



Quality For All

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

EARNINGS RELEASE 1H20

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. records steady top line growth of 14% year-on-year to EGP 437.5 mn in 1H20; Net profit grew by more than two-fold to EGP 43.8 mn

1H20 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	Adjusted EBITDA ¹	Net Income After Minority
EGP 437.5 million ▲ 14% y-o-y	EGP 204.7 million (47% margin) ▲ 19% y-o-y	EGP 116.1 million (27% margin) ▲ 11% y-o-y	EGP 43.8 million (10% margin) ▲ 109% y-o-y
EPS	Net Debt	Average Unit Price (Private Market)	Units Sold
EGP 0.057 (10% margin) ▲ 109% y-o-y	EGP 298.2 ▼ 52% y-o-y	EGP 31.67 (IQVIA Health) ▲ 5% y-o-y	EGP 32.0 million (excludes toll volume) ▲ 0.5% y-o-y

August 16th, 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 first half of 2020.

Financial & Operational Highlights

- **Revenues** climbed by 13.8% y-o-y to EGP 437.5 million in 1H20. Top-line performance was driven by Rameda’s increasingly optimized product portfolio towards higher-priced products, strong growth at the Company’s Tenders segment and resilient Private market performance, despite challenging market conditions, since March 2020.
- **COGS** grew by 9.5% y-o-y to EGP 232.8 million in 1H20 and represented 53.2% of total revenues, down by 2.1 percentage points. This was driven by a 9.3 percentage point decrease raw materials, its largest cost component, as a percentage of revenue to 22.6% in 1H20 from 31.9% in 1H19.
- **Gross profit** recorded EGP 204.7 million in 1H20, representing a y-o-y increase of 19.1% and yielding a gross profit margin of 46.8% against 44.7% in 1H19 due to decreasing raw materials as a percentage of sales on account of the optimization of the Company’s portfolio towards higher-margin products and a favourable US Dollar rate.
- **Adjusted EBITDA¹** came in at EGP 116.1 million in 1H20, up by 10.5% year-on-year. Its corresponding EBITDA margin fell by 0.8 percentage points during the period to 26.5% on the back of increased SG&A expenses as a percentage of revenue.
- **Net Income after minority interest** grew by 108.8% y-o-y to EGP 43.8 million in 1H20, representing an NPM expansion of 4.6 percentage points to 10.0% due to improved performance on the operational level, in addition to improved treasury operations.
- **EPS** grew by a similar 108.8% to stand at EGP 0.057 in 1H20.

¹ Adjusted for impairments, provisions, and universal healthcare tax



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Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

With the first half of 2020 behind us, Rameda can now reflect on its strong performance amidst a challenging period as a result of the significant rise of COVID-19 cases faced in Egypt and worldwide since March of this year. Social distancing and trade restrictions implemented in March impeded Egypt's pharmaceutical sales growth for the latter part of 1H20, particularly in the private market. However, high demand from the government to stockpile on necessary medication during the pandemic as a contingency plan in light of the current situation allowed the market as a whole to grow in volume and value, albeit slower, at 5.2% and 8.5% respectively in 1H20². We are pleased to report that Rameda recorded double digit top line growth, outgrowing both the private and overall market in terms of sales growth, and ranking second highest year-to-date in the overall market evolution index in terms of both sales volume and value for the period.

Our strong performance demonstrates the breadth and resilience of our portfolio, as well as the vital role of the generic medicines we supply. We acquired 3 molecules during 1H20, including a nonsteroidal anti-inflammatory analgesic molecule, which became one of Rameda's top 10 selling products in 1H20 and contributed 8.4% of total revenues during the period, despite only becoming part of the Group's portfolio in March 2020.

