



# Investor Presentation

FY 2017 Audited Results

**Egypt's fastest growing  
pharmaceutical distributor**

- *2<sup>nd</sup> largest pharmaceutical distributor with a market share of 19.2%*
- *c.40k clients served annually through a network of 55 operational sites and a fleet of c.600 vehicles*
- *5-year revenue CAGR of 31% compared to market CAGR of 17%*





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THIS DOCUMENT CONTAINS STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, “FORWARD-LOOKING STATEMENTS” WHICH ARE NOT HISTORICAL FACTS BUT RATHER ARE STATEMENTS OF FUTURE EXPECTATIONS AND PROJECTIONS BASED ON MANAGEMENT’S VIEWS AND ASSUMPTIONS REGARDING TRENDS IN THE EGYPTIAN, MIDDLE EASTERN, EUROPEAN AND INTERNATIONAL FINANCIAL MARKETS AND REGIONAL ECONOMIES, THE POLITICAL CLIMATE IN WHICH THE COMPANY OPERATES AND OTHER FACTORS. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY, INCLUDING THE WORDS “ANTICIPATES,” “BELIEVES,” “ESTIMATES,” “EXPECTS,” “INTENDS,” “MAY” OR “SHOULD,” OR, IN EACH CASE, THE NEGATIVE OR OTHER VARIATIONS OR COMPARABLE TERMINOLOGY OR BY DISCUSSIONS OF STRATEGIES, PLANS, OBJECTIVES, GOALS, FUTURE EVENTS OR INTENTIONS. FORWARD-LOOKING STATEMENTS APPEAR IN A NUMBER OF PLACES THROUGHOUT THIS DOCUMENT AND INCLUDE STATEMENTS REGARDING MANAGEMENT’S INTENTIONS, BELIEFS OR CURRENT EXPECTATIONS CONCERNING, AMONG OTHER THINGS, THE COMPANY’S RESULTS OF OPERATIONS, FINANCIAL CONDITION, LIQUIDITY, PROSPECTUS, GROWTH, STRATEGIES AND DIVIDEND POLICY AND THE DEVELOPMENT OF INDUSTRIES IN WHICH THE COMPANY OPERATES.

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# Agenda

- I Introduction to the Company
- II Key Investment Highlights
- III Appendix
- IV Contact Information



## The Company in numbers

<b>17+ years</b>	<i>Experience in pharmaceutical distribution</i>
<b>#1</b>	<i>Growing pharmaceutical distributor in Egypt</i>
<b>2<sup>nd</sup></b>	<i>Largest pharmaceutical distributor with c.19.2% market share<sup>1</sup> in 2017</i>
<b>c.40k</b>	<i>Retail pharmacies, hospitals &amp; wholesalers served annually</i>
<b>Over 325</b>	<i>Multinational &amp; local pharmaceutical suppliers, covering over 91% of the market value</i>
<b>5,500+</b>	<i>Employees</i>
<b>55</b>	<i>Operational sites<sup>2</sup> including distribution hubs and warehouses</i>
<b>c.600</b>	<i>Distribution vehicles</i>
<b>EGP 9.8bn</b>	<i>FY 2017 Gross Revenues</i>
<b>EGP 406mn</b>	<i>FY 2017 EBITDA</i>
<b>31%</b>	<i>Gross Revenue CAGR from 2012-2017</i>
<b>50%</b>	<i>Net Profit CAGR from 2012-2017</i>

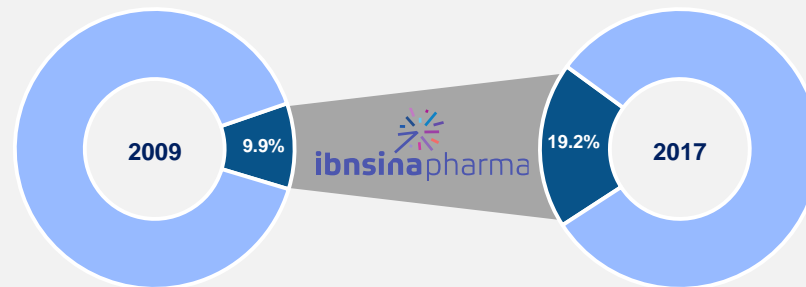


# Ibsina Pharma, Egypt's fastest growing pharmaceutical distributor...

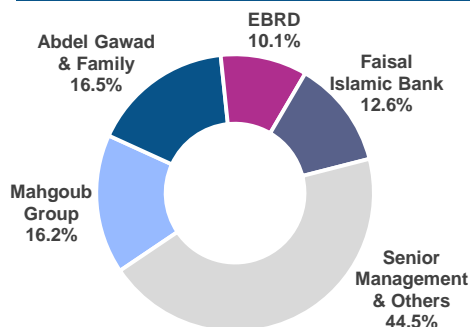
## Company Overview

- Established in 2001, Ibsina Pharma "ISP" is the fastest growing, and 2<sup>nd</sup> largest, pharmaceutical distributor in Egypt with a market share of c.19.2%
- Nationwide distribution network with 55 operational sites including distribution hubs and central warehouses, supported by a fleet of c.600 vehicles serving c.40k retail pharmacies, hospitals & wholesalers across Egypt
- Pioneer in introducing value added services for its customers including telesales, same-day-delivery and creative commercial activities, in addition to third party logistics services for its suppliers including; warehousing, transportation, data analytics, packaging and relabeling, and quarantine inspections

## Market Share<sup>1</sup>



## Shareholding Structure <sup>1</sup>

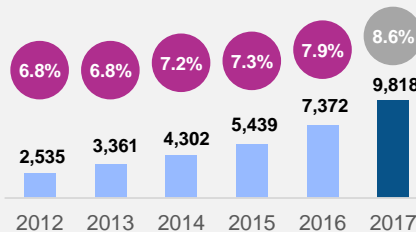


## Key Suppliers

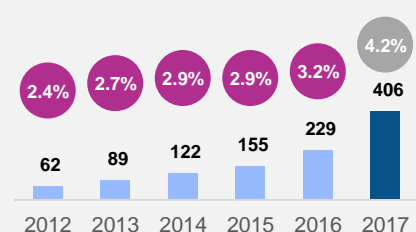


## Key Financial Highlights

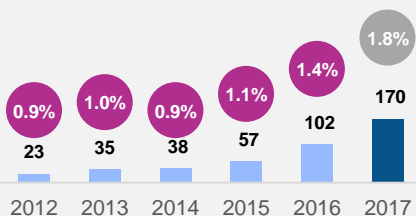
### Gross Revenue<sup>2</sup> & GPM | EGP mn, %



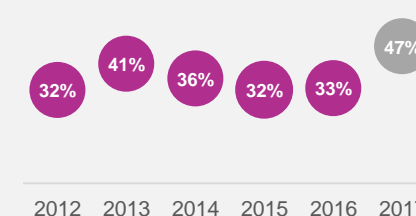
### EBITDA & Margin | EGP mn, %



### Net Profit & Margin | EGP mn, %



### RoE | %



## Certifications

### Quality



### Environmental



### Road Safety



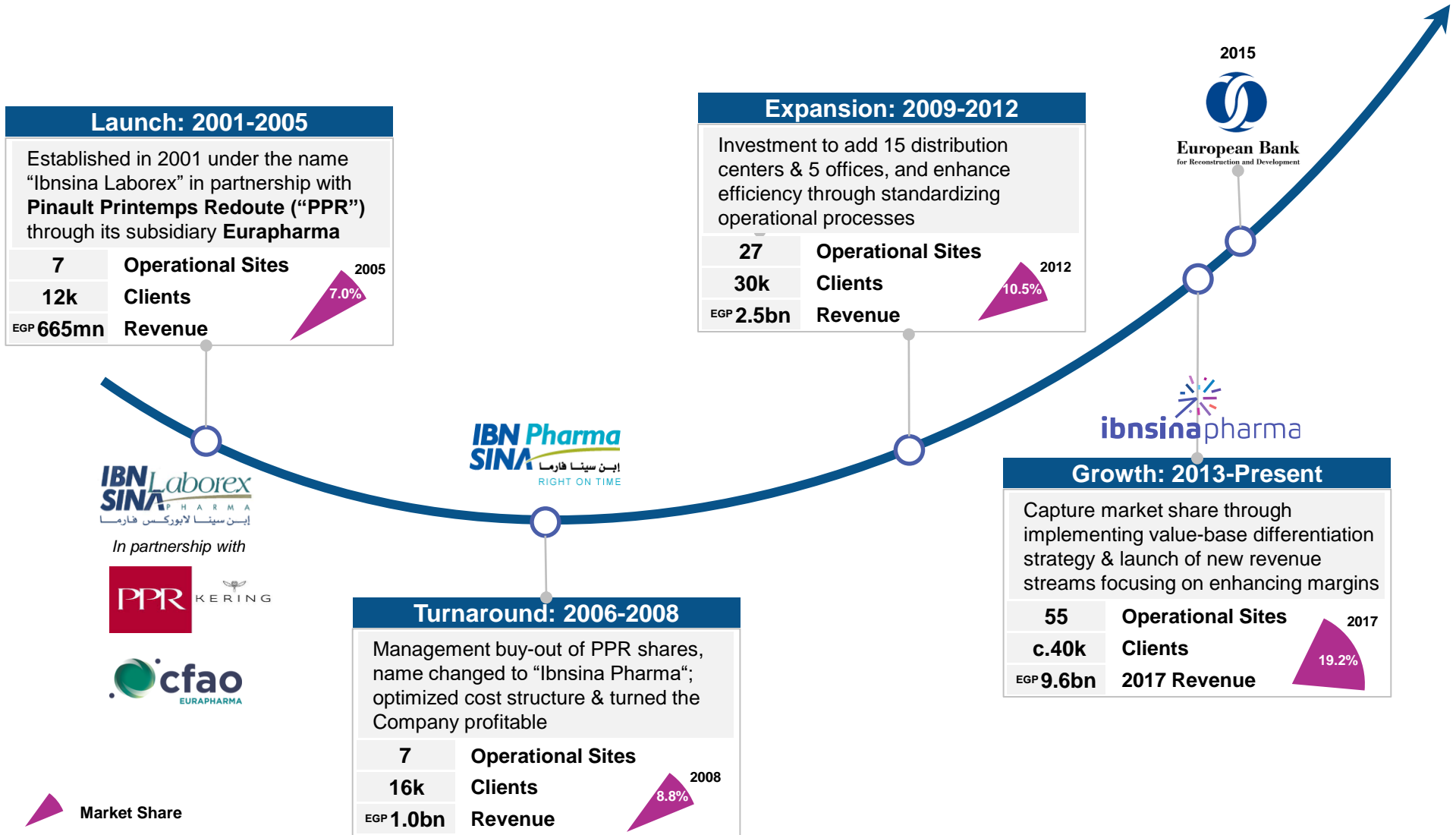
### Health & Safety



(1) Post IPO & Capital Increase; (2) Pro forma gross revenue includes part of 3PL revenue that was stated as other income until 2016  
Source: IMS Health, Company Management



