

## Ibnsina Pharma Releases FY2020 Results

Ibnsina Pharma closes 2020 with revenues up 12.5% year-on-year to EGP 18.7 billion; double-digit growth comes in spite of marked slowdown in wider market; company seeks to leverage market rebound in 2021 through cost optimization, investment plans.

### Cairo, 1 March 2021

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 fiscal year ended 31 December 2020, booking net revenues of EGP 18.7 billion, an increase of 12.5% year-on-year. Gross profit booked EGP 1.5 billion, up by 1.9% year-on-year, with the gross profit margin contracting by 82 basis points to 7.85% for FY2020, reflecting an enlarged top-line contribution from Ibnsina Pharma’s wholesale business, which utilizes cash discounts with customers in exchange for cash payments.

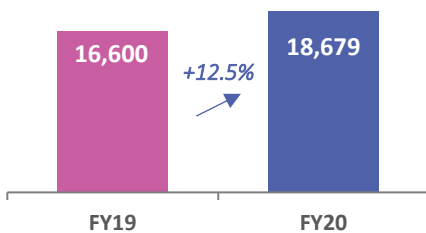
“Ibnsina Pharma has successfully weathered a year of unprecedented challenges,” said **Omar Abdel Gawwad, Co-CEO of Ibnsina Pharma.**

“Despite the effects of the COVID-19 pandemic on Egypt’s pharmaceuticals market, the company’s top-line growth continued to significantly outpace sales growth in the wider market, climbing at a double-digit rate. Our revenues of EGP 18.7 billion for 2020 mark yet another annual record, and Ibnsina Pharma remains the fastest-growing distributor in the market. The company displayed great resilience in the face of a slowdown in pharmacy sales during the year, particularly during the second quarter, when public health measures put significant restrictions on customer mobility. It is clear that only those organizations with the required operational capabilities and flexibility will be able to maneuver nimbly in an environment dominated by the pandemic.”

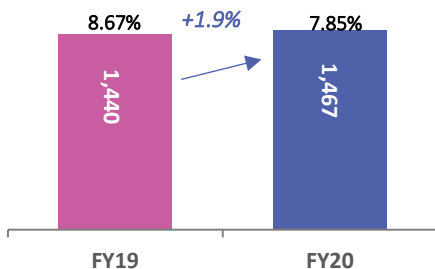
Ibnsina Pharma’s EBITDA declined by 11.4% year-on-year to post EGP 689.1 million for FY2020, with the EBITDA margin recording 3.69% against the 4.68% booked for FY2019. This contraction in EBITDA profitability reflects the relatively weak market conditions prevailing during FY2020 and the consequent effects on Ibnsina Pharma’s ability to leverage economies of scale, particularly during the first half of the year, when curfews and mobility restrictions were instituted to safeguard public health and prevent the spread of COVID-19. Reduced EBITDA for the year further reflects a significant year-on-year increase in operational expenses as a result of COVID-related outlays amounting to EGP 8.1 million. Ibnsina Pharma recorded a net profit of EGP 224.8 million for FY2020, down by 31.6% year-on-year, with the net profit margin declining by 78 basis points to book 1.20% for the year. This reduction was driven by the abovementioned outlays as well as an increase in depreciation and amortization expenses for the year and one-time donations of approximately EGP 9.1 million extended to aid the Egyptian government’s efforts to halt the spread of the virus.