Rameda stands ready to devote its capabilities and resources to serving patients locally and regionally during this unique time in history, and as the first Egyptian company to take the initiative to supply both local and regional markets with antiviral medication to help combat COVID-19, we are particularly looking forward to the upcoming launch of two new molecules, Anviziram and Remdesivir, for which we received manufacturing licenses in June from the Egyptian Drug Authority (EDA). Management also has plans to export both medicines to neighboring countries across the Middle East and North Africa upon receipt of approval from the Ministry of Health and the EDA. We launched four molecules in 1H20 with plans to launch an additional 4 to 6 additional molecules before year-end. Launches during the period included two new food supplements, HOMO and Robesta, released in response to the Ministry of Health's call to Egyptian pharmaceutical producers to increase the production and sale of immunity-enhancing products that satisfy national supply shortages of essential vitamins during the COVID-19 pandemic. Both supplements contain Colostrum and Lactoferrin, in addition to other elements included by the MOH in its most recent Protocol for the treatment COVID-19, including Zinc and Vitamin C.

As a large Egyptian manufacturer of generic pharmaceuticals, we are aware of the strong role we play during the crisis and our achievements over the last few months are a testament to the steadfast commitment of our people, who are working hard to ensure high quality and affordable medicines are available to patients throughout the COVID-19 pandemic. We expect our new launches and acquisitions, combined with the recent easing of social distancing measures, to further drive Rameda's growth momentum for the remainder of 2020.

² Source: IQVIA Health



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Mahmoud Fayek, Chief Financial Officer

In light of the unprecedented challenges faced by Rameda and its peers during the last few months, I am pleased with our financial and operational results in the first half of 2020. In Q2, we witnessed some of the toughest market conditions we've faced in a long time, which saw the Private market sales in Egypt uncharacteristically contract by 4% y-o-y³ year due to the COVID-19 pandemic and its associated restrictive measures that came into effect starting mid-March. Even though our private sales, exports and toll manufacturing segments were negatively impacted this quarter, we managed to achieve double-digit top line growth of 14% to EGP 437.5 million in 1H20 on the back of our strategically optimized portfolio of higher margin molecules, which also saw our gross margin grow by 2.1 percentage points. This was boosted further by strong government demand for medication in anticipation of supply shortages on account of the pandemic, with its associated organizations and facilities stockpiling on essential medication.

Growth in Rameda's gross profit trickled down to the EBITDA level, which increased by 11% year-on-year to EGP 116.1 million in 1H20, despite higher sales and marketing expenses on account of its newly expanded salesforce. Rameda's management has made the decision to freeze the hiring of new medical representatives in an effort to conserve its EBITDA margin pending the normalization of private sales and the resumption of new product launches. Meanwhile, net profit more than doubled during the period, recording EGP 43.8 million for 1H20, reflecting enhanced efficiency resulting from treasury operations, with an associated net profit margin growth of 4.6 percentage points to 10%.

Our cash conversion cycle was affected by a significantly higher level of inventory in 1H20 as our procurement team pro-actively secured sufficient APIs to satisfy 90% of our production requirements to year-end, should any effects of the pandemic affect imports from suppliers. For the coming quarter, we aim to secure sufficient inventory to satisfy the Company's production needs until the end of 1Q21.

We expect the easing of restrictions which began in June to lead to some recovery sales volumes during second half of the year, with the critical nature of Rameda's products combined with its strong pipeline of products expected to generate double-digit revenue growth for the remainder of the year.

³ Source: IQVIA Health



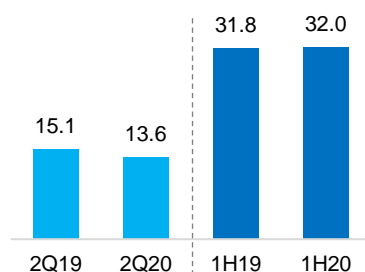
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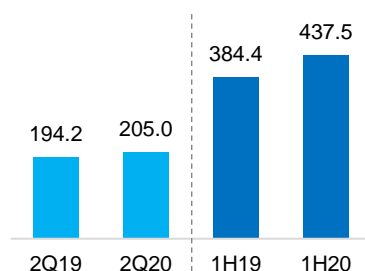
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Financial & Operational Performance