# ...with a proven track record of success...



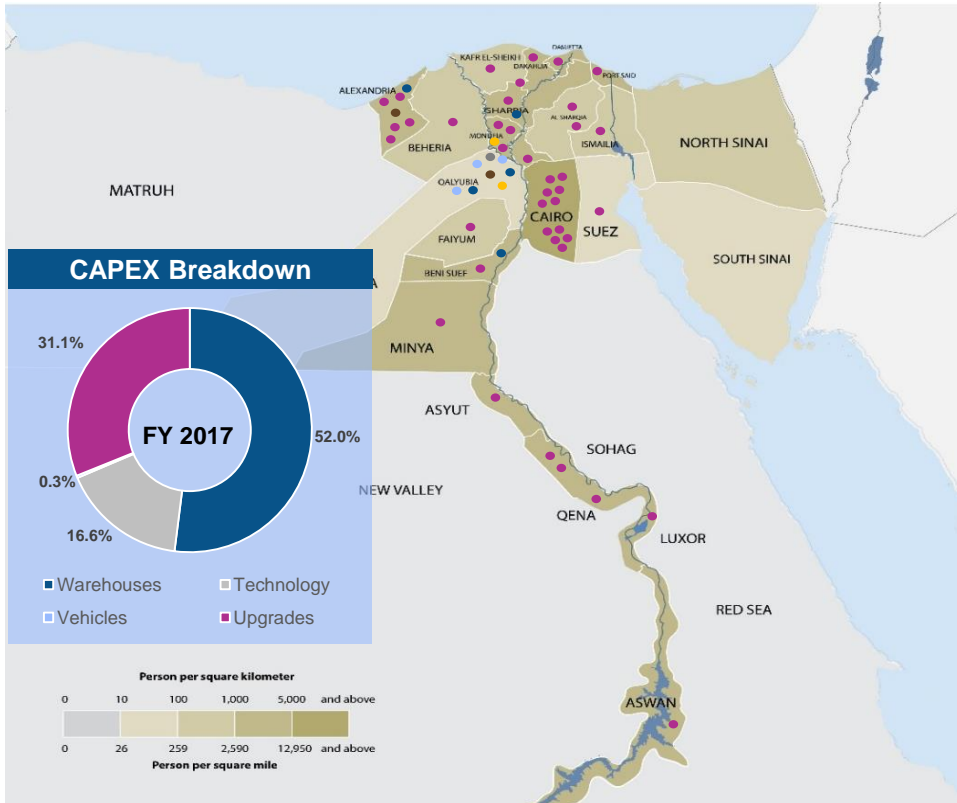
Source: IMS Health; Company Management



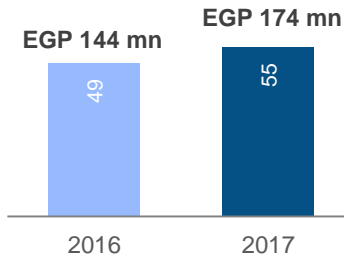
# ...optimally expanding our distribution network to unlock value....

## Distribution Network

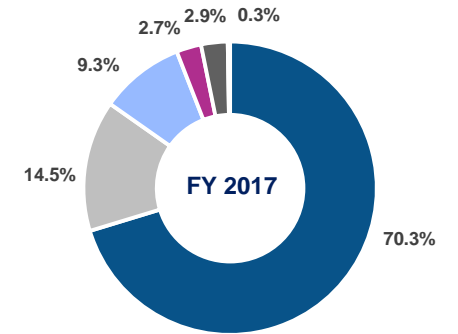
- 5** Platforms (Inbound Logistics)
- 42** Distribution Centers (DC)
- 1** Tender DC
- 2** Reverse Logistics Warehouses
- 3** 3PL<sup>1</sup> Warehouses
- 2** Personal Care DC



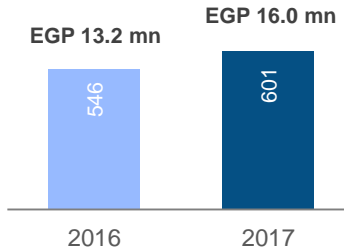
## No. of Sites (Rev/Site)



## Revenue by Business Line

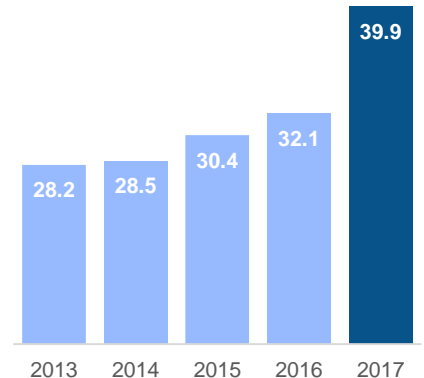


## No. of Vehicles (Rev/Vehicle)

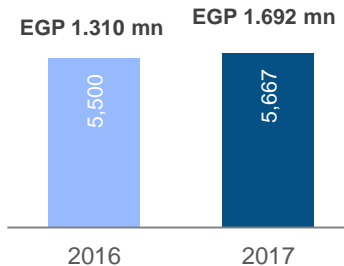


- Pharmacies
- Wholesale
- Tenders
- Hospitals
- Personal Care
- 3PL & Other

## Number of Clients



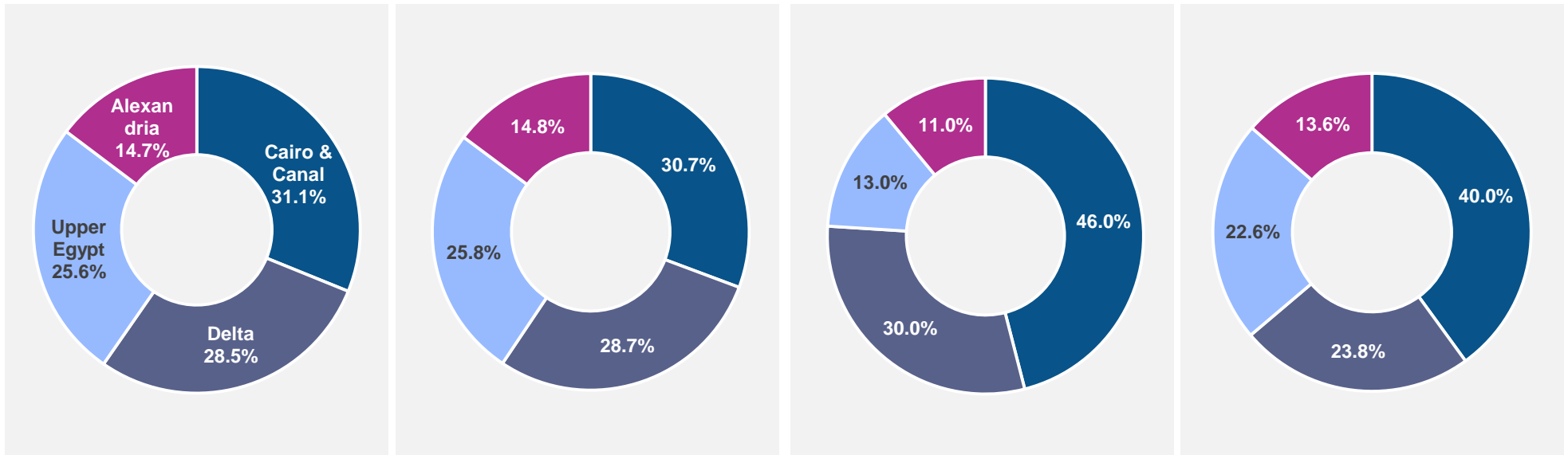
## No. of Employees (Rev/Employee)





# ...and leveraging our network to serve our c.40k customers nationwide

Clients by Geography (FY 2017)



