



ANNUAL REPORT 2016

TO BE A KEY PARTNER IN THE
DEVELOPMENT AND IMPLEMENTATION
OF EFFICIENT, INTEGRATED AND
INNOVATIVE SOLUTIONS FOR
HEALTHCARE ACCESS.



Quilaban
uma fórmula de vida





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42
YEARS

promoting
healthcare



PROMOTING ACCESS TO HEALTHCARE FOR OVER 40 YEARS

Quilaban - Química Laboratorial Analítica, Lda., was established in 1974, a business built on the pharmaceutical distribution legacy started by Victor Hugo da Silva Cordeiro in 1940, and in vitro diagnostics solutions market.

Quilaban is driven by high professional and excellence standards, and entered into multiple partnerships over the years in the diagnostics field, many lasting over 20 years, having become a key partner in this market.

The shareholders' entrepreneurial vision led to the 2004 launch of the Orthopaedics business and the Point of Care and Veterinary businesses in 2005, expanding the products' portfolio and market in which it operated.

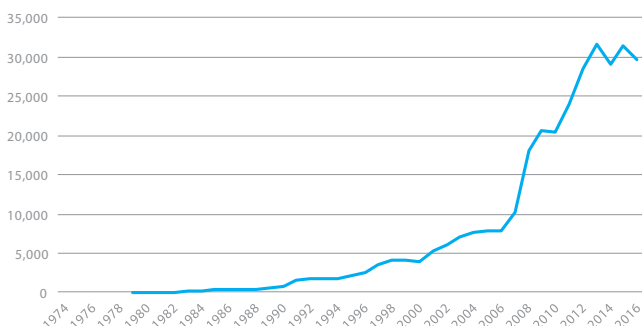
The expansion of its businesses was also geographical, through the internationalization.

In 2007, with the integration of Australpharma into the group of related companies, Quilaban began exporting to Angola, thus transferring many of the skills developed in Portugal to this market.

In 2010, the company expanded its product portfolio even more by integrating a range of Healthcare consumables.

The strong business development dynamics has resulted in a significant growth trend in the company's turnover.

TURNOVER
(Thousands of €)



Quilaban is a leading healthcare partner, acting as a key link in promoting access to healthcare through the provision of solutions for pharmaceutical distribution, diagnostics, healthcare, sourcing and export logistics, with emphasis on Angola and Mozambique, among other African countries.

The company's International presence has also extended to India where, in 2013, Quilaban Pharma Trading, Ltd was established in Mumbai, to facilitate the sourcing of Indian products to Portugal, Angola and Mozambique.

In 2015, the company established units in Namibia and Guinea Bissau, continuing its African market expansion strategy.

Since then, as part of the international expansion, Quilaban has significantly expanded its international customer base, negotiating with customers in 14 different countries.

Quilaban's staff is very diverse in terms of technical skills and professional experience, with employees having an average age of 38, ensuring a good balance of experience and expertise. The employees are one of the main drivers for Quilaban's success. The entrepreneurship and empowerment of employees and creation of new businesses and opportunities has created new employment opportunities.

At Quilaban, there is a very strong commitment to people, based on the respect for the individuality of each person and the promotion of their growth and life balance, which creates a strong identity between the employees and the company.

In 2014 Quilaban celebrated its 40th anniversary.

The strong business culture and values established over these 40 years are the pillars of a promising future.

The focus on the development of our skills, an open mind and strong business and service dynamics are the foundation for our future success.

1940

Setting up of **Vitor Hugo da Silva Cordeiro** (pharmaceutical distribution)

1974

Setting up of **Quilaban, Lda**
Import and marketing of in vitro **diagnostic** and biotechnology solutions

2004

Launch of the **Orthopaedics** business

2005

Launch of the **Point-of-Care (POC) and Veterinary**

2007

Launch of **Export business** and activities in **Angola** with the setting up of **Australpharma**

2010

Enlargement of the business to Healthcare Consumables (**OHC**)

2013

Setting up of **Pharma Trading Private Limited** - India

Transformation of Quilaban into a **Public Limited Company**

Setting up of **MDS - Mozambique**

Merger of the POC, VET and OHC areas into the **Healthcare** business unit

Setting up of **Tecnosaude - Angola**

2014

Rebranding by Quilaban

40
ANOS



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2015

Setting up of **Quilaban** in **Namibia** and **MDS** in **Guinea-Bissau** and broadening of the international customer base

2016

Acquisition of **TDS - Tecnologias e Diagnóstico na Saúde**

QUILABAN IN NUMBERS



14
Number of countries
to which we export



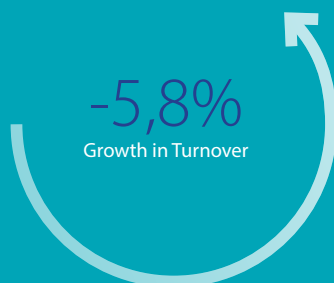
1.219
Number of customers



€3,1M
EBITDA



€9,3M
Equity



€30,6M
Assets



12.995
Number of references
marketed



106
Average number
of employees



€7,2M
Number of units
traded

A background image showing a close-up of several hands pulling on a thick, light-colored rope. The hands are of different skin tones, suggesting a diverse group of people working together. The image is slightly blurred, giving it a sense of motion and effort. The overall tone is professional and collaborative.

