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Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Ramedata) S.A.E. Reports 1Q20 Results

1Q20 Financial & Operational Highlights

EGP 232.4 mn Total Consolidated Revenue ▲22% y-o-y	EGP 106.2 mn Gross Profit ▲36% y-o-y 46% margin	EGP 63.0 mn Adjusted EBITDA ¹ ▲44% y-o-y 27% margin
EGP 23.9 mn Net Income After Minority ▲196% y-o-y 10% margin	EGP 33.0 Average Unit Price (private) (IQVIA) ▲9% y-o-y	18.4 mn Units Sold (excludes toll volume) ▲10% y-o-y

May 17th, 2020 | Cairo, Egypt

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Ramedata) S.A.E. (the "Company", and, together with its consolidated subsidiaries, "Ramedata" or the "Group"), with ticker name RMDA.CA on the EGX, a leading Egyptian pharmaceutical company, announces today its consolidated first quarter results for 2020.

1Q20 Highlights

- Revenue grew by 22.4% year-on-year to EGP 232.4 million in 1Q20. Revenue growth was primarily driven by portfolio optimization and a return to normalized volumes upon the November 2019 completion of our facility upgrade and expansion, with Ramedata now able to fully utilize its facility once again with minimal disruption.
- Gross profit came in at EGP 106.2 million in 1Q20, representing a gross profit margin of 45.7% compared to 41.1% in 1Q19.
- Adjusted EBITDA¹ recorded EGP 63.0 million in 1Q20, up by 43.5% year-on-year and yielding an adjusted EBITDA margin of 27.1%.

¹ Adjusted for, impairments, provisions and universal healthcare tax



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Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

Rameda has ended the first quarter of what promises to be a highly eventful year at the company. External circumstances are driving a rapid evolution of our operating environment and necessitating even greater agility and readiness to innovate. Headwinds from the coronavirus pandemic are laying significant strains in Egypt and wider global economies. Despite the relative inelasticity of demand for pharmaceuticals and healthcare services, these industries are not immune to the disruption caused by the virus and associated restrictions and their impact on demand, production and supply chains worldwide. Our industry is a highly globalized one, and the disruption to supply chains and global trade has affected it as it has affected countless other industries. In accordance with our position as a responsible corporate actor, our priority at this time has been to ensure the health and safety of our employees. Management mandated the cessation of all field force activity on 14 March, asking all medical and marketing representatives to work from home until 3 May, when c.70% of the salesforce has returned to work under stringent guidelines with regards to sanitation, social distancing, and the provision of safety equipment, such as masks, sanitizers and gloves, as mandated by Egypt's Ministry of Health and recommended by the World Health Organization (WHO). At our manufacturing facilities, we have instituted reduced shifts for non-critical lines, installed fever-screening devices and COVID-19 rapid testing devices for random testing and for those with symptoms, and are carrying out the frequent sterilization of our premises and equipment, among other measures recommended by the WHO. Vulnerable employees have been granted leave of absence.

Despite the disruptions of API supply across the global pharmaceutical industry wrought by the coronavirus pandemic, Rameda's financial results met expectations in 1Q20. From an operational standpoint, management at Rameda has worked to be as proactive as possible in the face of this crisis, instituting a targeted set of policies that ensures our ability to continue providing patients with their much-needed medication. Rameda has secured 90% of the needed APIs to fulfil the company's expected production needs until the end of 3Q20. We are actively working to further expand our inventories so that we can fully meet expected demand for 2020 as a whole. Meanwhile, Rameda's procurement team is exploring measures to diversify and fortify the company's supply chain in light of the rapidly evolving global situation.

Rameda continued to pursue all avenues for profitable expansion during the first quarter. We executed our largest molecule acquisition to date, falling under the fast-growing anti-inflammatory therapeutic segment, which grew at a five-year CAGR of c.41% between 2015 and 2019. The acquisition clearly delivers on our post-IPO strategy to bolster our portfolio with innovative products serving high-growth therapeutic areas using proceeds from the listing. Moving forward we will continue to seek opportunistic acquisitions that can drive growth, improve our profitability, and expand our market share. Similarly, we will continue to closely monitor the market for accretive opportunities for vertical or horizontal integration through potential acquisitions that can synergistically leverage Rameda's existing innovative business segments.

Over the last decade, the Egyptian market has faced a number of internal disruption and external shocks, with businesses across the country having weathered the effects of several such crises in recent memory. With every event, Rameda has emerged stronger with ever-more robust fundamentals and the Group's Management is fully confident of its ability to repeat this feat and leverage current circumstances to its objective of furthering innovation and generating value for our stakeholders.



