rameda
Quality For All

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. reports stellar FY21 results, with top-and-bottom-line growth of 30% y-o-y and 61% respectively

FY21 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	Adjusted EBITDA[1]	Net Income After Minority
EGP 1,246.4 million ▲ 30% y-o-y	**EGP 577.4 million** (46% margin) ▲ 29% y-o-y	**EGP 338.7 million** (27% margin) ▲ 28% y-o-y	**EGP 181.2 million** (15% margin) ▲ 61% y-o-y
EPS	**Net Debt**	**Average Unit Price**	**Units Sold**
EGP 0.1812 ▲ 61% y-o-y	**EGP 360.6 million** (31 Dec 2021) ▼ 12% y-o-y	**EGP 36.3** (IQVIA) ▲ 8% y-o-y	**61.0 million** (excludes toll volume) ▲ 0.3% y-o-y

February 24th, 2022 | 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 results for the twelve-month period ending 31 December 2021.

Financial & Operational Highlights

- **Revenues** recorded solid growth of 29.8% y-o-y to EGP 1.25 billion in FY21 driven by the success of the Group's key recent launches coupled with the optimization of its portfolio towards higher-priced products. Revenues in 4Q21 alone came in at EGP 393.9 mn, up by 37.1% year-on-year and reflecting the positive impact of launches and acquisitions made earlier in the year.
- **COGS** came in at EGP 669.1 million in FY21, up by 30.3% y-o-y and in line with the growth in revenues despite initially high API costs and overheads related to the production of the Group's COVID-19 antivirals at the beginning of the year. A concerted effort by management to drive down COGS components during the year, coupled with decreasing API costs and overheads in 4Q21, largely offset its initial increase, resulting in a net increase in COGS as a percentage of revenues by just 0.2 pts to 53.7% on a full year basis. Furthermore, COGS as a percentage of revenues in 4Q21 reached 52.3% an improvement of 2.7 pts compared to 4Q20.
- **Gross profit** increased by 29.3% y-o-y to record EGP 577.4 million in FY21, representing a GPM decline of 0.2 percentage points during the same period to 46.3%, with decreasing API costs in 4Q21 culminating into GPM growth 4.8 percentage points between 1Q21 and 4Q21 to come in at 47.7% by the last quarter of the year, up by 2.7 percentage points y-o-y and demonstrating improvements to the GPM on a quarterly basis.
- **Adjusted EBITDA[1]** came in at EGP 338.7 million in FY21, up by 28.4% y-o-y and yielding an EBITDA margin of 27.2%, down by 0.3 percentage points y-o-y, despite a 2.6 pts decrease in SG&A expenses as a percentage of revenues during the period, primarily driven by the decrease in the Group's GPM.
- **Net Income after minority interest** climbed 61.5% y-o-y to book EGP 181.2 million in FY21, representing a 2.9 percentage point hike in the Group's corresponding NPM to 14.5%, with bottom line growth driven by enhanced operating leverage. The corresponding **EPS** increased 61.5% y-o-y to record EGP 0.1812 in FY21.

[1] *Adjusted for impairments, provisions, and universal healthcare tax*

Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

We are pleased to report another year of solid growth, which saw Rameda's top line significantly outpace that of the overall pharmaceutical market in 2021, at 35.5% year-on-year compared to overall market growth of 7.3% year-on-year, according to IQVIA's latest estimates, making the Group the 3rd fastest growing pharmaceutical player among its local and international peers. Rameda's private market sales growth also exceeded that of the overall private market during the same period, by 28.2 percentage points, at 35.5% year-on-year resulting in a private market evolution index of 126.2 during the period. Our success lies in our unwavering focus on bringing new products to market, all while expanding our offering into new therapeutic areas and geographies beyond our home borders, and stands testament to the Group's ability to deliver on its growth and operational strategies in the face of uncertainty and continuous headwinds.