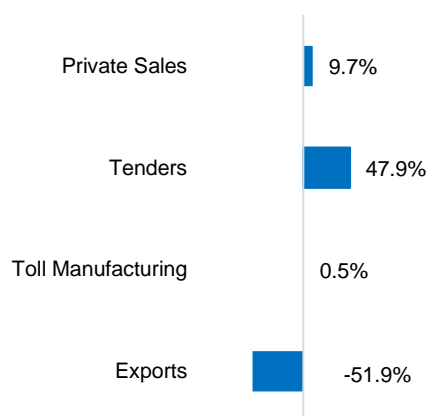
Volume Progression
(excludes toll sales)
(mn units)



Revenue Progression
(EGP mn)



1H20 Revenue Growth Rates
by Business Line



Volumes

Total volume sold (excluding toll sales)⁴ came in at 32.0 million units for 1H20, up by 0.5% year-on-year with solid growth at the tenders division (up 21.4% y-o-y) counteracting a contraction in volumes of Rameda's private sales (down 19.5% y-o-y) and exports (down 47.7% y-o-y) divisions. Tenders grew on account of strong demand from the Ministry of Health and related government institutions, as they stockpiled on essential medication in anticipation of trade and manufacturing disruptions on account of COVID-19.

Meanwhile, toll manufacturing volumes fell by 17.7% year-on-year to 11.2 million units in 1H20 as third-party toll clients faced API procurement issues brought about by disruptions in global trade from the COVID-19 crisis.

In 2Q20, total volume sold (excluding toll sales) recorded 13.6 million units, down 9.8% year-on-year, while toll manufacturing volumes registered 4.9 million units, down 44.0% year-on-year.

Revenues

Consolidated revenues came in at EGP 437.5 million for 1H20, representing a year-on-year increase of 13.8%. Healthy top line growth came on the back of the continuing optimization of its product portfolio towards higher-priced products strong performance at the Company's Tenders division and the resilient performance of Private market sales in the face of challenging market conditions.

Revenues came in at EGP 205.0 million in 2Q20, up by 5.6% year-on-year.

Revenues by Business Line

Revenue Analysis	1H19	1H20	% YoY
Private Sales			
Volumes Sold ('000)	13,595	10,945	-19.5%
Sales (EGP mn)	253.0	277.5	9.7%
Tenders			
Volumes Sold ('000)	16,629	20,192	21.4%
Sales (EGP mn)	87.2	129.0	47.9%
Exports			
Volumes Sold ('000)	1,585	829	-47.7%
Sales (EGP mn)	25.7	12.4	-51.9%
Volume (excluding toll) ('000)	31,809	31,965	0.6%
Revenue (excluding toll) (EGP mn)	365.9	418.9	14.5%
Toll Manufacturing			
Volumes Sold ('000)	13,549	11,151	-17.7%
Sales (EGP mn)	18.4	18.5	0.5%
Total Revenue (EGP mn)	384.4	437.5	13.8%

⁴ Volume for Toll Manufacturing segment is measured by the number of strips sold, while the remaining segments measure volume by number of packs sold

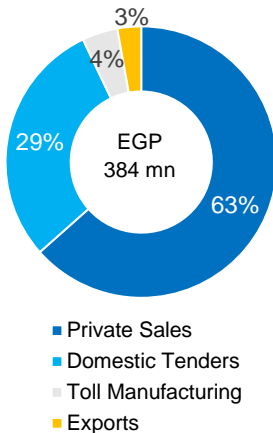


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1H20 Sales Contribution by Vertical



Private Sales

Rameda sells its products to domestic distributors who then distribute the products to pharmacies throughout Egypt. Products sold by the private sales segment include pharmaceuticals, nutraceuticals, food supplements and veterinary products. The primary sales strategy in this field is largely prescription-based, whereby marketing representatives engage with physicians to create demand for the Group's products.

