Ibnsina Pharma Releases FY23 Consolidated Results

Ibnsina continues to lead the drug distribution market in Egypt throughout 2023; Gross Revenues of EGP 35 billion with 53% Y-on-Y growth.

FY23 Highlights

Market Share
24.2%

Gross Revenues
EGP 35 BN
+52.7% y-o-y

Gross Profit
EGP 2.5 BN
+55.6% y-o-y

EBITDA
EGP 1.3 BN
+100.1% y-o-y

Net Profit
EGP 213.6 MN
+23.8% y-o-y

Cash Conversion Cycle
-1 Day

Debt Ratio
25.6%
Vs 29.4% as of FY22

Cairo, 3 March 2024
Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's largest pharmaceutical distributor, released today its audited results for fiscal year ended 31 December 2023, Net revenue recorded EGP 33.9 billion for the period up by 52.5 % Y-on-Y.

Gross profit came in at EGP 2.5 billion, up by 55.6 % Y-on-Y and yielding a gross profit margin of 7.4% against 7.3% one year previously.

Key Financial and Operational Highlights:

- **Ibnsina Pharma remains at the forefront of drug distribution companies in Egypt for the FY23.**
- **Ibnsina Pharma recording EGP 35 bn gross revenues in FY2023 for the 1st time and record a market Share of 24.2% as of FY23.**
- **Clear Economies of scale benefits where EBITDA growth exceeded both gross Profit and Revenues growth.**
- **Debt ratio recorded 25.6% as of FY23 Vs 29.4% as of FY22 as growth is spontaneously financed**
- **Significant improvement in CCC driven by better cash collection, extending payments from suppliers and better inventory management**

Despite the devaluation effect and the associated inflation that reached 33.7% by December 2023 which impacted most of cost elements (consumables, packing, prints); Ibnsina pharma adopt conservative policies that kept OPEX growth at level of 23.7% only to support revenues growth that recorded 52.5%. OPEX optimization initiatives were implemented in salaries, electricity, packing, transportation management system (TMS) and prints. EBITDA doubled Y-on-Y to record EGP 1.3 billion during FY23 with an EBITDA margin closing at 3.9%.

Meanwhile, Ibnsina Pharma recorded a Net profit of EGP 213.7 million for FY23 an increase of 23.8% Y-on-Y.

Summary Income Statement

EGP MN	FY22	FY23	Change
Net Revenue	22,264,495,100	33,949,328,681	52.5%
Gross Profit	**1,616,795,063**	**2,515,088,925**	**55.6%**
GP Margin	7.3%	7.4%	
OPEX	**(887,580,720)**	**(1,098,371,941)**	**23.7%**
OPEX / Sales	4.0 %	3.2 %	
EBITDA	**663,684,349**	**1,327,871,767**	**100.1%**
EBITDA Margin	*3.0%*	*3.9%*	
Net Profit	**172,584,866**	**213,660,635**	**23.8%**
NP Margin	*0.8%*	*0.6%*	

Comments from our Co-CEOs

Exceptional revenue growth in FY 2023, where revenues exceeded the EGP 35 billion mark. Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in 2023 according to the latest data available from IQVIA. With 52.5% revenues growth and 100.1% EBITDA growth, we are on the way to retrieve our previous profitability levels once interest rates start to decline.

Market share is not the only KPI that we focus on and it can't be targeted in isolation of profitability. Balance sheet, cash conversion cycle and debt levels continue to be a major focus for us. Debt levels are slightly higher than 2022 although we succeeded in increasing revenues by 52.5% as growth was primarily financed from spontaneous financing. We succeeded also in enhancing our cash conversion cycle to reach negative one day driven by better cash collection, extending payments from suppliers and better inventory management. We took a number of successful initiatives to achieve these objectives including focusing on cash sales segments, decreasing cash discounts, focusing on imported items, extend payments term from suppliers.

Economies of scale started to show again in our financials where EBITDA is growing faster than gross profit and net revenues. A high-interest rate environment hinders the translation of our growth into higher net profit levels, however; liquidation/operation of available assets for-sale, getting free finance from our suppliers and focusing on cash segments will partially mitigate the high finance cost effects.

Although the pharma market is pressured by interest rate rise, exchange rate devaluation and the associated inflationary and supply chain pressures; total market pharmaceutical sales are anticipated to record strong growth in FY2024. Such expectations are supported by the continuous re-pricing of pharmaceutical products. The Egyptian drug Authority is currently approving pharma manufacturer's requests for re-pricing after the devaluations waves which started early 2022 in order to prevent shortage on those items. The effect of re-pricing is expected to be reflected in the market gradually.

