

Ibnsina Pharma Releases 9M2019 Results

Ibnsina Pharma capitalizes on market growth and market share gains to maintain double-digit expansion in top and bottom lines; net revenues up 26.5% year-on-year to record EGP 11.9 billion, with bottom line climbing 28.9% year-on-year to EGP 245.6 million; steady improvement in working capital position compared to previous quarter

Cairo, 4 November 2019

9M2019 Highlights

Net Revenues

EGP 11.9 BN

▲ 26.5% y-o-y

Gross Profit

EGP 1.0 BN

▲ 29.4% y-o-y

EBITDA

EGP 556.7 MN

▲ 34.8% y-o-y

Net Profit

EGP 245.6 MN

▲ 28.9% y-o-y

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 nine-month period ended 30 September 2019, booking net revenues of EGP 11.9 billion, up 26.5% year-on-year on the back of continued market strength. Gross profit recorded EGP 1.0 billion, an increase of 29.4% year-on-year, yielding a 20-basis point improvement in the gross profit margin to 8.76% for 9M2019. Improved gross profitability comes as Ibnsina Pharma's wholesale segment, where clients are granted cash discounts, contributed a smaller share of the company's top line year-on-year.

Meanwhile, EBITDA climbed by 34.8% year-on-year to reach EGP 556.7 million, while the EBITDA margin recorded 4.66% in 9M2019 against 4.37% one year previously. Ibnsina Pharma booked a net profit of EGP 245.6 million for 9M2019, marking an increase of 28.9% year on year and yielding a four-basis point expansion in the net profit margin to 2.06%.

On a quarterly basis, Ibnsina Pharma's revenues rose by 25.9% year-on-year to register EGP 4.4 billion. Quarterly gross profit climbed by 27.2% year-on-year, booking 436.8 million and yielding a gross margin of 9.97%. EBITDA increased 36.5% year-on-year to reach EGP 257.6 million in 3Q2019, with the quarterly EBITDA margin booking 5.88% in 3Q2019. Net profit climbed by 24.9% year-on-year to record EGP 142.4 million in 3Q2019, while the net profit margin came in at 3.24% for the quarter.

The first nine months of 2019 saw Ibnsina Pharma serve 42,179 customers across Egypt and make 6.2 million deliveries, up 8.8% year-on-year from 5.7 million deliveries in 9M2018.*

Summary Income Statement

EGP mn	3Q2019	3Q2018	Change	9M2019	9M2018	Change
Net Revenue	4,383.2	3,482.5	25.9%	11,929.4	9,433.4	26.5%
Gross Profit	436.8	343.5	27.2%	1,045.1	807.8	29.4%
GP Margin	9.97%	9.86%		8.76%	8.56%	
OPEX	179.8	142.3		488.4	405.8	
OPEX / Sales	4.10%	4.09%		4.09%	4.30%	
EBITDA	257.6	188.8	36.5%	556.7	413.0	34.8%
EBITDA Margin	5.88%	5.42%		4.66%	4.37%	
Net Profit**	142.4	114.0	24.9%	245.6	190.6	28.9%
NP Margin	3.24%	3.27%		2.06%	2.02%	

* It should be noted that Ibnsina Pharma has adopted a new methodology for calculating deliveries completed in the interests of greater accuracy.

**Net profit for 2018 has been restated to reflect an increase of EGP 2.3 million arising from a new accounting treatment of leasing.

