

Ibnsina Pharma Releases 1Q19 Results

Ibnsina Pharma starts off strong in 2019 with double-digit growth in both its top-and-bottom line, with net revenues up 29.3% year-on-year to EGP 3.7 billion; net profit grew by 46.6% year-on-year to EGP 41.0 million reflecting significant margin expansion alongside organic growth

1Q19 Highlights

Net Revenues

EGP 3.7 BN

▲ 29.3% y-o-y

Gross Profit

EGP 292.7 MN

▲ 35.7% y-o-y

EBITDA

EGP 138.6 MN

▲ 50.1% y-o-y

Operating Profit

EGP 71.9 MN

▲ 42.6 % y-o-y

Net Profit

EGP 41.0 MN

▲ 46.6% y-o-y

Cairo, 12 May 2019

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's fastest-growing and second-largest pharmaceutical distributor, released today its audited results for the 3-month period ending 31 March 2019, recording another exceptional quarter of double-digit growth in both its top-and-bottom-line with net revenue up by 29.3% to EGP 3.7 billion in 1Q19.

Profitability expansion began on the gross profit level, with the company posting a gross profit of EGP 292.7 million and gross profit margin of 7.85% in 1Q19, up approximately 0.4 percentage points from 7.49% in 1Q18.

Economies of scale and cost efficiencies lead to a further expansion at the EBITDA level, which grew by 50.1% year-on-year to EGP 138.6 million in 1Q19. This represented an increase in the EBITDA margin of 0.5 percentage points to 3.7% during the same period.

Margin expansion trickled down to operating profit, which recorded 71.9 million in 1Q19, up a remarkable 42.6% year-on-year and yielding an operating profit margin of 1.9%. Net profit recorded EGP 40.9 million in 1Q19, growing at 46.6% year-on-year to yield a net profit margin of 1.1%. Growth in the company's bottom line came despite one-off charges of EGP 15 million incurred during the period versus EGP 12 million last year.

The quarter saw Ibnsina Pharma serve 42,143 customers across Egypt and make 2 million deliveries, up 5.3% year-on-year.

Summary Income Statement

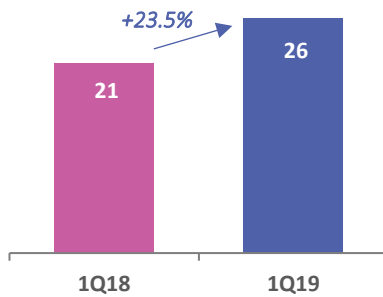
EGP mn	1Q2018	1Q2019	Change
Net Revenue	2,881.1	3,726.3	29.3%
Gross Profit	215.7	292.7	35.7%
GP Margin	7.49%	7.85%	
OPEX	125.9	160.9	
OPEX / Sales	4.37%	4.32%	
EBITDA	92.3	138.6	50.1%
EBITDA Margin	3.20%	3.72%	
Operating Profit	50.4	71.9	42.6%
OP Margin	1.8%	1.9%	
Net Profit	27.95	40.99	46.6%
NP Margin	0.97%	1.1%	

Comments from our Co-CEOs

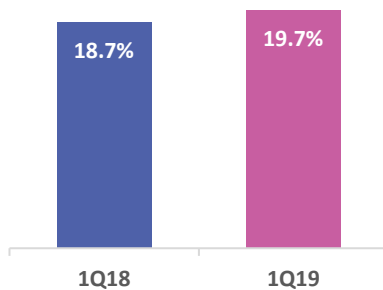
"Ibnsina Pharma has started 2019 on strong footing, putting us in pole position to continue our rapid organic growth trajectory," said Omar Abdel Gawad, Co-CEO of Ibnsina Pharma. "Our performance builds on a track record of outperforming our fast-growing market, with top-line climbing by 29.3% to reach EGP 3.7 billion in 1Q2019 driven by our continued investment in organic business growth and a commitment to operational efficiency. Consequently, Ibnsina Pharma's share of the total pharma market expand from 12.5% five years ago to 19.7% as of 31 March 2019. The company's ability to keep closely abreast of trends affecting Egypt's pharmaceuticals market allows us to move quickly in refining our value-based differentiation strategy. Ibnsina Pharma is fully plugged in to the industry's rapidly growing retail segment, from which we derive more than two-thirds of our top line. On this front, Ibnsina Pharma is reaping the benefits of mutually beneficial relationships with client pharmacies, always with an eye to providing premium quality and making a positive contribution to patients' quality of life. This approach to value creation has proved its ability to generate durable success and has seen our EBITDA climb 50% year-on-year to record EGP 138.6 million for Q1 2019. We have full confidence in our ability to continue creating value and improving healthcare outcomes while safeguarding our profitability in the face of predetermined margins for distributors," he concluded.