Rameda was able to continue to deliver on its portfolio growth strategy in 2021, with a total of 7 new products added during the year, in line with our previously communicated target launches. With these new launches, we successfully saw our overall retail pricing, according to IQVIA, increase by 8% year-on-year to EGP 36.3 during the same period. The last quarter saw us launch 3 products, with the planned launch of 3 nutraceuticals during the quarter shifting to Q1 2022. With molecule acquisitions and product launches playing a central role in Rameda's growth, we will continue to deliver on the expansion of our portfolio with the planned launch of 8-10 new products at relatively higher price points relative to its existing portfolio in the coming year, covering key high-growth therapeutic areas, in addition to nutraceuticals and existing line extensions. We look forward to these key new launches, as well as the ramp-up in sales of recently launched products, to drive growth for Rameda in both the short-and-medium-term. It is in this light that I am pleased to report that our recent acquisitions made after the IPO have contributed c.175m in FY21, representing 14% of our top line, with corresponding high margins.

The exceptional performance of our portfolio of COVID-19-related antivirals, Anviziram and Remdesivir, underlines the integral role Rameda has played in the frontlines of the fight against the pandemic since we received our final commercial manufacturing licenses to produce both medicines in 3Q20. With a strong understanding of the critical role of the pharmaceutical industry in a health crisis like this, I am pleased to report that Rameda has supplied the market with a combined 378,856 units locally and 120,650 units internationally of potential life-saving antivirals to date. With the upcoming launch of our latest antiviral, Molnupiravir, we remain steadfast in our commitment to devote Rameda's capabilities and resources towards the well-being and lives of communities locally and in the markets we export to.

On the Exports front, we successfully inked sizeable contracts for 2021, with revenues from new market Levant coming in at EGP 15.3 mn and contributing 17% to total export sales during the year to becoming Rameda's third-largest export market after Iraq and Yemen, with revenues from the latter existing markets up by 27% year-on-year and 145% year-on-year respectively and collectively contributing 72% to total export sales as we capitalized on improving trade conditions. Going forward, we will look to forging new relationships in the markets we export to and expanding our footprint in parallel, with registrations under process in a number of countries across the GCC and Europe. To this end, we are in currently completing the final registration phase to begin exporting our products to Kuwait, and look forward to updating the market in this regard in due course.

As we recap our performance for the year, I could not be more proud of the resilience and agility our employees have demonstrated. In light of ever-changing circumstances, they maintained the supply of our products to the patients who needed them, while advancing our pipeline and engaging with new customers, both locally and abroad. None of this would have been possible without their sheer commitment and determination. As we step into the new year, we aspire to continually improve at all fronts to ensure that we continue to serve our ultimate goal, helping people around the world live better and live longer with medicine that is both safe and accessible.

Mahmoud Fayek, Chief Financial Officer

I am pleased to report the Group's stellar performance in 2021, as we capitalized on improved external market conditions and leveraged our well-developed portfolio to deliver record revenues exceeding the EGP 1 billion-mark on a full year basis, with 4Q21 recording our highest ever quarterly revenues at EGP 394 million. Easing social distancing restrictions and a significantly improved global trade environment, supported further by strong local and international demand in Rameda's offering, enabled us to deliver on our strategy over the course of the year, all while ideally positioning the Group for growth.