Comments from our Co-CEOs

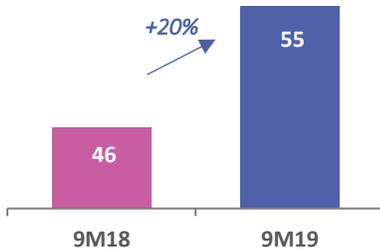
“We are pleased with Ibnsina’s performance over the past nine months. The company has continued to deliver market-beating growth, with a 26.5% year-on-year increase in top-line for the period to EGP 11.9 billion, and has seen a steady improvement in its working capital position compared to the previous quarter, ensuring healthy growth,” **commented Omar Abdel Gawad, Co-CEO of Ibnsina Pharma.** “Our ability to sustain double-digit revenue expansion for several consecutive years is driven by Ibnsina’s unique value-proposition and integrated services portfolio, which successfully capitalize on our market’s strong fundamentals. Egypt’s pharmaceuticals market expanded at a year-on-year rate of 20.5% in 9M2019, underpinned by strong economic growth, a growing population and an evolving disease profile that necessitates private sector investment to meet the growing demand for healthcare services.”

“Our company recorded a gross margin expansion to 8.76% in 9M2019 up from 8.56% in 9M2018, driven by a lower year-on-year contribution from the wholesale segment, which typically receives a cash discount. Meanwhile, our EBITDA recorded a solid 34.8% year-on-year increase and our net profit was up 28.9% in 9M2019,” **added Omar.**

“We are confident in our company’s ability to continue playing an active role in the development of Egypt’s healthcare sector through the efficient provision of high-quality pharmaceutical products to the far corners of our nation” **said Mahmoud Abdel Gawad, Co-CEO of Ibnsina Pharma.**

“Nonetheless, in an industry with pre-determined parameters for gross profitability, our business is essentially a working-capital efficiency play, and management is constantly working to maintain a delicate revenue –mix balance that maximizes profitability and value creation. We are thus gradually restoring our wholesale segment contribution to normal levels with an eye to controlling borrowing and finance costs. The first nine months of 2019 saw our cash conversion cycle shortened by two days and our net debt/equity position improve from 1.2x to 1.0x compared to the first half of the year. We expect continued improvement on both the working capital and net debt fronts over the coming period,” **Mahmoud concluded.**

**Market Growth
(EGP bn)**



ISP Market Share



Market Overview

According to data published by IMS Health, Egypt’s retail pharmaceutical market recorded total sales of EGP 55.2 billion during the first nine months of 2019, representing an increase of 20.5% year-on-year from the EGP 45.8 billion generated one year previously. Growth in Egypt’s pharmaceuticals market remains driven by the industry’s large retail segment, a pattern supported by the country’s rapid demographic and economic growth and its shifting epidemiological profile.

Industry-level volumes sold reached 1.8 billion units in 9M2019, up by 12.2% year-on-year from 1.6 billion units in 9M2018. The overall expansion in pharmaceutical sales seen during the period was driven by continuous growth in the average selling price and a recovery in volumes following the shortages experienced in 2017.

Market growth comes as Egypt’s economic recovery continues to gain steam, with growth in gross domestic product averaging upwards of 5% in the years since FY2017/2018 and expected to register rates in the 6% range between 2019 and 2021. This expansion is supported by rapid demographic growth of c.2% per annum and consequent strength in consumer demand, especially for relatively inelastic goods such as pharmaceuticals. Nevertheless, Egypt’s per capita expenditure on pharmaceutical products remains below the level attained by its regional peers, with the significant space left for further growth in the industry attracting investment from domestic and foreign players.

Ibnsina Pharma has been the fastest-growing distributor of pharmaceutical products in Egypt for several consecutive years. The first nine months of 2019 saw the company record sales growth of 26.2% year-on-year, exceeding overall industry growth during the period by 6.1 percentage points and maintaining its multiyear record of market-beating top line performance. Ibnsina Pharma supplied 20.8% of Egypt’s pharmaceutical distribution market in 9M2019, up from 20.2% in 9M2018. The company’s improved market share comes as its value-based differentiation strategy meets with continued success. Management expects continued strength in segment performance during the final quarter of 2019 and maintains its guidance of continuous annual gains in market share.