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Mahmoud Fayek, Chief Financial Officer

Despite the stresses placed on the Egyptian market in specific and global markets in general during the period by the coronavirus pandemic and its associated economic impacts, recovering volumes after last year's production disruptions combined with improvements in our average price points delivered solid top-line growth for Rameda during 1Q20. Revenues recorded EGP 232.4 million, exceeding our budgeted figure for the period, on the back of broad-based growth across all the company's verticals barring export sales, which fell on account of disruptions in global trade and logistical restrictions. Solid market demand indicates the defensive nature of the company's industry, with our private sales and tenders verticals remaining the largest contributors to our top-line on the back of growing local demand for medications addressing noncommunicable lifestyle diseases. While our toll manufacturing vertical was affected by API procurement issues faced by a number of our toll clients, revenue from the segment grew at a healthy 37.4% year-on-year. We expect revenues from this segment to be driven up further once our newly installed lyophilised production capabilities are extended to our tolling clients and API procurement for our toll clients normalizes.

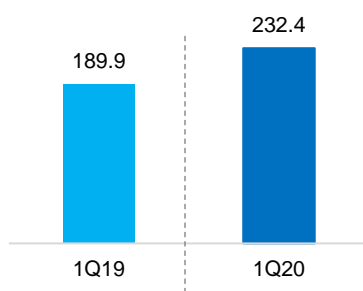
The management's successful portfolio enhancement strategy to promote more recently launched and recently acquired high value molecules and thus improving the product portfolio mix, led to a healthy revenue growth coupled with a 4.5 percentage-point growth in Rameda's gross margin to 45.7% in 1Q20, at EGP 106.2 million. Gross margin growth trickled down to the EBITDA level as EBITDA grew by 43.5% year-on-year to EGP 63.0 million in 1Q20, and its associated EBITDA margin climbed by 4.0 percentage points to 27.1%. Despite an uptick in selling and marketing expenses due to the ramp-up of the Group's sales and marketing functions and hires related to the listing on the Egyptian stock exchange between the end of March 2019 until now, Rameda's strong performance in terms of core profitability follows on rapid top-line and gross profit growth for the period and reflects the growing benefit of economies of scale on the back of recovering volumes. Rameda's bottom line nearly tripled during the period, booking EGP 23.9 million for 1Q20, reflecting enhanced operating margins and efficiency resulting from treasury operations, with net profit margin showing exceptional growth to 10.3% from 4.2% one year previously.



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Financial & Operational Performance

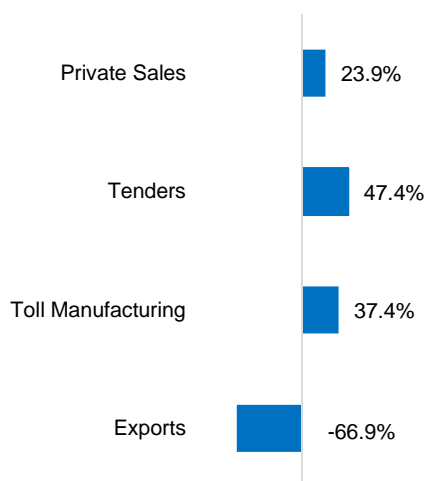
Revenue Progression
(EGP mn)



Revenues

Consolidated revenues came in at EGP 232.4 million in 1Q20, representing year-on-year growth of 22.4%. Growth for the period was driven by improvements in average price points coupled with recovery in volumes as operations resumed without the disruptions faced in 2019 when the facility was going through upgrades and expansions. As a result, the total volume sold (excluding toll sales)² in 1Q20 came in at 18.4 million units in 1Q20, up by 9.8% year-on-year while toll manufacturing volumes grew by 30.8% year-on-year to EGP 6.2 million units

1Q20 Revenue Growth Rates
by Business Line

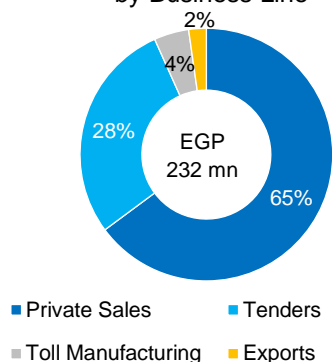


Revenues by Business Line

Revenue Analysis	1Q19	1Q20	% YoY
Private Sales			
Volumes Sold ('000)	5,902	5,899	-0.1%
Sales (EGP mn)	121.7	150.7	23.9%
Tenders			
Volumes Sold ('000)	9,919	12,141	22.4%
Sales (EGP mn)	44.9	66.1	47.4%
Exports			
Volumes Sold ('000)	921	339	-63.2%
Sales (EGP mn)	15.8	5.2	-66.9%
Volume (excluding toll) ('000)	16,742	18,378	9.8%
Revenue (excluding toll) (EGP mn)	182.3	222.1	21.8%
Toll Manufacturing			
Volumes Sold ('000)	4,765	6,234	30.8%
Sales (EGP mn)	7.5	10.4	37.4%
Total Revenue (EGP mn)	189.9	232.4	22.4%

² Volume for Toll Manufacturing segment is measured by the number of strips sold, while the remaining segments measure volume by number of packs sold

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 with physicians to create demand for the Group's products.

