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

EARNINGS PRESS RELEASE FY20

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. records a revenue increase of 7% y-o-y to EGP 960.2 mn in FY20; Net profit after minority interest expanded by 36% y-o-y to EGP 112.2 million.

Total volume sold (excluding toll sale volumes, which grew by 2.9% y-o-y) declined by 13.9% y-o-y to 60.8 million units in FY20. The decline was driven by harsh market conditions due to the onset of COVID-19 that prevailed much of the year. Despite year-on-year volume contractions across its verticals (excluding toll sales), recovering marketing conditions reflected positively quarter-on-quarter in 4Q20, with total volume sold (excluding toll sales, whose volume grew by 40.2% q-o-q) growing by 82.1% q-o-q in 4Q20. Consolidated revenues increased by 7.4% y-o-y to EGP 960.2 million, driven by the Group's optimized product portfolio towards higher-priced products. Gross Profit increased by 10.1% y-o-y to EGP 446.6 million, driven by a decline in raw material costs, yielding a GPM increase of 1.1 percentage points to 46.5% in FY20. Moreover, Rameda's adjusted EBITDA increased by 1.5% y-o-y to EGP 263.8 million, however, its corresponding EBITDA margin witnessed a decline of 1.6 percentage points year-on-year to 27.5% in FY20. Finally, net profit recorded an increase of 36.2% y-o-y to EGP 112.2 million and an improved NPM of 2.5 percentage points year-on-year to 11.7% in FY20.

March 2nd, 2021 | 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"), RMDA.CA on the EGX, a leading Egyptian pharmaceutical company, announces today its consolidated full-year and fourth quarter results for 2020. Despite a contraction in volumes (excluding toll sale volumes) in year-on-year terms, Rameda saw an increase of 82.1% q-o-q in total volumes sold (excluding toll sale volumes) on the back of recovering market conditions in 4Q20. Moreover, Rameda achieved a revenue expansion of 7.4% y-o-y to EGP 960.2 million, driven by Rameda's optimized portfolio focusing on higher priced products in FY20.

Gross Profit increased by 10.1% y-o-y to EGP 446.6 million, yielding a gross profit margin increase of 1.1 percentage points year-on-year to 46.5% in FY20. This increase was driven by the Group's portfolio optimization towards higher-priced products, as well as a decline in raw material costs due in part to the depreciation of the USD.

Adjusted EBITDA increased by 1.5% y-o-y to EGP 263.8 million, however, EBITDA margin declined by 1.6 percentage points year-on-year to record 27.5% in FY20. The decline was due to a significant increase in SG&A expenses.

Net profit recorded an increase of 36.2% y-o-y to EGP 112.2 million, yielding an NPM increase of 2.5 percentage points year-on-year to 11.7% in FY20.

Core Attributable Net Income, which excludes provisions, one-offs, and FX gains, recorded an increase of 49.1% y-o-y to EGP 121.8 million in FY20, compared to EGP 81.7 million in the previous year.



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Summary Income Statement

EGP mn	4Q19	4Q20	YoY Change	FY19	FY20	YoY Change
Revenues	274.5	287.3	4.7%	894.0	960.2	7.4%
Gross Profit	142.2	129.4	-9.0%	405.6	446.6	10.1%
GP Margin	51.8%	45.1%	-6.8 pp	45.4%	46.5%	+1.1 pp
Adjusted EBITDA	98.0	81.3	-17.1%	260.0	263.8	1.5%
Adj. EBITDA Margin	35.7%	28.3%	-7.4 pp	29.1%	27.5%	-1.6 pp
EBIT	86.5	66.3	-23.4%	223.7	207.6	-7.2%
EBIT Margin	31.5%	23.1%	-8.4 pp	25.0%	21.6%	-3.4 pp
Net Profit after Minority Interest	50.8	43.5	-14.3%	82.4	112.2	36.2%
NP Margin	18.5%	15.1%	-3.4 pp	9.2%	11.7%	+2.5 pp
EPS	0.0661	0.0566 ¹	-14.3%	0.1072	0.1460 ¹	36.2%

Despite declining volume sales in year-on-year terms, the recovery in OTC sales and inpatient visits however has led to a recovery in private sales volume during the last quarter of the year, with volumes recording 8.7 million units in 4Q20, up by 34.1% q-o-q. Additionally, revenues from private sales grew by 10.2% y-o-y to reach EGP 650.3 million in FY20 and contributed the lion's share of the Group's revenues at 67.7% for the year. The segment's improved performance was driven by the Rameda's portfolio optimization strategy. Moreover, private sales contributed the largest segmental contribution to absolute revenue growth, at 73.7% in FY20.