"Our Financial stability is encouraging more pharma suppliers to shift a large portion of their business to Ibnsina Pharma. We are investing in technology and infrastructure, allowing us to streamline our operations and improve efficiency, which will result in faster delivery times and better customer service. We take great pride in being recognized as the top pharmaceutical distributor in Egypt, and we are committed to maintain this position by continuing to innovate, invest, and provide exceptional services."

Market Overview

According to IQVIA Egypt's total market registered sales of EGP 206 billion in FY23. Sales were up by 29.8%. Sales growth was driven by increases in the average selling price (ASP).

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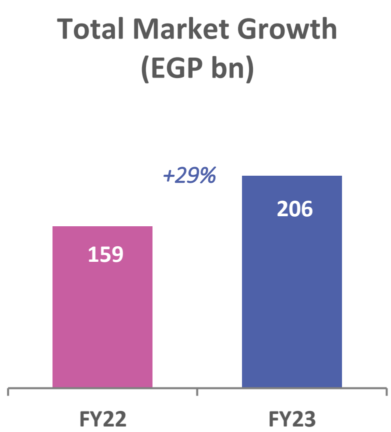
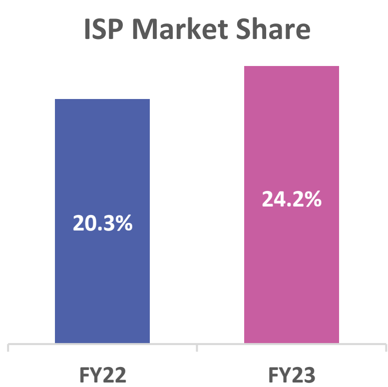
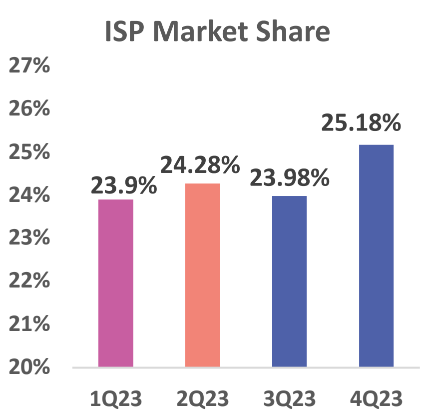
ISP total market share recorded 24.2% in FY23 vs 20.3% in FY22 a 3.9% market share gain as our financial stability and competitive advantage vs our competitors induced more clients to deal with us and more pharma suppliers to sign distribution and importation agreements with Ibnsina Pharma to join our portfolio with more suppliers in the pipeline.

Expectations of double-digit growth in FY2024 and beyond are further backed by strong market fundamentals as demand is further bolstered by rapid population growth. Consumer demand is consequently a major driver of Egypt's economic growth, with relatively inelastic goods such as pharmaceuticals experiencing consistent demand growth. Egypt's per capita outlay on pharmaceuticals continues to lag behind regional peers, leaving significant room for further growth and attracting large investments from domestic and foreign pharma players. Ibnsina Pharma is fastest-growing distributor of pharmaceutical products in Egypt for several consecutive years.







Operational Review

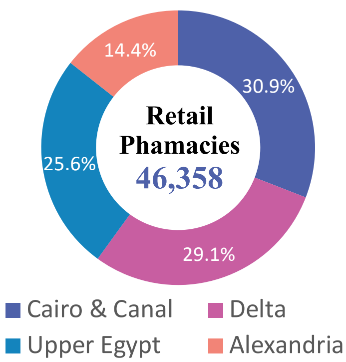
Ibnsina Pharma served 50,282 clients in different segments during FY23. 31.7% of Ibnsina Pharma's retail client base was located in Cairo & the Canal Zone, Egypt's most heavily populated metropolitan areas. The Delta and Upper Egypt were home to 29% and 25% of clients, respectively. Clients in Egypt's second-largest city, Alexandria, constituted 14.4% of Ibnsina Pharma's client base during the period. Ibnsina Pharma works to optimize the geographical distribution of its client base, aligning the network as far as possible with population density in Egypt's various regions.

Ibnsina Pharma operated 71 sites as of FY23, Revenue per site increased by 39.6% year-on-year to record EGP 478.2 million.