Private sales dominated revenue growth during the period, contributing 68% of absolute revenue growth in 1Q20 at EGP 150.7 million, up 23.9% year-on-year. Private sales also remained the largest contributing segment to total revenue, at 65% in 1Q20, up by 0.8 percentage points from 64.1% in 1Q19.

Tenders

Rameda also engages in 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 tenders saw the highest growth among the four segments, growing by 47.4% year-on-year to record EGP 66.1 million in 1Q20. Its contribution to total revenue grew by 4.8 percentage points to 28%.

Exports

The Group also sells its products to export agents responsible for distributing Rameda's products across different regional markets. In 1Q20, 61% of total exports were sold in Iraq and 27% in Yemen, with the remainder sold in other markets including Palestine, South Sudan and Somalia.

Exports were negatively impacted by the COVID-19 pandemic as most of Rameda's export markets closed their borders. As a result, revenue from exports contracted by 66.9% year-on-year to EGP 5.2 million in 1Q20.

Total exports' contribution to revenue fell by 6.1 percentage points to 2% in 1Q20 from 8% in 1Q19. With plans to enter a number of identified markets across Sub-Saharan Africa and the Commonwealth of Independent State (CIS) currently on hold due to COVID 19's impact on international trade, Rameda expects to add these new and promising export markets once countries are able to re-open their borders.

Toll Manufacturing

To monetise its excess production capacity and dilute 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 Sanofi, which has in turn enabled Rameda to benefit from enhanced brand equity and acts as a testament to the quality and the standards of Rameda's production facilities.

Despite some hardships faced by a number of Rameda's toll clients to secure their API supply for the quarter, toll manufacturing revenues, which were maintained at 4% of consolidated revenues in 1Q19 and 1Q20, grew

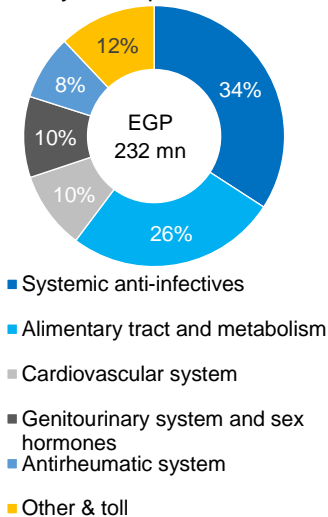


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FY19 Sales Contribution by Therapeutic Area



by an exceptional 37.4% year-on-year to EGP 10.4 million in 1Q20. Recent upgrades, including the installation of two lyophilised lines completed in 4Q19, making Rameda one in few companies in the market with lyophilised manufacturing capabilities, will see Rameda capitalise on their excess capacities to expand on this promising income stream.

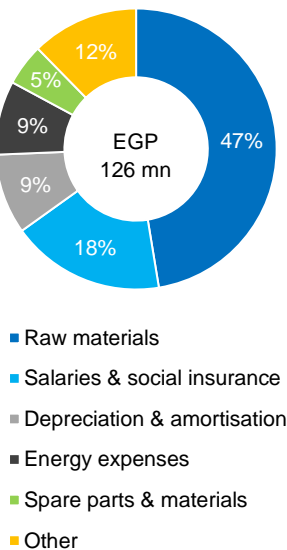
Revenue by Therapeutic Area

Systemic anti-infectives maintained its position as the largest contributing segment to the Group's top line, at 34% of consolidated revenues in 1Q20. Alimentary tract and metabolism followed, at 26% of total revenues in 1Q20, while genitourinary system and nervous system contributed 10% each. Antirheumatic system, which was added to the group's portfolio in 1Q20, contributed 8%, while other therapeutic areas (including toll manufacturing) contributed the remaining 12% 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.

FY19 Cost of Revenues Breakdown



Cost of revenues came in at EGP 126.2 million in 1Q20, up by 12.9% year-on-year and representing 54% of revenues, down 4.5 percentage points year-on-year. The fall in cost of sales as a percentage of revenue was a result of the reduction of raw materials costs on the back of portfolio optimization towards higher-margin products and the appreciation of the EGP, coupled with enhanced economies of scale following the resumption of normalized operations in 1Q20.

Raw materials, which remained the largest COGS component, saw its contribution to total COGS fall significantly by 14.9 percentage points to 47% in 1Q20. At the same time, salaries & social insurance and energy expenses saw their contribution to total COGS grow by 5.4 and 5.5 percentage points respectively. With new CAPEX additions now online, the contribution of depreciation and amortization expense to COGS grew by 3.7 percentage points to 9% in 1Q20. The remaining COGS components saw their contribution change by approximately 1 percentage point each during the same period.

