



Quality For All

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

EARNINGS PRESS RELEASE FY19

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. Reports double-digit topline growth in FY19 and major facility upgrades & expansions completed during the year

Revenue grew by 11.0% y-o-y to EGP 894.0 mn despite production disruptions during facility upgrades, while adjusted EBITDA fell by 9.7% y-o-y to EGP 260.9 mn in FY2019 on the back of supply shortages and the ramp-up of our sales & marketing efforts. The successful conclusion of Rameda's IPO and the recent EGP 250 mn in upgrades to its manufacturing facility will enable the Group to fully realise its growth strategy from 2020 onwards, on the back of streamlined production and new product launches, resulting in higher revenues and lower costs through improved economies of scale.

February 18th, 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 full-year and fourth quarter results for 2019, with revenues up by 11.0% year-on-year, to record EGP 894.0 million in FY19, driven mainly by the launch of new molecules and an overall improvement in average prices.

Gross Profit recorded EGP 405.6 million in FY19, up 0.03% year-on-year, representing a gross profit margin of 45.4% compared to 50.3% in FY18 due to the product mix sold during the period, coupled with disruptions in the supply of Rameda's sole outsourced product, which led the group to source its lyophilised product temporarily from higher-cost suppliers.

Adjusted EBITDA came in at EGP 260.9 million in FY19, down by 9.7% year-on-year and yielding an adjusted EBITDA margin of 29.2%. The fall in the Group's EBITDA margin is primarily attributed to a falling gross margin and increase in selling and marketing expenses as a percentage of revenue on the back of higher salaries, advertising & marketing expenses.

Rameda posted a net profit of EGP 82.4 million in FY19, down 36.1% year-on-year, with a corresponding net profit margin of 9.2% against a net profit margin of 16.0% in FY18. The fall in net profit follows the drop in EBITDA and EBITDA margins in addition to the increased finance expense between the two periods.

Summary Income Statement

EGP mn	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Revenues	275.2	233.5	17.9%	894.0	805.5	11.0%
Gross Profit	144.0	127.3	13.1%	405.6	405.5	0.4%
GP Margin	52.3%	54.5%	-2.2 pp	45.4%	50.3%	-5.0 pp
Adjusted EBITDA	101.6	97.5	4.2%	260.9	288.9	-9.7%
Adj. EBITDA Margin	36.9%	41.8%	-4.9 pp	29.2%	35.9%	-6.7 pp
Net Profit	50.8	53.0	-4.2%	82.4	129.0	-36.1%
NP Margin	18.4%	22.7%	-4.2 pp	9.2%	16.0%	-6.8 pp

Private sales recorded EGP 591.5 million in FY19, contributing the lion's share of consolidated revenue, at 66% to total revenue, as well as the bulk of year-on-year growth in FY19, at 72% of absolute growth. Meanwhile, revenues from domestic tenders grew by 10.4% year-on-year to EGP 195.9 million, contributing second-highest to total revenue at 21.9% during the same period. New contracts which came online during the last quarter of the year



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boosted its contribution between 4Q18 and 4Q19 from 13.3% to 20.0% and bypassed domestic private sales to contribute the highest to absolute growth on a quarterly basis. Export revenue grew by 7.6% year-on-year to post EGP 65.1 million in FY19. Contribution remained steady between FY17 and FY18, at 7-8% of total revenue for both periods. Toll manufacturing, which contributed 5% of total revenue in FY19, at 5%, grew by 4.2% year-on-year to EGP 41.5 million. Recent upgrades, including the installation of two lyophilised lines completed in 4Q19, will see Rameda pursue further growth in this segment in 2020.

Comments from our Management Team

“2019 was a landmark year for Rameda, with significant milestones achieved positioning the Group to fully capture the growth and evolving demand dynamics of Egypt’s ever-growing pharmaceutical industry,” **commented Dr. Amr Morsy, CEO of Rameda.** “The year ended with the Group’s successful listing on the Egyptian Stock Exchange (EGX) in December 2019 and the completion of a capital increase for EGP 582.5 million that will enable Rameda to accelerate its growth potential,”

“2019 also saw us execute the largest upgrades in Rameda’s more than three-decade history, with EGP 250 million invested during the last three years across the Group’s three factories. The main objectives of our upgrades were to de-risk existing production lines, add production capabilities for strategic products and comply with the latest Good Manufacturing Practices (GMP) requirements. With their completion, our production capacity has grown by 63% by year-end 2019,” **Dr. Amr added**

“We are particularly pleased with our financial performance during the period, achieved despite the significant disruptions in production volumes resulting from the upgrades to our manufacturing facility, which took place during the first nine months of 2019,” **said Mahmoud Fayek, Chief Financial Officer.** “Our top line grew by 11.0% year-on-year to EGP 894.0 million in FY19, driven by private sales on the back of an improvement in our portfolio mix and despite disruptions in the supply of our outsourced lyophilised product. However, with the commissioning of our two new lyophilised lines in November 2019, we will now be manufacturing this product fully inhouse.

“Although the disruption also affected our profitability during the year, with our adjusted EBITDA down by 9.7% year-on-year, the resumption of full operations upon the completion of these upgrades during the last quarter of 2019 saw a significant improvement in both revenue growth and margins during the period, with 4Q19 revenues up 17.9% year-on-year and an adjusted EBITDA margin of 36.9% year-on-year. We look forward to realising the full impact of our upgraded facility and enhanced capacity from 2020 onward,” **added Mahmoud.**

“We launched 8 molecules in 2019 and have plans to launch at least 12 new molecules each year in the medium-term, supported by our pipeline of more than 218 new molecules. The conclusion of our IPO and the recent upgrades to our manufacturing facility marks a new chapter in our corporate development story and enables Rameda to fully realise its growth strategy, centred around launching new products covering key high-growth therapeutic areas in Egypt, growing our existing portfolio, penetrating new export markets and complementing this strategy with molecule acquisitions and potentially through opportunistic acquisitions of pharmaceutical companies,” **Dr. Amr concluded.**

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About Ramedata

Established in 1986, Ramedata (RMDA.CA on EGX) is a leading Egyptian pharmaceutical company principally engaged in the manufacture and sale of a wide range of branded generic pharmaceuticals, nutraceuticals, food supplements and veterinary products. The Group produces its wide range of quality products at its state-of-the-art manufacturing facility in Cairo's Sixth of October Industrial Zone, combining world-class standards with local insights and a customer-centric approach. Led by a world-class team of professionals with extensive industry experience, Ramedata has developed a broad portfolio across multiple therapeutics areas through accretive molecule acquisitions and successfully leveraged its strong portfolio and highly skilled marketing representatives to become one of the fastest-growing pharmaceutical players in Egypt.

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.