



Quality For All

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

EARNINGS PRESS RELEASE 1Q20

### Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. reports exceptional top line and net income growth, at 22% and 196% respectively in 1Q20, supported by recovering volumes and its successful portfolio optimization towards higher-margin products

*Revenue grew by 22.4% y-o-y to EGP 232.4 mn in 1Q20 on the back of double-digit growth across all of Rameda's verticals with the exception of exports, which contracted in light of the COVID-19 pandemic. Top-line growth was supported by recovering volumes with Rameda now able to fully utilize its production facility after upgrades and expansions which took place during 2019 hampered production. Operational efficiencies and managements' successful portfolio optimization towards recently launched and recently acquired higher-margin products resulted in significant EBITDA growth, which trickled down to the bottom line, with net profit after minority interest up by 196% y-o-y to EGP 23.9 mn in 1Q20.*

**May 17<sup>th</sup>, 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 first quarter results for 2020, with revenues up by 22.4% year-on-year to EGP 232.4 million in 1Q20. Revenue growth was primarily driven by improvements in average price points coupled with a return to normalized volumes upon the November 2019 completion of our facility upgrade and expansion, with Rameda now able to fully utilize its facility once again with minimal disruption.

Rameda recorded a gross profit of EGP 106.2 million in 1Q20 with a GP margin of 45.7%, up 4.5 percentage points from 41.1% in 1Q19. Gross margin expansion was driven by of the reduction of raw materials costs on the back of portfolio optimization towards higher-margin products and the appreciation of the EGP, coupled with enhanced economies of scale following the resumption of normalized operations in 1Q20.

Adjusted EBITDA grew by 43.5% YoY to EGP 63.0 million in 1Q20, representing EBITDA margin expansion of 4.0 percentage points during the period to 27.1%. EBITDA growth follows the growth in gross profit, and lower general & administrative expenses as a percentage of revenue despite increased selling & marketing expenses.

Net profit almost tripled to EGP 23.9 million in 1Q20, representing significant net profit margin expansion of 6.0 percentage points to 10.3% on the back of increased operating margins..

### Summary Income Statement

EGP mn	1Q2019	1Q2020	Change
Revenues	189.9	232.4	22.4%
Gross Profit	78.1	106.2	35.9%
GP Margin	41.1%	45.7%	4.5 pts
Adjusted EBITDA	43.9	63.0	43.5%
Adj. EBITDA Margin	23.1%	27.1%	4.0 pts
Net Profit after Minority Interest	8.1	23.9	196%
NP Margin	4.2%	10.3%	6 pts

Private sales dominated revenue growth during the period, contributing 68% of absolute revenue growth in 1Q20 at EGP 150.7 million, up 23.9% year-on-year. Private sales also remained the largest contributing segment to total



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revenue, at 65% in 1Q20, up by 0.8 percentage points from 64.1% in 1Q19. Tenders saw the highest growth among the four segments, growing by 47.4% year-on-year to record EGP 66.1 million in 1Q20, with growth attributed to orders placed by the end of 2019 which carried over to the first quarter of the year. Toll manufacturing revenues, which were maintained at 4% of consolidated revenues in 1Q19 and 1Q20, grew by an exceptional 37.4% year-on-year to EGP 10.4 million in 1Q20. Recent upgrades, including the installation of two lyophilised lines completed in 4Q19, making Rameda one in few companies in the market with lyophilised manufacturing capabilities, will see Rameda capitalise on their excess capacities to expand on this promising income stream. Exports were negatively impacted by the COVID-19 pandemic as most of Rameda's export markets closed their borders. As a result, revenue from exports contracted by 66.9% year-on-year to EGP 5.2 million in 1Q20.

### Comments from our Management Team

"Rameda has ended the first quarter of what promises to be a highly eventful year at the company," **commented Dr. Amr Morsy, CEO of Rameda.** "External circumstances are driving a rapid evolution of our operating environment and necessitating even greater agility and readiness to innovate.

"Our industry is a highly globalized one, and despite the disruptions of API supply across the global pharmaceutical industry wrought by the coronavirus pandemic, Rameda's financial results met expectations in 1Q20. Rameda has worked to be as proactive as possible in the face of this crisis, instituting a targeted set of policies that ensures our ability to continue providing patients with their much-needed medication. Rameda has secured 90% of the needed APIs to fulfill the company's expected production needs until the end of 3Q20," **Dr. Amr added.**

"Despite the stresses placed on the Egyptian market in specific and global markets in general during the period by the coronavirus pandemic and its associated economic impacts, recovering volumes after last year's production disruptions combined with improvements in our average price points delivered solid top-line growth for Rameda during 1Q20," **said Mahmoud Fayek, Chief Financial Officer.** "Revenues recorded EGP 232.4 million, exceeding our budgeted figure for the period, on the back of broad-based growth across all the company's verticals barring export sales, which fell on account of disruptions in global trade and logistical restrictions.

"The management's successful portfolio enhancement strategy to promote more recently launched and recently acquired high value molecules and thus improving the product portfolio mix, led to a healthy revenue growth coupled with a 4.5 percentage-point growth in Rameda's gross margin to 45.7% in 1Q20, while Rameda's, bottom line nearly tripled during the period, booking EGP 23.9 million for 1Q20, reflecting enhanced operating margins and efficiency resulting from treasury operations, with net profit margin showing exceptional growth to 10.3% from 4.2% one year previously," **added Mahmoud.**

"Rameda continued to pursue all avenues for profitable expansion during the first quarter. We executed our largest molecule acquisition to date, falling under the fast-growing anti-inflammatory therapeutic segment, which grew at a five-year CAGR of c.41% between 2015 and 2019. The acquisition clearly delivers on our post-IPO strategy to bolster our portfolio with innovative products serving high-growth therapeutic areas using proceeds from the listing. Moving forward we will continue to seek opportunistic acquisitions that can drive growth, improve our profitability, and expand our market share. Similarly, we will continue to closely monitor the market for accretive opportunities for vertical or horizontal integration through potential acquisitions that can synergistically leverage Rameda's existing innovative business segments," **Dr. Amr concluded.**

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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.