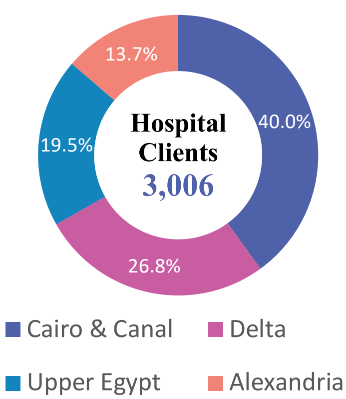
The number of vehicles in Ibnsina Pharma's delivery fleet stood at 851 vehicles at the close of FY23 compared to 803 one year previously. Revenues per vehicle increased by 43.9% year-on-year to reach EGP 39.8 million in FY23.

Revenue per employee increased by 36.8% during the period, addition of 789 personnel mainly in our early-stage subsidiaries (Scientific Office, Ramp logistics and Ibnsina Trade) was the mail reason of the increase in headcount.

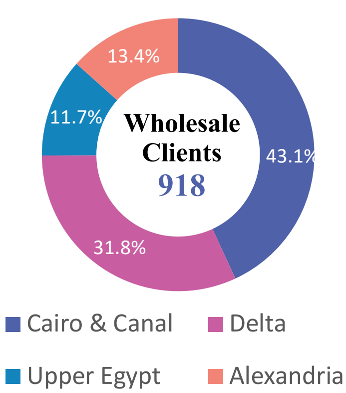
Retail Pharmacies by Geography (FY 2023)



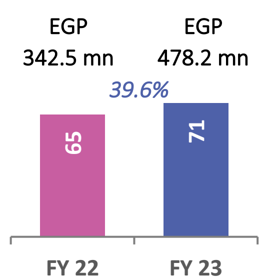
Hospital Clients by Geography (FY 2023)



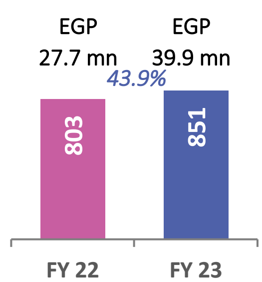
Wholesale Clients by Geography (FY 2023)



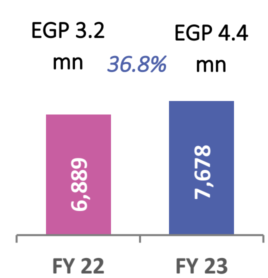
# of Sites (rev / Site)



# of Vehicles (rev / Vehicle)

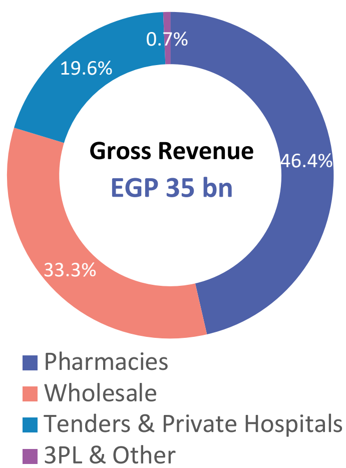


# of Employees (rev / Employee)



Financial Performance

Revenue* by Business Line (FY23)