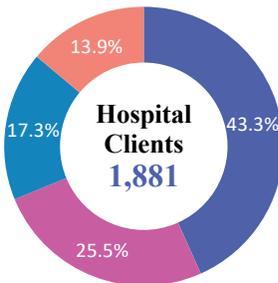
Moving forward, Ibnsina will report only its market share in the retail segment of the pharmaceutical distribution industry, as the non-retail market data (tenders, wholesale, private hospitals) published by IMS Health tends to overstate market size due to the use of the end-user price in calculating the value of the tenders market. Tenders typically see significantly lower prices than those prevailing in the retail segment, while prices vary from one tender to another.

Retail Pharmacies by Geography (9M2019)



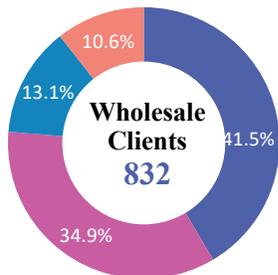
- Cairo & Canal
- Delta
- Upper Egypt
- Alexandria

Hospital Clients by Geography (9M2019)



- Cairo & Canal
- Delta
- Upper Egypt
- Alexandria

Wholesale Clients by Geography (9M2019)



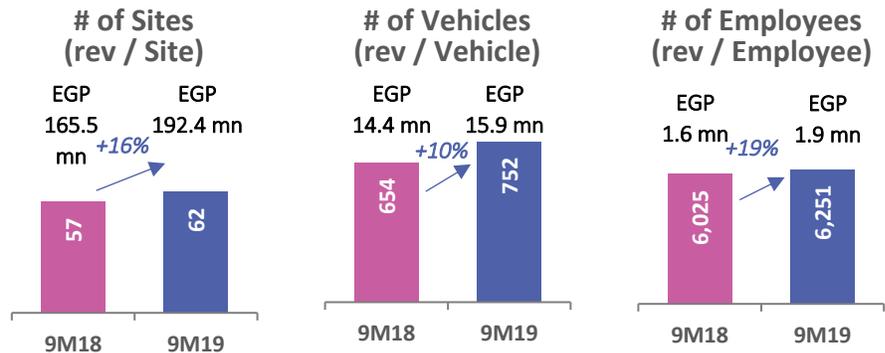
- Cairo & Canal
- Delta
- Upper Egypt
- Alexandria

Operational Review

Ibnsina Pharma served 42,179 clients during the first nine months of 2019. Cairo and the Canal Zone, Egypt’s most heavily populated metropolitan areas and the country’s commercial pivot, accounted for 31.5% of Ibnsina Pharma’s client base during the period. Clients in the Delta and Upper Egypt constituted 28.8% and 25.1% of Ibnsina’s client base, respectively. Meanwhile, Egypt’s second largest city, Alexandria, represented 14.6% of the company’s clients in 9M2019. Ibnsina Pharma works to optimize the geographical distribution of its client base, aligning the network as far as possible with population density in the various regions.

The company’s distribution network encompassed 62 sites in 9M2019 against 57 sites one year previously. Revenue per site climbed 16% year-on-year to record EGP 192.4 million in 9M2019 versus 165.5 million in 9M2018.

Ibnsina Pharma’s delivery fleet expanded to 752 vehicles in 9M2019, up from 654 vehicles in 9M2018. This expansion has boosted Ibnsina’s ability to efficiently satisfy rising demand, with revenue per vehicle growing by 10% to 15.9 million in 9M2019. Revenue per employee increased by 19% during 9M2019, reaching EGP 1.9 million.