Volumes sold at the private sales segment declined by 19.5% year-on-year to 10.9 million units in 1H20, impacted by a general decrease in pharma sales in Egypt during the height of social distancing measures brought on the back of the COVID-19 pandemic during the period, compounded by the inability of the Group's salesforce to effectively market the Group's products. It is worth noting that 100% of Rameda's salesforce have since returned to work full-time.

Despite decreasing volume sold, revenue from private sales grew by 9.7% year-on-year to EGP 277.5 million and continued to contribute the lion's share of revenue, at 63.4%, in 1H20 on account of the Group's portfolio optimization strategy. The segment also contributed 36.9% to absolute revenue growth in 1H20.

Tenders

Rameda also engages in institutional sales by selling its products through tender processes either directly to government-owned institutions such as the Ministry of Health and public hospitals or indirectly to these institutions through distributors. Rameda focuses on participating in selective tender contracts that ensure certain profitability levels in line with its strategy.

Tenders remained the fastest-growing business segment during 1H20, with volumes up by 21.4% year-on-year to 20.2 million units and revenues up by 47.9% year-on-year to book EGP 129.0 million. Tenders also represented the largest segmental contribution to revenue growth during the period, forming 62.9% of absolute revenue growth in 1H20. The segment's contribution to total revenues rose by 6.8 percentage points to 29.5% during the same period. Solid growth in Rameda's Tenders business was driven by strong demand for medication from Egypt's the Ministry of Health and its associated organizations and facilities, who stockpiled on essential medications in anticipation of possible supply shortages.

Exports

The Group sells its products to export agents, responsible for distributing Rameda's products across different regional markets. 67.3% of total exports were sold in Iraq during 1H20, with 27.2% sold in Yemen and the remainder sold in other markets including Palestine, Nigeria, South Sudan and Somalia.

Exports were negatively impacted by the COVID-19 pandemic due to trade disruptions across Rameda's global export markets. As a result, export volumes fell by 47.7% to 829 thousand units and revenues from exports fell by 51.9% to record EGP 12.4 million in 1H20. The division's contribution to consolidated revenues decreased by 3.9 percentage points to 2.8% during the same period.

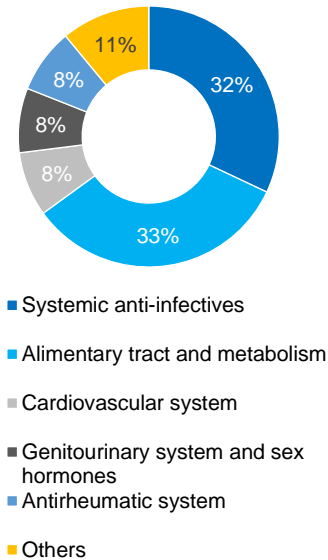


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1H20 Sales Contribution by Therapeutic Area



Plans to enter a number of markets across Sub-Saharan Africa and the Commonwealth of Independent States (CIS) are currently on hold due to COVID-19's impact on international trade. Rameda expects to penetrate these promising export markets once countries are able to reopen their borders.

Toll Manufacturing

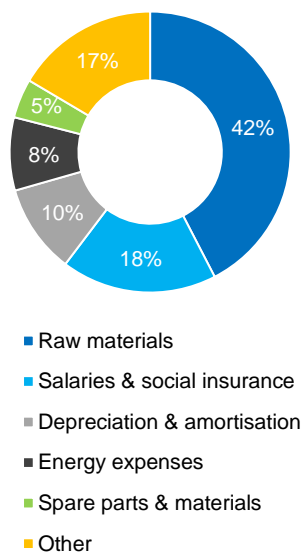
To monetise its excess production capacity and dilute the Group's existing fixed overheads, Rameda selectively engages in toll manufacturing arrangements. Over the years, the Group has developed a solid and diverse client base, including well-known regional and international pharmaceutical companies such as Sanofi, which has in turn has enabled Rameda to benefit from enhanced brand equity and acts as a testament to the quality and the standards of Rameda's production facilities.