"We continue to explore opportunities for expansion and allocating the resources necessary to sustain our market-beating performance," said Mahmoud Abdel Gawad, Co-CEO of Ibnsina Pharma. "Our market is rapidly growing , moving forward, Ibnsina Pharma's ability to cope with the challenges posed by the new competitive landscape and to continue delivering the results investors have come to expect will depend above all on the quality of our assets and how we go about generating and leveraging economies of scale. Ibnsina Pharma has more than tripled the resources invested in upgrading and expanding its distribution sites to EGP 54.1 million in 1Q19, which form the core of our operation. What happens there determines the efficiency and timeliness with which we are able to execute our everyday operations and allows us to leverage economies of scale to provide the highest quality of service. These are the prime considerations we take into account when formulating our plans for expansion and further investment," Mahmoud concluded.

**Total Market Growth
(EGP bn)**



ISP Market Share



Market Overview

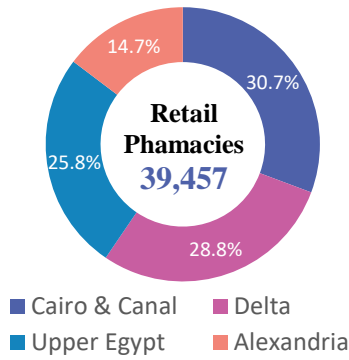
According to data published by IMS Health, Egypt’s pharmaceuticals market saw sales of EGP 26.0 billion during the first quarter of 2019. Including both the retail and non-retail segments, this represented an increase of 23.5% from the EGP 21.0 billion registered during the same quarter of 2018. The boom in the retail segment continues to be the primary driver of overall market demand, supported by a solid fundamentals profile.

Egypt’s population growth continues to hover around 2% per annum, a relatively high rate which provides a solid demographic basis for continuous expansion in the demand for pharmaceutical products. This is reflected in growing receipts at independent and chain retail pharmacies, which constitute the industry’s main point of sale in Egypt. Moreover, as per capita income continues to rise with sustained economic growth and consumption patterns change accordingly, Egypt’s epidemiological profile is evolving in a manner consistent with the country’s middle-income status. Consumers’ purchasing power continues to recover after a period of economic volatility, and household expenditure on pharmaceutical products is steadily making up ground on the level attained in peer economies. Industry-level volumes sold expanded by approximately 9% in the year to March 31, 2019. Increases in the average selling price are a supply-side mechanism for price adjustment in the absence of government intervention, allowing firms to mitigate the effects of inflation.

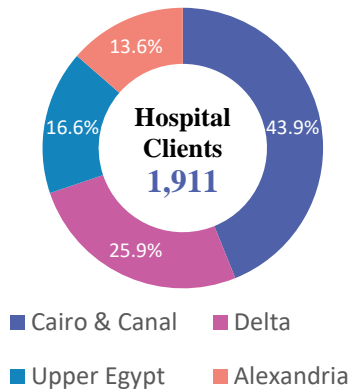
Ibnsina Pharma recorded sales growth of 29.6% year-on-year during the first quarter of 2019, with its growth rate notably continuing to exceed that of the wider industry. The company maintains its position as Egypt’s fastest-growing pharmaceuticals distributor. This performance stems from Ibnsina pharma’s ability to leverage its resources to capitalize on trends and changing demand patterns in the wider market. Sales to retail pharmacies generated 70% of Ibnsina pharma’s top line during the first quarter of 2019, providing the company with exposure to the market’s fastest-growing segments while buffering it from the risks associated with concentration given the relatively fragmented nature of pharmaceuticals retail in Egypt. Meanwhile, Ibnsina recorded year-on-year volumes growth of 17% during the quarter against a rate of 9% for the industry as a whole.

