



Quality For All

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

EARNINGS PRESS RELEASE 9M20

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. records top-line growth of 9% y-o-y to EGP 672.9 mn in 9M20; Net profit grew by more than two-fold to EGP 68.7 mn

Despite a 15% decline in Rameda's volumes for 9M20, revenues grew by 9% y-o-y to EGP 672.9 million for the period. Top-line growth came on the back of the Group's successful efforts at optimizing its portfolio by focusing on higher-priced product, driving steady revenue growth despite a challenging external environment for the period. Rameda's gross profit increased by 20% y-o-y at EGP 317.1 million on the back of declines in raw material costs, leading to a GP margin increase of 4.6 percentage points to 47% in 9M20. Rameda's gross performance was reflected at the EBITDA level, representing an increase of 13% y-o-y, recording EGP 182.1 million. The Group's improved operational performance trickled down to the company's bottom-line, with net profit up by 117.2% y-o-y at EGP 68.7 million and an improved NP margin of 5.1 percentage points to 10.2%.

November 10th, 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 results for the quarter ended 30 September 2020, with revenues up by 9% year-on-year to EGP 672.9 million in 9M20. Top-line growth came despite a contraction in volumes during the period, on the back of Rameda's successful strategy of optimizing its product portfolio towards higher priced products.

Gross profit increased by 20.4% y-o-y, recording EGP 317.1 million and yielding a gross profit margin of 47.1% in 9M20, an increase of 4.6 percentage points compared to the same period last year. The increase was driven by the Group's portfolio optimization towards higher-priced products as well as a favorable EGP/USD rate.

Adjusted EBITDA grew by 12.6% y-o-y, coming in at EGP 182.1 million and yielded an EBITDA margin of 27.1% in 9M20, representing an increase of 1.0 percentage points. The increase in EBITDA was supported by improved gross profitability for the period.

Net Income after minority interest witnessed a stellar increase of 117.2% y-o-y and recorded EGP 68.7 million for in 9M20. The increase was driven by improved operational performance as well as decreasing finance costs.

Summary Income Statement

EGP mn	3Q19	3Q20	YoY Change	9M19	9M20	YoY Change
Revenues	235.1	235.4	0.1%	619.5	672.9	8.6%
Gross Profit	91.5	112.5	22.9%	263.3	317.1	20.4%
GP Margin	38.9%	47.8%	+8.9 pp	42.5%	47.1%	+4.6 pp
Adjusted EBITDA	56.7	66.0	18.1%	161.7	182.1	12.6%
Adj. EBITDA Margin	24.1%	28.0%	+4.3 pp	26.1%	27.1%	+1.0 pp
EBIT	47.3	52.5	11.0%	137.2	141.3	3.0%
EBIT Margin	20.1%	22.3%	+2.2 pp	22.1%	21.0%	-1.1 pp
Net Profit after Minority Interest	10.7	24.9	133.8%	31.6	68.7	117.2%
NP Margin	4.5%	10.6%	+6.0 pp	5.1%	10.2%	+5.1 pp
EPS	0.0139	0.0324	133.8%	0.0411	0.0893	117.2%



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Despite decreasing volumes that came on the back of a challenging external environment that has seen a decrease in pharma sales due to the impacts of COVID-19, revenue generated from private sales increased by 9.5% y-o-y in 9M20, coming in at EGP 455.4 million. The segment continued to contribute the lion's share of revenue at 67.7% for the period on the back of the Group's successful portfolio optimization strategy. The segment also represented the largest segmental contribution to absolute revenue growth at 67.4% in 9M20.

While the implementation and transition to the Unified Medical Procurement Authority's (UMPA) new digital tender platform slightly impacted tender volumes during the period, improved pricing related to the Group's portfolio optimization lead to steady y-o-y revenue growth of 11.3% y-o-y to record EGP 156.7 million in 9M20, thereby maintaining its position as the fastest-growing business segment during the period.

Due to the impacts of COVID-19 on trade, export volumes witnessed a 14.1% y-o-y decline in 9M20, coming in at 1.9 million units for the period. Subsequently, export revenues fell by 15.5% y-o-y to EGP 28.7 million in 9M20.

