rameda
Quality For All

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. Reports FY19 Results

4Q19 Financial & Operational Highlights

EGP 275.2 mn Consolidated Revenue ▲18% y-o-y	**EGP 144.0 mn** Gross Profit 52% margin
EGP 101.6 mn Adjusted EBITDA 37% margin	**EGP 50.8** Net Income After Minority 18% margin

FY19 Financial & Operational Highlights

EGP 894.0 mn Consolidated Revenue ▲11% y-o-y	**EGP 405.6 mn** Gross Profit 45% margin
EGP 260.9 mn Adjusted EBITDA 29% margin	**EGP 82.4** Net Income After Minority 9% margin

February 18th, 2020 | Cairo, Egypt

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. (the "Company", and, together with its consolidated subsidiaries, "Rameda" or the "Group"), with ticker name RMDA.CA on the EGX, a leading Egyptian pharmaceutical company, announces today its consolidated full-year and fourth quarter results for 2019.

FY19 Highlights

- Revenue grew by 11.0% year-on-year to record EGP 894.0 million in FY19, driven mainly by the overall improvement in average selling prices. In the fourth quarter of the year, total revenue stood at EGP 275.2 million, up 17.9% year-on-year.
- Gross Profit recorded EGP 405.6 million in FY19, representing a gross profit margin of 45.4% compared to 50.3% in FY18. Gross profit came in at EGP 144.0 million for 4Q19, up 13.1% year-on-year.
- The Group booked an adjusted EBITDA of EGP 260.9 million in FY19, down by 9.7% year-on-year and yielding an adjusted EBITDA margin of 29.2%. In 4Q19, adjusted EBITDA came in at EGP 101.6 million, up 4.2% year-on-year.
- During the year, Rameda launched 8 new molecules.

Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

2019 was a landmark year for Rameda, with significant milestones achieved, positioning the Group to fully capture the growth and evolving demand dynamics of Egypt's ever-growing pharmaceutical industry. The year ended with the Group's successful listing on the Egyptian Stock Exchange (EGX) in December 2019 and the completion of a capital increase for EGP 582.5 million that will enable Rameda to accelerate its growth potential. In parallel, the Group has taken the necessary steps to carry out its responsibilities as a listed company in terms of governance and transparency, through the appointment of an experienced Director for internal audits, risk management and compliance coupled with an overhaul of the our internal policies and procedures, measures we view as essential in meeting our internal institutionalisation and governance improvement targets as a listed company.

2019 also saw us execute the largest upgrades in Rameda's more than three-decade history, with EGP 250 million invested during the last three years across the Group's three factories. During the year, we successfully added two lyophilised production lines, one cephalosporin injectable line, one Blow Fill Seal (BFS) line, the replacement of our macro dosing cephalosporin line, a new water purification system and the upgrade of our solid dosage production area. The main objectives of our upgrades were to de-risk existing production lines, add production capabilities for strategic products and comply with the latest Good Manufacturing Practices (GMP) requirements. With their completion, our production capacity has grown by 63% by year-end 2019.

We launched 8 molecules in 2019 and have plans to launch at least 12 new molecules each year in the medium-term, supported by a pipeline of more than 218 new molecules. In addition to pharmaceutical products, we have identified food supplements as a potential high-growth segment and to this end, we acquired five food supplements in 2019 which are set to be launched by the second half of 2020.

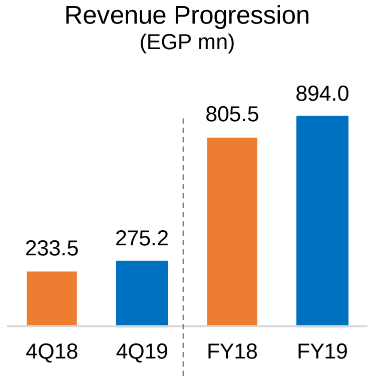
The conclusion of our IPO and the recent upgrades to our manufacturing facility marks a new chapter in our corporate development story and enables Rameda to fully realise its growth strategy, centred around launching new products covering key high-growth therapeutic areas, growing our existing portfolio and penetrating new export markets and complementing this strategy with molecule acquisitions and potentially through opportunistic acquisitions of pharmaceutical companies.

Mahmoud Fayek, Chief Financial Officer

We are particularly pleased with our financial performance during the period, achieved despite considerable disruptions in operations as a result of the significant upgrades to our manufacturing facility which took place during the first nine months of 2019. Our top line grew by 11.0% year-on-year to EGP 894.0 million in FY19, driven by domestic sales on the back of an improvement in our portfolio mix and despite disruptions in the supply of our outsourced lyophilised product. However, with the commissioning of our two new lyophilised lines in November 2019, we will now be manufacturing this product fully inhouse.