1Q2019 saw Ibnsina supply 19.7% of Egypt’s pharmaceutical distribution market, up from 18.7% one year previously. As at March 31, 2019, Ibnsina enjoyed the second largest share of Egypt’s pharmaceutical distribution market.

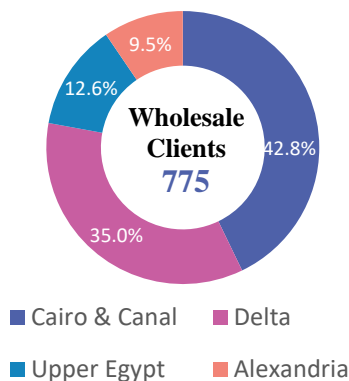
Retail Pharmacies by Geography (1Q2019)



Hospital Clients by Geography (1Q2019)



Wholesale Clients by Geography (1Q2019)

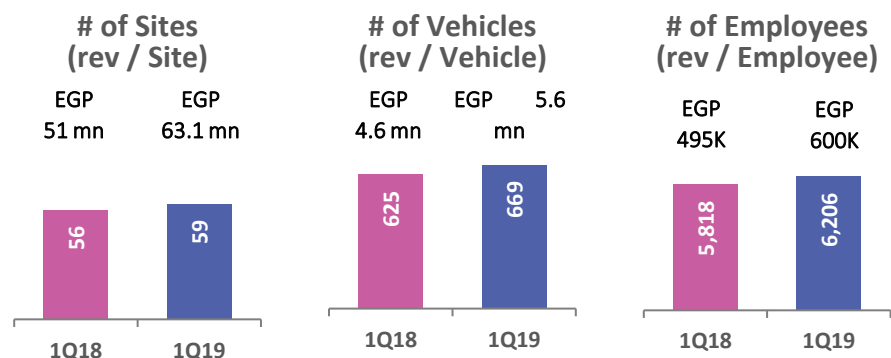


Operational Review

Ibnsina Pharma serviced 42,143 clients during 1Q19, steady from the 41,210 served one year previously. More than 30% of Ibnsina Pharma’s client base was located in Cairo and the Canal Zone, Egypt’s most heavily populated metropolitan areas. The Delta and Upper Egypt were home to 28.8% and 25.8% of clients, respectively. Clients in Egypt’s second-largest city, Alexandria, constituted 14.7% of Ibnsina Pharma’s client base during the quarter.

Sales at Ibnsina Pharma’s core retail segment generated 70.0% of the company’s overall top line during 1Q19, with growth in the segment clocking in at a rapid 29.1% year-on-year. Wholesale segment revenues recorded a subdued growth of 3.7% year-on-year to contribute 1.9% of overall company revenues growth during the quarter. We don’t see this subdued growth as a trend but rather a quarterly effect. Ibnsina Pharma’s tenders segment expanded at a rapid 56.9% year-on-year to generate 18.7% of Ibnsina Pharma’s total revenues growth in 1Q19.

Ibnsina Pharma operated 59 sites in 1Q19, against 55 sites a year previously. Total revenue per site increased by 23% between 1Q19 and 1Q18, recording EGP 63.1 million in 1Q19. Ibnsina Pharma operated a fleet of 669 vehicles during 1Q19, up from 625 vehicles a year previously. This expanded fleet has helped Ibnsina efficiently satisfy rising demand, as demonstrated by the 21.1% increase in revenue per vehicle from EGP 4.6 million in 1Q18 to 5.6 million for 1Q19. Revenues per employee increased by 21.2% between 1Q19 and 1Q18, recording EGP 600k in 1Q19.