Meanwhile, general market slowdown due to the challenging external environment caused by COVID-19 resulted in declining volumes of 12.0% y-o-y to 17.3 million units in 9M20. Despite the contraction in volumes, toll manufacturing revenues increased by 10.9% y-o-y to reach EGP 32.1 million in 9M20 on the back of Rameda's excess capacity of high value lyophilized manufacturing capabilities being put into use.

Comments from our Management Team

"Over the course of the past nine months, Rameda has proven its ability to strategically navigate a challenging external environment, delivering steady top-line growth which outpaced both total market and private market sales growth, resulting in an evolution index of 123 and 110 respectively¹ in 9M20," **commented Dr. Amr Morsy, CEO of Rameda.** "The Group's performance was supported by the easing of COVID-19 restrictions across the nation, while companies adapted their businesses to the current situation and consumption returned to normalized levels. Rameda's price optimization strategy and ever-expanding portfolio has enabled the Group to hedge itself against volume fluctuations during the period, and together with steadily improving market conditions, is expected to continue driving our top line and profitability," **Dr. Amr said.**

"The accretive acquisition and launch of new molecules has enabled us to become proactive to market demands and needs, and as a large Egyptian manufacturer of generic pharmaceuticals, we are continuously looking to grow our portfolio to provide essential and affordable products to patients across the region, particularly during these unprecedented times. We are proud to announce that Rameda has received its final commercial manufacturing licenses to produce and sell antiviral medications, Remdesivir and Anviziram, in Egypt. Moreover, we are the first pharmaceutical player in the region to receive the license to manufacture the powder variation of Remdesivir, a more convenient format in terms of storage and transportation. The licenses are a testament to the Group's well-established capacity and commitment to produce high-quality medical products to aid in the global fight against COVID-19," **added Dr. Amr.**

"A challenging business environment during the last nine months saw Rameda's volumes fall by 15% year-on-year due to the impacts of COVID-19 on private and export sales as well as the transition to the Unified Medical Procurement Authority's (UMPA) digital tender platform, subsequently slowing down purchases for the period," **said Mahmoud Fayek, Chief Financial Officer.** "However, the Group's optimized portfolio strategy offset the decline in volumes and drove private and tender revenues forward, subsequently increasing our top-line for 9M20 by 9% year-on-year to come in at EGP 672.9 million for the period," **said Mahmoud.**

"Steady growth in Rameda's top-line, coupled with a reduction in COGS on the back of declines in raw material costs positively impacted our gross profit in 9M20. Our gross profit increased by 20% year-on-year in 9M20 to

¹ Source: IQVIA Health



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EGP 317.1 million and we witnessed a 4.6 percentage point increase in our gross margin for the period. Improved gross profitability subsequently led to a 13% increase in year-on-year EBITDA, which came in at EGP 182.1 million in 9M20. Moreover, net profit witnessed a significant increase of 117% year-on-year in 9M20 on the back of improved operational performance, significant inflows from the Group's treasury operations and a decline in financing costs. Ramedia's management is constantly identifying areas where we can optimize our cost structure and bolster Ramedia's profitability," **added Mahmoud**

"Our outlook for the remainder of the year looks promising; we have seen significant improvements in the integration of the Unified Medical Procurement Authority's (UMPA) digital platform, aimed at increasing the efficiency of tenders across the nation, and we are optimistic that it will support Ramedia's tender contribution to our overall top line performance. On the toll manufacturing front, previous API procurement issues faced by third-party toll clients have been largely resolved and we plan on leveraging our lyophilized production capabilities to further bolster Ramedia's volume performance. We look forward to the easing of restrictions and consumer normalization, together with further optimization of our portfolio, to drive Ramedia's growth and continue to unlock value for our stakeholders." **Dr. Amr concluded.**

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Investor Relations Contact:

Yasmine Negm
Rameda's Head of Investor Relations &
Strategic Communications
Email: yasmine.negm@rameda.com
Mobile: +20(0) 1228505050

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.