



Quality For All

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

EARNINGS PRESS RELEASE 3Q/9M23

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. records strong double digit revenue growth and improved profitability, reaping the rewards of successful price increases and the growing contributions from the Group's specialty segment

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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 quarter ending 30 September 2023.

Group revenues increased by 43.0% y-o-y to EGP 545.7 million in 3Q23 on the back of solid growth across all Rameda's verticals, with growth primarily driven by the private sales vertical, contributing 55% of absolute revenue growth during the period, followed by export sales at a contribution of 25% in 3Q23. On a YTD basis, Rameda booked revenue growth of 27.0% y-o-y to EGP 1,388.2 million in 9M23 due to the strong results witnessed at the private sales vertical, which was driven by solid performances from Rameda's top ten selling products during the period.

The Group's gross profit increased by 36.3% y-o-y to EGP 265.1 million but booked a margin contraction of 2.4 percentage points year-on-year to 48.6% in 3Q23. This was driven by a six-percentage point increase in the contribution of raw materials cost to COGS on the back of rising inflationary pressures in 3Q23.

On a YTD basis, gross profit climbed 20.9% y-o-y to EGP 651.8 million in 9M23 but booked a margin contraction of 2.4 percentage points. This was due to an increase in the contribution of maintenance costs to COGS coupled with an 81.9% y-o-y increase in impairment costs to EGP 26.0 million – of which EGP 18.5 million accounted for a one-off impairment charge relating to the COVID-19 antiviral product portfolio – and due to the delayed impact of product repricing.

EBITDA grew by 35.2% y-o-y to EGP 168.5 million but recorded a margin contraction of 1.8 percentage points year-on-year to 30.9% in 3Q23 as the decline at the gross profit level trickled down to EBITDA despite a 1.5 percentage point decline in the contribution of SG&A to revenue during the period. On a YTD basis, EBITDA increased 17.4% y-o-y to EGP 392.2 million but booked a margin contraction of 2.3 percentage points in 9M23.

Reported net income recorded a 7.7% y-o-y increase to EGP 78.0 million in 3Q23, however, booked a margin contraction of 4.7 percentage points to 14.3%, reflecting the rise in Rameda's cost base coupled with the impact of a significant increase in net interest costs to EGP 41.8 million in 3Q23. On a YTD basis, reported net income remained largely flat at EGP 197.0 million, however, its margin contracted four percentage points to 14.2% in 9M23.

Summary Income Statement

EGP mn	3Q22	3Q23	YoY Change	9M22	9M23	YoY Change
Revenues	381.5	545.7	43.0%	1,093.0	1,388.2	27.0%
Gross Profit	194.5	265.1	36.3%	539.2	651.8	20.9%
GP Margin	51.0%	48.6%	-2.4 pp	49.3%	47.0%	-2.4 pp
EBITDA	124.6	168.5	35.2%	334.0	392.2	17.4%
EBITDA Margin	32.7%	30.9%	-1.8 pp	30.6%	28.3%	-2.3 pp
EBIT	107.6	149.1	38.5%	285.8	339.3	18.7%
EBIT Margin	28.2%	27.3%	-0.9 pp	26.1%	24.4%	-1.7 pp
Reported Net Income	72.4	78.0	7.7%	198.8	197.0	-0.9%
NP Margin	19.0%	14.3%	-4.7 pp	18.2%	14.2%	-4.0 pp
EPS ¹	0.048	0.922	1,836.7%	0.131	0.128	-2.3%

¹ EPS before dividend distribution.



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Comments from Our Management Team

"I am pleased to report that Rameda booked solid results during the nine-month period despite challenging market conditions, reflecting the success of the Group's strategies and our ability to remain in line with our desired growth trajectory amidst a suboptimal operating environment," **commented Dr. Amr Morsy, CEO of Rameda.** "Our performance these past nine months has seen strong revenue growth across all Rameda's lines of business, which has continued to be driven by the positive impact of strategic price increases across our product portfolio, the success of the Group's focus on generating increased value from key therapeutic areas as well as the strong contributions from Rameda's recently acquired products. Further on this front, the various rounds of price increases played a key role in not only propping up the Group's top-line, but in maintaining stable profitability amidst Egypt's rising inflationary environment. We aim to maintain our repricing strategy until year end and beyond, especially when taking into consideration that not all repricing approvals have taken full effect, providing significant upside for the Group in the upcoming quarters.

"Moreover, a key development the Group has seen in 3Q23 is the beginnings of the antibiotic portfolio's recovery. In this regard, the Group booked antibiotic sales of EGP 51 million in 3Q23 compared to EGP 10 million in 1H23, which leaves us optimistic about the continued recovery of this key segment and we are hopeful that its contribution to the overall value generated from the Group's portfolio will slowly rise. Additionally, the Group has been successful at optimizing its pharma distributors network, significantly reducing its exposure to distributors that pose potential risks to Rameda's ability to maximize the value generated from its operations, which has paid off in spades and will continue to support our performance going forward. In the meantime, we will remain focused on driving Rameda's performance through continued strategic price increases, lucrative product acquisitions and launches – especially those that operate under free-pricing frameworks – as well as driving growth across other fast-growing therapeutic areas.

"Despite the turbulent market conditions across Egypt's landscape, I am left cautiously optimistic of the road ahead. Our results this past quarter have witnessed significant improvement, with the Group delivering strong revenue growth as well as healthy margins, and stands testament to the strength of the Group's operations across the pharmaceutical space and the ability of its leadership to deliver positive results despite the challenges presented to them. Over the coming periods, Rameda will be focused on further expanding the contribution of specialty products, assessing potentially lucrative acquisitions that would better position us to generate synergies and diversify the Group's revenue streams, as well as remain steadfast in our strategic repricing strategy as we aim to maintain the health of Rameda's profitability margins, leaving us well-positioned to pursue and deliver on our communicated growth strategies," 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.