Although the disruption also affected our profitability during the year, with our adjusted EBITDA down by 9.7% year-on-year, the resumption of full operations upon the completion of these upgrades during the last quarter of 2019 , saw a significant improvement in both revenue growth and margins during the period, with 4Q19 revenues up 17.9% year-on-year and an adjusted EBITDA margin of 36.9%. We look forward to realising the full impact of our upgraded facility and enhanced capacity from 2020 onward.

Financial & Operational Performance

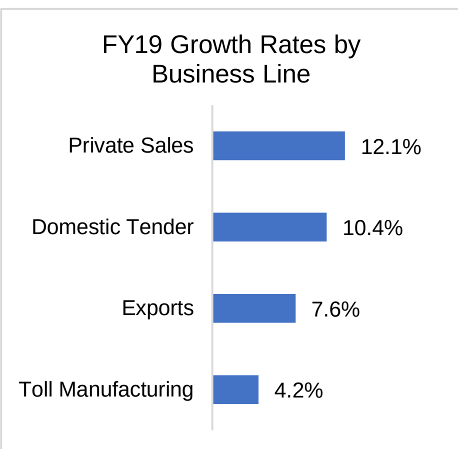


Revenues

Consolidated revenues grew by 11.0% year-on-year to record EGP 894.0 million in FY19. Growth for the period was driven primarily by an increase in private sales and domestic tenders. During the period, the average price per unit grew by 16.1% year-on-year to EGP 8.3/unit, while volumes sold decreased by 4.4% year-on-year reaching 108.3 million units in FY19.

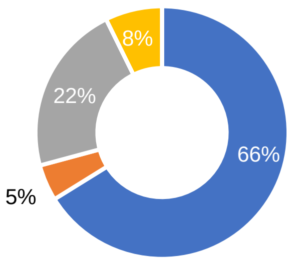
Consolidated revenues recorded 275.2 million during the last quarter of 2019, representing year-on-year growth of 17.9% year-on-year on the back of increasing domestic tender and export sales, as delayed orders during the upgrades were delivered during the period. New capacities installed during the year immediately impacted volume sold during the quarter significantly, which grew by 32.2% year-on-year to record 36.1 million units in 4Q19.

Revenues by Business Line



Revenue Analysis	FY18	FY19	% YoY	4Q18	4Q19	% YoY
Private Sales						
Volumes Sold ('000)	30,443	31,805	*4.5%*	9,113	9,232	*1.3%*
Sales (EGP mn)	527.7	591.5	*12.1%*	167.9	175.6	*4.6%*
Domestic Tenders						
Volumes Sold ('000)	40,413	40,599	*0.5%*	6,387	12,896	*101.9%*
Sales (EGP mn)	177.5	195.9	*10.4%*	31.1	55.2	*77.4%*
Exports						
Volumes Sold ('000)	3,638	7,610	*109.2%*	1,311	5,386	*310.8%*
Sales (EGP mn)	60.5	65.1	*7.6%*	23.5	31.2	*32.8%*
Toll Manufacturing						
Volumes Sold ('000)	38,764	28,263	*-27.1%*	10,504	8,597	*-18.2%*
Sales (EGP mn)	39.8	41.5	*4.2%*	11.0	13.3	*20.6%*
Total Volume ('000)	**113,258**	**108,278**	***-4.4%***	**27,316**	**36,111**	***32.2%***
Total Rev (EGP mn)	**805.5**	**894.0**	***11.0%***	**233.5**	**275.2**	***17.9%***
Price/Unit (EGP)	**7.1**	**8.3**	***16.1%***	**8.5**	**7.6**	***-10.8%***

FY19 Sales Contribution by Business Line



Private Sales

Rameda sells its products to domestic distributors who then distribute the products, which include pharmaceuticals, nutraceuticals, food supplements and veterinary products, to pharmacies throughout Egypt. The primary sales strategy in this field is largely prescription-based, whereby marketing representatives engage physicians to create demand for the Group's products.

Private sales in FY19 recorded EGP 591.5 million, up 12.1% year-on-year, and contributed the lion's share of consolidated revenue, at 66% to total revenue, as well as the bulk of year-on-year growth for the period, at 72% of absolute growth.

Domestic Tenders

Rameda also engages in domestic institutional sales by selling its products through tender processes either directly to government-owned institutions such as the Ministry of Health and public hospitals or indirectly to these institutions through distributors. Rameda focuses on participating in selective tender contracts that ensure certain profitability levels in line with its strategy.

Domestic Tender sales came in second in terms of contribution to consolidate revenue in FY19, at 22% to total revenue and recording EGP 195.9 million, up 10.4% year-on-year. New contracts which came online during the last quarter of the year boosted its contribution between 4Q18 and 4Q19 from 13.3% to 20.0% and bypass domestic private sales to contribute the highest to absolute growth on a quarterly basis, recording EGP 55.2 million during the period, up by 77.4% year-on-year.