MISSION

TO CREATE VALUE THROUGH HEALTH PROMOTION.

We promote health through the provision of customer-oriented solutions based on consulting, representation and distribution in the areas of medicine, diagnostics and healthcare.

VISION

TO BE A KEY PARTNER IN THE DEVELOPMENT AND IMPLEMENTATION OF EFFICIENT, INTEGRATED AND INNOVATIVE SOLUTIONS FOR HEALTHCARE ACCESS.

Our knowledge and experience in local healthcare markets, our people's skills and our strong partnership culture made us a reference in healthcare promotion.

Innovation and efficiency are key elements within our culture, and we position ourselves to positively respond to the global challenges in the health market.

We are committed to our customers, to meeting their needs and exceeding their expectations.

VALUES

PARTNERSHIP

We promote cooperation and integration of skills through partnerships based on trust and transparency.

EFFICIENCY

We are focused in maximizing the value generated on the resources allocation.

INNOVATION

Innovation is a key aspect of our culture, through which we are creative and unique in our approaches and solutions.

SERVICE

We are passionate about providing services, on a consistent and determined way, to all our customers, fulfilling what has been promised.

SIMPLICITY

We develop simple solutions and promote an easy relationship with our partners.

QUALITY

We are committed to the continuous improvement of everything we do and we use high quality standards as reference.

2016 ACTIVITY

The year 2016 was particularly intense, combining strong development dynamics within the organization with the solid progression of our business in internal and external markets with the exception of Mozambique and Angola which, due to extremely adverse circumstances and the importance of the latter within the portfolio of Quilaban, negatively impacted the overall performance of the company.

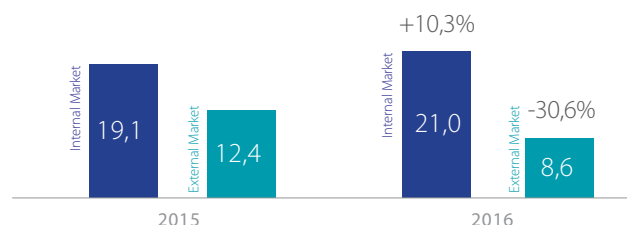
In 2016, we launched a broad programme of actions aimed at strengthening the organization's focus on Customers by combining and integrating the dynamics of the broader involvement of People in the development of our business project, optimizing and aligning processes and strengthening and adapting our infrastructures.

In the internal market, we grew in all business areas, and achieved a 10.3% growth in our turnover compared to the previous year. In the foreign market we suffered a 30.6% decrease in our turnover, due to the constraints felt in Angola and Mozambique, which represent approximately 73% of this business. In the other regions we grew 40.3%, which showed our efforts at geographical diversification that has allowed us to gradually mitigate our dependence on those territories.

However, the variations felt in those markets in terms of turnover did not reflect on the company's performance with the same impact since, through adopting risk management policies and anticipating the effects of this reality, we strengthened our business margins and adopted more restrictive credit and stock management policies that have protected us - even if not fully - from the effects of those difficult sets of circumstances.

The geographical expansion of our businesses required a significant effort, with repercussions on the operating costs structure. However, we are hoping for a very positive return on this investment, as our approaches to countries in Africa and the Middle East have allowed us to look for good business opportunities, some already at an advanced stage. In fact, 2016 was a year of considerable investment in terms of team expansion and important efforts made in training and skills development, as well as the creation of participative dynamics in the development of our business enterprise project, infrastructures with extensive investment in information and communication technologies and

EVOLUTION OF TURNOVER
(Millions of €)



equipment and also in terms of processes, which were revised and adapted to the challenges we face.

Rigorous management and the promotion of best practices were given constant attention and this was reflected in the high levels of our customers satisfaction, in the maintenance of our transparency and partnership practices, which are highly appreciated by our business partners and by the strengthening of the company's economic and financial performance.