**39,906**  
Total Customers

**37,396**  
Retail Pharmacies

**700**  
Wholesale Clients

**1,810**  
Hospital Clients

■ Cairo & Canal   ■ Delta   ■ Upper Egypt   ■ Alexandria





# Key Investment Highlights





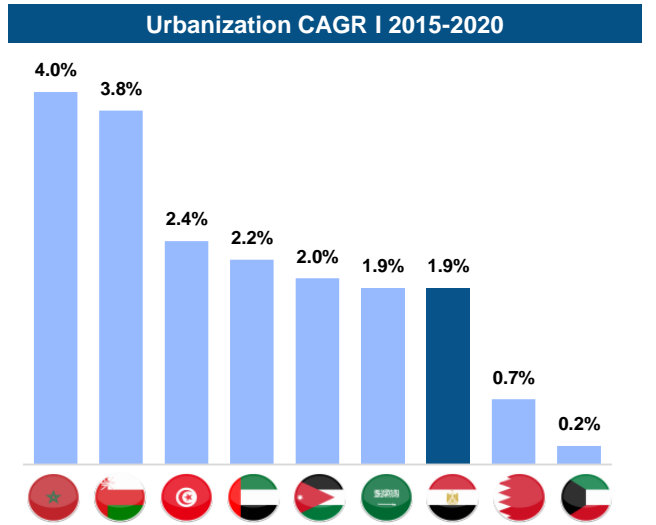
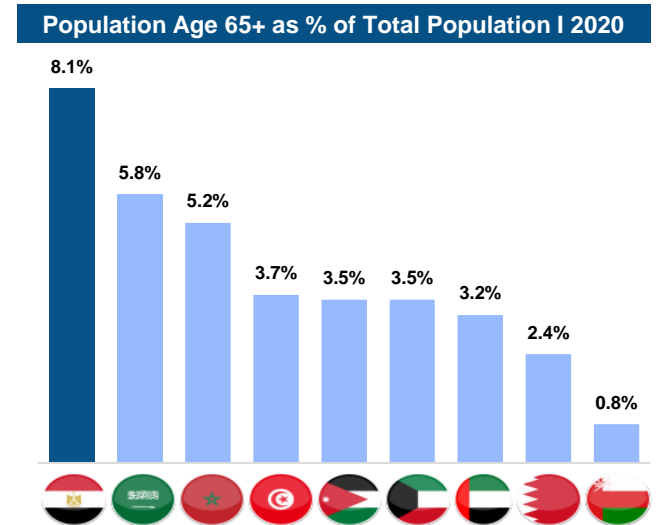
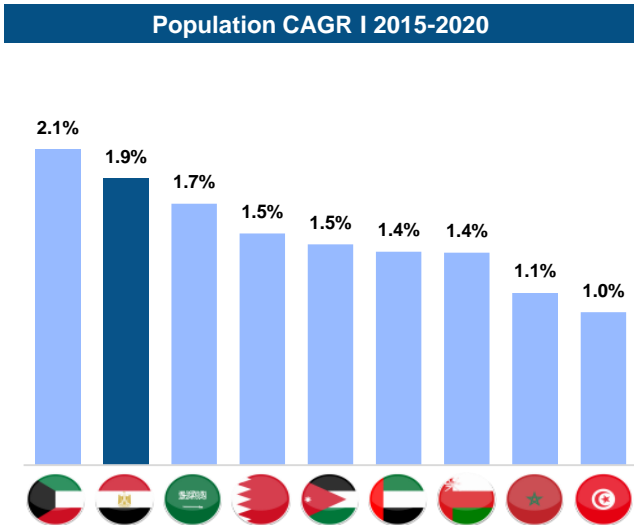
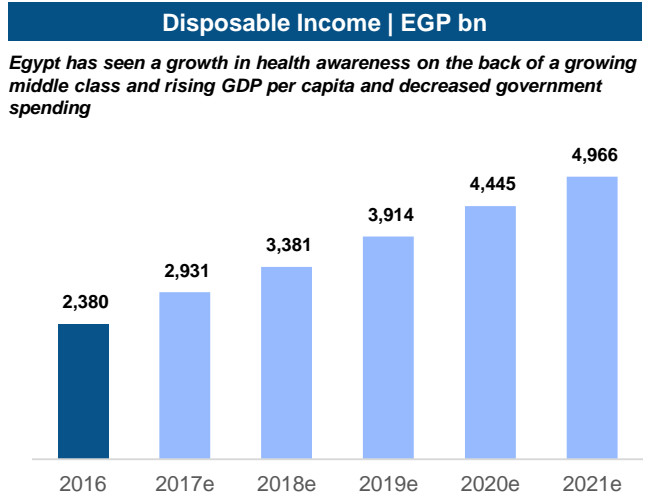
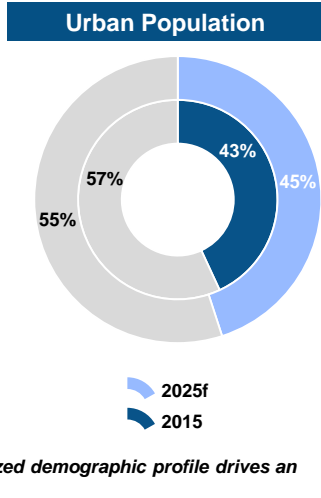
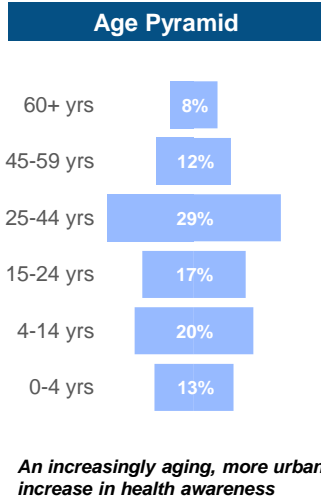
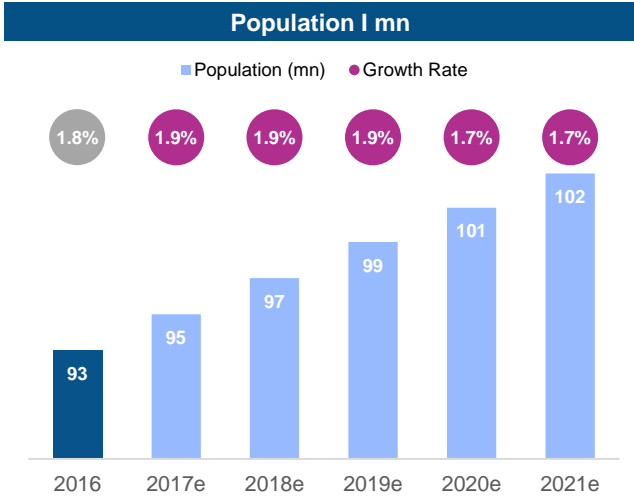
# Key Investment Highlights

<p>1 <b>Solid Demographic Profile</b></p>	<p>A rapidly growing population coupled with a growing middle class and increasing healthcare awareness, positions Egypt as one of the most attractive consumer markets in the region</p>
<p>2 <b>Attractive Industry Dynamics</b></p>	<p>A highly defensive sector with significant room for continued growth driven by recent regulatory reforms, increasing incidence of chronic disease, and a surge in generic uptake</p>
<p>3 <b>Strong Market Share</b></p>	<p>Fastest growing &amp; 2<sup>nd</sup> largest player in the market with nationwide geographical coverage and access to over 35k retail pharmacies, hospitals &amp; wholesalers</p>
<p>4 <b>Efficient Business Model</b></p>	<p>Operational efficiency driven by best in class supply chain processes</p>
<p>5 <b>Resilient Supply Chain</b></p>	<p>Multi-site operations with highly diversified supplier/client base, covering over 80% of the market SKUs, mitigating any supply chain disruptions and ensuring business continuity</p>
<p>6 <b>Robust Financial Performance</b></p>	<p>Significant top and bottom line growth on the back of recent regulatory reforms and enhanced operational efficiency</p>
<p>7 <b>New Revenue Streams</b></p>	<p>Expansion into higher margin diversified revenue streams to further enhance profitability</p>
<p>8 <b>Experienced Management Team</b></p>	<p>Highly experienced management team that has delivered strong results during challenging times, coupled with strong corporate governance practices backed by notable institutional shareholders</p>



# 1 Solid Demographic Profile

Egypt's demographic profile makes it the region's largest consumer market



Source: BMI, WHO

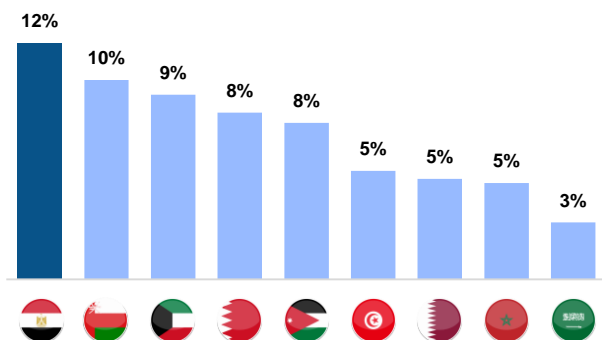


## 2 Attractive Industry Dynamics (I/II)

A highly defensive sector with significant room for continued growth

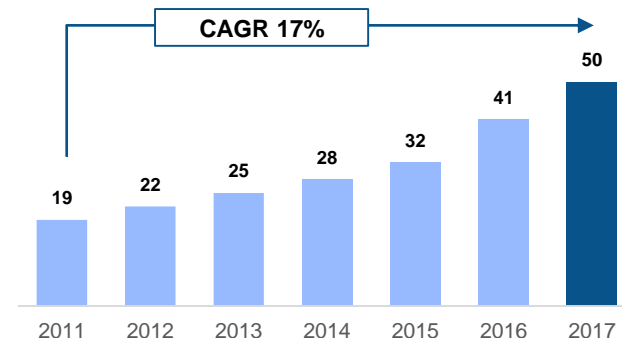
### Health Expenditure CAGR 2013-2017

Egypt's healthcare market is the fastest growing in the region driven by significant growth in the pharmaceuticals market

