



# PHARMACEUTICALS | BFBL | IPO



Date: 24<sup>th</sup> Sept'24

REP # 048



## ASL Research

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- Pakistan's first biotech manufacturing facility, BF Biosciences Limited (BFBL), is gearing up for its Initial Public Offering (IPO) with book-building dates scheduled for the 25th and 26th of September 2024
- BF Biosciences is offering 25mn shares with floor price of Rs55/share (Rs1,375mn) and cap of Rs77/share (Rs1,925mn). The market capitalization of the company post IPO would be Rs4.9bn-6.8bn (US\$18-25mn).
- BF Biosciences Limited ("BFBL", "Company", or the "Issuer") operates within the pharmaceutical industry. BFBL is a 80%:20% joint venture between Ferozsons Laboratories Limited and the Bagó Group of Argentina. The Company's core operations involve the import, manufacturing, marketing and distribution of pharmaceutical products. Being pioneer in the biotech manufacturing, both in liquid and lyophilized forms, BFBL has attained the confidence of healthcare practitioners through its decade long operating history. Accordingly, BFBL distinguishes itself by producing life-saving medications relating to various therapeutic areas that are accessible to all.
- The Company has a manufacturing facility located at 5 KM - Sunder Raiwind Road, Lahore, featuring a state-of-the-art biotech plant designed and executed by Telstar technologies, Spain. The facility is Operational since 2009, and is dedicated to producing biological medicines for Cancer, Chronic Kidney Disease (CKD) and Hepatitis C, serving both local and international markets. Currently, in this manufacturing facility the company has two manufacturing lines named "Line I" and "Line II"

BF Biosciences Limited	
<b>Company Name</b>	BF Biosciences
<b>Issue size (mn)</b>	25.00
<b>Floor Price/Share</b>	Rs55.00
<b>Maximum Price/Share</b>	Rs77.00
<b>Market Cap @ Rs55/share (bn)</b>	Rs4.9
<b>Market Cap @ Rs55/share (mn)</b>	USD 17.5
<b>Transaction Size at Floor Price (mn)</b>	Rs1,375.0
<b>Transaction Size at Maximum Price (mn)</b>	Rs1,925.0
<b>Outstanding shares (mn)</b>	88.33
<b>Free float %</b>	25.00%

Source: IPO Prospectus, ASL Research

The pattern of shareholding pre IPO		
Existing Shareholders	No of shares	% of total shareholding
Ferozsons Laboratories Limited	50,666,667	80%
Grupo Empresarial, Bagó	12,666,667	20%
	<b>63,333,334</b>	<b>100%</b>
The pattern of shareholding post IPO		
Issuance of shares through IPO	No of shares	% Holding
Ferozsons Laboratories Limited	50,666,667	57%
Grupo Empresarial, Bagó	12,666,667	14%
Book Building Portion	18,750,000	21%
General Public Portion	6,250,000	7%
	<b>88,333,334</b>	<b>100%</b>

Source: IPO Prospectus, ASL Research



# BF Biosciences Limited



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- Line I was installed in 2009 with the strategic intent to locally produce biological products, particularly those related to hepatology, which were previously imported at a high cost to patients. In 2020, envisioning the growing market potential and patient needs for both biological and non-biological products, the management decided to increase production capabilities by installing a second production line (i.e. Line II)
- The installation of said line has been completed in the July 2024. This new line was designed to continue the production of biological products but also expand the production of non-biological products and fill-finish vaccines.

Fill Size	Line I Capacity "Units"	Current Capacity Utilization	Line II Capacity "Units"	Expected Capacity Utilization	Total Capacity	Total Capacity Utilization
<b>Liquid Filling Line - Daily Capacity:</b>						
2 ML	45,000	100%	192,000	40%	237,000	51%
30 ML	4,500	100%	50,000	40%	54,500	45%
<b>Lyophilizer Line - Daily Capacity</b>						
2 ML	17,000	100%	200,000	40%	217,000	45%
30 ML	4,500	100%	50,000	40%	54,500	45%
<b>Pre-filled Syringes - Daily Capacity</b>						
0.5 ML	15,000	100%	50,000	40%	65,000	54%

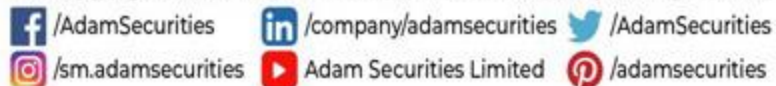
## PURPOSE OF THE EQUITY CAPITAL RAISING

- The IPO proceeds will primarily be used to purchase plant & machinery to enhance process efficiencies and broaden product base, acquire export certifications such as PIC/S and SRA and new product development including Glucagon-like Peptide (GLP1) and finance working capital requirements for purchase of raw and packing materials to meet post-expansion working capital needs.
- Any additional funds raised above the floor price shall be utilized by the Company in managing its additional CAPEX and working capital needs,