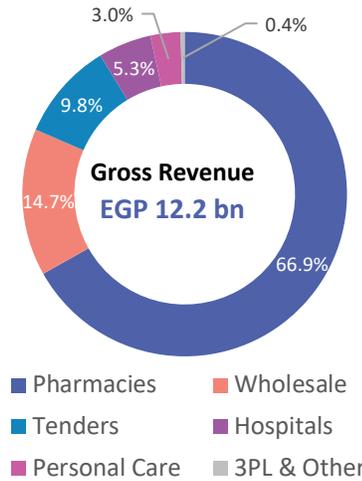


Financial Performance

Revenues

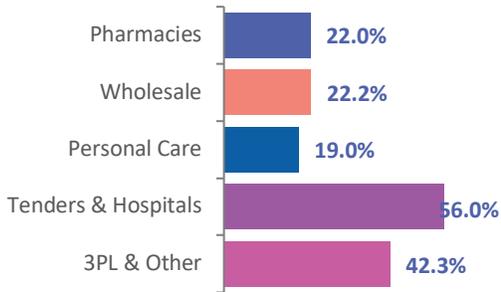
Ibnsina Pharma recorded gross revenues of EGP 12.2 billion in 9M2019, up 26.2% year-on-year on the back of double-digit growth across each of the company's lines of business. The company's core business with retail pharmacies generated revenues of EGP 8.2 billion in 9M2019, contributing 66.9% of the overall top line for 9M2019. Expanding at 22.0% year-on-year, retail remains the company's main driver of revenue growth. Revenue from wholesale business rose by 22.2% year-on-year to register EGP 1.8 billion in 9M2019, forming 14.7% of Ibnsina Pharma's total revenues. Meanwhile, tender revenues expanded by 26.1% year-on-year to reach EGP 1.2 billion during the period while contributing 9.8% of the top line. Hospitals remain Ibnsina Pharma's fastest-growing segment, with revenues from the segment nearly tripling to EGP 648.0 million in 9M2019 and contributing 5.3% of the top line.

Revenue* by Business Line (9M2019)

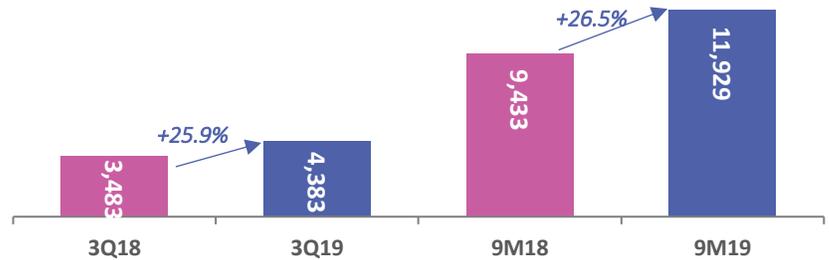


* Revenues refer to gross sales prior to discounts

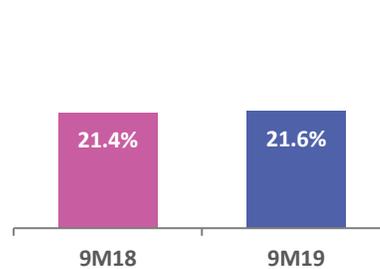
Business Line Revenue Growth (9M2019)



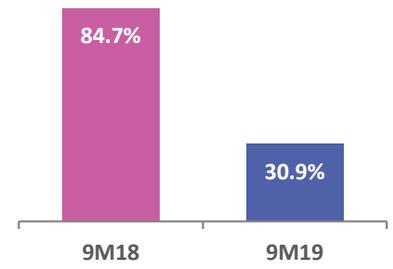
Net Revenue Progression (EGP mn)



Return on Equity



Return on Fixed Assets



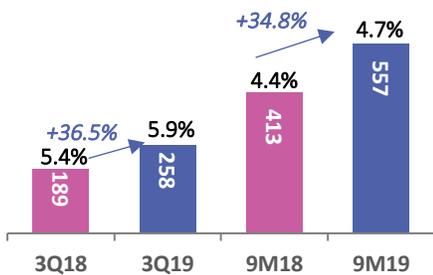
Gross Profit Progression (EGP mn, % margin)



Gross Profit

Gross profit recorded EGP 1.0 billion in 9M2019, up by 29.4% year-on-year from the EGP 807.8 million booked one year previously. The company's gross profit margin climbed by 20 basis points year-on-year to reach 8.76% in 9M2019. Besides a rapid top line expansion, the improved gross profit margin reflects a year-on-year decline in the top line contribution from wholesale segment to 14.7% in 9M2019 against 15.2% in 9M2018. This drove a decrease in Ibsina Pharma's outlays on cash discounts to wholesale clients. Furthermore, Ibsina Pharma's institutional business segments, including tenders and private hospitals, rose at a combined rate of 56% year-on-year during 9M2019, exceeding the rate of overall top line growth by upwards of 20 percentage points. Given the credit-intensive nature of these business segments, their rapid growth has made a further positive contribution to gross profitability.