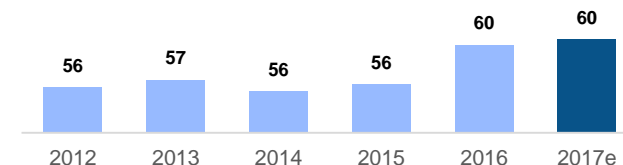


### Pharmaceutical Sales | EGP bn

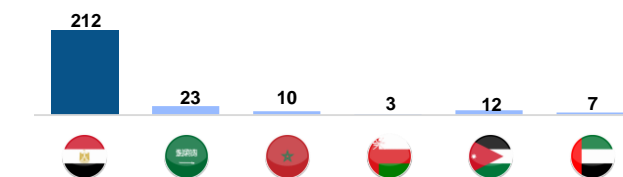
Given the under-penetration of healthcare insurance, pharma sales are mainly driven by out-of-pocket expenditure as consumers find self-medication to be the cheapest form of treatment



### Total Number of Pharmacies | '000

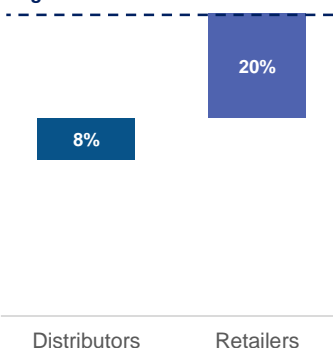


### Total Pharmacists | 2016 '000



### Industry Regulated Margins

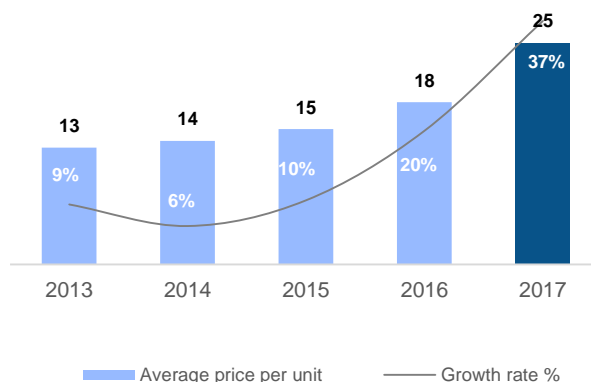
Regulated Price



Distributors operate on a fixed margin set out by the Ministry of Health (MoH), and is marked down from the regulated price of the SKU

Which significantly mitigates any risks related to bargaining power of suppliers/clients

### Market Price Evolution



- 2016**
  - ⚡ Increase in price of medicine that cost less than EGP 30 by 20% due to increase in production costs
  - ⚡ Increase in distribution margin from 7% to 8.1% for non-essential locally manufactured products
- 2017**
  - ⚡ Retail price increase of 30-50% for over 3k SKUs
  - ⚡ Price increase of c.50% for MoH's tenders

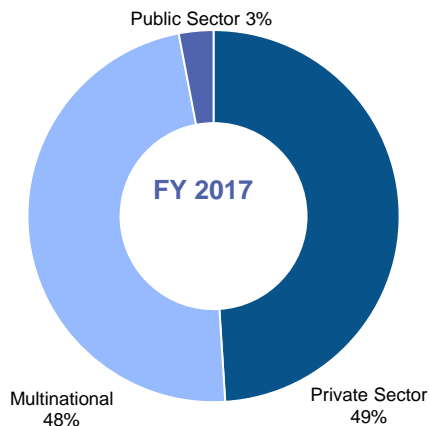
Source: IMS Health, BMI, WHO



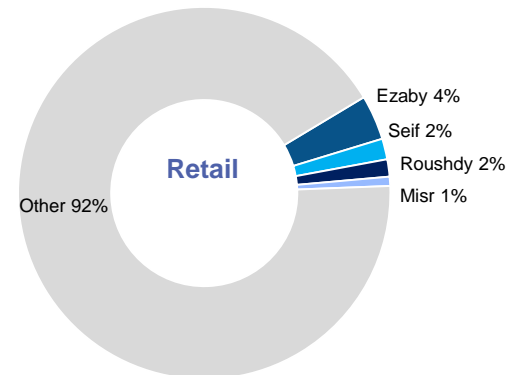
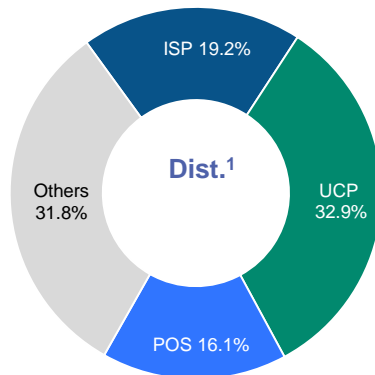
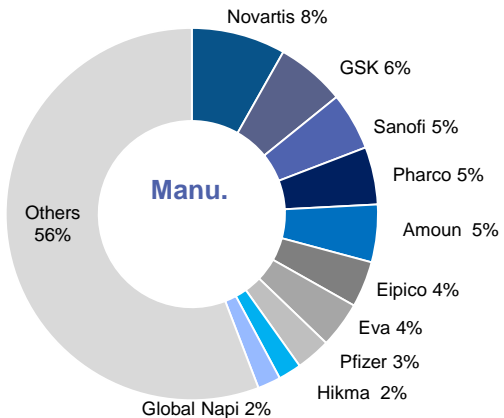
## 2 Attractive Industry Dynamics (II/II)

A highly defensive sector with significant room for continued growth

### Pharma Market Share



### Market Segmentation | Market Share FY2017



The distribution space is the most consolidated segment, with the 3 largest players processing 68% of the market sales

### Growth Drivers



Higher Priced Drug Replacements



Pricing Adjustment Waves



Increasing Generic Uptake



Increase of Chronic Diseases



Ageing & Growing Population



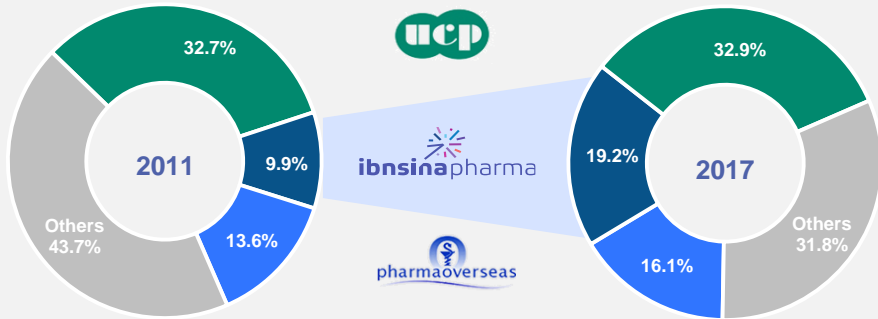
New Products – New Markets



### 3 Strong Market Share

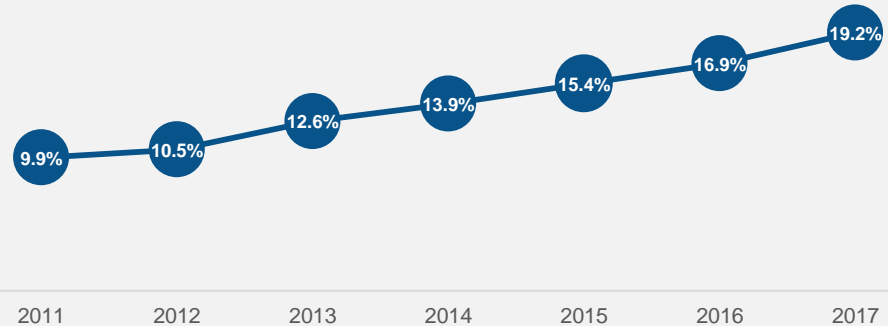
Exceptional profitable growth on the back of a solid value-based differentiation strategy

#### ISP is the fastest growing distributor in the Egyptian market

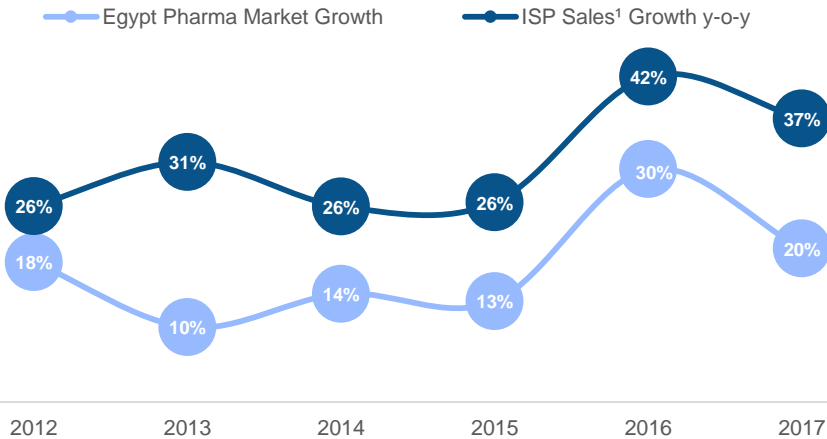


The distribution market has been experiencing a trend of consolidation towards larger market players, as both manufacturers and pharmacies prefer to deal with fewer number of distributors with larger capabilities and more value-add

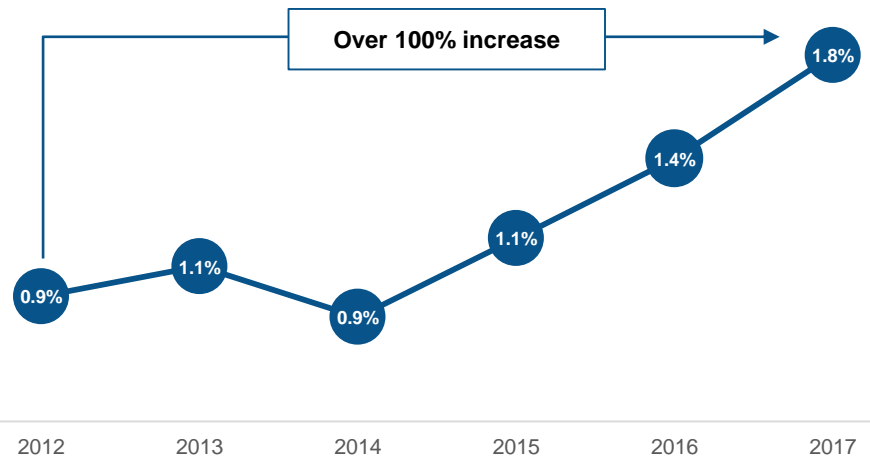
ISP Market Share Progression



#### ISP has been constantly outperforming the market...



#### ...while increasing its profitability | Net Profit Margin %



(1) Based on ISP's pharmacies sales value as per IMS Health data which is based on retail selling price  
Source: IMS Health, Company Management





