



## **BEXIMCO PHARMACEUTICALS LTD.**

### **News Release**

**May 2, 2005**

### **BEXIMCO PHARMA, INFUSIONS EYE MERGER AS NEW GROWTH STRATEGY**

#### **High Court orders for EGM on June 2; Amalgamation to ensure maximisation of shareholders' returns**

DHAKA , May 2, 2005: The High Court today (May 2, 2005) directed Beximco Pharmaceuticals and Beximco Infusions to hold an extra-ordinary general meeting (EGM) on June 2, 2005 to get approval of their shareholders for an ambitious 'amalgamation scheme'.

The High Court directive followed an application filed on April 30, 2005 by the companies to clear way for merger of the two leading pharmaceuticals heavyweights of Bangladesh .

Both Beximco Pharmaceuticals and Beximco Infusions are mulling over merger as their strategy to grow and lead in pharmaceuticals export at a competitive price in the wake of increasing interest in Bangladesh 's pharmaceutical manufacturing capabilities.

The proposed tie-up, apart from creating scopes for the merged company to become market leader, is also expected to enhance the opportunity to increase their organisational capabilities.

Citing the example of the merger between Sanofi and Aventis that created a huge pharmaceutical entity in the world, Salman F Rahman, deputy chairman of Beximco Group, explained the benefits of mergers and acquisitions as a growth strategy.

"The pharmaceutical industry is a 'mergers-and-acquisitions' favourite, with transactions crossing \$80 billion globally last year," he said.

The key drivers include geographical synergy for new products and markets, synergy of similar cadre of products, economy, diversification into new areas, catapulting market share and even stemming competition, Salman said.

He said Bangladesh is well positioned as a preferred pharmaceutical manufacturing destination given the change in lifestyles, a greater per capita expenditure on medicines, higher processing and re-engineering skills, low manufacturing costs and quick adaptation to new technology.

"The merged company will benefit from improved organisational capability, arising from the combination of people from the two companies, proposed for merger, who have diverse skills, talent and vast experience in an increasingly competitive environment," said

Beximco Pharmaceuticals Chief Executive Officer (CEO) Nazmul Hassan, also CEO of Beximco Infusions.

He said the merger will also rationalise overhead costs, use of raw-material and human resources ensuring 'value for money' by reducing cost and improving efficiency. Such a merger will not only result in a formation of a major company in terms of asset base, revenue and profits, but will also ultimately benefit shareholders through maximisation of their returns.

Hassan said both companies share common supervisory management, fundamental management philosophies and corporate values. "So, the resultant factors will contribute significantly to integration of strategies and values increasing shareholders' returns."

#### **Based on 2004 financial statement compared to Beximco Pharma**

- Total assets of the merged company would increase around 7 percent
- Revenues will rise around 15 percent
- Net profits will jump around 12 percent
- Net assets will rise to Tk 514 crore from Tk 480 crore
- Total Debt/Equity Ratio to fall marginally from 77.65 percent to 77.48 percent.
- Earning-based value per share will increase to Tk 79.80 from Tk 77.39
- Following the merger, a shareholder of Beximco Infusions Limited holding one share will get 4.5 (four and a half) shares of Beximco Pharmaceuticals Limited

On the other hand, the CEO said, the tie-up will also benefit the creditors who will find the merged companies in a better position to meet their liabilities. The unqualified, audited financial statements of both companies as on December 31, 2004 indicate the companies to be on a sound footing, he added.

Hassan observed that no employees of the merged companies would be adversely affected by the tie-up. "Employees of both these companies will continue to enjoy the benefits which they are presently entitled to."