Alkaloid AD Skopje

Business Plan for 2020 - summary

December 2019

ALKALOID
SKOPJE

About Alkaloid

Alkaloid AD Skopje is a company that has been operating in the field of manufacturing drugs, cosmetic and chemical products and processing botanical raw materials for more than eight decades. Our organizational structure corresponds to the needs of our customers, and therefore our joint stock company consists of two profit centers:

- Pharmaceuticals and
- Chemicals, Cosmetics and Botanicals.

Alkaloid Group is comprised of two subsidiaries in the country as well as 16 subsidiaries and 2 representative offices abroad in Serbia, Montenegro, Kosovo, Albania, Bosnia and Herzegovina, Croatia, Slovenia, Switzerland, Bulgaria, Turkey, Ukraine, the Russian Federation, and the USA. The company has 1,620 employees in the country and 492 employees in subsidiaries and representative offices abroad.



Aspirations and values

We are devoted to continuous growth and therefore we have set a course of action to globalize our name. Our objective is to assure consistency and enhancement of the business performances by maintaining / reinforcing our positions in the current markets and reasonably expanding to new ones.

Vision

Our vision is to develop as an export oriented pharmaceutical company with a stable market position, open to new markets and new partnerships, a company which manufactures and sells generic drugs of the highest quality by implementing the state-of-the-art manufacturing technologies and business standards.

Mission

Our mission is continual pursuit for a healthier world, superior quality of our products and services, but also professionalism and success of the business operations.

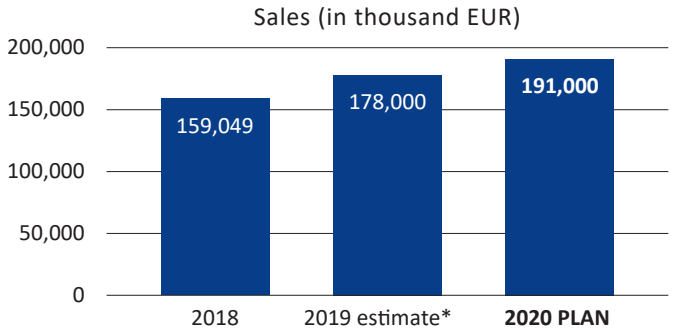
Imperative

Our imperative is to protect the interests of our employees, our customers, shareholders and business partners, and our principal commitment is **THE HEALTH ABOVE ALL**.

Business Plan for 2020

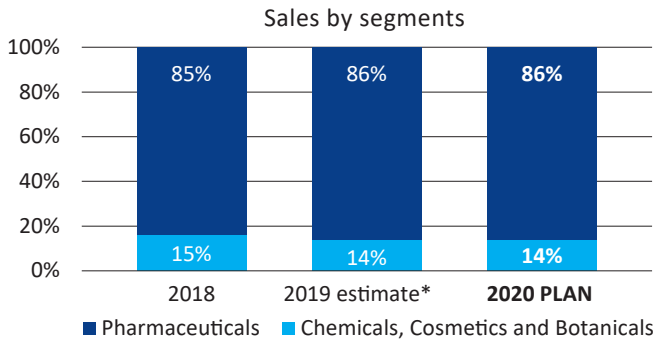
Sales

The business plan for 2020 envisages that sales revenues shall exceed EUR 190 million, a 7% increase compared to estimated sales for 2019.



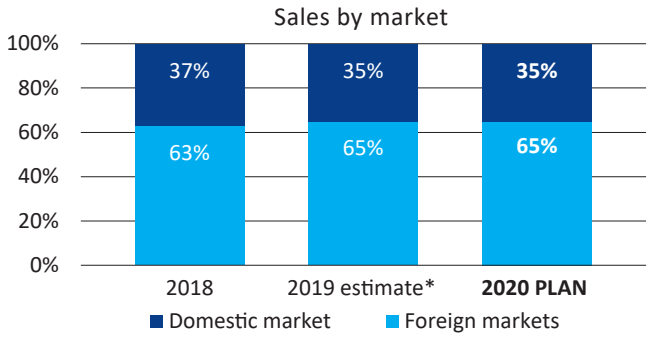
Sales by segments

The breakdown by segments, shows PC Pharmaceuticals will generate 86% of consolidated sales, while 14% will be generated by Chemicals, Cosmetics and Botanicals.