A number of Rameda's toll clients continued to face difficulties in sourcing API supplies during the period, resulting in declining volumes of 17.7% to 11.2 million units in 1H20. Despite the contraction in volumes, toll manufacturing revenues increased by 0.5% year-on-year to reach EGP 18.5 million in 1H20, while its contribution to total revenues declined slightly to 4.2% in 1H20 from 4.8% in 1H19. As global procurement patterns stabilize, Rameda will leverage its recent upgrades to capitalise on excess capacities and expand on this promising income stream with its new lyophilised production capabilities installed in 2019 year-end.

Revenue by Therapeutic Area⁵

Alimentary tract & metabolism products surpassed systemic anti-infectives to contribute highest to revenues in 1H20, at 33%. Systemic anti-infectives closely followed, contributing 32% to total revenue during the same period. Cardiovascular system, antirheumatic system and genitourinary system & sex hormones each contributed c. 8% to total revenues, with antirheumatics now among the largest selling therapeutic areas. Other therapeutic areas each contributed 2% or less to total revenues.

1H20 Cost of Revenues Breakdown



Cost of Revenues

Cost of revenues comprises raw materials, employee benefits expense, depreciation and amortisation, utilities charges, spare parts & materials, maintenance, government fees & medical stamps, energy expenses, short-term leases, and other operating expenses.

Cost of revenues registered EGP 232.8 million in 1H20, up by 9.5% year-on-year and representing 53.2% of revenues, down 2.1 percentage points year-on-year. The decrease in cost of sales as a percentage of revenue was driven primarily by a decline in raw material costs, which fell by 19.4% year-on-year to EGP 98.7 million in 1H20, representing 22.6% of revenues versus 31.9% of revenues in 1H19. This was achieved through portfolio optimization and an appreciation of the EGP against the US dollar.

⁵ Contributions here are calculated on revenues before toll manufacturing revenue, discounts & incentives and sales returns

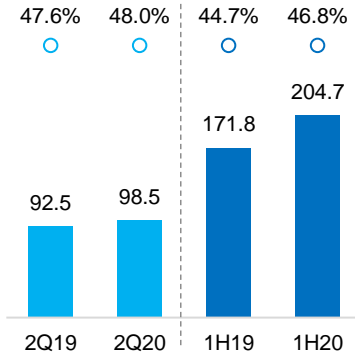


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Gross Profit and Margin Progression
(EGP mn | %)



On the other hand, salaries & social insurance, depreciation & amortization and energy expenses saw their contribution to COGS grow by c.3-4 percentage points during the same period.

Gross Profit

Rameda recorded a gross profit of EGP 204.7 million in 1H20, up by 19.1% year-on-year, with the margin increasing 2.1 percentage points to record 46.8% against 44.7% in 1H19. Gross profitability was enhanced by the decreasing cost of raw materials with the group’s increased focus on high-margin products.

In 2Q20, gross profit climbed by 6.4% year-on-year to record EGP 98.5 million for 2Q20 and yielding a GPM of 48.0%.

Selling and Marketing Expenses

Selling and marketing expenses principally comprise salaries, social insurance & other fringe benefits associated with the Group’s sales and marketing function, advertising & marketing expenses, rent, and depreciation.

Selling and marketing expenses increased 46.2% year-on-year to register EGP 103.0 million in 1H20, representing 23.5% of revenues against the 18.3% recorded in 1H19. Salaries, social insurance & other fringe benefits and advertising & marketing expense continued to represent the fastest-growing components during 1H20, expanding at 54.8% and 37.2%, respectively. Rapid growth in these cost items reflects Rameda’s comprehensive enhancement of its sales and marketing functions since 2019 for anticipated molecule launches. Rameda’s expects to increasingly benefit from its newly expanded sales force as the government continues to relax restrictions on mobility and the launches of the new products resume.

