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

EARNINGS RELEASE 9M20

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. records top-line growth of 9% y-o-y to EGP 672.9 mn in 9M20; Net profit grew by more than two-fold to EGP 68.7 mn

9M20 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	Adjusted EBITDA ¹	Net Income After Minority
EGP 672.9 million ▲ 9% y-o-y	EGP 317.1 million (47% margin) ▲ 20% y-o-y	EGP 182.1 million (27% margin) ▲ 13% y-o-y	EGP 68.7 million (10% margin) ▲ 117% y-o-y
EPS	Net Debt	Average Unit Price (Private Market)	Units Sold
EGP 0.089 ▲ 117% y-o-y	EGP 356.1 ▲ 281% YTD	EGP 34.1 (IQVIA Health) ▲ 15% y-o-y	EGP 42.2 million (excludes toll volume) ▼ 15% y-o-y

November 10th, 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 quarter ended 30 September 2020.

Financial & Operational Highlights

- Revenues** witnessed an 8.6% y-o-y increase to EGP 672.9 million in 9M20, despite a contraction in volumes during the period, on the back of Rameda’s successful strategy of optimizing its product portfolio towards higher priced products.
- COGS** declined by 0.1% y-o-y in 9M20 to EGP 355.7 million and improving significantly as a percent of revenue, reaching 52.9% in 9M20 compared to 57.5% in 9M19 , primarily due to a 30.6% y-o-y decline in raw materials cost, the Group’s largest cost component..
- Gross profit** increased by 20.4% y-o-y, recording EGP 317.1 million and yielding a gross profit margin of 47.1% in 9M20, an increase of 4.6 percentage points compared to the same period last year. The increase was driven by the Group’s portfolio optimization towards higher-priced products.
- Adjusted EBITDA¹** grew by 12.6% y-o-y, coming in at EGP 182.1 million and yielded an EBITDA margin of 27.1% in 9M20, representing an increase of 1.0 percentage points. The increase in EBITDA was supported by improved gross profitability for the period.
- Net Income after minority interest** witnessed a stellar increase of 117.2% y-o-y and recorded EGP 68.7 million for in 9M20. The increase was driven by improved operational performance as well as decreasing finance costs.
- EPS** growth was in line with net profit, up 117.2% y-o-y to record EGP 0.089 in 9M20.

¹ Adjusted for impairments, provisions, and universal healthcare tax



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Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

Over the course of the past nine months, Rameda has proven its ability to strategically navigate a challenging external environment, delivering steady top-line growth which outpaced both total market and private market sales growth, resulting in an evolution index of 123 and 110 respectively² in 9M20. The Group's performance was supported by the easing of COVID-19 restrictions across the nation, while companies adapted their businesses to the current situation and consumption returned to normalized levels. Rameda price optimization strategy and ever-expanding portfolio has enabled the Group to hedge itself against volume fluctuations during the period, and together with steadily improving market conditions, is expected to continue driving our top line and profitability.

We are proud to announce that Rameda has received its final commercial manufacturing licenses to produce and sell antiviral medications, Remdesivir and Anviziram, in Egypt. Moreover, we are the first pharmaceutical player in the region to receive the license to manufacture the powder variation of Remdesivir, a more convenient format in terms of storage and transportation. The licenses are a testament to the Group's well-established capacity and commitment to produce high-quality medical products to aid in the global fight against COVID-19. The accretive acquisition and launch of new molecules has enabled us to become proactive to market demands and needs, and as a large Egyptian manufacturer of generic pharmaceuticals, we are continuously looking to grow our portfolio to provide essential and affordable products to patients across the region, particularly during these unprecedented times.

Our outlook for the remainder of the year looks promising; we have seen significant improvements in the integration of the Unified Medical Procurement Authority's (UMPA) digital platform, aimed at increasing the efficiency of tenders across the nation, and we are optimistic that it will support Rameda's tender contribution to our overall top line performance. On the toll manufacturing front, previous API procurement issues faced by third-party toll clients have been largely resolved and we plan on leveraging our lyophilized production capabilities to further bolster Rameda's volume performance.