“We are confident that the market has used 2020 to build the experience necessary to cope successfully with COVID-related disruptions, and that Ibnsina Pharma will leverage the anticipated rebound in sales in FY2021,” **Omar continued.** “The growth rate of sales in the retail market is expected to double to 10% in FY2021, while total pharmaceutical sales are

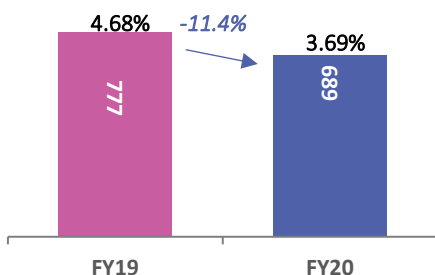
Net Revenue Progression (EGP mn)



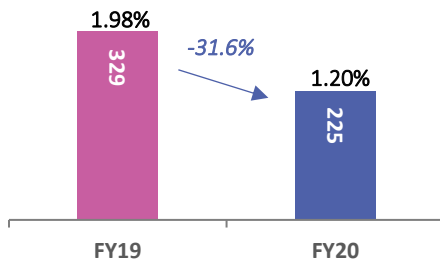
Gross Profit Progression (EGP mn, % margin)



EBITDA Progression (EGP mn, % margin)



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



anticipated to grow at a rate between 10% and 12%, up from the 8% rate recorded for FY2020. Meanwhile, the transfer of state purchasing to the Authority for Unified Procurement is progressing smoothly. While the system will need some time to mature, we expect it to bring a significant increase in efficiency, allowing Ibnsina Pharma to keep closer control of operational costs in the wholesale segment and shorten collection periods, with further benefits for the company’s cash conversion cycle. We expect Ibnsina Pharma’s cash conversion cycle to remain at the normalized level achieved at year-end 2020. Positive market developments will allow us to better utilize the economies of scale which give Ibnsina Pharma its competitive advantage, and we expect to gain at least one percentage point of retail market share over the course of FY2021. To ensure that the company continues to grow as profitably as possible, management aims to cap the growth of OPEX at 10% in FY2021 compared to 21% in FY2020. To this end, Ibnsina Pharma will put further recruitment on hold for the year and will focus on engendering further efficiencies and exploiting economies of scale.”

“Ibnsina Pharma remains as confident as ever in the dynamism and resilience of the Egyptian pharmaceuticals market, as indicated by our continued heavy investment in the development of our capabilities,” said **Mahmoud Abdel Gawwad, Co-CEO of Ibnsina Pharma**. “The company has finalized a calibrated plan for investments and acquisitions that will allow us to deliver on our strategy of backward integration, expand our footprint in the field of digital healthcare, and further enhance our logistical capabilities. Ibnsina Pharma’s Board of Directors is fully committed to marshalling the resources necessary for realizing this investment plan, and has to this end restricted year-end dividends to a distribution of new stock. Meanwhile, the company has earmarked EGP 140 million for capital expenditures in FY2021 and will roll out a comprehensive network optimization plan during the year. This initiative will allow the company to optimize operational processes through the introduction of differentiated tiers of warehouses with varied functions and storage capacities, including four mini distribution centers and three regional facilities. Management expects a resultant improvement in inventory DOH, as well as enhanced product availability and forecast accuracy, materially reducing the company’s supply chain costs through the maximization of productivity and asset utilization. In parallel, the company continues to optimize its capital structure, and will contract with a third party to construct the regional facilities, reducing the required initial investment and easing the burden on Ibnsina Pharma’s balance sheet.”

“Our strategies continue to prioritize digital transformation. Our aim in this space is to introduce value-creating innovations to every niche in the pharmaceutical industry’s operating environment. In 2021 the company plans to pilot its Pharmacy Management System, the first ERP technology aimed at independent pharmacies based in the Egyptian market. Meanwhile, we are on track to release an updated version of the company’s mobile app, which will provide enhanced functionality and features such as online payment. Ibnsina Pharma continues to explore

mutually beneficial strategic partnerships with banks and other financial institutions to offer microfinance, cashless and electronic solutions, and other products and services to pharmacies, leveraging the company's wide customer base and distribution network to further enhance our top line and reduce operational costs," **Mahmoud concluded.**

*Ibnsina Pharma's audited financial statements and full earnings release are available for download at [ir.ibnsina-pharma.com](http://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 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](http://www.ibnsina-pharma.com).

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### Shareholding Structure

(Post IPO and Capital Increase)