EBITDA Progression (EGP mn, % margin)



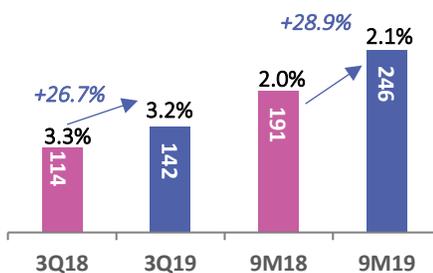
EBITDA

Ibsina Pharma registered an EBITDA of EGP 556.7 million in 9M2019, an increase of 34.8% from the EGP 413.0 million booked in 9M2018. The period saw Ibsina Pharma expand its EBITDA margin to 4.66% from 4.37%.

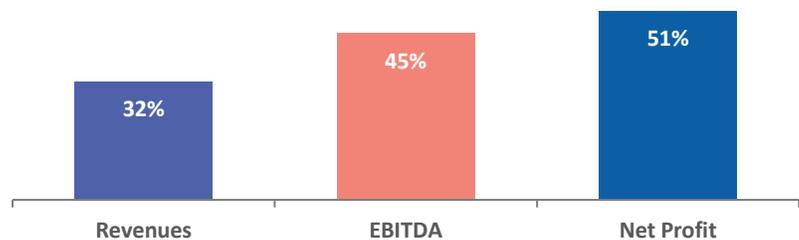
Net Profit

Net profit climbed at 28.9% year-on-year to EGP 245.6 million in 9M2019, up from EGP 190.6 million one year previously and yielding a four-basis point improvement in the net profit margin to 2.06%.

Net Profit Progression (EGP mn, % margin)



Ibsina Pharma 5-Year CAGRs



Key Balance Sheet Items

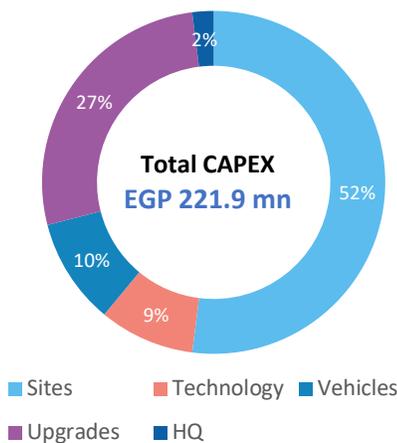
CAPEX

Ibnsina Pharma made CAPEX outlays of EGP 221.9 million in 9M2019. Distribution sites continue to be the main category of the company’s CAPEX expenditure, with EGP 115.4 million allocated for expanding Ibnsina’s network during 9M2019. Three new distribution sites were launched in 9M2019, with the additional capacity serving to deepen Ibnsina’s distribution reach in its key market of Cairo and the Canal Zone. Upgrades and technology projects were allocated EGP 59.9 million and EGP 19.9 million, respectively, while EGP 22.3 million was expended on vehicle purchases in 9M2019. CAPEX related to the construction of Ibnsina Pharma’s headquarters registered EGP 4.4 million during the period.

Working Capital

Ibnsina Pharma’s cash conversion cycle fell by 2 days from 6 days as at 1H2019 to 4 days in 9M2019. Receivables DOH were down by one day, while payables DOH were up by one day compared to 1H2019. The quarter-on-quarter improvement in Ibnsina Pharma’s cash conversion cycle was driven by the increase of the wholesale segment’s contribution to revenues, which increased by 0.9% from 13.8% in 1H2019 to 14.7% in 9M2019, and extended payment periods from suppliers. Management expects further improvement in the fourth quarter and going forward.