## 4 Efficient Business Model

Operational efficiency driven by best-in-class supply chain processes

### Distribution Value Chain Overview

#### Sourcing

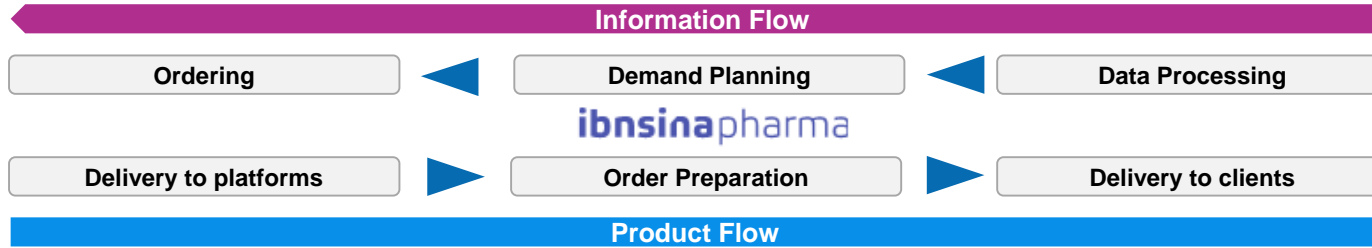
- Commercial team sources orders from 325+ suppliers while focusing on maintaining market competitiveness and managing inventory levels
- Monthly demand forecasting for over 9.5k SKUs
- Expired inventory risk fully borne by suppliers

#### Processing




- Over 200 platform operations employees handle and dispatch inbound deliveries to distribution centers
- c.860 telesales agents communicate daily with c.40k clients, processing over 450k orders monthly
- 1.5k warehouse staff perform order picking & packaging

#### Distribution

- Dynamic route optimization to enhance delivery performance
- A fleet of c.600 vehicles handles order delivery from distribution centers to c.40k clients nationwide
- Over 5.5mn drops completed per annum



### Highly efficient supply chain utilizing advanced technology

			In-progress Enhancements	<b>Transportation Management System</b> Enhances inbound shipments, collects data for route optimization, facilitates sales, collections and returns	<b>Field Force Mobility Solutions</b> Ability to manage schedule, track visits, create orders, process returns, and receive customer feedback	<b>Enterprise Asset Management</b> Ability to manage procurement & warehousing processes, in addition to tracking maintenance for equipment & vehicles
<b>Mobile Racks</b> Enhances capacity management and increases shelf space by approximately 2.5x	<b>Order Picking</b> Error proofing tool, decreases order fix time and speeds up shelf replenishment process	<b>Fleet Tracking</b> Sets geo-fence to support route optimization and ensure efficient product delivery		<b>Call Center Management</b> Manages call scheduling and handling, utilizing a newly improved sales interface	<b>B2B Module</b> Customer order management tool includes features such as placing & tracking orders with further integration into an online sales platform	<b>Work Flow Module</b> Enhances internal communication and optimizes internal approval cycles

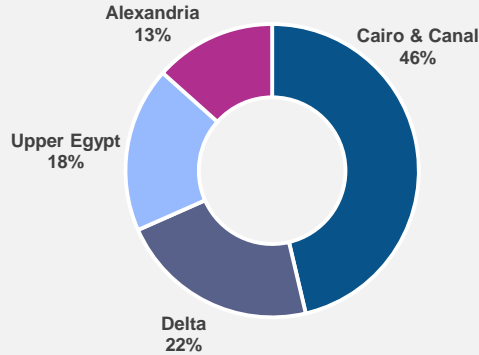
Source: Company Management



# 5 Resilient Supply Chain

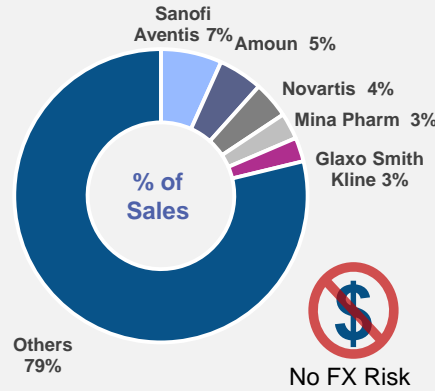
Highly diversified supplier/client base significantly mitigating supply chain risks

## Diversified Geographical Presence



- Low client concentration risk due to small number of pharmacy chains in Egypt
- Cairo & Canal region has the highest sales contribution due to higher purchasing power

## Minimal Supplier Concentration



Minimal supplier concentration with the top five supplier representing less than 25% of sales

## Expansive SKUs Coverage



Product portfolio covers 85% of the SKUs available in the market, collectively representing 91% of the market sales value