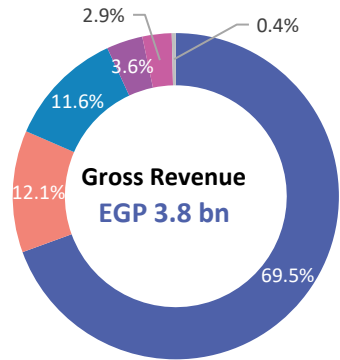


Financial Performance

Revenues

1Q19 saw Ibnsina Pharma's gross revenue climb at a rapid 28.8% year-on-year, register EGP 3.8 billion. Market-beating top line performance continues to be supported by across-the-board growth at all the company's business segments. Sales to retail pharmacies, which form the bulk 69.5% of Ibnsina's total revenues, grew by 29.1% year-on-year, closely matching the trend for the consolidated top line and booking EGP 2.65 billion for 1Q19. The tenders business grew by 56.9% in 1Q19, recording EGP 440.7 million contributing 11.6% of total revenues, while the wholesale segment booked EGP 459.7 million for the quarter, recording 12.1% of total revenues and expanding 3.7% year-on-year. Ibnsina Pharma's hospitals segment was its fastest growing in 1Q19, its top line expanding by 91.8% to post EGP 137.3 million for the quarter.

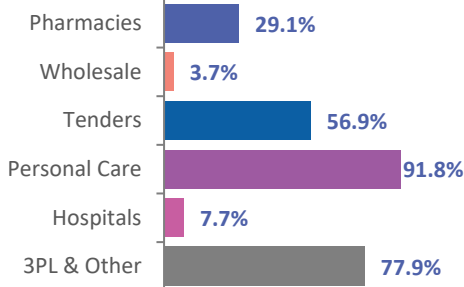
Revenue* by Business Line (1Q2019)



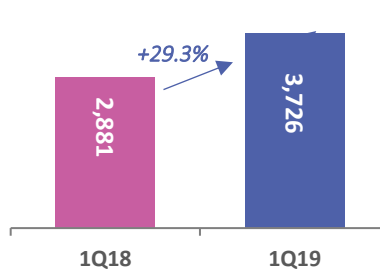
- Pharmacies
- Wholesale
- Tenders
- Hospitals
- Personal Care
- 3PL & Other

* Revenues refer to gross sales prior to discounts

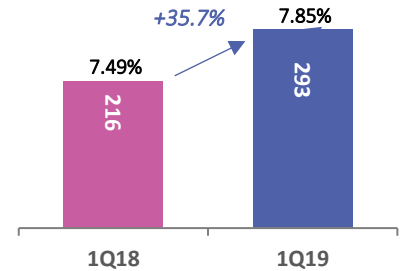
Business Line Revenue Growth (1Q2019)



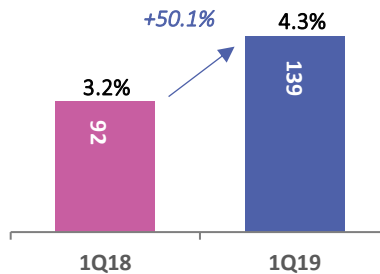
Net Revenue Progression (EGP mn)



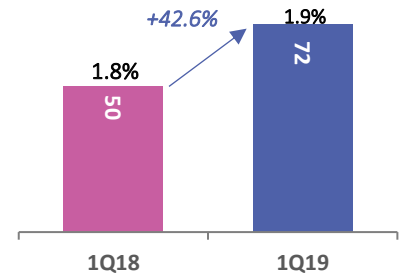
Gross Profit Progression (EGP mn, % margin)



