Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. delivers top-line increase of 25% y-o-y to EGP 565 million and books net profits of EGP 63 million in 2Q24, representing a 26% y-o-y growth

August 12th, 2024 | 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 2024.

2Q24 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	EBITDA	Net Income[1]
EGP 564.9 million ▲ 25% y-o-y	**EGP 270.8 million** (48% margin) ▲ 30% y-o-y	**EGP 151.3 million** (27% margin) ▲ 31% y-o-y	**EGP 63.5 million** (11% margin) ▲ 26% y-o-y
Net Debt	**Average Unit Price**	**Private Sales Units Sold**	**Units Sold[2]**
EGP 715.0 ▼ 4% y-o-y	**EGP 69.4** (IQVIA) ▲ 17% y-o-y	**7.8 million** ▲ 25.6 % y-o-y	**10.2 million** (excludes toll manufacturing) ▼ 8% y-o-y

1H24 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	EBITDA	Net Income[3]
EGP 1,021.1 million ▲ 21% y-o-y	**EGP 468.4 million** (46% margin) ▲ 21% y-o-y	**EGP 252.4 million** (25% margin) ▲ 13% y-o-y	**EGP 123.6 million** (12% margin) ▲ 4% y-o-y
Net Debt	**Average Unit Price**	**Private Sales Units Sold**	**Units Sold[4]**
EGP 715.0 ▼ 4% y-o-y	**EGP 67.1** (IQVIA) ▲ 21% y-o-y	**14.6 million** ▲ 20.9 % y-o-y	**19.5 million** (excludes toll manufacturing) ▼ 12% y-o-y

[1] *Reported net income.*
[2] *Includes units sold from private sales, exports, and tenders. Excludes toll units sold.*
[3] *Reported net income.*
[4] *Includes units sold from private sales, exports, and tenders. Excludes toll units sold.*

Financial & Operational Highlights

- **Revenues** climbed 25.4% y-o-y to EGP 564.9 million in 2Q24, due to a 31.8% y-o-y increase in private sales revenue coupled with revenue growth across the Group's export sales and toll manufacturing verticals in 2Q24.
- **COGS** booked an increase of 21.3% y-o-y to EGP 294.1 million in 2Q24, while decreasing its contribution to revenue by 1.8 percentage points to 52.1% in spite of a 33% increase in the cost of raw materials due to the devaluation of the local currency.
- **Gross profit** increased 30.2% y-o-y to EGP 270.8 million, while, increasing its margin contribution by 1.8 percentage points year on year to 47.9% in 2Q24. This was achieved despite the limited impact of price increases during the period as price increase approvals were gradually awarded starting the end of May.
- **EBITDA** grew by 30.9% y-o-y to EGP 151.3 million in 2Q24, with the EBITDA margin increasing by 1.1 percentage points to 26.8% in 2Q24.
- **Reported net income** increased by 26% y-o-y to EGP 63.5 million and net profit margin remained flat year-on-year at 11.2% in 2Q24 despite a 97% y-o-y increase in net finance cost
- **Core Net Income**, calculated as net income before minority interest adjusted for FX gains/losses, non-cash ESOP expenses, increased by 8% y-o-y to EGP 58 million and yielded a year-on-year margin contraction of 1.3 percentage points to 10.3% in 2Q24.
- **EPS** increased by 26% y-o-y to EGP 0.0627 in 2Q24.

Revenue Analysis	2Q23	2Q24	% YoY	1H23	1H24	% YoY
Private Sales						
Volumes Sold ('000)	6,230.4	7,823.3	*25.6%*	12,067.8	14,588.4	*20.9%*
Sales (EGP mn)	333.3	439.2	*31.8%*	597.6	777.5	*30.1%*
Tenders						
Volumes Sold ('000)	3,177.6	1,134.4	*-64.3%*	6,993.4	2,399.8	*-65.7%*
Sales (EGP mn)	43.2	41.5	*-3.8%*	95.2	70.8	*-25.6%*
Exports						
Volumes Sold ('000)	1,698.7	1,219.6	*-28.2%*	2,934.5	2,485.4	*-15.3%*
Sales (EGP mn)	43.5	44.1	*1.4%*	79.2	97.6	*23.3%*
Volume (excluding toll) ('000)	**11,106.7**	**10,177.3**	***-8.4%***	**21,995.8**	**19,473.6**	***-11.5%***
Revenue (excluding toll) (EGP mn)	**420.0**	**524.8**	***25.0%***	**771.9**	**946.0**	***22.5%***
Toll Manufacturing						
Volumes Sold ('000)	13,897.7	12,347.4	*-11.2%*	34,718.0	27,290	*-21.4%*
Sales (EGP mn)	30.5	40.1	*31.5%*	70.5	75.2	*6.6%*
Total Revenue (EGP mn)	**450.4**	**564.9**	***25.4%***	**842.4**	**1,021.1**	***21.2%***

Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

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. 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 2024 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.