## Multiple Contracts with Key Suppliers

						<p><b>No SKU Concentration</b> (Each SKU <math>\leq</math> 0.5% of sales)</p>

Source: IMS Health; Company Management



## 6 Robust Financial Performance

Robust financial performance with double digit top line and bottom line growth



Net Revenues  
EGP 9.6 BN

Gross Profit  
EGP 826 MN

EBITDA  
EGP 406 MN

Net Profit  
EGP 170 MN

Norm. Net Profit<sup>1</sup>  
EGP 207.1 MN

▲ 33% y-o-y

▲ 45.2% y-o-y

▲ 77.5% y-o-y

▲ 67.2% y-o-y

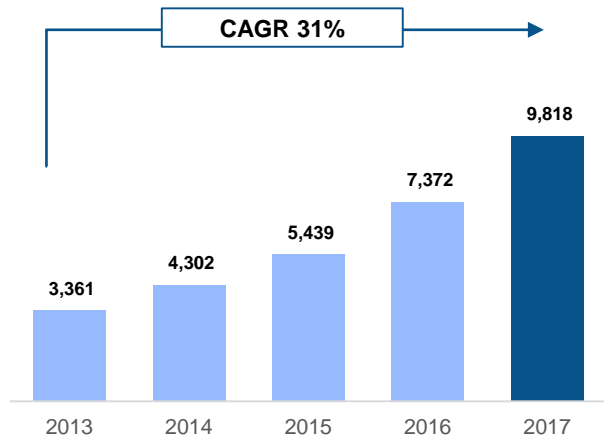
▲ 103.4% y-o-y



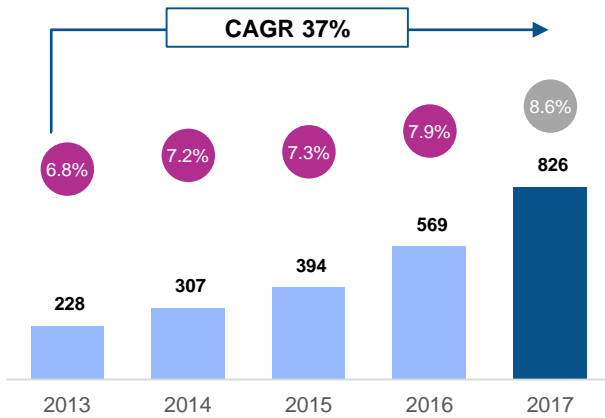
## 6 Robust Financial Performance

Robust financial performance with double digit top line and bottom line growth

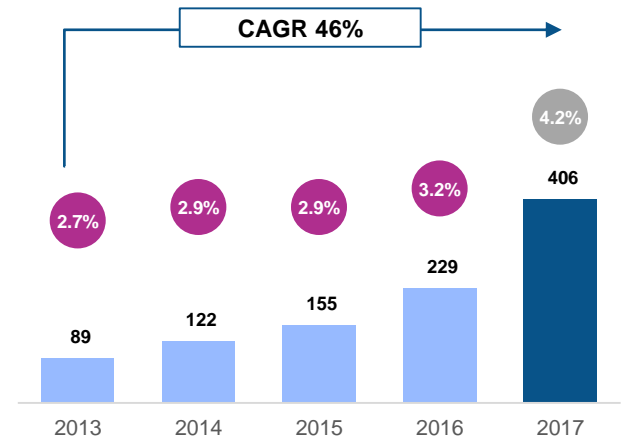
Gross Revenue<sup>1</sup> | EGP mn



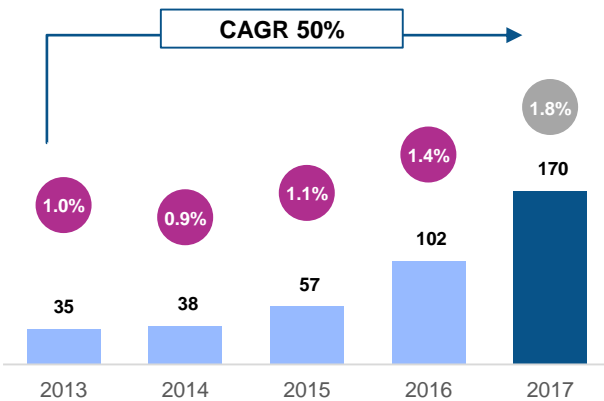
Gross Profit | EGP mn, %



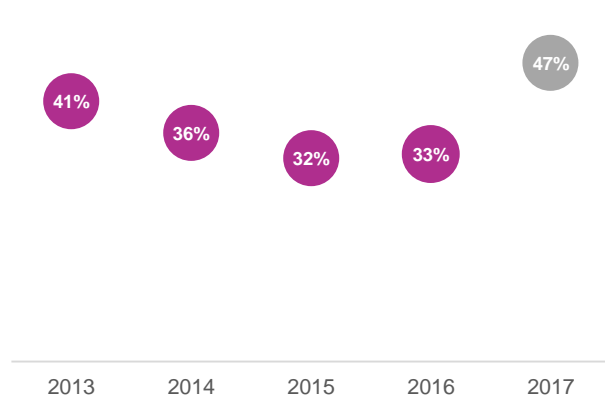
EBITDA & Margin | EGP mn, %



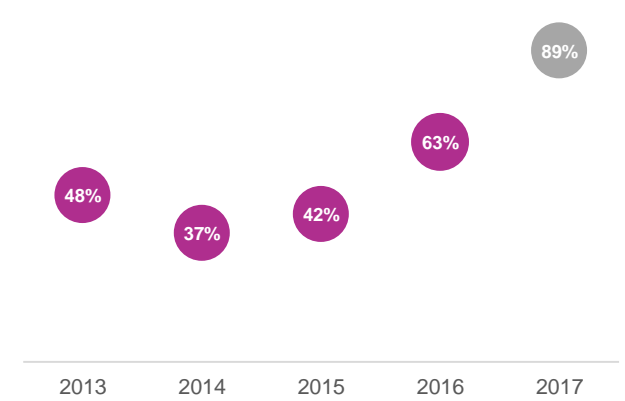
Net Profit & Margin | EGP mn, %



ROE | %



Return on Fixed Assets | %

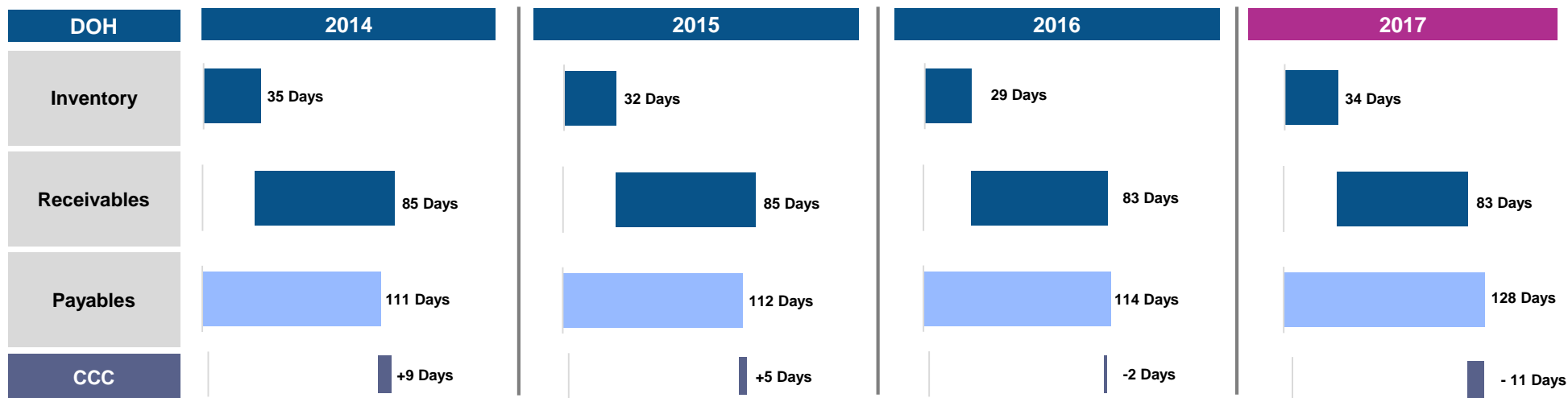


Source: Company Management (1): Pro forma gross revenue includes part of 3PL revenue that was stated as other income until 2016

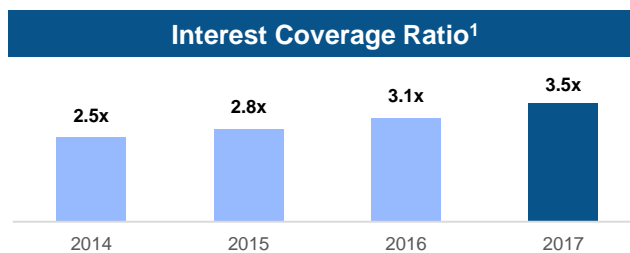
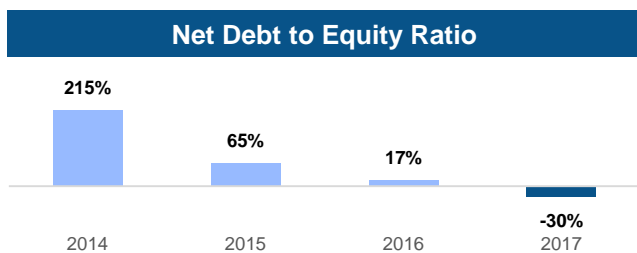


## 6 Robust Financial Performance

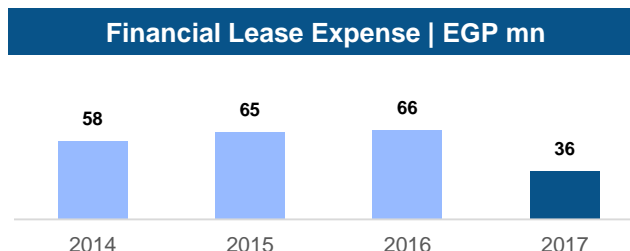
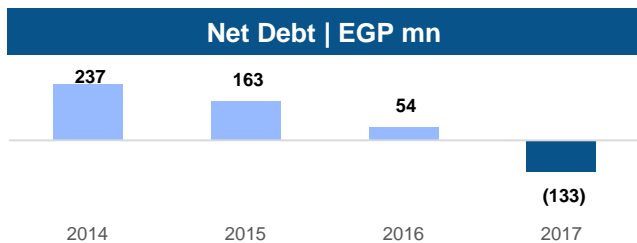
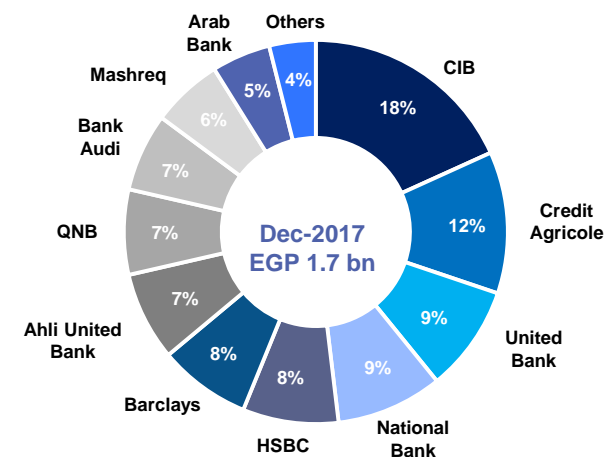
Effective working capital management has been a key success factor to ISP's performance



Supplier contracts have the option of credit terms ranging from 120-150days or a cash discount of 5-6%



### Facilities Breakdown | % of Authorized Limit





## 7 New Revenue Streams

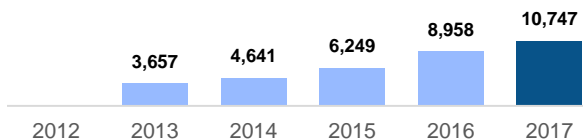
Expansion into high-margin diversified revenue streams to further enhance profitability

### Warehousing



Warehousing services for suppliers which allows them to save significant CAPEX. ISP invested in a mega-warehouse in 2017, adding a capacity of 11k pallets with plan to start operation by Q1 2018. The warehousing business is a key area for growth going forward.

Revenue | EGP '000

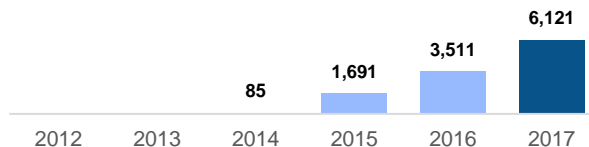


### Transportation



Capitalizing on a growing need for specialized transportation services, ISP invested in providing high quality services to pharma manufacturers and notable FMCG brands; such as Unilever and P&G. This business complements the warehousing activity.

Revenue | EGP '000



### Owned Portfolio



ISP is planning to procure OTC pharmaceutical files to be toll manufactured and distributed through its vast network and leverage on placement capabilities.

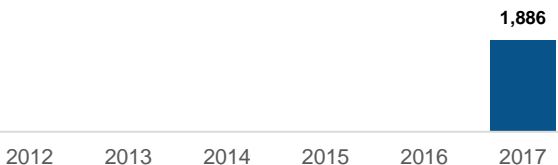
**IN PROGRESS**

### Exports



Given Egypt's low drug price regime and current FX rates, the export business is a significant prospect. Currently ISP is in the process of signing with 8 manufacturers and 5 potential importers.

Revenue | EGP '000

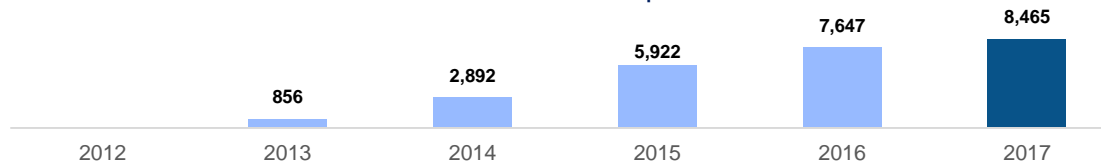


### Other



ISP offers overprinting and re-packaging of pharmaceutical products to comply with national regulations and to support manufacturers for promotional needs. This business complements the warehousing activity. Other revenue also includes fleet advertising, market micro-research for manufacturers, bulk SMS, and various service-oriented business lines.