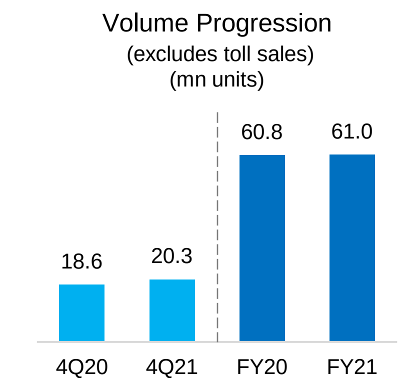
Top line growth of 30% year-on-year to come in at EGP 1.2 bn was driven by strong performance across all of our verticals, all of which saw high double-digit revenue during the year. Private sales growth of 26% year-on-year in 2021 came on the back of an overall market recovery, compounded with the success of Rameda's recent new launches and acquisitions, with products added to the Group's portfolio since the beginning of 2020 contributing a significant 33% of total 2021 revenues signifying Rameda's ability to adapt to the rapidly changing market conditions since the onset of the pandemic. Moreover, the easing of global trade restrictions and the strong demand in Rameda's new antivirals saw export sales grow by an exceptional 76% year-on-year, with antivirals contributing 57% of total export sales during the same period. Meanwhile, an expanding toll client base driven by the Group's unique lyophilized capabilities saw toll sales grow by 52% year-on-year. It is important to highlight here that while we have shifted our focus away from our tenders vertical, which saw volumes contract by 12% year-on-year, revenues from the segment grew by 26% year-on-year during the same period, underlining the success of the Group's strategy to participate in tenders based on selective profitability levels.

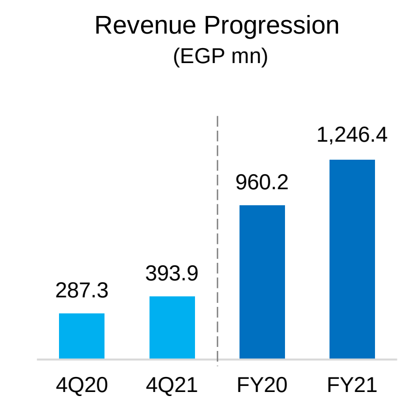
A key focus in the new year will be on enhancing our operating margins. Despite a decline in our gross profit margin by 0.2 pts year-on-year in 2021, driven by high API costs associated with the production of newly launched antivirals, we have successfully secured these APIs at a considerably lower cost for the coming year. In addition, recent product launches associated with higher relative price points and stronger margins are expected to further improve Rameda's margins on the gross level. Moreover, we will continue to focus on decreasing selling, general and administrative expenses, which we successfully accomplished this year by a combined 2.6 pts, in order to further improve our operating margins.

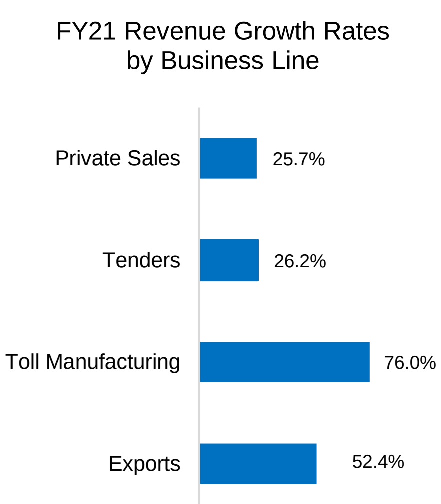
While we successfully reduced our cash conversion cycle by 38 days between 2020 and 2021, as well as our overall working capital in value by 10% year-on-year during the same period, the further improvement our working capital levels remains a priority to management in the coming year, particularly on the receivables front, with the decreasing contribution of tenders to our overall business expected to further complement management efforts. These efforts have allowed us to generate an impressive cash flow from operations amounting to EGP 359.6 million in 2021 compared to an outflow of EGP 38.9 in 2020.

Looking ahead, the Group is focused on replicating its successes from 2021 and carrying that momentum into the new year. We look forward to acquiring and launching new products in fast-growing therapeutic areas, expanding our geographical footprint, and enhancing our operating margins, with the ultimate goal to unlock value for the Group and its shareholders. I have full confidence in Rameda's people, our biggest strength, to drive this home again in 2022, as they have successfully done time and again in the face of significant global headwinds, enabling the Group to maintain its superior growth trajectory, deliver on its short-and-long-term strategies, and ultimately emerge on stronger footing.

Financial & Operational Performance







Volumes

Total volumes (excluding toll manufacturing) sold grew by 0.3% y-o-y to 61.0 million units, with increasing volumes from private sales by 16.6% y-o-y offset by decreasing volumes at the Group's tenders and export segments by 12.1% and 18.5% respectively. Toll manufacturing volumes grew by a significant 32.8% y-o-y to 34.5 million units during the same period.

