



Quality For All

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

EARNINGS PRESS RELEASE 1H20

### Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. records steady top line growth of 14% year-on-year to EGP 437.5 mn in 1H20; Net Profit grew by more than two-fold to EGP 43.8 mn

*While overall volumes remained relatively stable year-on-year, revenue grew by 14% y-o-y to EGP 437.5 mn in 1H20 due to strong growth in the Company's tenders segment in addition to higher average selling prices on the back of managements' portfolio optimization towards recently launched and recently acquired higher-margin products. This exercise saw Rameda's GP margin improve by 2.1 percentage y-o-y points to 46.8% in 1H20 due to decreasing raw material expenses as a percentage of revenue. EBITDA growth of 10.5% y-o-y trickled down to the bottom line, with improved treasury operations resulting in 108.8% y-o-y growth in net profit to EGP 43.8 million in 1H20, representing an NPM expansion of 4.6 percentage points to 10.0%.*

**August 13<sup>th</sup>, 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 results for the first half of 2020, with revenues up by 13.8% year-on-year to EGP 437.5 million in 1H20. Top-line performance was driven by Rameda's increasingly optimized product portfolio towards higher-priced products, strong growth at the Company's Tenders segment, and resilient Private market performance, despite challenging market conditions since March 2020.

Gross profit came in at EGP 204.7 million in 1H20, representing a year-on-year increase of 19.1% and yielding a gross profit margin of 46.8% against 44.7% in 1H19 due to decreasing raw materials as a percentage of sales on account of the optimization of the Company's portfolio towards higher-margin products and a favourable US Dollar rate.

Adjusted EBITDA recorded EGP 116.1 million in 1H20, up by 10.5% year-on-year. Its corresponding EBITDA margin fell by 0.8 percentage points during the period to 26.5% on the back of increased salaries as a percentage of revenue.

Net income after minority interest grew by more than two-fold in 1H20, booking EGP 43.8 million, up 108.8% year-on-year and yielding a net profit margin of 10.0%, up by 4.6 percentage points from 5.5% in 1H19. Enhanced bottom-line performance reflects improved performance on the operational level, in addition to improved treasury operations.

### Summary Income Statement

EGP mn	2Q19	2Q20	YoY Change	1H19	1H20	YoY Change
Revenues	194.2	205.0	5.6%	384.4	437.5	13.8%
Gross Profit	92.5	98.5	6.4%	171.8	204.7	19.1%
GP Margin	47.6%	48.0%	+0.4 pp	44.7%	46.8%	+2.1 pp
Adjusted EBITDA	61.1	53.1	-13.1%	105.0	116.1	10.5%
Adj. EBITDA Margin	31.5%	25.9%	-5.6 pp	27.3%	26.5%	-0.8 pp
EBIT	52.6	38.4	-27.0%	89.9	88.8	-1.2%
EBIT Margin	27.1%	18.7%	-8.4 pp	23.4%	20.3%	-3.1 pp
Net Profit after Minority Interest	12.9	19.9	54.1%	21.0	43.8	108.8%
NP Margin	6.6%	9.7%	+3.1 pp	5.5%	10.0%	+4.6 pp
EPS	0.017	0.026	54.1%	0.027	0.057	108.8%



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Despite decreasing volume sold on the back of lower outpatient traffic and the inability of Group's salesforce to effectively market the Group's products in light of social distancing restrictions placed in Egypt during the last quarter, revenue from private sales grew by 9.7% year-on-year to EGP 277.5 million and continued to contribute the lion's share of revenue, at 63.4%, in 1H20 on account of the Group's portfolio optimization strategy. The segment also contributed 36.9% to absolute revenue growth in 1H20.

Tenders remained the fastest-growing business segment during 1H20, with volumes up by 21.4% year-on-year to 20.2 million units and revenues up by 47.9% year-on-year to book EGP 129.0 million. Solid growth in Rameda's Tenders business was driven by strong demand for medication from Egypt's the Ministry of Health and its associated organizations and facilities, who stockpiled on essential medications in anticipation of possible supply shortages.