Going forward, we look forward to the easing of restrictions and consumer normalization, together with further optimization of our portfolio, to drive Rameda's growth and continue to unlock value for our stakeholders.

² Source: IQVIA Health



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Mahmoud Fayek, Chief Financial Officer

A challenging business environment during the last nine months saw Ramedada's volumes fall by 15% year-on-year due to the impacts of COVID-19 on private and export sales as well as the transition to the Unified Medical Procurement Authority's (UMPA) digital tender platform, subsequently slowing down purchases for the period. However, the Group's optimized portfolio strategy offset the decline in volumes and drove private and tender revenues forward, subsequently increasing our top-line for 9M20 by 9% year-on-year to come in at EGP 672.9 million for the period.

Steady growth in Ramedada's top-line, coupled with a reduction in COGS on the back of declines in raw material costs positively impacted our gross profit in 9M20. Our gross profit increased by 20% year-on-year in 9M20 to EGP 317.1 million and we witnessed a 4.6 percentage point increase in our gross margin for the period. Despite an increase in SG&A expenses, improved gross profitability subsequently led to a 13% increase in year-on-year EBITDA, which came in at EGP 182.1 million in 9M20. Moreover, net profit witnessed a significant increase of 117% year-on-year in 9M20 on the back of improved operational performance, and a decline in financing costs. Ramedada's management is constantly identifying areas where we can optimize our cost structure and bolster Ramedada's profitability.

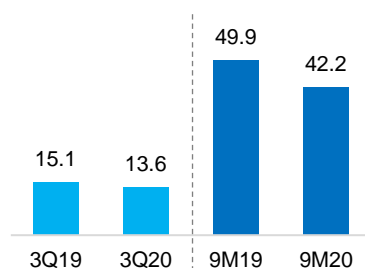
We are anticipating stronger top-line contribution from the Group's private and tender sales in the last quarter of 2020 as the group continues to implement its optimized portfolio strategy and reaps the rewards from the anticipated increase in sales on the back of the UMPA new digital tender platform.



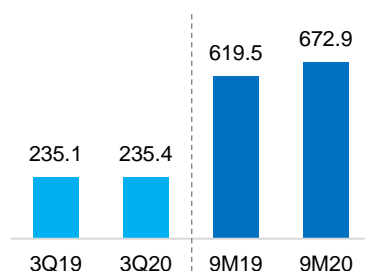
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Financial & Operational Performance

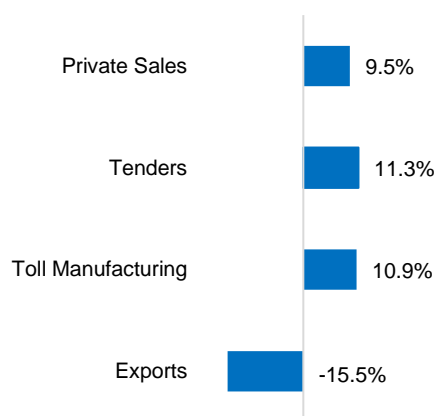
Volume Progression
(excludes toll sales)
(mn units)



Revenue Progression
(EGP mn)



9M20 Revenue Growth Rates
by Business Line



Volumes

Total volume sold (excluding toll sales) came in at 42.2 million units 9M20, representing a 15% y-o-y decline for the period. The decline comes on the back of a challenging external environment caused by COVID-19 that impacted private and export volume sales year-on-year by 22.4% and 14.1%, respectively. Moreover, the transition to the Unified Medical Procurement Authority's (UPMA) digital tender platform hindered purchasing for the period. However, the outlook for the UPMA's platform looks promising as Rameda has witnessed an uptick in tender purchases in October.

Toll manufacturing volumes declined by 12.0% in 9M20 to 17.3 million units as third-party toll clients faced API procurement issues brought about by disruptions in global trade due to the impacts of COVID-19, particularly during 1H20. With these API issues becoming largely resolved during the last quarter, toll manufacturing volumes grew by 0.6% y-o-y to record 6.2 million units in 3Q20.