Meanwhile, volumes sold (excluding toll manufacturing) in 4Q21 grew more rapidly at a rate of 9.5% y-o-y to record 20.3 million units, with volume growth recorded across all three segments during the quarter with the exception of exports due to the increasing contribution of antiviral sales, typically associated with lower volumes and higher pricing. FY21 marked the first year that the Group's private sales volumes exceeded that from tender volumes.

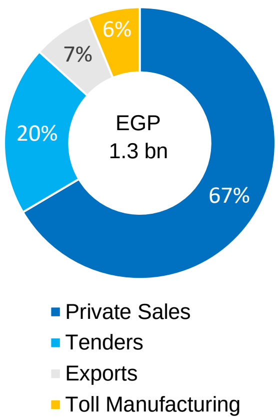
Revenues

Consolidated revenues came in at EGP 1.25 billion in FY21, up by 29.8% y-o-y, with double-digit growth across all of Rameda's verticals. Growth was driven by the ramp-up in sales of the Group's recent launches, with products launched since the beginning of FY20 representing 33% of total FY21 revenues. Higher revenue growth relative volume growth across all of Rameda's segments underscores the success of the Group's continuous portfolio optimization strategy geared towards higher priced products associated with strong margins.

Revenues by Business Line

Revenue Analysis	FY20	FY21	▲ Y-o-Y
Private Sales			
Volumes Sold ('000)	27,110	31,608	16.6%
Sales (EGP mn)	660	829	25.7%
Tenders			
Volumes Sold ('000)	30,224	26,566	-12.1%
Sales (EGP mn)	200	252	26.2%
Exports			
Volumes Sold ('000)	3,429	2,796	-18.5%
Sales (EGP mn)	50	88	76.0%
Volume (excluding toll) ('000)	**60,763**	**60,969**	**0.3%**
Toll Manufacturing			
Volumes Sold ('000)	25,963	34,478	32.8%
Sales (EGP mn)	51	77	52.4%
Total Revenue (EGP mn)	**960**	**1,246**	**29.8%**

FY21 Sales Contribution by Vertical



Private Sales

Rameda sells its products to domestic distributors who in turn distribute the Group's products to pharmacies throughout Egypt. Products sold by the private sales segment include pharmaceuticals, nutraceuticals, and food supplements. 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 from private sales grew by 16.6% y-o-y to 31.6 million units in FY21. The increase in volumes sold within the private market was driven by strong demand for the Group's antibiotic and antiviral medication, brought about by COVID-19, combined with the ramp-up in sales of the Group's recent launches. As a result of increasing volumes and higher average pricing of products sold, private sales revenues increased by 25.7% y-o-y to come in at EGP 829.1 million in FY21, contributing 67% and 59% of its top line and absolute growth respectively.

Tenders

Rameda also engages in institutional sales by selling its products through tender processes through the Egyptian Authority for Unified Medical Procurement (UMPA) to government-owned institutions such as the Ministry of Health and public hospitals. Rameda focuses on participating in selective tender contracts that ensure certain profitability levels in line with its strategy.

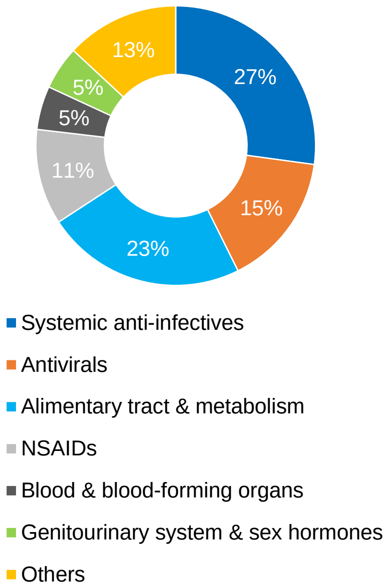
Volumes sold from tenders fell by 12.1% y-o-y to 26.6 million units in FY21, in line with management's strategy to reduce the segment's contribution to Rameda's top line in order to enhance the Group's operating profitability, on the back of increasing price competitiveness amongst pharmaceutical players locally. Despite this, revenues from tenders came in at EGP 252.0 million in FY21, up by 26.2% y-o-y and ranking second in terms of its contribution to the Group's total revenues and absolute revenue growth, at 20% and 18% respectively during the period.