Exports

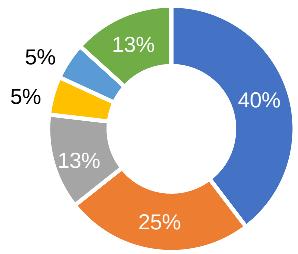
The Group also sells its products to export agents responsible for distributing Rameda's products across different regional markets. In 2019, 55% of total exports were sold in Iraq, 26% in Yemen, 17% in Libya, with the remainder sold in other markets including Jordan, Palestine and South Sudan.

Export revenue grew by 7.6% year-on-year to post EGP 65.1 million in FY19. Contribution remained steady between FY17 and FY18, at 7-8% of total revenue for both periods. With management currently in the process of entering a number of identified markets across Sub-Saharan Africa and several countries in the Commonwealth of Independent State (CIS), new and promising export markets are expected to be added to the Group's portfolio over the next two years.

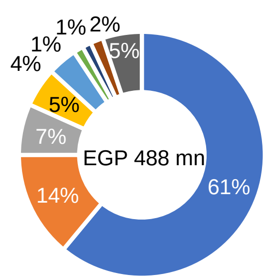
Toll Manufacturing

To monetise its excess production capacity and leverage the Group's existing fixed overheads, Rameda also selectively engages in toll manufacturing arrangements. Over the years, the Group has developed a solid and diverse client base, including well-known regional and international pharmaceutical companies such as Hikma and Sanofi, which has in turn has enabled Rameda to benefit from enhanced brand equity and acts as a testament to the quality and the standards of Rameda' s production facilities.

Toll manufacturing revenues, which contributed 5% of total revenues, grew by 4.2% year-on-year to EGP 41.5 million in FY 2019. Recent upgrades, FY19 Sales Contribution by Therapeutic Area



FY19 Cost of Revenues Breakdown



including the installation of two lyophilised lines completed in 4Q19, making Rameda one in few companies in the market with lyohpilised manufacturing capabilities, will see Rameda capitalise on their excess capacity to expand on this promising income stream.

Revenue by Therapeutic Area

Systemic anti-infectives contributed highest to total revenues in FY19, at 40% of total revenues during the period. Alimentary tract and metabolism followed, at 25% of total revenues while genitourinary system and sex hormones came in at 13% of total revenues. Other therapeutic areas each contributed 5% or less to total revenues.

Cost of Revenues

Cost of revenues comprises raw materials, employee benefits expense, depreciation and amortisation, utilities charges, spare parts & materials, maintenance, government fees & medical stamps, energy expenses, short-term leases, and other operating expenses.

Cost of revenues recorded EGP 488.4 million in FY19, up 22.1% year-on-year and representing 55% of revenues compared to 50% of revenues in FY18. The rise in the cost of sales was primarily driven by raw materials cost, its highest contributor, at 61% in FY19, on the back of the product-mix sold during the year and disruptions in the supply of Rameda's sole outsourced product, which led the group to source its lyophilised product temporarily from higher-cost suppliers.

Gross Profit

Gross profit came in at EGP 405.6 million in FY19 with a GP margin of 45.4%, down 5.0 percentage points from 50.3% in FY18. However, as the company resumed its normal operations in 4Q19, gross profit recorded EGP 144.0 million during the quarter, up 13.1% year-on-year and representing a significantly higher GP margin of 52.3%.

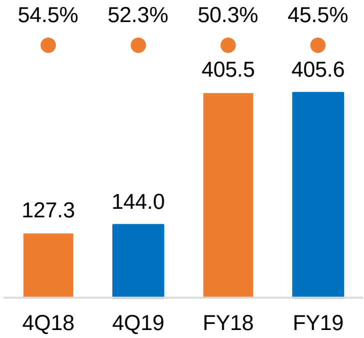
Moreover, in November 2019, the Group's two new lyophilised lines came online, which will enable Rameda to bring its lyophilised production in-house and save further on the cost of raw materials and adding toll manufacturing revenues from its excess capacity going forward.

Selling and Marketing Expenses

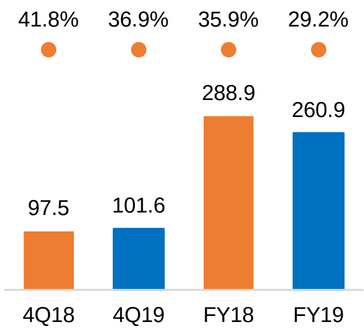
Selling and marketing expenses principally comprise salaries, social insurance & other fringe benefits associated with the Group's sales and marketing function, advertising & marketing expenses, rent, and depreciation.