Revenue | EGP '000



Source: Company Management





## 8 Experienced Management Team

Highly experienced management team with strong track record

**Mahmoud Abdel Gawad**  
*Co- Founder & Co-CEO*

- ✦ 28 years of pharmaceutical industry experience with focus on commercial operations, IT, quality assurance and administration.
- ✦ Prior to Ibsina, Mahmoud held several senior-executive positions at various pharmaceutical companies in Egypt and abroad.
- ✦ B.S in Pharmacy from Cairo University and a MBA from the Arab Academy for Science and Technology.

**Omar Abdel Gawad**  
*Co- Founder & Co-CEO*

- ✦ 17 years of pharmaceutical industry experience with focus on finance, sales, marketing and human resources.
- ✦ Prior to becoming Co-CEO, Omar has held various positions including marketing manager, sales manager and general manager.
- ✦ B.A in Economics from the American University in Cairo and a MBA from the Arab Academy for Science and Technology.

**Momen Gomaa**  
*CFO*

- ✦ 19 years of corporate finance and treasury experience with focus on financial management, treasury, accounting, budgeting and credit.
- ✦ Prior to Ibsina, Momen spent 4 years as an accountant at the Egyptian Pharmacists Company (EPC), a local pharma distributor.
- ✦ B.A in Commerce from Ain Shams University.

**Rabeea Marzouk**  
*Sales Director*

- ✦ 23 years of pharmaceutical industry experience with focus on pharmaceutical sales.
- ✦ Rabeea has played a key role in increasing Ibsina's market share and surpassing market growth rates over the past 6 years.
- ✦ B.S in Veterinary Medicine from Alexandria University and a MBA from the Arab Academy for Science and Technology.

**Mohamed Adel**  
*Operations Director*

- ✦ 17 years of pharmaceutical industry experience with focus on operations management.
- ✦ Mohamed is responsible for management of all warehouses, purchasing, technical development and third-party logistics activities.
- ✦ B.A in Commerce from Ain Shams University and a MBA from the Arab Academy for Science and Technology.

**Ibrahim Emam**  
*Commercial Director*

- ✦ 17 years of pharmaceutical industry experience with focus on commercial operations and business development.
- ✦ Ibrahim leads the development of strategic supplier partnerships as well as import and export activities.
- ✦ B.A in Commerce from Ain Shams University and a MBA from the Arab Academy for Science and Technology.



## 8 Experienced Management Team

Seasoned board of directors with diverse experience across various industries

**Mohsen Mahgoub**  
*Executive Chairman*

- ✦ Over 40 years of experience across various industries including healthcare, FMCG, and financial services with focus on all investment activities pursued by the Company
- ✦ Mohsen was the co-founder of several successful businesses in Egypt including; Chipsy (later acquired by PepsiCo), Al Shorouk Hospital (later acquired by Abraaj Group), Al-Masreyin Dairy (later acquired by Citadel Capital), and Incolease – Egypt’s largest leasing company.
- ✦ Moshen is the Chairman of the Arab International Investment Group, currently serves on the boards of Faisal Islamic Bank of Egypt and Dar El Eyoum Hospital, and has served on the boards of SAIB Bank and Incolease.

**Mahmoud Abdel Gawad**  
*Executive Director*

- ✦ 28 years of pharmaceutical industry experience with focus on commercial operations, IT, quality assurance and administration.
- ✦ Prior to Ibsina, Mahmoud has held several senior-executive positions at various pharmaceutical companies in Egypt and abroad.
- ✦ B.S in Pharmacy from Cairo University and a MBA from the Arab Academy for Science and Technology.

**Omar Abdel Gawad**  
*Executive Director*

- ✦ 17 years of pharmaceutical industry experience with focus on finance, sales, marketing and human resources.
- ✦ Prior to becoming Co-CEO, Omar has held various positions including marketing manager, sales manager and general manager.
- ✦ B.A in Economics from the American University in Cairo and a MBA from the Arab Academy for Science and Technology.

**Lindsay Forbes**  
*Non-Executive Director*

- ✦ 41 years of experience in finance and banking across several countries.
- ✦ Lindsey has held several positions with EBRD, until 2017, where he managed multiple equity investments in excess of EUR 2.5bn.
- ✦ Prior joining EBRD in 1994, he spent 13 years with the British Linen Bank.
- ✦ B.A in Jurisprudence from Oxford University and a MBA from INSEAD.

**Amr Abdallah**  
*Independent Director*

- ✦ Extensive experience in technology and entrepreneurial investment.
- ✦ Mr Abdallah is on the board of several companies and is one of the founding members of Raya Holding, holding the posts of Managing Director, CFO, and finally CEO of the company. Prior to that, he served as Chief Business Officer for Vodafone Egypt.
- ✦ MBA from Aston Business School in Birmingham, UK.

**Ahmed Elnawawi**  
*Independent Director*

- ✦ Decades-long track record of success in brand building and strategy development.
- ✦ Mr. Elnawawi held prominent posts at Procter & Gamble (PG) Company and Reckitt Benckiser (RB), leveraging superior consumer insight and strategic thinking at both posts. He currently serves as Director, Consumer & Market Insight, Developing Markets at RB
- ✦ Global Executive MBA from Tsinghua – INSEAD, China-Singapore, Post Graduate Degree in Feasibility Studies and Project Appraisal from Cairo University and a BA in Economics from Cairo University.



## 8 Experienced Management Team

Seasoned board of directors with diverse experience across various industries

**Hany Badr**  
*Independent Director*

- ✧ 42 years of experience in finance and banking.
- ✧ His experience included serving as Head of Treasury at Faisal Islamic Bank, until 2016, and Assistant General Manager at Delta Bank.
- ✧ B.A in Economics from Cairo University.

**Abdel Aziz Ali**  
*Non-Executive Director*

- ✧ 38 years of experience across various industries including healthcare, agriculture, FMCG, and financial services, where he co-founded various successful businesses including Chipsey, Al Shorouk Hospital, and Al-Masreyin Dairy.
- ✧ Currently serves as the Chairman of the Egyptian Agricultural Production Company.
- ✧ B.A in Commerce from Cairo University.

**Abdel Rehim Omar**  
*Non-Executive Director*

- ✧ Over 35 years of experience in finance and banking.
- ✧ Abdel Rehim has spent his entire finance career at Faisal Islamic Bank where he currently serves as General Manager. He also heads the bank's internal audit function.
- ✧ B.A in Finance and Commerce from Ain Shams University.

**Mohamed Zaki**  
*Non-Executive Director*

- ✧ Over 10 years of experience in consulting and social services.
- ✧ Mohamed is currently a research analyst at the United Nations Migration Agency in Egypt. Prior to that, he was a consultant at PricewaterhouseCoopers.
- ✧ B.A in Business Administration from the American University in Cairo, M.S and PhD in Social Anthropology from London School of Economics (LSE).

**Mohamed Mahgoub**  
*Non-Executive Director*

- ✧ 11 years of experience across multiple industries including financial services, consulting and consumer products.
- ✧ Mohamed is the founder of Sky Supplies; serves on the boards of Dar El Khebrah Consultancy and Mediterranean Securities Brokerage.
- ✧ B.A in Marketing and International Business from Middlesex University.

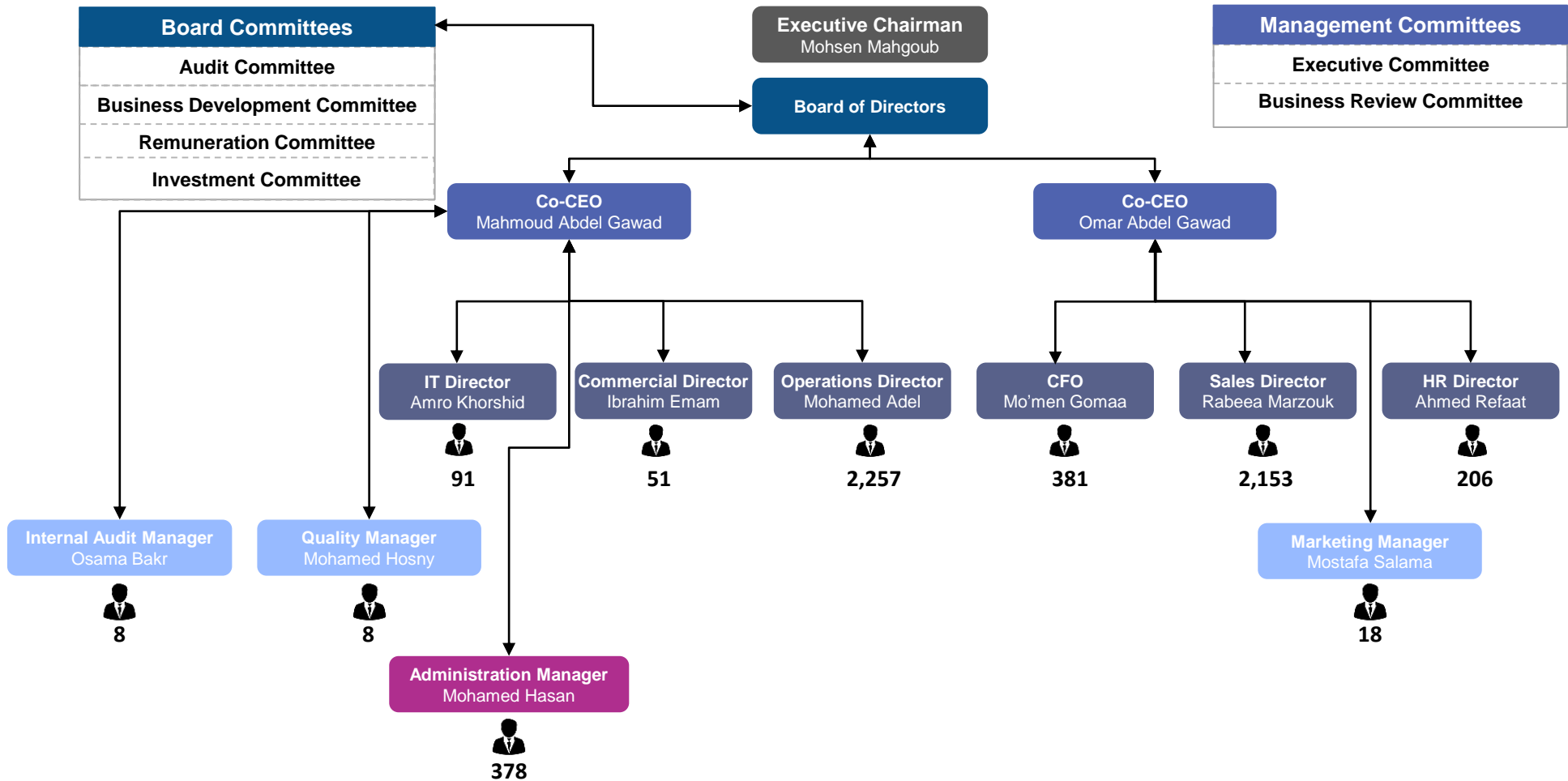
**Ahmed Abdel Gawad**  
*Non-Executive Director*

