



Quality For All

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

EARNINGS PRESS RELEASE FY22

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. delivers a revenue increase of 19.1% y-o-y to EGP 1.5 billion coupled with strong profitability margins and bottom-line growth of 40.4% y-o-y to EGP 252.9 million

March 7th, 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, announced today its consolidated results for the twelve-month period ending 31 December 2022.

Total volumes (excluding toll manufacturing and tender sales) increased by 22.4% y-o-y to 42.1 million units in FY22. This was driven by double-and-triple-digit growth in volumes sold across the Group’s higher-margin verticals. On this front, volumes from private sales increased by 14.2% y-o-y to 36.1 million units and contributed the majority of volume sales (excluding toll manufacturing and tender sales) at 86% in FY22. Parallel to this, export volumes grew by 114.9% y-o-y in FY22 on the back of strong sales to the Group’s two largest export markets, Iraq and Yemen.

The Group’s consolidated revenues grew by 19.1% y-o-y to EGP 1,484.0 million driven by the Group’s portfolio optimization strategy and its continued focus on maximizing the value generated from higher priced products. On this front, nine out of the Group’s top ten selling products recorded stellar top line growth at an average rate of 56.0% y-o-y, significantly supporting Rameda’s performance in FY22. The Group’s top three selling products during the year were Recoxibright, Colona, and Rametax.

Rameda’s gross profit increased by 24.7% y-o-y to EGP 720.0 and yielded a GPM expansion of 2.2 percentage points year-on-year to 48.5% due to a 3.4 percentage point decline in raw material costs as a percentage of sales during the period, which was achieved despite a rapidly depreciating currency.

The Group’s EBITDA increased by 32.3% y-o-y to EGP 423.2 million and yielded an EBITDA margin expansion of 2.9 percentage points year-on-year to 28.5% as improved gross profitability trickled down to the EBITDA level in FY22.

Reported net income increased by 40.4% y-o-y to EGP 252.9 million and yielded an NPM expansion of 2.6 percentage points to 17.0% in FY22, which came despite non-cash ESOP expenses of EGP 17.8 million incurred during the period on the back of growing operating profitability, coupled with declining interest expenses year-on-year.

Summary Income Statement

EGP mn	4Q21	4Q22	YoY Change	FY21	FY22	YoY Change
Revenues	393.9	390.9	-0.8%	1,246.4	1,484.0	19.1%
Gross Profit	188.1	180.8	-3.9%	577.5	720.0	24.7%
GP Margin	47.8%	46.3%	-1.5 pp	46.3%	48.5%	+2.2 pp
EBITDA	117.0	89.2	-23.7%	319.8	423.2	32.3%
EBITDA Margin	29.7%	22.8%	-6.9 pp	25.7%	28.5%	+2.9 pp
EBIT	105.1	71.9	-31.6%	273.6	357.7	30.7%
EBIT Margin	26.7%	18.4%	-8.3 pp	22.0%	24.1%	+2.2 pp
Reported Net Income ¹	73.5	54.1	-26.3%	180.1	252.9	40.4%
NP Margin	18.6%	13.8%	-4.8 pp	14.4%	17.0%	+2.6 pp
EPS ²	0.074	0.052	-29.8%	0.166	0.248	49.0%

¹ Reported net income figure takes into account EGP 17.8 million in non-cash ESOP expenses. Adjusting for these expenses, reported net income would record EGP 270.7 million in FY22.

² EPS before dividend distribution.



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Core Net Income, calculated as net income before minority interest adjusted for FX gains/losses, non-cash ESOP expenses, booked an increase of 36.3% y-o-y to EGP 246.3 million and yielded a year-on-year margin increase of 2.1 percentage points to 16.6% in FY22.

Comments from Our Management Team

"2022 has presented businesses with various challenges that have impacted economies the world over. In our home market of Egypt, rising inflationary pressures, supply chain constraints, and the multiple rounds of devaluation to Egypt's local currency have hindered business performance across multiple sectors over the course of the year," **commented Dr. Amr Morsy, CEO of Rameda**. "Despite these headwinds, the Group successfully closed out the year having delivered solid financial growth in the high double-digits, with the accelerated expansion in revenues across the Group's focus verticals trickling down to Rameda's bottom-line. Our results for the period not only stand testament to the resilience of the Group's business model but to management's ability in pivoting strategically to deliver on Rameda's objectives and maximize the value generated from its operations.

"In line with our efforts to further deliver on our portfolio optimization strategy and expand our product offering across fast-growing therapeutic areas, I am pleased to announce that the Group launched 6 products and acquired 2 products in FY22. Our strong track record in generating significant value by bringing successful products to market, while also acquiring molecules with a strong established market presence, leaves me optimistic that we can replicate our past successes with these latest additions. Moreover, in our efforts to further enhance the value generated from our portfolio, Rameda has been focusing on expanding its offering with products under free pricing frameworks. In this endeavor, I am pleased to report that the Group has acquired exclusive rights for the distribution and marketing of "Physiomer", a natural decongestant nasal spray. The acquisition marks the Group's strategic entry point into the medical devices segment, and I am optimistic that its value-add will further enhance Rameda's performance over the coming period.

"Parallel to our portfolio expansionary efforts, maintaining the Group's profitability was a core focus in 2022 given the turbulent market environment. Early in the year in anticipation of the upcoming headwinds, our management team took the necessary precautions to procure APIs at price points that would support the Group's margins as well as ensure adequate inventory to maintain the sustainability and growth of our operations. Additionally, a successful repricing strategy over the course of the year saw Rameda receive the necessary approvals for price hikes of 20-30% for products that represent 90% of the Group's revenues, which significantly supported our profitability in FY22.

"Looking ahead, we remain steadfast in our efforts to generate increased value from our operations as we enter what we anticipate will be another challenging year for Egyptian businesses. As such, we will remain focused on growing the contribution of higher-margin verticals to our top line, as well as continuing to apply for further price hikes across Rameda's portfolio. Moreover, we will advance our efforts in expanding our offering with products that operate under free-pricing frameworks to further enhance the Group's profitability margins going forward.

"Finally, I would like to extend my gratitude to our management team and our people. Our success would not have been made possible without their exceptional drive and focus as they continue to deliver on our strategies despite the challenges presented to them and support the Group in maximizing value for 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.