Exports

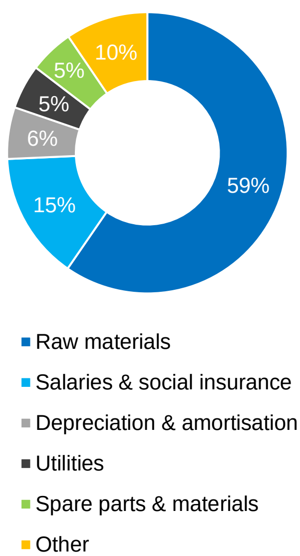
Rameda sells its products to export agents responsible for distributing them across different regional markets; 53% of total export sales were sold in Iraq during FY21, with 20% sold in Yemen, 17% in the Levant and 7% in Libya. The remaining 2% of exports were sold in Palestine, Saudi Arabia, Somalia and South Sudan.

Volumes from exports fell by 18.5% y-o-y to record 2.8 million units in FY21, with the majority of exports accounting for sales of Rameda's antivirals, typically associated with lower volumes and higher pricing. Improved market conditions and the easing of import restrictions saw resulted solid growth in revenues from Rameda's existing markets, Iraq and Yemen. Iraq maintained its position as the largest contributing market to export sales at 53%, with revenues from the country up by 27.4% y-o-y to EGP 46.4 million. Yemen came in next, with revenues up by an exceptional 144.9% y-o-y to EGP 17.8 million resulting in its increasing contribution to 20% to export sales during the same year. Meanwhile Levant, a new market for Rameda closely followed, generating revenues of EGP 15.3 mn in FY21, representing 17% of total exports.

FY21 Sales Contribution by Therapeutic Area



FY21 Cost of Revenues Breakdown



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, 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.

Toll manufacturing volumes grew by 32.8% year-on-year to 34.5 million units in FY21, driven by increasing utilization of the Group's unique lyophilized production capabilities through an expanding client base that came in at 41 companies during the year. This translated into revenues of EGP 77.5 mn recorded from the segment in FY21, up by 52.4% y-o-y. It is important to note that the Group secured contracts with 54 clients in 2022, representing a 32% y-o-y increase in the Group's toll client base.

Revenue by Therapeutic Area[2]

Systemic anti-infectives continued to generate the lion's share of revenues, at 27% in FY21, followed by alimentary tract & metabolism which contributed 23% and antivirals at 15% during the peirod. NSAIDs came in next, contributing 11%, followed blood & blood forming organs and genitourinary system & sex hormones, each contributing 5%. The remaining therapeutic areas include cardiovascular system and nervous system and others.

Cost of Revenues

Cost of revenues comprises raw materials, employee salaries and social insurance, depreciation and amortisation, utilities charges, spare parts & materials and other operating expenses.

Rameda's cost of revenues came in at EGP 669.1 million in FY21, up by 30.3% y-o-y and driven by initially high API costs and overheads related to the production of the Group's recently launched COVID-19 . A concerted effort to drive down COGS components during the year, combined with declining API costs and overheads which took effect in 4Q21, mostly offset the increase in cost of revenues as a percentage of revenues seen in the previous quarters, resulting in a net increase of COGS as a percentage of revenues of just 0.2 percentage points to 53.7% in FY21.