- ✧ 28 years of pharmaceutical industry experience with focus on pharmaceutical sales.
- ✧ Ahmed has held various sales positions at multinational companies including Glaxo Smith Kline and Bristol Myers Squibb.
- ✧ B.A in Business Administration from Ain Shams University.



# 8 Experienced Management Team

## Organizational Structure



Source: Company Management



 **Appendix**





# A significantly complex industry with high barriers to entry

Barriers to Entry				
<b>Operational Complexity</b>				
<p><b>Inventory Management</b></p> <p>Highly complex inventory management to maintain healthy levels without over stocking or running short in a large number of branches</p>	<p><b>A Variety of SKUs</b></p> <p>9k unique drug therapies with a variety of handling requirements including fragile containers, liquids, and refrigerated products</p>	<p><b>High Variability of Demand</b></p> <p>Short-notice, short-turn deliveries occur frequently and require rapid response from distributors</p>	<p><b>Labor Intensive Business</b></p> <p>To become a nationwide distributor, new entrants need to recruit, train, and manage a workforce of over 5,000 personnel</p>	<p><b>Geographically Dispersed Client Base</b></p> <p>Over 60k outlets and locations are geographically disbursed across the Country</p>
<p><b>Working Capital Management</b></p> <p>Dealing with a large client base, with significant geographic disbursement, emphasizes the complexity of credit control management. Pharmaceutical distributors must aggregate client credit history to be able to minimize bad debts, which requires significant on the ground experience</p>			<p><b>Time to Build Scalable Operations</b></p> <p><b>8+ Years</b></p> <p>Nationwide distributors require a minimum of 50 sites and over 500 vehicles. New entrants will not be able to manage opening more than 6 branches a year</p>	<p><b>Low Margin Business</b></p> <p><b>1.6%</b></p> <p>Both developed and emerging market peers have an average net profit margin of 1.6%; reducing the attractiveness of venturing into this market space</p>
<p><b>Ease of Operations</b></p> <p>Both manufacturers and pharmacies prefer to deal with few distributors which in return significantly reduces order processing and management costs; large distributors then redistribute to the smaller players</p>	<p><b>Economies of Scale</b></p> <p>A human resource based business accustomed with a large workforce leads to significant fixed costs. Additionally, the aggregation of delivery volume reduces delivery costs therefore the total cost per shop does not increase significantly with volume.</p>	<p><b>Difficulty Contracting with Suppliers</b></p> <p>325+ suppliers with rigorous contracting requirements, including quality audits, disables new entrants from obtaining credit lines</p>	<p><b>Investment</b></p> <p><b>EGP1.5bn+</b></p> <p>The business requires a significant amount of infrastructure to be able to cater to geographically dispersed clientele.</p>	<p><b>A Crowded Market Space</b></p> <p>A large number of players targeting different segments of the market (in terms of client quality and demand size) with the three largest players controlling 68% of the market</p>

Source: IMS, Bloomberg, Company Management





# Income Statement

<i>In EGP</i>	(audited)	(audited)	(audited)	(audited)	YoY Change ('16-'17)
	2014	2015	2016	2017	
<b>Gross Revenue <sup>1</sup></b>	<b>4,301,516</b>	<b>5,439,119</b>	<b>7,372,467</b>	<b>9,818,405</b>	<b>33.2%</b>
Net Revenue	4,197,376	5,327,728	7,205,983	9,586,344	
Cost Of Revenue	(3,889,670)	(4,931,515)	(6,636,864)	(8,759,914)	
<b>Gross Profit</b>	<b>307,706</b>	<b>396,213</b>	<b>569,118</b>	<b>826,430</b>	<b>45.2%</b>
<b>Gross Profit Margin</b>	<b>7.2%</b>	<b>7.3%</b>	<b>7.7%</b>	<b>8.4%</b>	
Selling, General & Administrative	(187,399)	(244,459)	(346,502)	(431,815)	24.6%
Penalties On Returned Checks	1,792	3,296	5,579	11,241	
<b>EBITDA</b>	<b>122,099</b>	<b>155,050</b>	<b>228,195</b>	<b>405,856</b>	<b>77.9%</b>
<b>EBITDA Margin</b>	<b>2.8%</b>	<b>2.9%</b>	<b>3.1%</b>	<b>4.1%</b>	
Depreciation & Amortization	(11,037)	(18,792)	(26,790)	(31,097)	
<b>EBIT</b>	<b>111,062</b>	<b>136,258</b>	<b>201,406</b>	<b>374,760</b>	<b>86.1%</b>
<b>EBIT Margin</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.7%</b>	<b>3.8%</b>	
Financial Expenses	(48,880)	(56,331)	(74,272)	(115,830)	
Other Expenses	(7,408)	(5,912)	(3,173)	(37,559)	
Other Income	7,481	1,873	9,137	6,326	
<b>EBT</b>	<b>62,255</b>	<b>75,888</b>	<b>133,098</b>	<b>227,697</b>	<b>71.1%</b>
<b>EBT Margin</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.8%</b>	<b>2.3%</b>	
Differed Tax	(2,379)	3,035	4,793	(600)	
Income Tax	(22,335)	(21,564)	(36,143)	(56,960)	
<b>Net Profit</b>	<b>37,541</b>	<b>57,358</b>	<b>101,748</b>	<b>170,137</b>	<b>67.2%</b>
<b>Net Profit Margin</b>	<b>0.9%</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.8%</b>	



# Balance Sheet

	(audited)	(audited)	(audited)	(audited)
In EGP	2014	2015	2016	2017
Property & Equipment, net	118,666	152,479	171,327	210,264
Other Assets	2,840	5,307	6,667	8,804
Project Under Construction	25,864	13,787	47,639	161,267
Deferred Income Taxes	3,876	6,911	11,704	11,104
<b>Total Long Term Assets</b>	<b>151,246</b>	<b>178,485</b>	<b>237,336</b>	<b>391,438</b>
Inventories	427,320	455,770	611,993	1,050,549
Incoming Documents for Collection	316	442	2,357	273
Trade & Notes receivable, net	1,127,421	1,379,307	1,946,304	2,459,296
Supplier Advances	12,576	30,652	59,951	101,360
Debtors & Other Debit Balance, net	90,029	135,714	153,602	165,718
Due from Related Parties	371	371	372	372
Cash & Cash Equivalent	16,368	32,866	43,880	164,791
<b>Total Current Assets</b>	<b>1,674,402</b>	<b>2,035,123</b>	<b>2,818,459</b>	<b>3,942,358</b>
<b>Total Assets</b>	<b>1,825,648</b>	<b>2,213,607</b>	<b>3,055,796</b>	<b>4,333,796</b>
Paid In Capital	20,000	24,000	24,000	168,000
Share Premium	0	148,000	0	0
General Reserve	0	0	147,079	3,079
Legal Reserve	6,334	8,211	12,000	12,000
Retained Earnings	46,255	13,000	26,944	62,980
Net Profit For The Year	37,541	57,358	101,748	170,137
<b>Total Shareholders' Equity</b>	<b>110,131</b>	<b>250,570</b>	<b>311,771</b>	<b>416,196</b>
Non-current portion of medium term loan	21,978	14,768	29,632	25,083
Non-current notes payable	23,880	35,861	20,312	7,660
Other Non-current liabilities	0	0	11,251	20,815
Non-current portion of land creditors	212	141	71	0
<b>Total Long-term Liabilities</b>	<b>46,070</b>	<b>50,771</b>	<b>61,266</b>	<b>53,559</b>
Credit facilities	206,501	156,686	68,644	6,952
Contingency provision	0	600	3,100	24,067
Customers Advance Payments	4,757	6,003	6,324	6,453
Current portion of land creditors	401	1,001	101	71
Trade and notes payable	1,389,370	1,678,860	2,519,985	3,700,786
Current portion of medium term loan	25,212	24,866	13,112	25,794
Creditors & other credit balances	43,206	44,251	71,492	99,919
<b>Total Current Liabilities</b>	<b>1,669,447</b>	<b>1,912,267</b>	<b>2,682,759</b>	<b>3,864,041</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>1,825,648</b>	<b>2,213,607</b>	<b>3,055,796</b>	<b>4,333,796</b>

Source: Company Management



  
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# Contact Information



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