Funds Utilization	Amounts (PKR Mn)	%
Purchase of Plant and Machinery	560	41%
Obtaining Export related Certifications	141	10%
finance post expansion working capital requirements	674	49%
	<b>1,375</b>	<b>100%</b>

Source: IPO Prospectus, ASL Research

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# KEY COMPETITORS, PRODUCTS & MARKET SHARE

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Name of Competitor	Product, Competitors and BFBL Brand
Abbott Laboratories	esomeprazole injection Aciclovir (Acyclovir Abbot, Acylex BFBL)
Hoechst Pakistan Ltd	Enoxaparin Sodium (Cleaxane Sanofi, Noxane BFBL)
Sami Pharmaceuticals	Erythropoietin (Ropo Sami, Eritrogen BFBL) Filgrastim (Neofil Sami, Filgen BFBL)
Macter international Limited	Erythropoietin (Macepo Macter, Eritrogen BFBL), Etanercept (Momentum Macter, Eterna BFBL)
Getz Pharma	Terlipressin (Terlip Getz, Novapressin BFBL) Omeprazole IV (Risek Getz, Omega BFBL) Etanercept (Enercept Getz, Eterna BFBL) Insulin (Insuget Getz, Ferulin BFBL)
Searle Pakistan Limited	Filgrastim (Nexfil Searle, Filgen BFBL)
Atco Laboratories Limited	Voriconazole (Vorinaz Atco, Vorif BFBL)

Source: IPO Prospectus, ASL Reseach

Product	Market share as of FY23	Usage in the treatment of
Peg INF	100%	Hepatitis C (HCV
Filgen	85%	low white blood cell levels in patients suffering from cancer
Novapressin	70%	bleeding esophageal varices
Vorif	56%	multiple fungal infections including fungal infections in the lungs and blood.
Rifaxa	56%	digestive complications
Eritrogen	25%	anemia as a result of chronic kidney disease

Source: IPO Prospectus, ASL Reseach

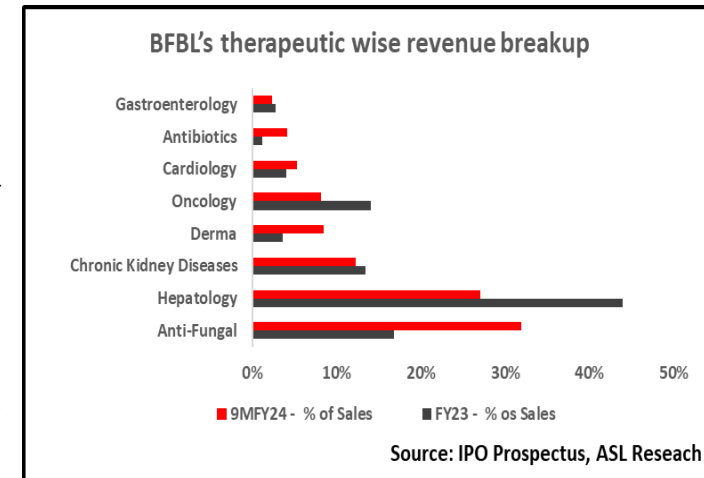
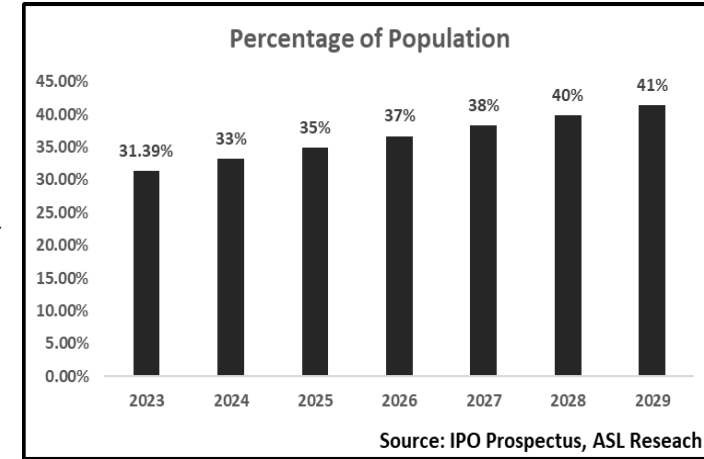