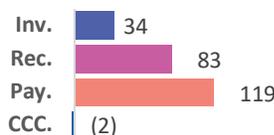
CAPEX Breakdown (9M2019)



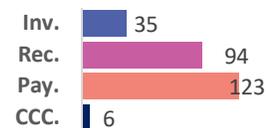
On a year to date basis, the company’s cash conversion cycle rose from negative 2 days in 9M2018 to 4 days in 9M2019. Inventory DOH rose from 34 days to 36 days between 9M2018 and 9M2019, reflecting the effects of high-margin special agreements with specific suppliers. Receivable DOH grew from 83 to 93 days during the period, mirroring the rising contribution of institutional sales, including to Ibnsina’s tenders and private hospital clients, which contributed 15.1% of total revenues during 9M2019, up from 12% one year previously. Meanwhile, the wholesale segment’s contribution to Ibnsina’s top line decreased by 0.5% year-on-year during 9M2019, driving growth in the share of Ibnsina’s sales made on credit relative to cash sales. Payables DOH came in at 124 days in 9M2019, up from 119 days one year previously.

Compared to the first half of the year, however, the trend in Ibnsina’s working capital position is one of steady improvement.

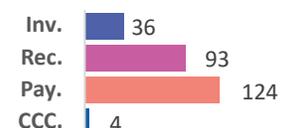
Cash Conversion Cycle 9M2018



Cash Conversion Cycle 1H2019



Cash Conversion Cycle 9M2019



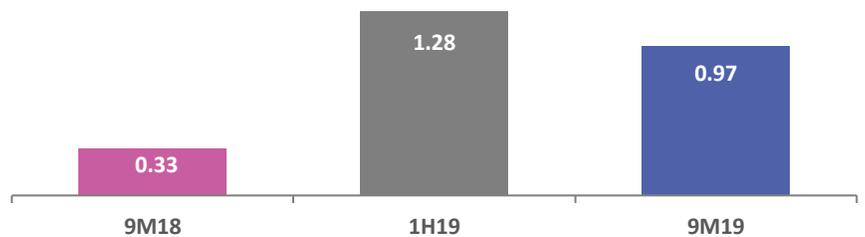
It is worth noting that Ibnsina Pharma utilizes to its advantage a favorable spread between interest paid on overdraft facilities and supplier discounts for

early payment. As a result, the company maintains an inverse correlation between accounts payable DOH and outstanding short-term debt.

Net Debt

Ibnsina Pharma recorded a net debt/equity ratio of 1.0 in 9M2019, with the company booking a total net debt of EGP 1.1 billion for the first nine months of 2019 compared to EGP 1.2 billion in 1H2019. This quarter-on-quarter decline was driven by the increase of the wholesale segment contribution to quarterly revenues. Of this EGP 1.1 billion amount 66%, or EGP 692 million, is composed of a medium-term loan allocated to fund Ibnsina’s CAPEX efforts in 2H2018 and 1H2019, while EGP 160 million is related to payment of an anti-trust fine and EGP 408 million is composed of working capital financing, extended in light of the rapid growth in Ibnsina’s credit-intensive tenders business and the relative decline in the top line contribution of the company’s cash-intensive wholesale segment.

Net Debt / Equity



RECENT CORPORATE DEVELOPMENTS

CFA Society of Egypt Selects Ibnsina Pharma as Subject Company in 2020 CFA Institute Research Challenge

Ibnsina Pharma has been invited by the CFA Society of Egypt to participate as a subject company in the 2020 CFA Institute Research Challenge. The CFA Institute Research Challenge is an initiative that teaches students from different business schools the best practices in equity research. The Challenge was devised as a means for leading industry professionals to train students in the methods of researching and reporting on a publicly traded company. Each year, the CFA Society of Egypt selects a publicly traded company to be the subject of the students' research reports. In Egypt, the competition culminates with the presentation of students' research to a panel of respected industry professionals. This year's winning team will compete in the MENA Regional Competition, to be held in Jordan's Dead Sea region. The global final will be held in New York, US, in April 2020.