In 3Q20, total volumes sold (excluding toll sales) came in at 16.1 million units, down 23.3% y-o-y for the period.

Revenues

Consolidated revenues recorded an 8.6% y-o-y in 9M20, recording EGP 672.9 million for the period. The Group's successful efforts at optimizing its portfolio by focusing on higher-priced product drove steady revenue growth despite a challenging external environment for the period.

In 3Q20, revenues came in at EGP 235.4 million, representing an increase of 0.1% y-o-y for the period.

Revenues by Business Line

Revenue Analysis	9M19	9M20	% YoY
Private Sales			
Volumes Sold ('000)	22,450	17,425	-22.4%
Sales (EGP mn)	415.8	455.4	9.5%
Tenders			
Volumes Sold ('000)	25,189	22,841	-9.3%
Sales (EGP mn)	140.8	156.7	11.3%
Exports			
Volumes Sold ('000)	2,224	1,911	-14.1%
Sales (EGP mn)	33.9	28.7	-15.5%
Volume (excluding toll) ('000)	49,862	42,177	-15.4%
Revenue (excluding toll) (EGP mn)	590.5	640.7	8.5%
Toll Manufacturing			
Volumes Sold ('000)	19,680	17,318	-12.0%
Sales (EGP mn)	29.0	32.1	10.9%
Total Revenue (EGP mn)	619.5	672.9	8.6%

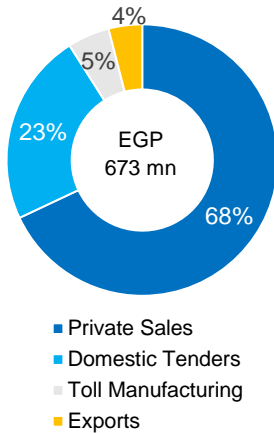


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9M20 Sales Contribution by Vertical



Private Sales

Rameda sells its products to domestic distributors who then distribute the products to pharmacies throughout Egypt. Products sold by the private sales segment include pharmaceuticals, nutraceuticals, food supplements and veterinary products. 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.

Volumes sold at the private sales segment declined by 22.4% y-o-y to 17.4 million units in 9M20 on the back of a challenging external environment that has seen a decrease in pharma sales due to the impacts of COVID-19. Furthermore, lockdowns and social distancing efforts implemented by the government impacted the Group's ability to market its products. It is worth noting that 100% of Rameda's salesforce have since returned to work full-time.

Despite decreasing volumes, revenue generated from private sales increased by 9.5% y-o-y in 9M20, coming in at EGP 455.4 million. The segment continued to contribute the lion's share of revenue at 67.7% for the period on the back of the Group's successful portfolio optimization strategy. The segment also represented the largest segmental contribution to absolute revenue growth at 67.4% in 9M20.

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.

While the implementation and transition to the Unified Medical Procurement Authority's (UMPA) new digital tender platform slightly impacted tender volumes during the period, improved pricing related to the Group's portfolio optimization lead to steady y-o-y revenue growth of 11.3% y-o-y to record EGP 156.7 million in 9M20, thereby maintaining its position as the fastest-growing business segment during the period. The segment came in second in terms of its contribution to total revenues and absolute revenue growth, at 23.3% and 27.2% respectively in 9M20.

Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets. 66.3% of total export sales were sold in Iraq during 9M20, with 20.5% sold in Yemen and 9.2% in Jordan. The remainder of exports sold in other markets include Libya, Palestine, Nigeria, South Sudan and Somalia.

Due to the impacts of COVID-19 on trade, export volumes witnessed a 14.1% y-o-y decline in 9M20, coming in at 1.9 million units for the period. Subsequently, export revenues fell by 15.5% y-o-y to EGP 28.7 million in 9M20 on the back of a country-wide lockdown in Iraq that lasted from March to July as well as political uncertainties in Libya that caused a suspension to the country's imports.