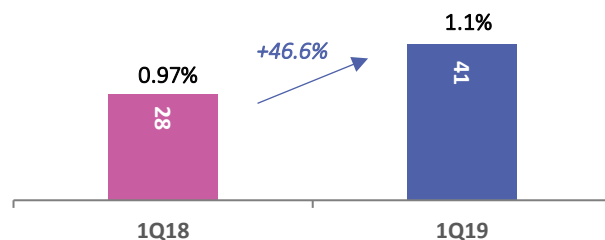
EBITDA Progression (EGP mn, % margin)



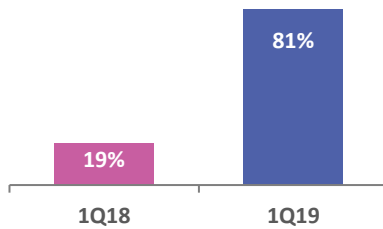
Operating Profit Progression (EGP mn, % margin)



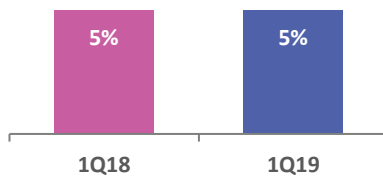
Net Profit Progression (EGP mn, % margin)



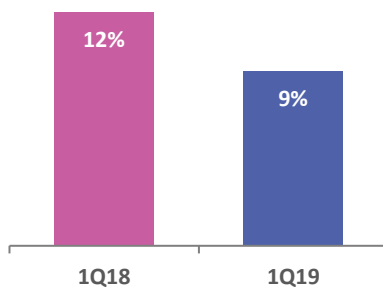
Net Debt / Equity



Return on Equity



Return on Fixed Assets



Gross Profit

Ibnsina recorded a gross profit for 1Q19 of EGP 292.7 million, an increase of 35.7% on the EGP 215.7 million booked one year previously. The gross profit margin climbed to 7.9% from 7.5% over the same period, resulting from lower cash discount given to the wholesale segment which recorded modest growth during the quarter representing only 1.9% form the total revenues.

Management’s yearly guidance for Ibnsina Pharma’s gross profit margin lies between 8.4% and 8.6%, irrespective of slight quarterly fluctuations.

Operating Profit

Ibnsina Pharma’s operating profit stood at EGP 71.9 million in 1Q19, an increase of 42.6% on the EGP 50.4 million recorded during the same quarter of 2018. The period saw Ibnsina pharma’s operating profit margin climb slightly to 1.9% from 1.8%. This growth in operating profit is a clear indication of the economies of scale Ibnsina Pharma increasingly extracts as it continued to effectively spread its fixed operational and administrative expenses across a wide revenue base during 1Q19, boosting profitability from core operations: Ibnsina pharma’s OPEX to revenue ratio registered 4.3% in 1Q19, down from 4.4% in 1Q18. The company’s expanding client book, growing fleet and network of distribution centers, and the ongoing diversification of its product portfolio are enhancing its operating leverage, with an eye to sustaining high levels of profitability from core activities.

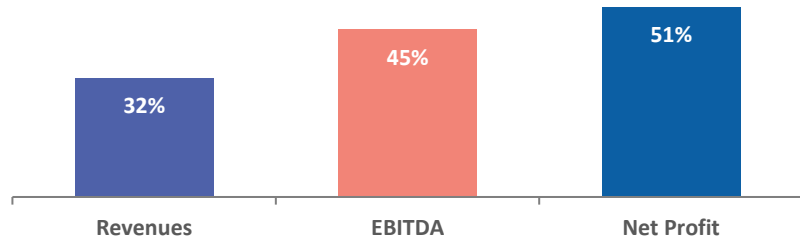
EBITDA

Ibnsina generated an EBITDA of EGP 138.57 million during 1Q19, an increase of 50.1% from the EGP 92.30 million recorded in 1Q18. Over the same period, Ibnsina Pharma saw its EBITDA margin expand to 3.72% from 3.20% a year previously.