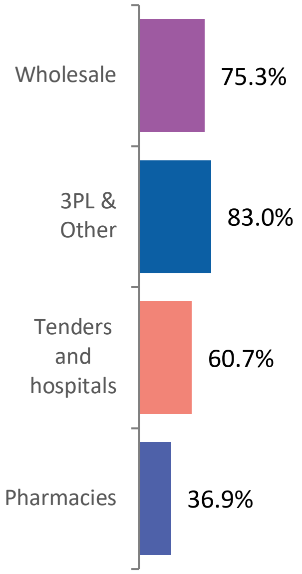


Revenues refer to gross sales prior to discounts

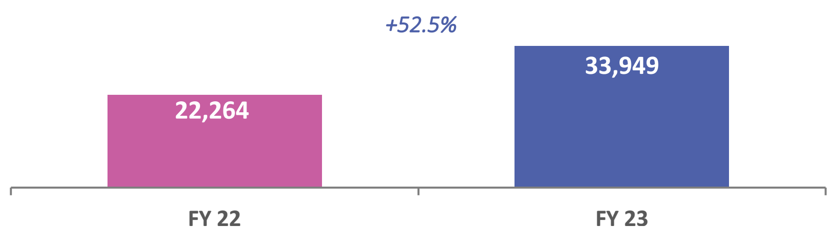
Revenues

FY23 saw Ibnsina Pharma's gross revenues climb by 52.7% year-on-year to register EGP 35 billion. The company's core retail business with pharmacies increased by 36.9% year-on-year to book EGP 16.2 billion for FY23. Retail sales generated 46.4% of the company's overall top line during FY23, down from 51.8% one year previously, reflecting the adopted initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients. The company's wholesale segment expanded by 75.3% year-on-year to book revenues of EGP 11.6 billion for FY23, contributing 33.3% of total revenues for the period against 29% for FY22. Meanwhile, revenues from tenders and private hospitals expanded by 60.7% year-on-year to book EGP 6.8 billion in FY23.

Business Line Revenue Growth (FY23)



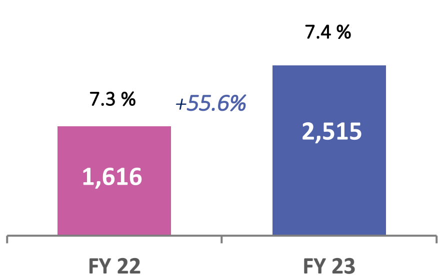
Net Revenue Progression (EGP BN)



Gross Profit

Ibnsina Pharma booked a gross profit of EGP 2.5 billion for FY23, an increase of 55.6% from the EGP 1.6 billion recorded in FY22. The gross profit margin recorded 7.4% compared to 7.3% one year previously an enhancement of 0.1% as Ibnisna Pharma succeeded in controlling cash discount given to customers while expanding importation and cosmetics portfolio by adding new contacts with higher margin.

Gross Profit Progression (EGP MN, % margin)

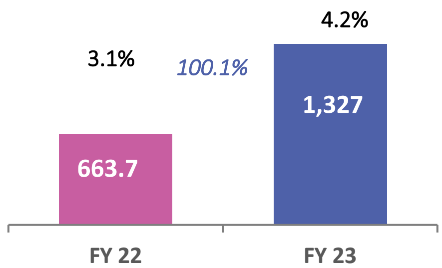


OPEX

Despite the devaluation effect and the associated inflation that reached 33.7% by December 2023 which impacted most of cost elements (consumables, packing, prints,) management adopt conservative policies that kept OPEX growth at level of 23.7% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

The company registered EGP 1.1 Billion in operational expenses OPEX for FY23, up from the EGP 887.6 Million booked in FY22.

EBITDA Progression
(EGP MN, % margin)



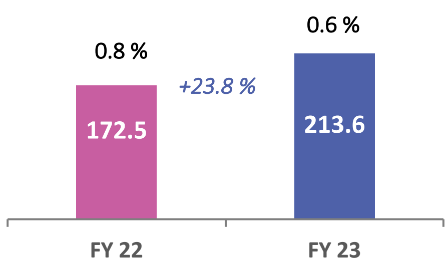
EBITDA

EBITDA booked EGP 1.3 Billion in FY23, an increase of 100.1% from the EGP 663.7 Million recorded in FY22. Ibnsina Pharma saw its EBITDA margin increased to reach 3.9% in FY23 from 3.0% recorded in FY22. EBITDA growth shows a clear economy of scale, effectively spreading fixed operational and administrative costs across a wide revenue base.

Depreciation & Amortization

Depreciation & amortization expense registered EGP 190.8 million in FY23, increase by 1.2% from the EGP188.5 million booked for FY22. The depreciation figures reflect the adoption of IFRS 16 accounting standards. IFRS 16 requires lessees to recognize assets and liabilities for all high-value leases, with consequent effects for depreciation expense.

Net Profit Progression
(EGP MN, % margin)



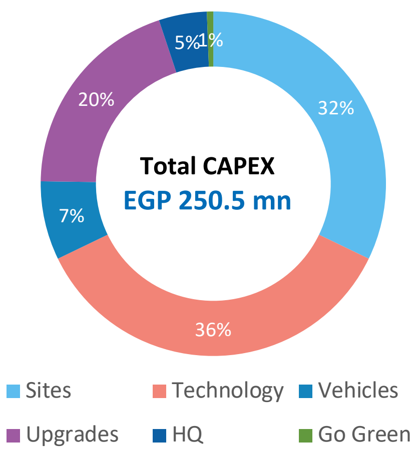
Interest Expense

Interest expense booked EGP 1.04 billion for FY23, up 118.8% year-on-year from the EGP 477.1 million recorded in FY22. The increase in interest expense reflects the current interest rate level reaching 20.3% rather than increase in facilities usage. Ibnsina pharma recorded EGP 12.1 billion revenue growth in FY23, while net debt increased only EGP 372 million.