Income Statement

<i>In EGP</i>	3Q2018	3Q2019	YoY ▲	9M2018	9M2019	YoY ▲
Gross Revenue	3,575,150	4,489,565	25.6%	9,682,528	12,217,669	26.2%
Net Revenue	3,482,525	4,383,235		9,433,386	11,929,356	
Cost of Revenue	(3,139,022)	(3,946,396)		(8,625,580)	(10,884,248)	
Gross Profit	343,503	436,840	27.2%	807,806	1,045,108	29.4%
Gross Profit Margin	9.86%	9.97%		8.56%	8.76%	
Selling, General & Administrative	(144,871)	(184,384)		(403,210)	(500,239)	
Penalties on Returned Checks	3,818	10,396		10,967	26,388	
Impairment of AR	(963)	(5,202)		(2,602)	(14,515)	
EBITDA	201,487	257,650	36.5%	412,961	556,742	34.8%
EBITDA Margin	5.79%	5.88%		4.38%	4.67%	
Depreciation & Amortization	(12,989)	(21,980)		(38,106)	(58,434)	
EBIT	188,498	235,670	34.2%	374,855	498,308	33.0%
EBIT Margin	5.41%	5.37%		3.97%	4.18%	
Financial Expenses	(31,411)	(51,076)		(92,476)	(164,242)	
Other Expenses	(225)	(278)		(3,368)	(6,046)	
Contingency Provisions	(7,793)	-		(30,793)	(10,667)	
Other Income	1,693	503		8,438	2,489	
EBT	150,762	184,819	24.1%	256,655	319,842	25.0%
EBT Margin	4.32%	4.21		2.72%	2.68%	
Deferred Tax	195	2,277		1,021	5,511	
Income Tax	(36,933)	(44,670)		(67,084)	(79,730)	
Net Profit	114,024	142,426	24.9%	190,592	245,623	28.9%
Net Profit Margin	3.27%	3.24%		2.02%	2.06%	
EPS	0.13	0.16		0.22	0.27	

Balance Sheet

<i>In EGP</i>	9M2019	FY2018
Property & Equipment, net	795,261,503	438,419,837
Long-Term Receivables	54,435,079	39,571,081
Projects Under Construction	171,402,544	336,288,113
Right of Used Assets	49,158,314	10,998,195
Deferred Income Taxes	14,421,945	8,911,650
Other Assets	5,940,343	5,545,369
Total Long-term Assets	1,090,619,728	839,734,245
Inventories	1,679,146,200	1,400,352,259
Trade & Notes receivable, net	4,463,241,844	3,556,675,266
Supplier Advances	173,509,411	213,861,597
Debtors & Other Debit Balance, net	404,353,754	203,885,339
Due from Related Parties	371,635	371,635
Cash & Cash Equivalent	333,307,680	177,177,636
Total Current Assets	7,053,930,524	5,552,323,732
Total Assets	8,144,550,252	6,392,057,977
Paid-In Capital	205,000,000	180,500,000
Share Premium	277,500,000	277,500,000
General Reserve	3,079,334	3,079,334
Legal Reserve	33,632,966	20,506,852
Retained Earnings	375,257,694	218,271,411
Net Profit for The Year	245,622,643	265,723,237
Total Shareholders' Equity	1,140,092,637	965,580,834
Non-Current Portion of Medium-Term Loan	533,826,010	348,178,901
Non-Current Notes Payable	95,714	4,778,896
Other Non-Current Liabilities	10,275,913	30,359,715
Non-Current Portion of Obligation Under Finance Lease	27,783,874	16,883,585
Total Long-term Liabilities	571,981,511	400,201,091
Credit Facilities	745,337,170	65,086,924
Contingency Provision	80,161,571	70,400,142
Customers Advance Payments	9,264,077	5,276,517
Trade and Notes Payable	5,243,233,502	4,753,050,593
Current Portion of Medium-Term Loan	158,341,353	38,849,572
Current Portion of Long-Term Lease	14,419,600	13,739,044
Due Taxes	67,347,284	
Creditors & Other Credit Balances	114,371,547	79,873,254
Total Current Liabilities	6,432,476,104	5,026,276,047
Total Liabilities & Shareholders' Equity	8,144,550,252	6,392,057,977