Rameda reported double-digit growth at its top and bottom lines despite unfavorable market conditions, with major pharmaceutical manufacturers facing financial difficulties due to an inability to secure a steady FX supply to meet their raw material needs during the first quarter, as well as the current inflationary environment. The Group's revenue expansion during the period was spurred by growth across select Rameda'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, as well as price increases progressively granted across our top products (This encompasses a total of 22 SKUs spread across key brands including Colona, Augram, Recoxibright, Pentatrox, Protofix, Omnevora, Optaminess, Rametax, and Megafen) since the end of May and continue to be received. The average price increases secured range between 40% to 50%.

Our proactive inventory management strategy ensures that the price adjustments for newly produced batches will be reflected in the company's financials immediately. These price increases will not only ensure the continued production and supply of essential medications but also provide Rameda with the financial resources to strengthen cashflow, reduce debt, and invest in strategic growth initiatives We are confident that the upcoming quarters will witness stronger performance as we reap the benefits from product repricing as well as our decision to halt production in anticipation of said price approvals.

This half, Rameda was able to deliver on its strategy of expanding its export market with the penetration of the Sudanese market which recorded EGP 33 million and represented 34% of total exports during the first half. This achievement marks a significant milestone, and the company remains committed to unlocking new export markets in line with its strategic plan.

Over the course of the year, we are confident in our ability to navigate the dynamic market landscape and capitalize on emerging opportunities. With positive approval of price increases, we anticipate a strong second half performance. Building on this momentum, we will continue to explore strategic avenues for growth, including product launches, acquisitions, and geographic expansion. Our focus remains on delivering exceptional value to our shareholders while solidifying Rameda's position as a market leader.

Mahmoud Fayek, Chief Operating Officer

Rameda's revenues booked an increase of 25.4% year-on-year to EGP 564.9 million in 2Q24 thanks to solid performances from the Group's private and toll manufacturing sales verticals witnessed over the quarter. At the private sales vertical, Rameda recorded a revenue increase of 31.8% year-on-year to EGP 439.2 million during the period on the back of the revival of the Group's injectable antibiotics portfolio (1H24 sales of 80mn vs no sales in 1H23), with volume growth being the main contributor. The impact of price increases was limited, as we began obtaining approvals from the EDA only at the end of May 2024, with more approvals continuing to be received. This increase came despite the strategic decision to decrease distributor stocks in anticipation of expected price increase approvals, which came in a range of 40% - 50%.

It is worth noting that Rameda has demonstrated resilience in the face of significant inflationary and foreign exchange pressures throughout the first half of the year. Absent price increases during the majority of the first half, the Group achieved revenue and EBITDA growth while absorbing these various challenges. This achievement is a testament to the strength of Rameda's business model and its ability to adapt to a dynamic market environment. The full impact of the recently implemented price increases is expected to be realized in the second half, further enhancing the Group's profitability.

In terms of profitability, Rameda's gross profit increased by 30.2% year-on-year to EGP 270.8 million in 2Q24. Consequently, the Group's GPM increased by 1.8 percentage points to 47.9% despite the group's decision to halt production in anticipation of price hike approvals. Rameda recorded an EBITDA margin increase of 1.1 percentage points year-on-year to 26.8% in 2Q24 due to trickle down from the gross profit level. At the reported net income level, Rameda booked a flat margin at 11.2% in 2Q24, despite financing costs nearly doubling during the period due to rising interest rates.

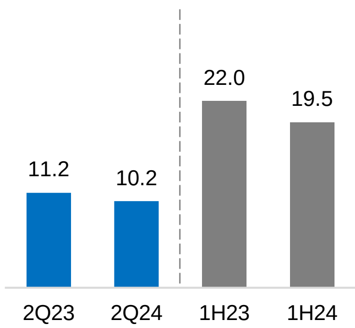
Looking ahead, management is focusing on maintaining the Group's revenue growth trajectory, improving profitability levels, and delivering on Rameda's communicated operational, strategic, and financial targets for the year. Moreover, we will remain steadfast in our efforts at navigating what is currently a challenging economic landscape and are confident that our strong track record and the proven resilience of our business model will allow us to deliver on our goals.