Even though the slow transition to the Unified Medical Procurement Authority's (UMPA) new digital tender platform led to 10.5% y-o-y decline in tender volumes to 31.2 million units, Rameda's optimized pricing strategy drove a 6.7% y-o-y increase in the segment's revenues to EGP 209.1 million in FY20. It is worthy to note that the transition to the UPMA's digital platform is fully complete and reflected positively on the segment's quarterly performance, recording a 216.5% q-o-q increase to 8.4 million units in 4Q20.

The impact of COVID-19 on global trade drove a 14.5% y-o-y decline in export volumes, reaching 3.4 million units, and subsequently driving a 23.3% y-o-y decline in export revenues to EGP 49.9 million in FY20. However, recovering market conditions on the back of easing global trade restrictions towards the end of the year saw export volumes grow by 40.3% q-o-q to 1.5 million units and its corresponding revenues increase by 30.6% q-o-q to EGP 21.3 million in 4Q20.

An increase in capacity utilization at Rameda's lyophilized production facility in response to the subsiding of API procurement issues faced by its toll clients at the onset of the pandemic, drove a 2.9% y-o-y increase to 26.0 million units at the Group's toll manufacturing vertical in FY20. Subsequently, revenues increased by 19.4% y-o-y to EGP 50.8 million in FY20.

Comments from our Management Team

"Despite a turbulent year due to the onset of COVID-19, Rameda was able to deliver steady growth in 2020 on the back of our continuously expanding portfolio of products across an array of high-growth therapeutic areas and an ongoing portfolio optimization strategy skewed towards higher priced products," commented **Dr. Amr Morsy, CEO of Rameda**. "Growth was especially pronounced during the last quarter of the year due to recovering market conditions and rising demand, with the easing of social distancing restrictions resulting in a marked growth in over-the-counter (OTC) sales and physician visits. We are pleased to report that Rameda outgrew Egypt's overall market

¹ EPS before dividend distribution



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in terms of sales in 2020, recording a market evolution index of 120 during the year², and successfully cemented our position as one of the leading and fastest-growing pharmaceutical players in the region.

“We acquired three molecules and launched nine products in 2020, successfully expanding the Group’s product offering into two new therapeutic areas with the acquisition of anti-inflammatory (NSAIDs), Recoxibright, and the launch of three food supplements, HOMO, Robesta and Vensia. As a large Egyptian pharmaceutical player, we stood ready to devote our capabilities and resources to do our part, both locally and regionally, in the global fight against COVID-19. To this end, we began the commercial production of two new antiviral medicines, Remdesivir and Anviziram, which are currently being used in hospitals across Egypt for the treatment of patients suffering from COVID-19 as per the Ministry of Health’s (MOH) official treatment protocol, and have remained steadfast in our commitment to ensuring high quality and affordable medicines are available to patients throughout the pandemic.

“Developments in the final quarter of the year, including the rollout of vaccines which began in December 2020, have signaled a promising outlook for 2021. We plan to launch 8-10 new products at high price points in the new year, comprising of new molecules and line extensions of pharmaceutical products, and food supplements, with an eye to maximizing both the Group’s top line and margins. On the exports front, with the continued easing of global trading restrictions, we are looking to tap into new markets across the Middle East and Asia, including Kuwait, Bahrain, United Arab Emirates and Moldova.

“At our toll manufacturing facilities, Ramedata’s lyophilized production lines were operating at a capacity utilization rate of c. 80% at year-end 2020, and we are anticipating solid utilization growth in 2021 on the back of recovering demand levels with the reduction in API procurement disruptions faced by our toll clients during the beginning of the pandemic. Moreover, the successful integration of the Unified Medical Procurement Authority’s (UMPA) digital platform resulted in a significant increase in Ramedata’s tender volumes in 4Q20, and we are optimistic about the expected growth and contribution of this vertical in 2021.

“With the easing of COVID-19 related restrictions and strong recovering market conditions, Ramedata is perfectly poised to unlock value in the growing pharmaceutical space going into the new year. The Group stands ready to fully-realize its growth strategy, centered around launching new products covering key high-growth therapeutic areas, optimizing our portfolio towards higher-priced products, monetizing our excess capacity to enhance toll revenue generation and expanding our footprint into new, high-growth markets across the region.”

-Ends-

² Source: IQVIA Health



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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.