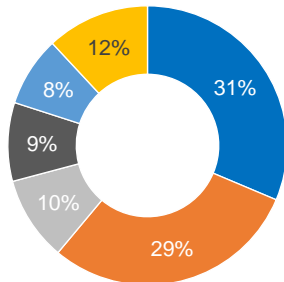


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9M20 Sales Contribution by Therapeutic Area



- Alimentary tract and metabolism
- Systemic anti-infectives
- Genitourinary system and sex hormones
- Antirheumatic system
- Cardiovascular system
- Others

Plans to enter a number of markets across Sub-Saharan Africa and the Commonwealth of Independent States (CIS) are currently on hold due to COVID-19's impact on international trade. Rameda expects to penetrate these promising export markets once countries are able to reopen their borders.

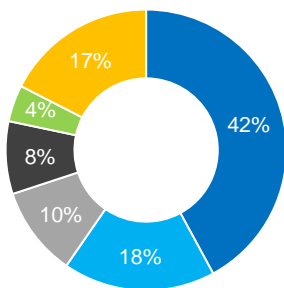
Toll Manufacturing

To monetise its excess production capacity and dilute the Group's existing fixed overheads, Rameda 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, 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.

General market slowdown due to the challenging external environment caused by COVID-19 resulted in declining volumes of 12.0% y-o-y to 17.3 million units in 9M20. Despite the contraction in volumes, toll manufacturing revenues increased by 10.9% y-o-y to reach EGP 32.1 million in 9M20 on the back of Rameda's excess capacity of high value lyophilized manufacturing capabilities being put into use. Moreover, toll manufacturing's contribution to total revenues increased slightly to 4.8% in 9M20 from 4.7% in 9M19.

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.

9M20 Cost of Revenues Breakdown



- Raw materials
- Salaries & social insurance
- Depreciation & amortisation
- Utilities
- Spare parts & materials
- Other

Revenue by Therapeutic Area³

Alimentary tract & metabolism products maintained the lion's share of revenue contribution at 31.0% in 9M20. Systemic anti-infectives trailed closely behind at 29.4%, followed by genitourinary system and sex hormones, antirheumatic and cardiovascular systems, each contributing between c. 8.0% to 10.0% of total revenue contribution. Other therapeutic areas each contributed 2% or less to total revenues for the period.

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, short-term leases, and other operating expenses.

Cost of revenues recorded EGP 355.7 million in 9M20, representing a decline of 0.1% y-o-y and constituting 52.9% of the Group's top line, down 4.6 percentage points year-on-year compared to 9M19. The decline came on the back of a significant decrease in raw material costs, which fell by 30.6% y-o-y and represented 22.2% of revenues compared to 34.8% in

³ Contributions here are calculated on revenues before toll manufacturing revenue, discounts & incentives and sales returns

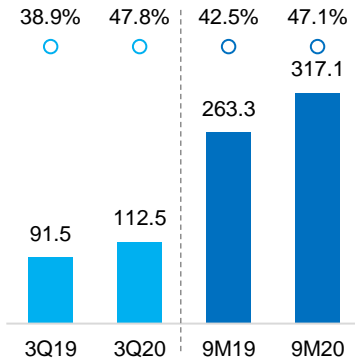


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Gross Profit and Margin Progression
(EGP mn | %)



9M19. The decline in raw material expenses was driven by the Group's successful portfolio optimization strategy, coupled with a favorable EGP/USD rate.

On the other hand, salaries & social insurance, depreciation & amortization and energy expenses saw their contribution to COGS grow by c.3-4 percentage points during the same period.

Gross Profit

Rameda registered a gross profit increase of 20.4% y-o-y to EGP 317.1 million in 9M20. Its corresponding gross profit margin also witnessed an increase of 4.6 percentage points year-on-year during the same period, coming in at 47.1% in 9M20. Strong gross profit performance in 9M20 was supported by decreasing raw materials costs, on both the absolute level and as a percentage of sales, as well as Rameda's optimized portfolio strategy that focuses on higher-priced products.