In FY19, selling and marketing expenses recorded EGP 152.6 million, up 29.8% year-on-year, with growth primarily driven by salaries, social insurance & other fringe benefits and advertising & marketing expenses. As a percentage of sales, selling and marketing expenses grew by 2.5 percentage points to 17.1% in FY19. This was principally due to an increase in the number of medical representatives required in preparation for the

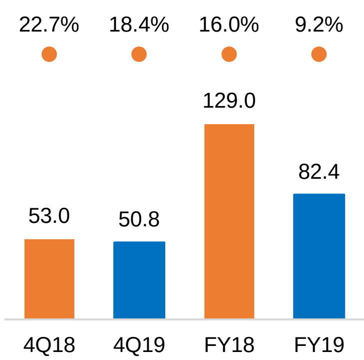
Gross Profit and Margin Progression
(EGP mn | %)



Adj. EBITDA and Margin Progression
(EGP mn | %)



Net Profit After Minority and Margin Progression
(EGP mn | %)



accelerated molecule launches planned in the coming years in accordance with the Company's strategy. As such, 4Q19 selling and marketing expenses recorded EGP 45.2 million, up 62.1% year-on-year, and representing 16.4% of revenues.

General and Administrative Expenses

General and administrative expenses mainly comprise salaries, social insurance & other fringe benefits not directly attributable to the production, sales or marketing of the Group's products.

In FY19, Rameda posted general and administrative expenses of EGP 35.6 million, down 6.9% year-on-year on the back of decreasing professional fees of 70.9% year-on-year.

General and administrative expenses recorded EGP 9.0 million in 4Q19, down 2.4% year-on-year and representing 3.9% of 4Q19 revenues.

EBITDA

Adjusted EBITDA is defined as net profit before finance expenses (including bank charges), income taxes, depreciation and amortisation, IPO expenses, impairment of trade and notes receivable, write-down/reversal of write down of inventories and provision for expected claims.

Adjusted EBITDA came in at EGP 260.9 million in FY19, down by 9.7% year-on-year and yielding an adjusted EBITDA margin of 29.2% against 35.9% in FY18. The fall in the Group's EBITDA margin is primarily attributed to increasing cost of revenues and selling & marketing expenses on the back of higher salaries, social insurance & other fringe benefits, cost of raw materials and advertising & marketing expenses. Such increases were unmatched by the revenue growth in FY19 resulting in an exceptional margin compression.

In 4Q19, adjusted EBITDA came in at EGP 101.6 million, up 4.2% year-on-year and yielding an adjusted EBITDA margin of 36.9% against 41.8% in 4Q18.

Finance Expenses

Total finance expense recorded EGP 109.9 million in FY19, up 31.3% year-on-year driven by increased working capital facilities necessitated by operational disruptions and interest expenses on the loans acquired to fund the upgrades. 4Q19 saw finance expenses come in at EGP 28.6 million, up 29.1% year-on-year

Net Profit After Minority

Rameda posted a net profit after minority of EGP 82.4 million in FY19, down 36.1% year-on-year, with a corresponding net profit margin of 9.2% against a net profit margin of 16.0% in FY18. The fall in net profit follows the drop in

EBITDA and EBITDA margins in addition to the increased finance expense between the two periods.

The decrease in 4Q19 net profit after minority of 4.2% year-on-year to reach EGP 50.8 million was not as pronounced due to the resumption of normal operations post-completion of the facility upgrades.

Net Cash Flow, Capital Expenditure and Net Debt

The Group generated operating cash flow of EGP 200.2 million

Capital expenditures, which includes the purchase of both tangible and intangible assets, came in at EGP 90.8 million in FY19 against EGP 250.3 million in FY18, primarily attributed to the recent upgrades of the manufacturing facility.

The Group's net debt stood at EGP 93.4 million as at 31 December 2019, down 83.7% from year-end 2018, driven by the capital increase resulting from the Group's December 2019 listing.

Investor Relations Contact:

Yasmine Negm
Rameda's Head of Strategic
Communications & Investor Relations
Email: yasmine.negm@rameda.com
Mobile: +20(0)1111263555

About Rameda

Established in 1986, Rameda (RMDA.CA on EGX) is a leading Egyptian pharmaceutical company principally engaged in the manufacture and sale of a wide range of branded generic pharmaceuticals, nutraceuticals, food supplements and veterinary products. The Group produces its wide range of quality products at its state-of-the art manufacturing facility in Cairo's Sixth of October Industrial Zone, combining world-class standards with local insights and a customer-centric approach. Led by a world-class team of professionals with extensive industry experience, Rameda has developed a broad portfolio across multiple therapeutics areas through accretive molecule acquisitions and successfully leveraged its strong portfolio and highly skilled marketing representatives to become one of the fastest-growing pharmaceutical players in Egypt.

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 that 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 in the prices of raw materials or employee costs required by our operations, its ability to retain the services of certain key employees, its 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.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly to the total figure given.