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TLG Capital Press Release

### **TLG Capital injects further funds into East Africa's largest producer of HIV and Malaria drugs**

Private equity firm TLG Capital has increased its investment in Quality Chemicals Industries Ltd (QCIL), the Uganda based pharmaceutical manufacturer, to 12.5 per cent shareholding. This further deployment of funds into QCIL, a leading sub-Saharan plant, comes after the company received a Good Manufacturing Practices certification from the World Health Organisation (WHO) in March 2010. This is a substantial milestone and one that is of strategic importance to TLG Capital, who in 2009 strengthened its healthcare based assets throughout Africa by being the first international private equity investors into QCIL. TLG Capital has now invested close to US\$10m across indigenous businesses in Uganda alone.

QCIL was born out of a joint venture between India's CIPLA and Ugandan based Quality Chemicals Ltd (QCL): A partnership which has allowed QCIL to implement best global practices, garner access to state-of-the-art technology and facilitate innovative product development throughout the business. The plant currently manufactures and sells combination therapy antiretroviral (ARVs) and anti-malarial drugs (ACTs), which have been proven to be the most effective in combating HIV/AIDS and malaria, two of biggest challenges facing Africa today.

QCIL currently produces up-to six million tablets per day, a figure set to rise to eighteen million within the next 12 to 24 months, with production costs to be funded mainly through the company's existing cash flows. QCIL has also been recognised locally, receiving the award for Uganda Investor of the Year in 2008 and "Best Ugandan Business" by CEO magazine in 2010.

This transaction marks TLG Capital's growing presence in the region after it invested in Uganda based Vero Food Industries Limited in 2010. Investing further funds into this sector represents TLG Capital's firm commitment to healthcare in Africa, and this is likely to be followed by plans for further investment into companies that provide local communities with previously unavailable healthcare solutions in West Africa.

**Afsane Jetha, COO of TLG Capital,** commented "We are impressed by the management team's ability to execute on the growth and expansion strategy much earlier than expected and are confident that QCIL will continue to build upon this success, including their plans for increased production capacity. We continually find that opportunities in the healthcare sector are some of the most compelling across the continent, and we believe that through investments such as QCIL we will be positioned at the forefront of this niche market. We are currently in the process of investing in the only dialysis unit in Sierra Leone, a country where according to the WHO, 4000 people die every year due to a lack of access to these essential acute services."

**Emmanuel Katongole, CEO of QCIL,** commented "We are delighted to have TLG Capital continuing to support the company as it reaches the next stage of its evolution. QCIL is determined to be the premier pharmaceutical manufacturer in the region and having strong international partners will help us attain our goal. "