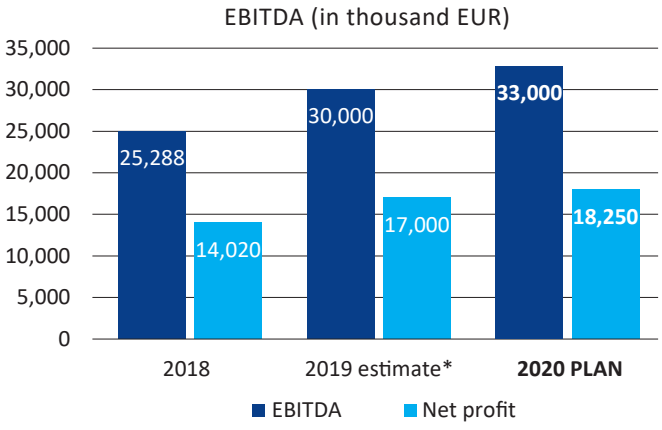
Sales by market

Out of the total planned consolidated sales, 35% shall be realized in the domestic market, while the foreign markets will account for 65%.



Operating results

Planned consolidated EBITDA indicates a 10% increase over the estimated EBITDA for 2019. Consolidated net profit is planned with 7% growth relative to the estimate for 2019.



*Preliminary estimates for 2019 may vary from final results

ALKALOID SKOPJE

Investments

The business plan for 2020 anticipates investment of around 14% of the consolidated sales in tangible and intangible assets.

In 2019 investments in expansion of production facilities began. The new production units will cover an area of 7.000 m^2 and, similar to all other units, will be carried out in accordance with the strict requirements of Good Manufacturing Practice (GMP). All of this will increase production capacity by at least 50%, thus rising from the current capacity of almost 2 billion tablets and capsules annually to more than 3 billion pieces of solid pharmaceutical forms. The total investment is estimated at EUR 11 million. The completion of this investment, planned for the first half of 2020, will make conditions for the creation of about 200 new jobs in the Pharmacy segment.

In 2020 it is planned to finalize the project for gasification of the Alkaloid - Gjorce Petrov site in order to improve the energy efficiency and reduce the harmful emissions in the air. Natural gas is an extremely valuable energy and chemical raw material that has significant technological, economic and environmental value compared to other fuels. It is an ideal fuel that mixes easily with air, has an excellent smoke-free combustion rate, burns solid residues and does not pollute the environment. The project is worth over 1 million euro.

In order to increase the capacity in the Botanicals segment, in line with planned rise in operations on the market in the United States, the plan also envisages the purchase of a new filter tea packaging machine valued at 1.3 million euro.

Employees

According to the growth and development plans, in 2020 we expect about 100 new jobs in Alkaloid AD Skopje as well as 50 new jobs in the companies abroad. We continue to invest in human capital by allocating significant training and other employee benefits, while also creating the prerequisites for further increase in the average net salary per employee.

Shares

The shares of Alkaloid AD Skopje have been listed since 2002 and stand as one of the most traded and most liquid shares on the Macedonian Stock Exchange. The share price of Alkaloid AD Skopje ranged from MKD 8,200.00 to MKD 11,800.00, with an average of MKD 9,493.29 per share. The last trade price on 27.12.2019 was MKD 11,800.00. Market capitalization exceeded MKD 16 billion.

Alkaloid's management will continue with its dividend policy. Part of the net profit will be allocated for dividends and personal tax and the rest will be allocated for investments.

Priorities

In accordance with its strategic guidelines, in 2020 Alkaloid will remain on the course of growth, continue investing in production facilities and modern technologies, personnel and the community in general.

- First priority: will remain the region;
- Second priority: EU countries, USA, Russia and CIS countries;
- Third priority: Other markets.

The business plan of the company for 2020 was adopted by the Managing Board of Alkaloid AD Skopje at its session held on December 27th 2019.