# FUTURE PROSPECTS AND DEMAND OUTLOOK

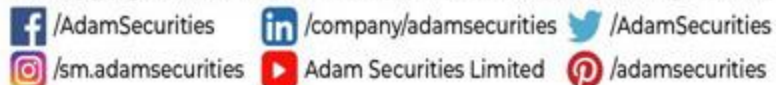


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- The population growth rate of Pakistan is 2% which is almost double the global growth rate of 1%. Decrease in mortality rate from 84.3/1,000 births in 2000 to 55.6/1,000 births in 2019 and increasing average age from 62 in 1990 to 70 by 202015 has resulted in more people reaching older age. Growing population, declining mortality rate and increasing average age necessitate the demand of a robust healthcare system thus serving as the fundamental basis for the growth of Pakistan's pharmaceuticals industry.
- Pakistan faces record disease prevalence specifically in Diabetes, Cardiology and Chronic Kidney Disease (CKD) has an enormous potential to address the unmet patient needs. The existing manufacturing base of the company was very small, however post expansion, there will be a significant addition in the portfolio including insulin and other high-volume generic products.
- The Budget in Brief FY 2024-25 discloses that the government has allocated PKR 27 Bn for the Ministry of National Health Services and Regulations which represents an increase of 106% over PKR 13 Bn in 2023-202417 . As more families gain access to healthcare services through UHC programs, it is expected that demand for pharmaceutical products and services will accordingly rise. Additionally, the implementation of UHC programs opens doors for collaboration between the pharmaceutical industry and government health initiatives, potentially facilitating partnerships for the provision of essential drugs and medical supplies, as well as involvement in healthcare infrastructure development projects. The Company enjoys a good reputation within the government institutions and for FY 2024-25, the company has already secured major tender orders.



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Company	EPS (TTM)	Gross Profit Margin	Net Profit Margin	BVPS	MVPS	P/E	P/B	TP	Upside
Highnoon Labs. Ltd	51.01	49.52%	13.09%	179.46	698.82	13.7	3.89	1,126	63%
Haleon Pak. Ltd	21.83	26.89%	7.58%	84.54	412.19	18.88	4.88	634	11%
Hoechst Pak. Ltd.	184.05	27.44%	7.20%	622.94	1950	10.59	3.13	3,403	62%
Citi Pharma Ltd.	3.53	12.12%	6.17%	24	34.54	9.79	1.44	79	119%
Macter Int. Ltd.	7.74	41.00%	5.15%	68.26	111.5	14.4	1.63	162	35%
IBL Healthcare Ltd.	2.59	34.69%	5.29%	26.72	31.36	12.1	1.17	61	94%
Abbott Lab. Pak. Ltd	32.7	23.80%	5.30%	209.82	731.95	22.38	3.49	869	14%
<b>Sector Average</b>						<b>19.87</b>	<b>3.03</b>		
KSE-100						4.44	0.91		
<b>BFBL (Pre-issue)</b>	<b>5.87</b>	<b>40.35%</b>	<b>10.49%</b>	<b>36.13</b>	<b>55</b>	<b>9.38</b>	<b>1.52</b>		
<b>BFBL (Post-issue)</b>	<b>4.74</b>					<b>19.87</b>	<b>1.33</b>	<b>94</b>	<b>22%</b>

Source: IPO Prospectus, ASL Research



# BF Biosciences V/S Industry



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Income Statement (Rs mn)	FY21	FY22	FY23	9MFY24	FY24E*
Net Revenue	1,755	1,520	1,809	2,915	3,887
COGS	-958	-1,063	-1,360	-1,653	-2,204
Gross Profit	797	457	449	1,262	1,683
Operating Profit	671	414	355	604	805
Financial Charges	-25	-65	-153	-114	-152
Profit before tax	646	349	20243	489	652
Profit after tax	608	307	149	314	419
EPS (PKR)	9.58	4.85	2.35	4.96	4.74

Source: IPO Prospectus, ASL Research \*FY24 Post IPO

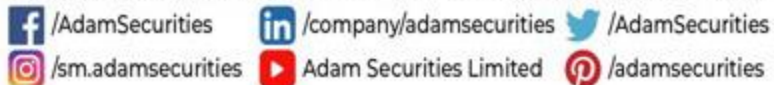
Balance sheet (Rs mn)	FY21	FY22	FY23	9MFY24
Non-Current Assets	1,039	2,140	4,076	4,170
Current Assets	1,956	2,295	1,591	1,712
<b>Total Assets</b>	<b>2995</b>	<b>4435</b>	<b>5667</b>	<b>5882</b>
Equity	1,467	1,825	1,974	2,288
Non-Current Liabilities	1,062	1,895	2,290	2,161
Current Liabilities	466	715	1,403	1,433
<b>Liabilities + Equity</b>	<b>2,995</b>	<b>4,435</b>	<b>5,667</b>	<b>5,882</b>

Source: IPO Prospectus, ASL Research

Key Ratios	FY21	FY22	FY23	9MFY24
Gross Margin	45%	30%	25%	43%
Operating Margin	38%	27%	20%	21%
EBITDA Margin	40%	29%	22%	22%
Net Margin	35%	20%	8%	11%
Revenue Growth	174%	-13%	19%	146%
Net Profit Growth	1191%	-49%	-51%	243%
Return on equity (%)	41%	17%	8%	14%
Return on assets (%)	20%	7%	3%	5%

Source: IPO Prospectus, ASL Research

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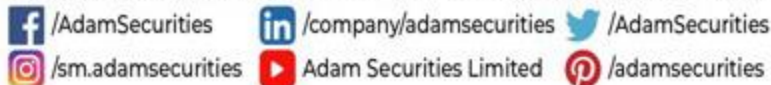
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