

**PART 6 – FINANCING SOCIAL INFRASTRUCTURE
DIFFERENTLY**

**Ketlaphela Pharmaceuticals SOC Ltd
Active Pharmaceutical Ingredients (APIs) Manufacturing
Project**

6 OCTOBER

THE PIPELINE SERIES

SIDSS  21

OUTLINE

The Presentation covers the following

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1

High Level Project Information

2

Investment Plan and Financing Gap

3

Investment Required

4

Project Risks and Mitigation

5

Project Implementation Milestones

6

Q&A



PROJECT

Active Pharmaceutical Ingredients (APIs) Manufacturing Plant

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Project Scope

Development and Construction of Active Pharmaceutical Ingredients (API) manufacturing plant for the burden of diseases (HIV/AIDS, TB, Malaria) and lifestyle diseases to supply South Africa and the Region.

South Africa, a R61Bn pharmaceutical market is the largest market for HIV/AIDS & TB globally but produces no APIs.



Developmental Impact

Security of Supply of critical Pharmaceutical products
Job Creation (700 direct and 2100 indirect)
Positive (R2Bn) contribution to balance of trade
Skills development and training (~100 /year)



Project Sponsor(s)

Department of Mineral Resources and Energy (DMRE)

Implementing Agent

Ketlaphela Pharmaceuticals SOC Ltd

Other Key Stakeholders

Govt Departments (DoH, DMRE, DSI, DTIC, National Treasury, etc)
Provincial Health Depts, other Govt agencies, CSIR
Lenders (IDC, IFC, Commercial Banks).



INVESTMENT PLAN AND FINANCING GAP

Estimated Total Investment Cost R1,2Bn Funding Gap R1,2Bn

- API Project Development Costs = R200Mn
- Construction Costs (Equipment, Installation & Commissioning) = R900Mn
- Contingency = R100Mn

Sources of Funding		Uses	
Equity	R30Mn	Project Identification	R15Mn
Debt Funding	R1Bn	Project Development	R185Mn
Grant Funding/ Project Co-Development Funding	R170Mn	Construction Costs (excl. Financing costs)	R900Mn
		Contingency	R100Mn
TOTAL	R1,2Bn	TOTAL	R1,2Bn

INVESTMENT REQUIRED

Budget Phasing	2021/22: R 15Mn	2022/23: R 130Mn	2023/24: R 55Mn	2024/25- 2027: R1Bn
Utilisation of Funds	Project Development	Project Development	Project Development	Construction
	<u>ACTIVITY</u>		<u>TOTAL</u>	
	<u>Project Development</u>			
	Design and Engineering		R'80m	
	Environmental Impact Assessment		R'10m	
	Licenses and Permits		R'40m	
	Technical Assessments		R'40m	
	Owners Development Costs (Man Hours)		R'30m	
	Sub Total (R'm)		R'200m	
			<u>Construction Costs</u>	
			Warehousing	
			Equipment	
			Balance of Plant (Utilities)	
			Sub Total (R'm)	
			R'100m	
			R'600m	
			R'200m	
			R'900m	
			<u>Contingency</u>	
			Sub Total (R'm)	
			R'100m	

- The project will be asset financed (syndicated):

DFIs & Commercial Banks

- ✓ Industrial Development Corporation (IDC)
- ✓ International Finance Corporation (IFC)
- ✓ Commercial Banks

- Project will be sited on SEZ



PROJECT RISKS AND MITIGATION

Risks

	Delays in Approvals	<ul style="list-style-type: none"> SAHPRA pre- application engagements prior to Engineering & Design freeze. Advance engagement process with critical approving Departments
	Funding	<ul style="list-style-type: none"> Bankable Business Case – Early stage Interest from DFI (IDC, IFC, Commercial banks), Diversified Ketlaphela Cash generative Business Model
	Skills shortage	<ul style="list-style-type: none"> International Partner transfer technology & skills development MOA with SETAs & IHL to develop training –specific API Skill
	Construction Overruns	<ul style="list-style-type: none"> Full project definition by Partner & retaining Experienced Engineering, Procurement and Construction Management (EPCM) provider

Mitigation Strategy

	Likelihood	Impact
Delays in Approvals	● (Medium)	● (High)
Funding	● (Low)	● (High)
Skills shortage	● (Medium)	● (Medium)
Construction Overruns	● (Medium)	● (High)

● Low ● Medium ● High

THANK YOU
Q&A

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