Investment was also important at the shareholding level, with the acquisition of 88.462% of the capital of TDS – Tecnologia e Diagnóstico na Saúde, Lda., through which Quilaban became the majority shareholder in Australpharma, S.A., a company incorporated under Angolan law, which works in the area of pharmaceutical distribution in that country. This operation has enabled us to consolidate our overall business performance with Angola, which is largely carried out through these companies.

The acquisition of shares with a nominal value of €300,000.00, owned by the Director João Carlos Lombo da Silva Cordeiro, in the share capital of TDS - Tecnologia e Diagnóstico na Saúde, Lda., was approved by Quilaban's Boards of Directors. This resolution was approved by two members of the Board of Directors, where the Chairman Dr. João Carlos Lombo da Silva Cordeiro did not vote, in compliance with the provisions of paragraph 4 of Article 397 of the Commercial Companies Act.

The contributions of each of the business and Quilaban's support areas, combined with our teams dedication, competence and experience were decisive in the construction of another strong dynamic year, which has made us stronger and more prepared for the future.



FUTURE PROJECTS

In 2017 we will continue to work in order to reinforce the strength and competitiveness of Quilaban through work based on four key pillars: Customers, People, Processes and Infrastructures.

All these developmental aspects will take place within a central thematic framework that we have chosen for 2017 - Communication! We regard internal and external communication dynamics as an important catalyst for our development and alignment in carrying out of our mission and building a strong business project.

In terms of customer relationship, with the purpose of reinforcing current customer loyalty and broadening our customer base, we will work on developing and implementing a global customer relation management platform.

The systematic promotion of continuous improvement in terms of our business processes and in particular those with a direct impact on the customer will also be a priority for 2017.

As far as processes are concerned, we will continue to focus on integrating efficiency and improvement, both through analysis and reformulation, and through the introduction of automation for repetitive low added value tasks.

The reorganization of the logistics platform will be at the centre of our infrastructure priorities in order to ensure the scalability of our operations and the maintenance of our high quality standards.

This dynamic will be accompanied by ongoing development initiatives for our People concerning their personal and professional skills and reinforcement of their identity within Quilaban.

The launching of cooperation initiatives and joint creation will be one of the vectors promoting the involvement of People in the construction and development of the organization.

For 2017 we have included a new strategic objective - Happy People - which will be the driver of many of our interventions understanding that happy people are the ones who make the organization and customers' experience truly exceptional.

FINANCIAL PERFORMANCE

Revenue was EUR 29.6 million in 2016, down 5.8% with a negative impact of EUR 1.8 million versus prior year.

The main factor for this was the drop of EUR 3.8 million in sales of Exports Business Unit. As a result of the constraints felt in Angola (due to the country's financial and currency crisis) and in Mozambique, sales to these markets reduced by EUR 4.5 million, representing a 41.7% decrease compared to 2015. In other regions we grew 40.3%, about EUR 0.6 million over the previous year, highlighting the effort of geographic diversification that allows us to gradually mitigate the dependence from those territories.

In the Pharma Business Unit, there was an increase of EUR 1.7 million in the "non-pharmacy" segment, while sales of the "pharmacy" segment remained at the same level as in the previous year.

The Diagnostics Business Unit had a growth of EUR 0.4 million in its turnover, representing an increase of 5.9% over the previous year, due to the introduction of some new products in the market, the investment in new identification of microorganisms and in molecular biology methodologies and the strong commercial dynamics combined with the introduction of new innovative solutions and high added value for our customers.

The Healthcare Business Unit had a sales growth of EUR 0.1 million compared to the previous year, due to the increase in sales in the "diabetes" segment, which offset the reductions in the "clinical consumables" segment, strongly dependent on the public tenders dynamics.

Despite the reduction in sales, gross profit increased by 8.2% year on year, representing a profit of EUR 0.7 million, with gross margin improved by 3.9 basis points, to 30.17% of revenue, the best result of the last 5 years.

EBITDA increased by 9.3% year-on-year to EUR 3.1 million and EBITDA margin improved to 10.54% as a result of changes in sales mix and gross margins improvement.

External supplies and services remained controlled, with an increase of 6.8% over the previous year, representing an increase



of EUR 0.1 million, mainly due to the cost of procurement of products in India and prospecting of new international markets. Staff costs increased by 9.0% over the previous year, representing an increase of EUR 0.3 million, mainly due to the functional reorganization of the company and the integration of 3 new people in the staff with the objective of strengthening internal competencies and ensuring the compliance of customer's service levels with standards of excellence.

Following the acquisition of the TDS's majority share capital and the application of the equity method, a profit of EUR 1.2 million was registered in 2016. The impairment registered on ongoing investments of EUR 0.8 million relates to the funds transfer under strategic partnerships in Mozambique, which we expect to be difficult to convert in financial investments of equivalent value.

