

Ibnsina Pharma Releases 9M20 Results

Ibnsina Pharma’s top line expands 14.9% year-on-year to EGP 13.7 billion despite subdued market growth; YTD market share gains rapidly outstrip increases in the broader market; company makes headway on digital strategy with acquisition of retail platform ‘3elagy Tech’; strong cash flow from operating activities

Cairo, 15 November 2020

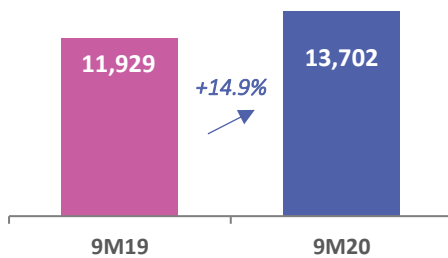
Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt’s fastest-growing and second-largest pharmaceutical distributor, released today its audited results for the nine-month period ended 30 September 2020, booking net revenues of EGP 13.7 billion, up 14.9% year-on-year despite relatively sluggish market growth. Gross profit recorded EGP 1.1 billion, an increase of 9.4% year-on-year, with the gross profit margin recording 8.34% for 9M2020, reflecting continued rapid growth at Ibnsina Pharma’s wholesale business, which utilizes cash discounts with customers in exchange for cash payments.

“With the year coming to a close, management recognizes Ibnsina Pharma’s efficient response to unexpected circumstances that have affected each and every corner of the Egyptian business community,” **commented Omar Abdel Gawwad, Co-CEO of Ibnsina Pharma.** “The company continues to enjoy a strong buffer against externally driven risks, thanks to our strong and ever-improving market position. We remain Egypt’s fastest-growing pharmaceutical distributor, registering revenue growth of 14.9% for the nine-month period and booking a top line of EGP 13.7 billion. This is testament not only to the strength of Ibnsina Pharma’s business model and its differentiated value proposition, but to the resilience of Egypt’s broader pharmaceuticals market, which has proven more resilient to external pressures than other links in the healthcare supply chain.”

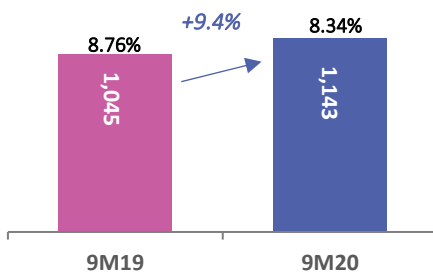
Ibnsina Pharma’s EBITDA rose by 3.4% year-on-year to reach EGP 575.8 million, while the EBITDA margin recorded 4.20% in 9M2020 against 4.67% one year previously, as relatively weak market growth prevented the company from fully leveraging its economies of scale. Ibnsina Pharma booked a net profit of EGP 200.6 million for 9M2020, marking a decrease of 18.3% year-on-year and yielding a 60-basis-point reduction in the net profit margin from 2.06% to 1.46%. This decrease stemmed primarily from a climb in depreciation and SG&A expenses, with the latter impacted by COVID-related outlays, and donations of approximately EGP 9.1 million supporting the Egyptian government’s efforts to halt the spread of the virus.

“In YTD terms, growth in the industry’s core retail market has rebounded to 3.4% year-on-year in 9M2020 after having recorded a sluggish 0.8% for 1H2020,” **Omar continued.** Although retail growth for the period remained slow by historical standards, with supply chains affected by anticipation of a second wave of COVID-19, the rebound reflects a market that retains its solid, defensive fundamentals: the rebound was driven by an increase in selling prices, with volumes sold declining slightly in the YTD. It is worth noting that Ibnsina Pharma has mitigated against the risk

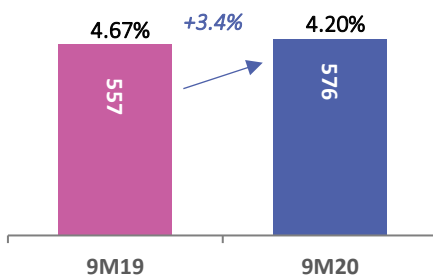
Net Revenue Progression (EGP mn)



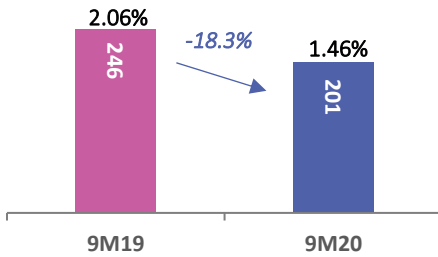
Gross Profit Progression (EGP mn, % margin)



EBITDA Progression (EGP mn, % margin)



**Net Profit Progression
(EGP mn, % margin)**



posed by a potential second wave through our conservative approach to inventory and supply chain management practices. Meanwhile, the nonretail pharmaceutical market registered year-on-year growth of 13.7% for 9M2020, down from growth of 29.0% for the first half of the year. This relative slowdown stems from the transfer of official purchasing processes from the Ministry of Health and Population to the Egyptian Authority for Unified Procurement. Growth is expected to recover as the new process matures, and the consequent decrease in nonretail growth is entirely consistent with this development. We welcome the establishment of the new, streamlined purchasing process, which will significantly boost the efficiency of procurement practices at more than 1,800 public hospitals and other facilities.”

“Despite the undeniable challenges faced by the pharmaceutical industry in 2020, Ibnsina Pharma has managed to increase its market share of the retail segment to 22.8% as of 9M2020, up from 20.8% one year previously,” **said Mahmoud Abdel Gawwad, Co-CEO of Ibnsina Pharma.** “This expansion exceeds average increases in market share by 2.0%, indicating Ibnsina Pharma’s ability to sustain operations at an efficient level and safeguard the quality of services offered to our clients, further underscoring the importance of economies of scale. The company’s base of 350 local and international suppliers and its inventory of over 9,500 SKUs provide a measure of immunity not widely available: Ibnsina has not and does not expect to experience product shortages, with its manufacturing partners enjoying inventory buffers sufficient for 3-6 months of production. We are confident that the coming quarters will see the market overcome the lingering effects of COVID-19 and the restrictions put into place earlier in the year, with the rebound expected to gain steam headed into FY2021.”

“Management at Ibnsina Pharma is working diligently to ensure that the company is in the best possible position to leverage this anticipated pickup and has moved to implement several strategies designed to guarantee that the company’s growth remains sustainable over the long term. Digital disruption is a central focus of Ibnsina Pharma’s long-term growth strategy, with our efforts in this field encompassing several projects. These include a digital financial platform giving customers access to multiple fintech products under a unified interface, a pharmacy management system, and a supplier self-service platform. Ibnsina Pharma has also successfully completed its first investment in the field of digital healthcare, acquiring a 75% stake in 3elagi Tech, a cutting-edge and fast-growing application that links pharmacies with patients seeking to order medications and cosmetic products online. The acquisition further differentiates the company’s service offering and keeps us ahead of the curve as e-commerce continues to gain in popularity in the aftermath of COVID-19. Meanwhile, Ibnsina Pharma has adopted initiatives to optimize our network in a manner that reduces overall supply chain costs by maximizing productivity and asset utilization,” **Mahmoud concluded.**

Ibnsina Pharma’s audited financial statements and full earnings release are available for download at ir.ibnsina-pharma.com

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 46,000 customers including pharmacies, hospitals, retail outlets and wholesalers. Its fleet of around 750 vehicles completes an average of over 890,000 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 6,00 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.

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Shareholding Structure

(Post IPO and Capital Increase)

