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Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. Reports 3Q19 Results

3 December 2019 | 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”), the fastest growing generic pharmaceutical company among the top players in Egypt, announces today its consolidated results for the third quarter and nine-month period ended 30 September 2019.

3Q19 Highlights

- Revenue grew by 19.4% year-on-year to record EGP 234.8 million in 3Q19, driven by improved portfolio and despite disruptions in production volumes on account of significant facility upgrades.
- On a nine-month basis total revenue stood at EGP 618.7 million 9M19, up 8.2% year-on-year.
- Gross Profit recorded EGP 91.1 million in 3Q19, up 1% year-on-year, representing a gross profit margin of 38.8% compared to 45.8% in 3Q18.
- The Group booked an adjusted EBITDA of EGP 55.7 million in 3Q19, down by 6.6% year-on-year and yielding an adjusted EBITDA margin of 23.7%.

Summary Income Statement EGP mn	9M18	9M19	YoY Growth	3Q18	3Q19	YoY Growth
Revenue	572.0	618.7	8.2%	196.7	234.8	19.4%
Gross profit	278.1	261.6	-6.0%	90.2	91.1	0.9%
Gross profit Margin	48.6%	42.3%	(6.3) ppts	45.9%	38.8%	(7.1) ppts
Adjusted EBITDA	191.4	159.3	-16.7%	59.6	55.7	-6.6%
Adjusted EBITDA Margin	33.5%	25.8%	(7.7) ppts	30.3%	23.7%	(6.6) ppts
Net profit	76.0	31.1	-59.0%	16.2	10.5	-35.5%
Net profit Margin	13.3%	5.0%	(8.3) ppts	8.2%	4.4%	(3.8) ppts

Commenting on the results, Dr. Amr Morsy, Chief Executive Officer, said: “We are pleased to announce that despite the one-off disruptions to the production cycle on account of the significant upgrade of our facilities that took place from Jan-Nov 2019, and that have delivered a 60% increase in production capacity, the company achieved a solid set of results. Rameda booked strong top line growth in 3Q19, maintained gross profit and had minimal regression on the adjusted EBITDA level. This resilient performance in the face of extraordinary and transitory circumstances is a testament to management’s ability to navigate around operational obstacles and continued delivering results.

With the expansion works now complete, operational disruptions behind us and as we successfully re-positioned Rameda’s portfolio to include highly demanded and higher-margin molecules, we look forward to ending 2019 on a strong note with solid results and a successful IPO that set Rameda on a sustainable growth trajectory.”

Financial & Operational Performance

Rameda has implemented significant expansions and facility upgrades year-to-date, including the addition of four new production lines and the redesign and upgrade of the solid dosage production area along with the replacement of the water treatment plant. However, delays in the delivery and installation of certain new machinery – and a consequent rescheduling and delayed completion of required inspections and approvals by the Ministry of Health and Population (MoHP) – led to a significant disruption in the Company’s production cycle and a c.26% year-on-year decline in total



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volumes for the period. The delays also pushed forward Rameda's new molecule launches for the nine-month period, with only four out of a planned nine molecules launched during 3Q19. It is worth noting that newly launched molecules are typically higher-margin and thus the delays have applied downward pressure on profitability, however, Rameda is expected to reap the benefits of its new products from 4Q19 onward.

Profitability was also affected by the supply of Rameda sole outsourced product, were the Company's toll manufacturers witnessed unexpected disruptions to their production capabilities. As a result, the Group was forced to source the product from an alternative supplier in India, leading to a significant increase in production costs which in turn negatively impacted the Group's adjusted EBITDA margin for the nine months ended 30 September 2019. However, the Company has already finalized inspection and commissioning of its new lyophilized line, making Rameda one of a limited number of players in the Egyptian pharmaceutical industry with this manufacturing ability. This will allow the Company to bring lyophilised production in-house, and deploy excess capacity to cater to demand for toll manufacturing services that are otherwise scarce in the market. With the Company overcoming the one-off factors, new molecule launches coming online and the upgrade finalized, EBITDA margin is expected to normalize and expand going forward.

Business Outlook

As of 30 September 2019, Rameda had a portfolio of **105 marketed products** relating to **71 different molecules** covering **11 out of the 16 therapeutic areas** in the Egyptian pharmaceutical industry. The main therapeutic areas focused on by the Group include systemic anti-infectives, alimentary tract and metabolism, genitourinary system and sex hormones, the cardiovascular system, the nervous system, and blood and blood-forming organs.

In 30 October 2019, Rameda announced its intention to proceed with an initial public offering (the "IPO"), comprising of both an international offering to qualified institutional investors and a retail offering to retail investors in Egypt (together the "Combined Offering"). The Company's ordinary shares were listed and admitted to trading on the EGX on 20 November 2019 and trading is expected to commence on 11 December 2019 under the symbol RMDA.CA. Alongside the Combined Offering, Rameda also completed a closed subscription, whereby Greville Investing Ltd (the "Selling Shareholder"), subscribed to 125,000,000 newly-issued shares in Rameda (the "Closed Subscription") at the same offer price as the Combined Offering. With the completion of the Closed Subscription, Rameda has received EGP 582.5 million in gross proceeds.

The Group's senior management intends to use the net proceeds of the Closed Subscription to fund the Group's operational expansion, principally through molecule acquisitions but also through opportunistic acquisition of pharmaceutical companies. This strategy will capitalise on the Group's production capacities and maximise value from a portfolio of brand names that have become synonymous with effectiveness and quality.

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About Rameda

The Group is the fastest growing pharmaceutical company in Egypt measured by its sales value CAGR from 2013 to 2018, ranking first among the top 25 pharmaceutical companies in Egypt. The Group is principally engaged in the manufacture and sale of a wide range of branded generic pharmaceutical products (both prescription and over-the-counter), as well as over-the-counter nutraceuticals, cosmeceuticals, food supplements, medical devices and veterinary products. The Group has developed an attractive portfolio which includes 105 marketed products relating to 71 molecules (including registered molecules and those in the customary process of re-registration) across 11 of the 16 therapeutic areas in the Egyptian pharmaceutical industry. The Group is predominately focused on six therapeutic areas: systemic anti-infectives, alimentary tract and metabolism, genitourinary system and sex hormones, cardiovascular system, nervous system, and blood and blood-forming organs, with the last three being areas the Group has identified as emerging therapeutic areas experiencing high growth rates in Egypt.

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.