Net Profit

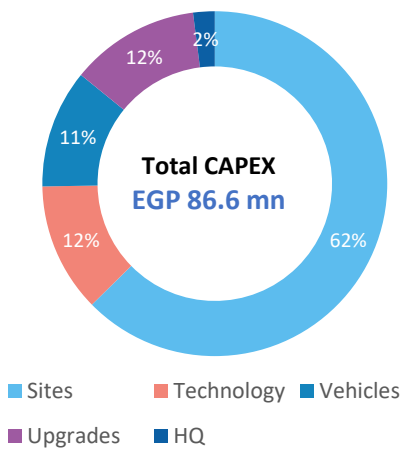
Net profit came to EGP 40.99 million in 1Q19, up by 46.6% year-on-year from the EGP 27.95 million posted one year previously. The period saw Ibnsina pharma’s net profit margin climb to 1.1% from 0.97%.

Ibnsina Pharma 5-Year CAGRs



Key Balance Sheet Items

CAPEX Breakdown (1Q2019)



CAPEX

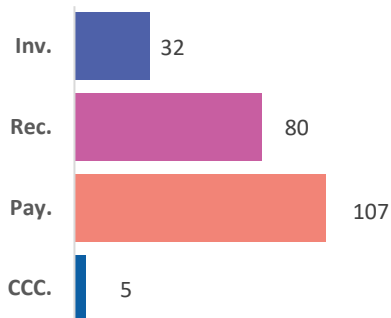
Ibnsina Pharma committed EGP 86.6 million for CAPEX purposes during 1Q19. The largest item of the company’s CAPEX efforts in 1Q19 was its distribution sites, to which it allocated EGP 54.1 millions of investment during the quarter. Technology projects and maintenance were allocated EGP 10.0 million and EGP 10.6 million, respectively, while EGP 9.7 million were expended on vehicle purchases, while capex related to headquarter recorded EGP 2.1 million. This is in line with management’s plan to expand Ibnsina Pharma’s distribution reach across Egypt.

Working Capital

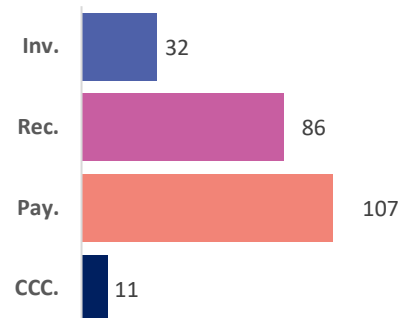
Ibnsina Pharma’s cash conversion cycle increased from 5 days during 1Q18 to 11 days in 1Q19. Receivable DOH registered 86 days during 1Q19, up from 80 days in 1Q18. The main reason for the increase is the growth of the tender business 56.9% during 1Q19 which represent 11.6% of total revenues. This segment is a pure credit payment while wholesale segment which pays in cash grew only 3.7% to represent only 12.1% of total revenues instead of 15% as of 1Q18.

Inventory DOH recorded a steady 32 days in 1Q19 and 1Q18. Payables DOH also stood steady at 107 days in 1Q19 and 1Q18 .

Cash Conversion Cycle 1Q2018



Cash Conversion Cycle 1Q2019



It is worth noting that Ibnsina Pharma utilizes to its advantage a favorable spread between interest paid on overdraft facilities and supplier discounts for early payment. As a result, the company maintains an inverse correlation between accounts payable DOH and outstanding short-term debt.

RECENT CORPORATE DEVELOPMENTS

Ibnsina Pharma Board of Directors Approves Payment of Reduced Fine in Light of Appellate court Verdict in The Anti-Trust Case

Ibnsina Pharma's Board of Directors approved on May 11, 2019 the payment of the EGP 160 million penalty as **the appellate court verdict is enforceable although not final** until the cassation court verdict. The decision is taken in accordance with the provisions of Article 25 of Egypt's Competition Law which states that the legal entity is responsible in solidarity for any financial penalties or compensations in case that any of its employees has committed a violation that resulted in benefits for the entity, and in accordance with the provisions of Article 33 of the company Bylaws which states that Board members should not bear in their capacity any responsibility related to the company financial obligations.