In 3Q20, gross profit increased by 22.9% y-o-y to reach EGP 112.5 million and yielded a gross profit margin of 47.8%, up by 8.9 percentage points year-on-year.

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.

Selling and marketing expenses increased by 48.4% y-o-y in 9M20, recording EGP 159.5 million and representing 23.7% of total revenues during the period. Salaries, social insurance & other fringe benefits and advertising & marketing expenses continued to represent the fastest-growing components during 9M20, at 49.2% and 47.9% respectively. The rapid growth of these cost items comes on the back of Rameda's comprehensive enhancement of its sales and marketing functions since 2019 for anticipated molecule launches. However, Rameda has since started to reduce the number of its field force in response to the reduced activities brought on by the COVID-19 pandemic.

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.

Rameda recorded general and administrative expenses of EGP 34.2 million, representing an increase of 36.2% y-o-y in 9M20 and comprising 5.1% of total revenues, up by 1.0 percentage point for the period. The increase was primarily driven by a 45.0% y-o-y increase in salaries and social insurance, the largest cost component of the Group's G&A expenses.

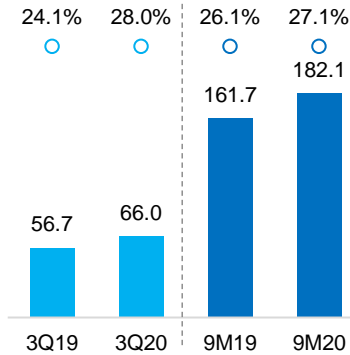


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EBITDA and Margin Progression
(EGP mn | %)



Adjusted 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, provisions for expected claims and universal healthcare tax.

The Group's adjusted EBITDA increased by 12.6% y-o-y, settling in at EGP 182.1 million in 9M20 and yielding a margin of 27.1%, up by 1.0 percentage points during the period. Despite a significant increase in SG&A expenses, EBITDA growth for the period was supported by improved gross profitability.

In 3Q20, adjusted EBITDA increased by 16.4% y-o-y, recording EGP 66.0 million and yielding an EBITDA margin of 28.0%, up 3.9 percentage points for the period.

Net Finance Expenses

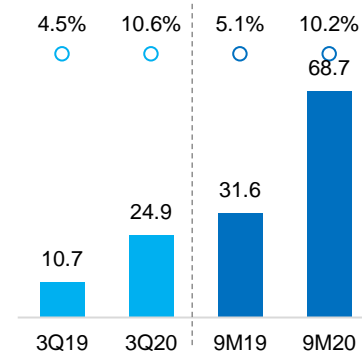
Net finance expenses, which includes the Group's interest expense and interest income from treasury operations, decreased by 66% y-o-y to EGP 27.3 million in 9M20.

Net Income After Minority Interest

Net profit recorded an exceptional increase of 117.2% y-o-y, coming in at EGP 68.7 million and yielding a net profit margin of 10.2%, up by 5.1 percentage points in 9M20. Rameda's strong net profit growth came on the back of improved operational performance and lower finance costs.

In 3Q20, net profit grew by 133.8% y-o-y, recording EGP 24.9 million and yielding a net profit margin of 10.6%, an increase of 6.0 percentage points for the period.

Net Income and Margin Progression
(EGP mn | %)



Operating Cash Flow, Capital Expenditure and Debt

Operating cash flow recorded a net outflow of EGP 16.5 million in 9M20 against a net inflow of EGP 93.4 million in 9M19 primarily due to increased net working capital outflows associated with stockpiling sufficient APIs to accommodate 90% of its production needs to the end of 2020. Operating cash flow was further impacted by longer-than-usual repayment terms granted to debtors and pre-payments related to CAPEX additions during the year.

With almost all of the facility expansions and upgrades fully realized by the end of 2019, net fixed assets came in at EGP 423.6 million as at 30 September 2020, up a marginal 1.6% since year-end 2019.

Net debt stood at EGP 356.1 million as at 30 September 2020, representing a year-to-date increase of 281%, 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.