Exports were negatively impacted by the COVID-19 pandemic due to trade disruptions across Rameda's global export markets. As a result, export volumes fell by 47.7% to 829 thousand units and revenues from exports fell by 51.9% to record EGP 12.4 million in 1H20. The division's contribution to consolidated revenues decreased by 3.9 percentage points to 2.8% during the same period.

Meanwhile, a number of Rameda's toll clients continued to face difficulties in sourcing API supplies during the period, resulting in declining toll sales volumes of 17.7% to 11.2 million units in 1H20. Despite the contraction in volumes, toll manufacturing revenues increased by 0.5% year-on-year to reach EGP 18.5 million in 1H20. As global procurement patterns stabilize, Rameda will leverage its recent upgrades to capitalise on excess capacities and expand on this promising income stream with its new lyophilised production capabilities installed in 2019 year-end.

### Comments from our Management Team

"With the first half of 2020 behind us, Rameda can now reflect on its strong performance amidst a challenging period as a result of the significant rise of COVID-19 cases faced in Egypt and worldwide since March of this year,"

**commented Dr. Amr Morsy, CEO of Rameda.** "We are pleased to report that Rameda recorded double digit top line growth, outgrowing both the private and overall market in terms of sales growth, and ranking second highest year-to-date in the overall market evolution index in terms of both sales volume and value for the period<sup>1</sup>.

"Our strong performance demonstrates the breadth and resilience of our portfolio, as well as the vital role of the generic medicines we supply. We acquired 3 molecules during 1H20, including a nonsteroidal anti-inflammatory analgesic molecule, which became one of Rameda's top 10 selling products in 1H20 and contributed 8.4% of total revenues during the period, despite only becoming part of the Group's portfolio in March 2020. Rameda stands ready to devote its capabilities and resources to serving patients locally and regionally during this unique time in history, and as the first Egyptian company to take the initiative to supply both local and regional markets with antiviral medication to help combat COVID-19, we are particularly looking forward to the upcoming launch of two new molecules, Anviziram and Remdesivir, for which we received manufacturing licenses in June from the Egyptian Drug Authority (EDA). Management also has plans to export these medicines to neighboring countries across the Middle East and North Africa upon receipt of approval from the Ministry of Health and the EDA," **Dr. Amr added.**

"In light of the unprecedented challenges faced by Rameda and its peers during the last few months, I am pleased with our financial and operational results in the first half of 2020," **said Mahmoud Fayek, Chief Financial Officer.** "In Q2, we witnessed some of the toughest market conditions we've faced in a long time, which saw the Private market sales in Egypt uncharacteristically contract by 4% y-o-y<sup>2</sup> year due to the COVID-19 pandemic and its associated restrictive measures that came into effect starting mid-March. Even though our private sales, exports and toll manufacturing segments were negatively impacted this quarter, we managed to

<sup>1</sup> Source: IQVIA Health

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achieve double-digit top line growth of 14% to EGP 437.5 million in 1H20 on the back of our strategically optimized portfolio of higher margin molecules, which also saw our gross margin grow by 2.1 percentage points.

“Growth in Rameda’s gross profit trickled down to the EBITDA level, which increased by 11% year-on-year to EGP 116.1 million in 1H20, despite higher sales and marketing expenses on account of its newly expanded salesforce. Meanwhile, net profit more than doubled during the period, recording EGP 43.8 million for 1H20, reflecting enhanced efficiency resulting from treasury operations, with an associated net profit margin growth of 4.6 percentage points to 10%,” **added Mahmoud**

“We launched four molecules in 1H20 with plans to launch an additional 4 to 6 additional molecules before year-end. Launches during the period included two new food supplements, HOMO and Robesta, released in response to the Ministry of Health’s call to Egyptian pharmaceutical producers to increase the production and sale of immunity-enhancing products that satisfy national supply shortages of essential vitamins during the COVID-19 pandemic. As a large Egyptian manufacturer of generic pharmaceuticals, we are aware of the strong role we play during the crisis and our achievements over the last few months are a testament to the steadfast commitment of our people, who are working hard to ensure high quality and affordable medicines are available to patients throughout the COVID-19 pandemic. We expect our new launches and acquisitions, combined with the recent easing of social distancing measures, to further drive Rameda’s growth momentum for the remainder of 2020,” **Dr. Amr concluded.**

-Ends-



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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.