It is worth mentioning that payment before cassation court verdict does not prevent the company from reimbursement in case the cassation court ruling annulled or reduced the appellate court verdict. As previously disclosed, the company's directors have already appealed the appellate court verdict in April.

Also in recent view of the legal advisors that the appeal have higher probability to be accepted from the cassation court, the Board of Directors have decided to continue taking provisions for the anticipated period of appeal and retrial, which will take few years according to the recent opinion of the legal advisers.

Ibnsina Pharma asserts its strict adherence to the law and to the highest corporate governance standards in its day-to-day activities, policies and procedures. Ibnsina Pharma will maintain its legal right to defend its position and to safeguard the interests of its shareholders. The company will continue to update its shareholders and the market on any new developments in the case as they occur.

Income Statement

<i>In EGP</i>	1Q2018	1Q2019	YoY ▲
Gross Revenue	2,958,341	3,811,481	29.3%
Net Revenue	2,881,099	3,726,348	
Cost of Revenue	(2,665,364)	(3,433,583)	
Gross Profit	215,734	292,765	36.7%
Gross Profit Margin	7.50%	7.86%	
Selling, General & Administrative	(125,923)	(160,925)	
Penalties on Returned Checks	2,524	6,731	
EBITDA	92,335	138,571	50.1%
EBITDA Margin	3.20%	3.72%	
Depreciation & Amortization	(9,759)	(14,277)	
EBIT	82,576	124,294	50.5%
EBIT Margin	2.80%	3.34%	
Net Interest	(38,256)	(52,360)	
Other Expenses	(11,781)	(15,426)	
Other Income	6,368	23	
EBT	38,906	56,484	45.2%
EBT Margin	1.30%	1.52%	
Deferred Tax	296	838	
Income Tax	(11,249)	(16,332)	
Net Profit	27,945	40,990	46.6%
EPS	0.03	0.06	100%
Net Profit Margin	0.97%	1.10%	

Balance Sheet

<i>In EGP</i>	FY2018	1Q2019
Property & Equipment, net	431,409	441,410
Other Assets	7,641	8,731
Projects Under Construction	336,288	398,178
Deferred Income Taxes	10,453	11,291
Total Long-term Assets	785,791	859,610
Inventories	1,301,991	1,436,310
Trade & Notes receivable, net	3,648,233	3,940,295
Supplier Advances	213,862	284,982
Debtors & Other Debit Balance, net	296,568	264,099
Due from Related Parties	372	372
Cash & Cash Equivalent	96,618	55,604
Total Current Assets	5,663,016	5,981,661
Total Assets	6,448,809	6,841,271
Paid-In Capital	180,500	180,500
Share Premium	277,500	277,500
General Reserve	3,079	3,079
Legal Reserve	20,507	33,633
Retained Earnings	216,161	465,558
Net Profit for The Year	262,522	40,990
Total Shareholders' Equity	960,270	1,001,260
Non-Current Portion of Medium-Term Loan	348,179	389,134
Non-Current Notes Payable	4,779	1,015
Other Non-Current Liabilities	30,360	32,090
Total Long-term Liabilities	383,318	422,240
Credit Facilities	65,087	433,568
Contingency Provision	70,400	81,067
Customers Advance Payments	5,276	12,641
Trade and Notes Payable	4,753,051	4,645,120
Current Portion of Medium-Term Loan	38,850	38,850
Creditors & Other Credit Balances	172,557	206,525
Total Current Liabilities	5,105,221	5,417,771
Total Liabilities & Shareholders' Equity	6,448,809	6,841,271

