local pharmaceutical market growth:

- Urbanisation
- Improved healthcare capacity
- Supportive business environment

3 distribution channels:

- Government-run health institutions
- Privately owned healthcare facilities
- Humanitarian/Development institutions e.g., Red Cross

THE CHALLENGE

Regal Pharmaceuticals was looking to raise capital to set up a separate self-contained manufacturing facility that focuses on the production of penicillin products. The new factory will have its own quality control department. This plan is driven by regulatory requirements coupled with the company's expansion ambitions.



MA SUPPORT

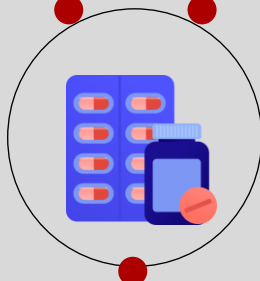
The Manufacturing Africa team helped Regal Pharmaceutical raise capital for the intended expansion by:



Supporting management in putting together an integrated financial model and providing commentary on technical matters and revenue/cost drivers based on documents from the company's technical partners and equipment suppliers.



Drafting a written Information memorandum to the Company's management team for onward transmission to financiers.



■ — Preparing a list of potential
■ — investors for the fund raise.

IMPACT



The MA team assisted the company to prepare a robust financial model and a comprehensive investor memorandum which contributed to fast tracking of the deal towards financial close.

The company has raised **\$8 million** in funding of which \$2 million is FDI while \$6 million has been sourced from a local subsidiary of an international bank.



Long Term Impact: The Company will reduce the reliance on imported penicillin products by 5% in year 1, increasing to 10% by year 5 and will provide much needed access to affordable medicines for the masses in the region.



This programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government's official policies.

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