Gross Profit

Rameda recorded a gross profit of EGP 106.2 million in 1Q20 with a margin of 45.7%, up 4.5 percentage points from 41.1% in 1Q19. Gross margin expansion was driven by the economies of scale resulting from the normalized operations, which lowered unit production costs, combined with the optimization of the Group's portfolio towards higher-margin products.

Selling and Marketing Expenses

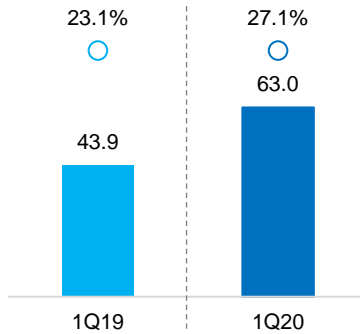


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Adjusted EBITDA and Margin Progression (EGP mn | %)



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.

Selling and marketing expenses grew by 45.7% year-on-year to EGP 48.9 million in 1Q20, representing 21.0% of revenues compared to 17.7% of revenues in 1Q19. Salaries, social insurance & other fringe benefits and advertising & marketing expense lead 1Q20 overall growth, at 62.6% and 29.2%, respectively during the same period.

Rameda's enhancement of its sales and marketing functions during 2019 to accommodate the Group's planned launches in the coming years is reflected by the growth in these two segments, as the Group ramped up its field force by an additional 325 medical reps and merchandisers between 1Q19 and 1Q20 to stand at 908 by the end of the quarter. The Group expects to increasingly benefit from its newly expanded sales force once social distancing laws are further relaxed by the government.

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 1Q20, Rameda posted general and administrative expenses of EGP 11.1 million, up 10.6% year-on-year, with its combined expenses as a percentage of consolidated revenue down to 4.8% from 5.3% in 1Q19 supported by the normalization of operations.

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 grew by 43.5% year-on-year to EGP 63.0 million in 1Q20, representing EBITDA margin expansion of 4.0 percentage points during the period to 27.1%. EBITDA growth follows the growth in gross profit, and lower general & administrative expenses as a percentage of revenue, despite increased selling & marketing expenses, as the Group was able to spread its administrative expenses over a wider revenue base.

Net Finance Expenses

Net finance expenses, which includes the Group's interest expense and interest income from treasury operations, fell significantly between 1Q19 and 1Q20, recording EGP 13.5 million in 1Q20, down 43.0% from EGP 23.7 million in 1Q19. This came primarily due to EGP 17.3 million generated through treasury operations interest income for the quarter.

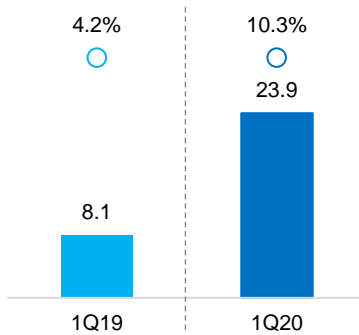


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Net Income (after minority) and Margin Progression (EGP mn | %)



Net Profit After Minority

Net profit almost tripled to EGP 23.9 million in 1Q20, representing significant net profit margin expansion of 6.0 percentage points to 10.3% on the back of increased operating margins and enhanced treasury operations.

Net Cash Flow, Capital Expenditure and Debt

Ramedata's operating cash flow fell by 49.0% year-on-year to EGP 33.7 million in 1Q20 due to higher inventory as the Group focused on stocking sufficient APIs to accommodate its production needs to the end of 3Q20. In addition to the repayment of outstanding dues by Ramedata in relation to facility upgrades executed in 2019.

With Ramedata's facility expansion and upgrades fully realized by the end of 2019, net fixed assets grew by 1.6% year-to-date to book EGP 423.8 million as at 31 March 2020, with minimal maintenance-related CAPEX of EGP 8.1 million incurred during the period.

Despite an increase in short-term credit facilities, net debt stood at EGP 193.9 million as at 31 March 2020, representing year-to-date contraction of 66%, driven by an increase in cash and bank balances upon the Group's December 2019 listing.



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About Rameda

Established in 1986, Rameda (RMDA.CA on EGX) is a leading Egyptian pharmaceutical company led by a team of professionals with extensive multinational experience. The company develops and produces a wide range of branded generic pharmaceuticals, nutraceuticals, food supplements and veterinary products. Rameda combines global standards with local insights and a customer-centric approach. It has developed a broad portfolio of products across multiple therapeutic areas, by successfully leveraging its strong product portfolio with its accretive product acquisitions to become one of the fastest-growing pharmaceutical players in Egypt. The company produces its wide range of dosage forms at its three manufacturing facilities located at the industrial complex in Cairo's Sixth of October Industrial Zone.

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.