Profit before tax, in the amount of EUR 1.2 million, shows an increase of 31.8% over the previous year, mainly due to the facts described above. It should be noted that depreciation and amortization expenses, as well as finance costs, remained in line with the values registered in 2015.

The net profit for the year stood at around EUR 1 million, showing an increase of 47.3% over 2015. If we exclude the extraordinary impact mentioned above, the net result for the year would be around EUR 623 thousand, slightly lower than the previous year by about EUR 37 thousand.

Assets grew from EUR 1.6 million to EUR 30.6 million and were financed by EUR 0.8 million increase in equity and EUR 0.8 million increase in total liabilities.

The background is a dark, abstract composition. It features a grid of small, glowing blue and green dots that create a sense of depth and movement. The dots are arranged in a pattern that resembles a digital or financial data visualization. The overall color palette is dominated by deep blues and greens, with some lighter, hazy areas that suggest a bright light source in the distance.

FINANCIAL PERFORMANCE

Values expressed in EURO

BALANCE SHEET		31-12-2016	31-12-2015
ASSETS			
<i>Non-current assets:</i>			
Tangible fixed assets		6 650 757,81	6 534 869,12
Intangible assets		414 657,04	247 224,64
Investments in associate and joint ventures		3 890 086,62	129 428,77
Other financial assets		344 178,84	903 357,48
		11 299 680,31	7 814 880,01
<i>Current assets:</i>			
Inventories		3 854 886,05	4 367 179,43
Trade debtors		14 949 340,01	16 208 653,11
Suppliers advance		66 057,65	81 254,20
Taxes receivable		3 159,36	-
Other receivables		106 027,79	287 635,22
Prepayments and accrued income		149 300,46	110 415,94
Cash and cash equivalents		219 532,49	169 713,20
		19 348 303,81	21 224 851,10
TOTAL ASSETS		30 647 984,12	29 039 731,11
EQUITY AND LIABILITIES			
Equity:			
Share capital		6 000 000,00	6 000 000,00
Other equity instruments		52 400,00	52 400,00
Legal reserves		398 000,00	364 000,00
Other reserves		1 984 414,19	1 358 306,91
Adjustments on financial assets		(152 813,49)	-
		8 282 000,70	7 774 706,91
Profit for the year		972 563,24	660 107,28
Shareholders' equity		9 254 563,94	8 434 814,19
Non-controlling interests		-	-
Total equity		9 254 563,94	8 434 814,19
Liabilities:			
<i>Non-current liabilities:</i>			
Borrowings		6 323 454,50	9 156 188,50
		6 323 454,50	9 156 188,50
<i>Current liabilities:</i>			
Trade creditors		3 300 174,29	3 023 099,59
Customers advance		123 911,91	96 535,74
Taxes payable		376 160,78	315 609,49
Borrowings		10 355 997,69	7 263 701,81
Other payables		913 721,01	749 781,79
		15 069 965,68	11 448 728,42
Total liabilities		21 393 420,18	20 604 916,92
TOTAL EQUITY AND LIABILITIES		30 647 984,12	29 039 731,11

Values expressed in EURO

INCOME STATEMENT	31-12-2016	31-12-2015
INCOME AND EXPENSES		
Revenue	29 630 486,89	31 460 345,03
Operating subsidies	12 584,00	20 350,95
Imputed gains/losses on subsid., assoc. and joint ventures	1 183 200,58	-
Work for the entity itself	55 905,16	83 627,70
Cost of goods sold and materials consumed	(20 691 076,87)	(23 197 865,16)
External supplies and services	(2 174 989,88)	(2 035 592,72)
Staff costs	(3 837 292,93)	(3 519 014,11)
Trade receivables impairment (losses/reversals)	(36 515,79)	107 172,13
Impairment of non-depreciable investments (losses/reversals)	(833 479,96)	-
Fair value (increases/decreases)	(17,49)	654,75
Other income and gains	377 774,92	476 687,85
Other expenses and losses	(562 559,43)	(536 908,09)
Operating profit before depreciation and amortisation (=EBITDA)	3 124 019,20	2 859 458,33
Depreciation and amortisation	(802 340,82)	(790 346,84)
Operating profit (before net finance costs and tax)	2 321 678,38	2 069 111,49
Finance costs	(1 116 077,54)	(1 154 227,03)
Profit before tax	1 205 600,84	914 884,46
Tax	(233 037,60)	(254 777,18)
Profit for the year	972 563,24	660 107,28





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Beloura Office Park, Edifício 11
Quinta da Beloura
2710-693 Sintra - PORTUGAL

T. +351 21 923 63 50
F. +351 21 923 63 89
E. quilaban@quilaban.pt

www.quilaban.pt