Cash Flow

In EGP	9M2019	9M2018
Cash flow from operating activities:		
Net profit before tax	319,842	256,655
<u>Adjustments for:</u>		
Depreciation of fixed assets	46,605	28,783
Amortization of leased assets	10,903	8,707
Amortization of Other Assets	926,705	616,717
Allowance for impairment of current assets	14,515	2,602
Provisions	10,667	30,793
Capital gain (loss)	(377)	(1,371)
Credit/Debit interest	164,241	92,476
Operating profit before changes in working capital	567,324	419,262
<u>Changes in working capital:</u>		
Change in inventory	(278,794)	(60,774)
Change in trade receivables	(959,242)	(890,991)
Change in supplier advances	40,352	(118,432)
Change in debtors and other debt balances	(212,851)	(32,686)
Change in trade payables	485,500	464,093
Change in customer advance payments	3,988	(2,799)
Change in creditors and other credit balances	17,761	(42,804)
Other non-current liabilities	(20,084)	419,407
Cash flow from operating activities	(356,046)	(264,712)
Financing expense	(147,504)	(91,308)
Provision Used	(905,204)	(1,000)
Net cash flow from operating activities	(504,456)	(357,021)
Cash flow from investment activities:		
Payments for purchase of fixed assets & Projects under Cons.	(238,577)	(313,849)
Payments for purchase of other assets	(1,321)	(613,153)
Payments for leased assets	(623,486)	
Proceeds from sale of fixed assets	392,516	1,539
Net cash flow from investment activities	(240,129)	(312,923)
Cash flow from financing activities:		
Dividends paid	(95,610)	(8,449)
Proceeds from capital increase	24,500	290,000
Proceeds from short term Facilities	680,250	279,271
Proceeds from Medium term Loan	305,138	32,150
Repayment of Leasing Assets	(13,562)	(10,349)
Net cash flow from financing activities	900,716	582,623
Net change in cash and cash equivalents during the period	156,130	(87,320)
Cash and cash equivalents at the beginning of the period	177,178	164,790
Cash and cash equivalents at the end of the period	333,308	77,470

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 670 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 62 sites in 23 cities nationwide, Ibnsina Pharma’s team of more than 6,000 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:

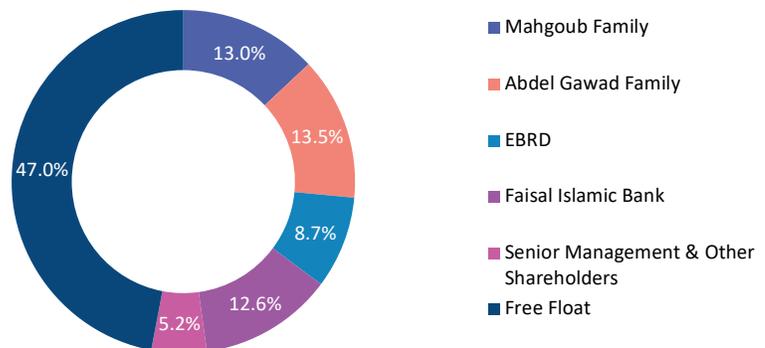
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Shareholding Structure (Post IPO and Capital Increase)



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.