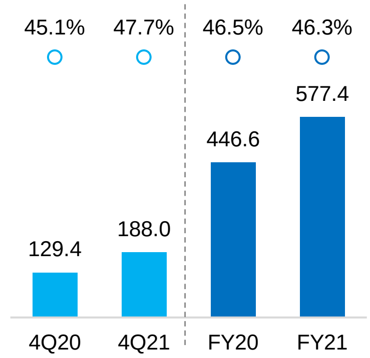
Gross Profit

Rameda's gross profit increased by 29.3% y-o-y to EGP 577.4 mn in FY21, yielding a GPM of 46.3%, down by 0.2 pts y-o-y based on increasing raw material costs at a slightly faster rate than revenues during the same period.

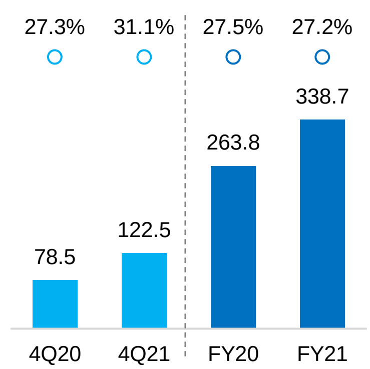
The last quarter of the year saw Rameda's GPM increase by 2.7 pts y-o-y to 47.7%, up by 4.8 pts from the first quarter of the year, as antiviral associated APIs were secured at significantly lower pricing than previously, with its full impact expected to be realized in 2022.

[2] *Contributions here are calculated on revenues before toll manufacturing revenue, discounts & incentives and sales returns*

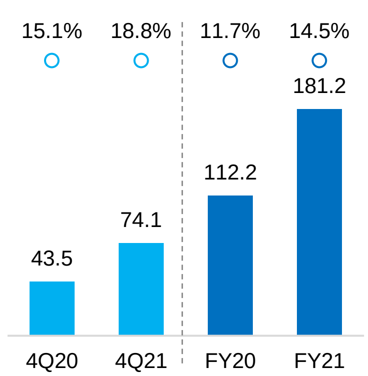
Gross Profit and Margin Progression
(EGP mn | %)



Adjusted EBITDA and Margin Progression
(EGP mn | %)



Net Income after Minority Int and Margin Progression
(EGP mn | %)



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 grew by 17.6% y-o-y to come in at EGP 252.0 million in FY21, representing 20.2% of revenues, down 2.1 percentage points y-o-y, driven by the streamlining of its marketing department, which saw salaries, social insurance and other fringe benefits, its largest cost component, decrease by 2.5 pts y-o-y as a percentage of revenues to 9.3% during the same period.

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.

The Group recorded general and administrative expenses of EGP 51.9 million in FY21, representing an increase of 16.1% y-o-y. As a percentage of revenues, general and administrative expenses decreased by 0.5 percentage points y-o-y to come in at 4.2% driven by operational leverage.

Adjusted EBITDA

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

Adjusted EBITDA grew by 28.4% year-on-year to record EGP 338.7 million in FY21, yielding an EBITDA margin of 27.2%, down by 0.3 pts y-o-y, primarily on the back of a decreasing GPM during the same period.

Net Income

Net income after minority interest climbed 61.5% y-o-y to come in at EGP 181.2 million in FY21, yielding an NPM of 14.5% for the period, up by 2.9 pts y-o-y, with bottom line growth driven by the effects of enhanced operating leverage .

Net Operating Cash Flow, Capital Expenditure and Debt

Rameda recorded an overall inflow of EGP 241.4 million in its net operating cashflow in FY21, compared to an outflow of EGP 164.3 million in the previous year. The improvement in net operating cash flows was driven by the continuous improvement in the Group's cash conversion cycle, which was down by 38 days y-o-y to 279 days in FY21

Net fixed assets came in at EGP 514.9 million as at 31 December 2021, up by 4.0% y-o-y, with CAPEX during the year accounting primarily for asset maintenance and replacements.

Net debt stood at EGP 360.6 million as at 31 December 2021, representing a decline of 12.1% y-o-y driven by a 5.6% y-o-y decrease in total debt during the same period despite a significant investment outlay in 2H21 for the acquisition of a product.

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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.