



Quality For All

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

EARNINGS PRESS RELEASE 1H23

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. delivers top-line increase of 18.4% y-o-y to EGP 842.4 million and books net profits of EGP 119.0 million in 1H23

August 15th, 2023 | 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, announced today its consolidated results for the first half of 2023.

Rameda's revenues grew by 18.4% y-o-y to EGP 842.4 million primarily due to a 20.6% y-o-y increase in private sales revenue to EGP 597.6 million coupled with double-digit revenue growth across the Group's export sales and toll manufacturing verticals in 1H23. Solid revenue growth from private sales, which came despite no sales booked by the injectable antibiotics portfolio due to current market disruptions, was driven by strong performances from Rameda's portfolio across its other key therapeutic areas, which grew by 36% y-o-y in terms of volume and 65% y-o-y in terms of value in 1H23. Growth was further supported by new revenue generation from Rameda's recently acquired product, Physiomer, which stood as the 9th highest selling product in 1H23.

Rameda's gross profit increased 12.2% y-o-y to EGP 386.7 million, however, booked a margin contraction of 2.5 percentage points year-on-year to 45.9% in 1H23 primarily due to the impact of increasing salaries, reflecting current inflationary pressures. Consequently, the Group's EBITDA margin contracted by 2.9 percentage points to 26.6% in 1H23, reflecting the decline in gross profitability.

Reported net income declined by 5.8% y-o-y to EGP 119.0 million and booked a margin contraction of 3.6 percentage points year-on-year to 14.1% in 1H23 due to the rise in Rameda's cost base coupled with increasing financing costs during the period.

Summary Income Statement

EGP mn	2Q22	2Q23	YoY Change	1H22	1H23	YoY Change
Revenues	368.4	450.4	22.3%	711.5	842.4	18.4%
Gross Profit	171.5	208.0	21.2%	344.7	386.7	12.2%
GP Margin	46.6%	46.2%	-0.4 pp	48.5%	45.9%	-2.5 pp
EBITDA	98.6	115.6	17.2%	209.4	223.7	6.9%
EBITDA Margin	26.8%	25.7%	-1.1 pp	29.4%	26.6%	-2.9 pp
EBIT	82.7	98.7	19.2%	178.2	190.1	6.7%
EBIT Margin	22.5%	21.9%	-0.6 pp	25.0%	22.6%	-2.5 pp
Reported Net Income ¹	54.6	50.4	-7.7%	126.3	119.0	-5.8%
NP Margin	14.8%	11.2%	-3.6 pp	17.8%	14.1%	-3.6 pp
EPS ²	0.0525	0.0499	-5.1%	0.1245	0.1173	-5.8%

¹ Reported net income figure takes into account EGP 6.5 million in ESOP expenses. Excluding ESOP expenses, reported net income would record EGP 125.6 million in 1H23.

² EPS before dividend distribution.



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Comments from Our Management Team

“As we close out the first six months of the year, I am delighted to report a solid set of results, showcasing Rameda’s commitment to growth and the resilience of its operations,” **commented Dr. Amr Morsy, CEO of Rameda.** “By pivoting strategically and leveraging our comprehensive knowledge of the pharmaceutical space coupled with Rameda’s dynamic business model and comprehensive product portfolio, the Group has continued to deliver on its targets and achieve success despite the challenges 2023 has so far presented. Our results for the period stand testament to our continued focus on identifying avenues of growth, unlocking value across our lines of business, and our team of professionals who continue to be driving the force of Rameda’s success amidst suboptimal market conditions.

“Over the course of the year, not only have our top ten selling products delivered broad-based double-digit growth, but we have also continued to deliver on a key pillar of Rameda’s growth strategy, successful and value-accretive product acquisitions. On this front, Rameda has reaped the rewards of its December 2022 acquisition of Physiomer, which stood as the 9th highest selling product in 1H23. Physiomer’s results for the period reflect our well-proven ability to expand Rameda’s portfolio with attractive and fast-growing products that add significant value and further optimize our product portfolio. Moreover, I am pleased to announce that Rameda has completed its largest acquisition to date, acquiring a portfolio of 11 fast-growing cardiometabolic products. The acquisition aligns with our efforts to increase the contribution of chronic medication to Rameda’s portfolio and allows us to capitalize on the shift towards generics, which benefit from attractive price points for consumers, given the current state of Egypt’s rising inflationary environment.

“Rameda’s revenue growth and resilient profitability witnessed over the past six-months was achieved despite multiple hurdles faced by the Group, including the disruption in the overall injectable antibiotics market, which contributed c.31% of Rameda’s private sales revenue in 1H22 yet registered no sales in 1H23, as well as the challenges currently faced by a major pharmaceutical distributor in Egypt. However, the Group adopted a multi-pronged approach to successfully navigate these hurdles and fuel top-line growth. The Group’s efforts included leveraging strategic price increases across Rameda’s portfolio to offset the fall in volumes across our injectable antibiotic portfolio, with 62 products witnessing a price increase in 1H23, of which 22 products received a second wave of price increases. This leaves the Group well-positioned to generate increased value over the coming periods as the injectable antibiotic markets recover. Additionally, Rameda has shifted its focus to other key and lucrative therapeutic areas, which will continue to drive growth going forward. Moreover, the past six months have seen the Group further diversify and optimize its distributor network as well as significantly reduce Rameda’s exposure to distributors that potentially pose a risk to the Group’s performance.

“Overall, I am pleased with the Group’s results and our team’s ability to position Rameda strategically in a manner that has allowed us to maintain our growth trajectory. Looking ahead, we will continue eyeing value-accretive and complementary product acquisitions that align with our growth strategy, moreover, the Group is keen on assessing potentially lucrative mergers and acquisitions, both locally and regionally, where synergies and value creation possibilities are clear. As always, our commitment to our stakeholders remains the same, to provide high-quality and affordable medication to the communities we continue to serve, and I am confident that we will continue to deliver on this front,” concluded Dr. Morsy.

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Investor Relations Contact:

Mohamed Aboamira

Finance Director

Email: mohamed.aboamira@rameda.com

Mobile: (+20)1020990022

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.