Cash Flow

<i>In EGP</i>	1Q2018	1Q2019
<u>Cash flow from operating activities:</u>		
Net profit before tax	38,907	56,484
<u>Adjustments for:</u>		
Depreciation of fixed assets	9,095	13,776
Amortization of leased assets	664	501
Allowance for impairment of current assets	781	2,593
Provisions	3,500	10,667
Capital gain (loss)	-	(78)
Credit/Debit interest	38,256	52,360
Reconciliation for cost of projects	(29)	5
Other non-current liabilities	-	1,730
Operating profit before changes in working capital	91,174	138,039
<u>Changes in working capital:</u>		
Change in inventory	78,545	(28,947)
Change in trade receivables	(248,256)	(294,655)
Change in supplier advances	(100,214)	(71,120)
Change in debtors and other debt balances	34,300	32,471
Change in trade payables	(177,107)	(111,694)
Change in customer advance payments	(1,275)	7,365
Change in creditors and other credit balances	(32,373)	13,446
Cash flow from operating activities	(355,206)	(315,095)
Income taxes	(12,126)	-
Financing expense	(34,826)	(48,169)
Net cash flow from operating activities	402,158	(363,265)
<u>Cash flow from investment activities:</u>		
Payments for purchase of fixed assets and projects under construction	(20,572)	(23,791)
Payments for purchase of other assets	(611)	(1,590)
Payments for Projects under Construction	(115,489)	(62,142)
Proceeds from sale of fixed assets	40	92
Net cash flow from investment activities	(136,632)	(87,431)
<u>Cash flow from financing activities:</u>		
Overdraft	86,759	368,481
Proceeds from capital increase	290,000	-
Proceeds from borrowings	61,512	50,653
Repayment of borrowings	(22,554)	(9,698)
Net cash flow from financing activities	(415,717)	(409,436)
Net change in cash and cash equivalents during the period	(123,073)	(41,014)
Cash and cash equivalents at the beginning of the period	164,791	96,618
Cash and cash equivalents at the end of the period	41,718	55,604

About Ibnsina Pharma

Originally established in 2001, today Ibnsina Pharma is Egypt’s fastest-growing and second largest pharmaceutical distribution company. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 42,000 customers including pharmacies, hospitals, retail outlets and wholesalers. Its fleet of around 650 vehicles completes an average of over 460,000 deliveries each month.

Ibnsina Pharma’s core services for suppliers include management of warehousing and logistics for pharmaceutical products as well as the development and execution of tailored marketing solutions targeting a nationwide database of customers. The Company also provides efficient and reliable order-taking and delivery services to customers and was the first in its industry to pioneer a telesales model. Operating across 59 sites in 23 cities nationwide, Ibnsina Pharma’s team of more than 5,500 employees is dedicated to improving people’s quality of life by ensuring their access to safe and high quality pharmaceutical products.

For more information about Ibnsina Pharma, please visit: www.ibnsina-pharma.com.

For further information, please contact:

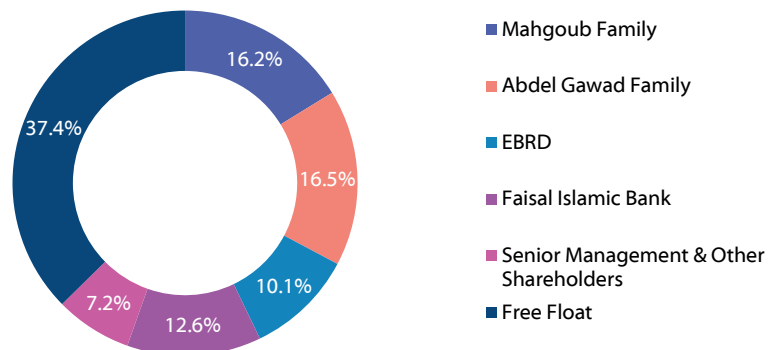
Mohamed Shawky

Investor Relations Manager

Email:

mohamed.shawky@ibnsina-pharma.com

Shareholding Structure
(Post IPO and Capital Increase)



Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management’s (“Management”) current views of future events, are based on Management’s assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management’s ability to timely and accurately identify future risks to our business and manage the risks mentioned above.