Financial & Operational Performance

Volumes

Total volumes (excluding toll manufacturing) booked a decline of 11.5% y-o-y primarily due to a 65.7% and 15.3% y-o-y volume decline across Rameda's Domestic Tenders and Exports vertical in 1H24. This was in line with the Group's previously communicated strategy of reducing the Domestic Tender's vertical's contribution to Rameda's sales, as well as muted performance from Rameda's main export market Iraq due to changing regulatory requirements. On the other hand, Private sales booked a 20.9% increase to 14.6 million units in comparison to 12.1 million units in the same time period last year.

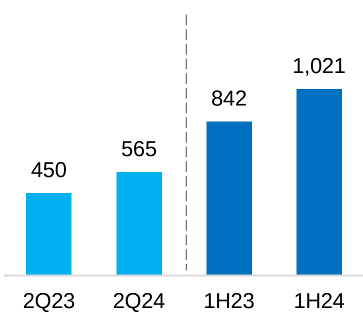
Volume Progression
(excludes toll manufacturing)
(mn units)



Revenues

Revenues grew by 21.2% y-o-y due to an increase in private sales revenue coupled with revenue growth across the Group's export sales and toll manufacturing verticals in 1H24. Solid revenue growth from private sales was driven by recovery of the injectable antibiotics, and to a lesser extent price increase approvals, as the group started to generate increased value from the positive impact of price increases across Rameda's product portfolio beginning towards the end of May.

Revenue Progression
(EGP mn)



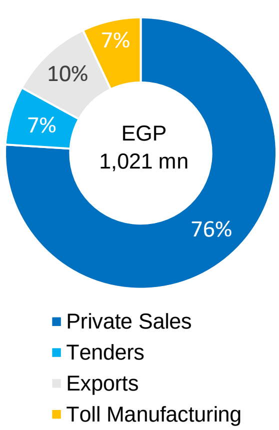
Revenues by Business Line

Private Sales

Rameda sells its products to domestic distributors who in turn distribute the 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.

Private sales revenue booked an increase of 30.1% y-o-y on the back of solid performances from the Group's top ten selling products in 1H24 as Rameda witnessed positive recovery from the injectable antibiotics portfolio, as well as progressive product repricing received towards the end of May.

1H24 Sales Contribution
by Vertical



Tenders

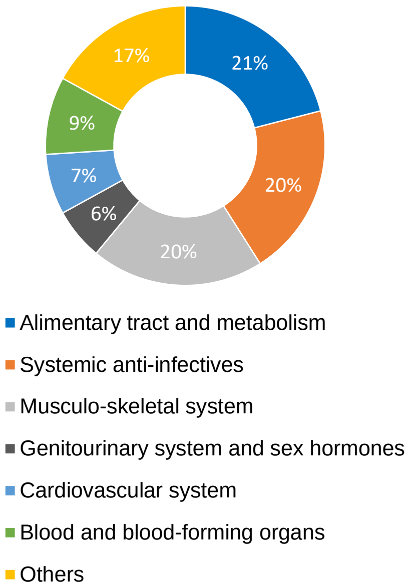
Rameda also engages in institutional sales by selling its products through tender processes through the Egyptian Authority for Unified Medical Procurement (UMPA) to government-owned institutions such as the Ministry of Health and public hospitals. Rameda focuses on participating in selective tender contracts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

As management pressed on with its strategy aimed at reducing the contribution of tenders to the Group's performance, tender volumes recorded a decline of 65.7% y-o-y to 2.4 million units and a revenue decrease of 25.6% y-o-y to EGP 70.8 million in 1H24.

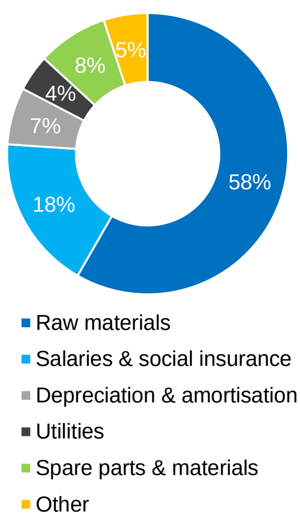
Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets; 34% of total export sales were

1H24 Sales Contribution by Therapeutic Area



1H24 Cost of Revenues Breakdown



sold in Sudan during 1H24, with 30% sold in Yemen, and 24% in Libya. The remaining 12% of exports were distributed among the Nakawa Division, Nigeria, Lebanon, and Somalia.

