



Quality For All

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

EARNINGS PRESS RELEASE 1Q23

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. records revenue growth of 14.3% y-o-y to EGP 392.0 million in 1Q23; profitability contained despite rising inflation coupled with a depreciating currency.

May 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 three-month period ended 31 March 2023.

Total volumes (including toll manufacturing) declined by 3.4% y-o-y to 31.7 million units primarily due to the absence of sales from Rameda’s injectable antibiotic portfolio as a result of unfavorable market conditions in 1Q23. Consequently, the Group’s private sales vertical booked a 37.6% y-o-y decline in volumes sold during the period. It is worthy to note that excluding injectable antibiotic volumes, private sales recorded a strong volume increase of c.44% y-o-y in 1Q23.

Despite a challenging environment and the decline in Rameda’s volumes sold, the Group booked revenue growth of 14.3% y-o-y to EGP 392.0 million in 1Q23. This was driven by a solid performance from Rameda’s product portfolio and as the Group maximized the value generated from its products through a successful repricing strategy. The Group’s top performing products in terms of their contribution to absolute growth in 1Q23 were Augram, Lacteol Fort, and Recoxibright.

Rameda’s gross profit increased by 3.2% y-o-y to EGP 178.8 million in 1Q23, yielding a GPM contraction of 4.9 percentage points year-on-year to 45.6% primarily due to the impact of a depreciating currency and inflationary pressures on COGS in 1Q23.

The decline in gross profitability trickled down to the EBITDA level. Consequently, Rameda booked a year-on-year EBITDA decline of 2.3% to EGP 108.2 million, which yielded a margin contraction of 4.7 percentage points year-on-year to 27.6% in 1Q23.

Reported net income declined by 4.3% EGP 68.7 million and recorded a margin contraction of 3.4 percentage points year-on-year to 17.5% in 1Q23. The contraction was driven primarily by the impact of a depreciating currency on Rameda’s cost base, coupled with an increase in financing costs during the period due to rising interest rates. Additionally, one-time non-cash ESOP expenses amounting to EGP 4.5 million were booked in 1Q23 and were not present in the comparable period in 1Q22.

Summary Income Statement

EGP mn	1Q22	1Q23	YoY Change
Revenues	343.1	392.0	14.3%
Gross Profit	173.2	178.8	3.2%
GP Margin	50.5%	45.6%	-4.9 pp
EBITDA	110.7	108.2	-2.3%
EBITDA Margin	32.3%	27.6%	-4.7 pp
EBIT	95.4	91.5	-4.1%
EBIT Margin	27.8%	23.3%	-4.5 pp
Reported Net Income ¹	71.8	68.7	-4.3%
NP Margin	20.9%	17.5%	-3.4 pp
EPS ²	0.072	0.067	-6.1%

¹ Reported net income figure takes into account EGP 4.5 million in ESOP expenses. Excluding ESOP expenses, reported net income would record EGP 72.1 million, reflecting an increase of 0.5% y-o-y in 1Q23.

² EPS before dividend distribution.



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Comments from Our Management Team

"I am pleased to share with you our first quarter results for 2023, which demonstrates the Group's resilience in a challenging market environment," **commented Dr. Amr Morsy, CEO of Ramedata**. "As we kicked off the new year, we reaped the rewards of the Group's portfolio optimization strategy and its focus on generating increased value from higher priced products, which has reflected positively on Ramedata's business verticals. We have continued to generate exceptional value from our portfolio, with a number of our top ten selling products delivering double and triple-digit growth during the period.

"Ramedata reported double-digit growth at its top line despite unfavorable market conditions, with major pharmaceutical distributors facing financial difficulties due to the current inflationary environment. The Group's revenue expansion during the period was spurred by strong growth across Ramedata's business verticals as we sought to increase the value generated by our portfolio whilst navigating a challenging landscape across our local market of Egypt.

"The Group's revenues for the period were further buoyed by strategic price hikes witnessed over the course of 2022 and have continued in the first quarter of 2023 as we maintain our path towards maximizing the value generated from Ramedata's portfolio. The Group's successful repricing strategy resulted in 67 products reflecting c.77% of Group revenues in 1Q23 witnessing at least one wave of repricing at an average price increase of c.31% during the period. Moreover, 15 products representing c.23% of Group revenues in 1Q23 witnessed two waves of repricing, resulting in a cumulative average price increase of 55%. We look forward to receiving increased approvals for price hikes over the course of the year as we seek to maintain our growth trajectory and improve Ramedata's profitability amidst challenging market conditions. We are confident that the upcoming quarters will witness stronger performance as we reap the benefits from product repricing as well as the recovery of the injectable antibiotics portfolio.

"Over the course of the year, we will continue pivoting strategically and identifying avenues for growth as we navigate what's expected to be a challenging year ahead in our home market of Egypt. The Group is regularly exploring lucrative product launches and acquisition opportunities, particularly those under free-pricing frameworks, as well as other business ventures beyond our local borders to further diversify our revenue streams and strengthen the resilience of our business model. We remain committed to delivering on the Group's operational and financial targets and have our eyes set on further maximizing the value generated to our shareholders," concluded Dr. Morsy.

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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.