General and Administrative Expenses

General and administrative expenses mainly comprise salaries, social insurance & other fringe benefits not directly attributable to the production, sales or marketing of the Group’s products.

In 1H20, Rameda recorded general and administrative expenses of EGP 23.8 million, up 39.7% year-on-year. As a percentage of consolidated revenue, general and administrative expenses climbed to 5.4% in 1H20 from 4.4% in 1H19 on account of an increase in salaries and social insurance expenses, its largest cost component, which grew by 55.4% year-on-year.

Adjusted EBITDA

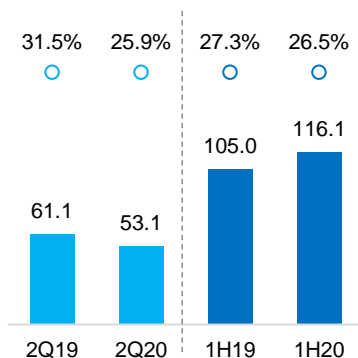


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EBITDA and Margin Progression
(EGP mn | %)



Adjusted EBITDA is defined as net profit before finance expenses (including bank charges), income taxes, depreciation and amortisation, IPO expenses, impairment of trade and notes receivable, write-down/reversal of write down of inventories, provisions for expected claims and universal healthcare tax.

Adjusted EBITDA climbed by 10.5% year-on-year to record EGP 116.1 million in 1H20, with EBITDA contracting by 0.80 percentage points to 26.5%. EBITDA growth comes on the back of improved gross profitability, with the slight decrease in its resulting margins attributed to higher salaries and expenses incurred year-on-year.

Adjusted EBITDA decreased by 13.1% year-on-year in 2Q20, booking EGP 53.1 million and yielding an EBITDA margin of 25.9%.

Net Finance Expenses

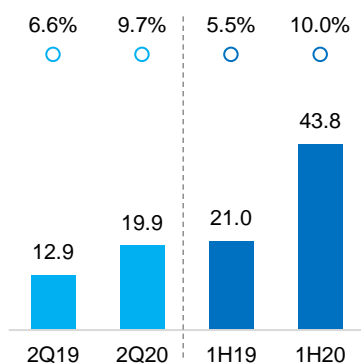
Net finance expenses, which includes the Group's interest expense and interest income from treasury operations, fell by 65% year-on-year to record EGP 17.7 million. This improvement stems from the Group's treasury operations and the reduction of its debt-servicing costs.

Net Income After Minority Interest

Net profit grew by more than two-fold in 1H20, booking EGP 43.8 million, up 108.8% year-on-year and yielding a net profit margin of 10.0%, up by 4.6 percentage points from 5.5% in 1H19. Enhanced bottom-line performance reflects Rameda's improved operating margins, which was further boosted by improved treasury operations during the period.

Net profit came in at EGP 19.9 million in 2Q20, up by 54.1% year-on-year and booking a 3.1-percentage-point increase in net profit margins to 9.7%.

Net Income and Margin Progression
(EGP mn | %)



Operating Cash Flow, Capital Expenditure and Debt

Operating cash flow recorded a net outflow of EGP 40.5 million in 1H20 against a net inflow of EGP 104.5 million one year previously primarily due to increased net working capital outflows associated with stockpiling sufficient APIs to accommodate 90% of its production needs to the end of 2020. Operating cash flow was further impacted by longer-than-usual repayment terms granted to debtors and pre-payments related to CAPEX additions during the year.

With almost all of the facility expansions and upgrades fully realized by the end of 2019, net fixed assets came in at EGP 429.8 million as at 30 June 2020, up a marginal 3.0% since year-end 2019.

Net debt stood at EGP 298.2 million as at 30 June 2020, representing a year-to-date decrease of 47.7%, driven by an increase in cash and bank balances upon the Group's December 2019 listing.



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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.