Despite a 15.3% y-o-y decline in volumes, revenue from exports grew by 23.3% y-o-y to EGP 97.6 million on the back of strong export sales to Sudan and Yemen in 1H24. Libya was the third highest contributor to sales at 23.9%.

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 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 declined by 21.4% YoY in 1H24, on the back of loss in demand from 1Q24 as FX shortages hindered clients' abilities to secure raw materials, however, the vertical's revenue increased by 6.6% YoY to EGP 75 million in 1H24, due to FX shortages being resolved during 2Q24 and the start of granting of price increase approvals towards the end of May.

Revenue by Therapeutic Area[5]

Alimentary tract & metabolism accounted for the majority of revenues in 1H24, at 21%, followed by systemic anti-infectives (excluding antivirals) and musculoskeletal system, which contributed 20%, during the period. Blood and blood-forming organs and Nervous system, followed at a 9% contribution, while Cardiovascular system contributed 7%. Genitourinary system and sex hormones contributed 6% in 1H24.

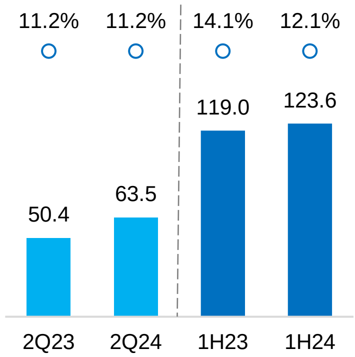
Cost of Revenues

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

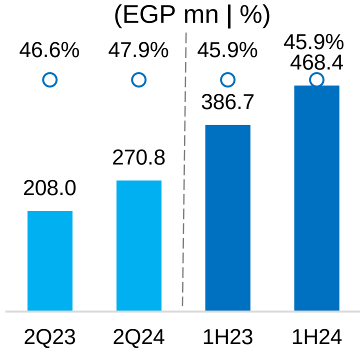
Rameda's cost of revenues booked an increase of 21.3% y-o-y to EGP 552.7 million in 1H24 yet maintained its contribution to revenue of 54.1% in spite of a 29% increase in the cost of raw materials.

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

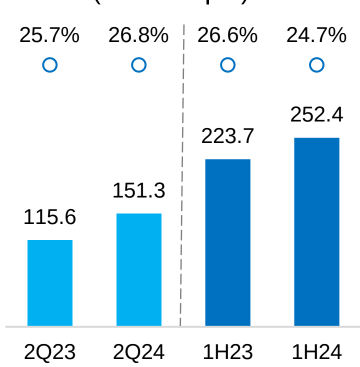
Net Income
and Margin Progression
(EGP mn | %)



Gross Profit and Margin
Progression
(EGP mn | %)



EBITDA and Margin
Progression
(EGP mn | %)



Gross Profit

Gross profit grew by 21.1% YoY to EGP 468.4 million and its margin remained flat due to high overhead costs and low utilization rates amid FX shortages in 1Q24, alongside the strategic decision to halt production in anticipation of price increase approvals, which we began to gradually receive towards the end of May.

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 30.9% y-o-y to EGP 202.7 million, primarily driven by a 34.8% y-o-y increase in advertising and marketing expenses, coupled with a 27.3% y-o-y increase in salaries, social insurance, and other fringe benefits in 1H24.

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.

General and administrative expenses increased by 27.7% y-o-y to EGP 53.4 million in 1H24, which was mainly driven by a 32.5% y-o-y increase in salaries and social insurance during the period.

EBITDA

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

The Group's EBITDA increased by 12.8% y-o-y to EGP 252.4 million in 1H24. However, a 1.5 percentage point increase in S&M expenses as a percentage of revenue contributed to an EBITDA margin decline of 1.8 percentage points to 24.7% during the six-month period.

Net Income

Reported net income increased by 3.9% y-o-y to EGP 123.6 million and booked a margin contraction of 2.0 percentage points year-on-year to 12.1% in 1H24 due to the increase in Rameda's cost base coupled with increasing financing costs which grew by c.82% y-o-y due to the impact of rising interest rates.

Investor Relations Contact:

Khaled Daader
Head of Mergers and Acquisitions and Investor Relations
E-mail : khaled.daader@rameda.com

Youseph Adel
Junior IR and M&A Analyst
E-mail : youssef.adel@rameda.com

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.