Net Profit

Net profit came in at EGP 213.6 million in FY23, up by 23.8% year-on-year from the EGP 172.5 million posted in FY22.

CAPEX Breakdown
(FY 2023)



Key Balance Sheet Items

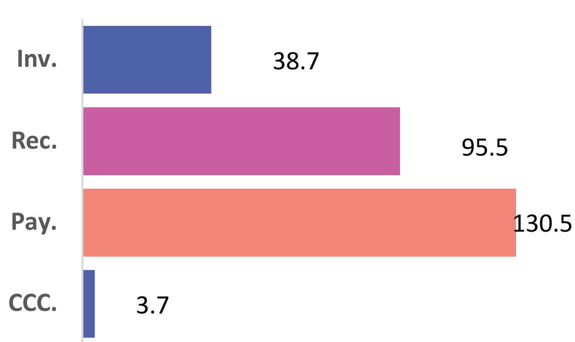
CAPEX

Ibnsina Pharma made core business CAPEX outlays of EGP 250.5 Million in FY 23 against the EGP 172.6 Million committed one year previously. Investments during the period included EGP 80.5 Million on distribution centers and sales offices to enhance customer accessibility. EGP 49.2Million, allocated to upgrades, while EGP 18.6 Million was allocated to vehicles. Construction at Ibnsina Pharma's headquarters was allocated EGP 11.2 Million during FY23. Ibnsina Pharma allocated EGP 89.5 Million in CAPEX to technology projects as the company continued to implement its plans for technology investment.

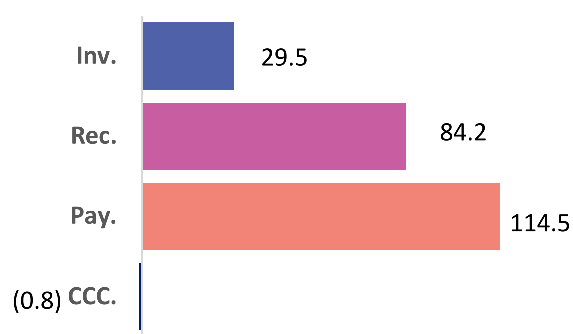
Working Capital

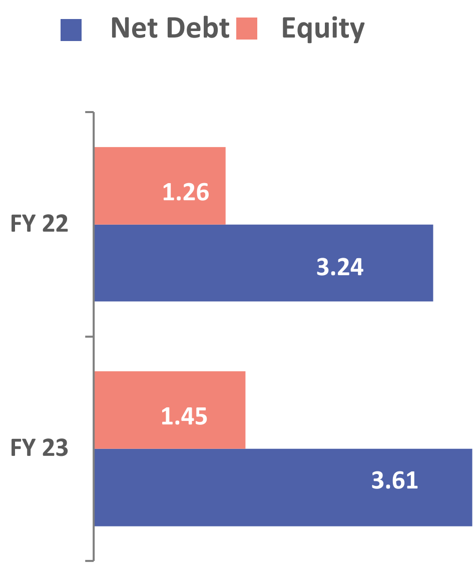
Ibnsina Pharma's cash conversion cycle showed a significant improvement driven by better cash collection, extending payments from suppliers and better inventory management. CCC fell to (0.8) day from 3.7 days in FY22 a reduction of 4.5 days. Receivable DOH recorded 84.2 days in FY23 down from 95.5 in FY22 driven by enhanced collection periods across the segments. Inventory DOH recorded 29.5 days in FY23 down from 38.7 days in FY22. Payables DOH recorded 114.5 days in FY23 down from 130.5 days in FY22.

Cash Conversion Cycle FY 2022



Cash Conversion Cycle FY 2023





Net Debt

Ibnsina Pharma booked total net debt of EGP 3.6 Billion as of FY23 compared to a 3.2 Billion in FY22 an increase of only EGP 372 million to finance EGP 12.1 billion revenue growth in FY23 as a part of debt optimization strategy which rely on spontaneous financing. Net debt to equity recorded 2.49x in FY23 compared to 2.57x in FY22.

It's worth mentioning that Ibnsina Pharma's outstanding debt was affected by the restrictions imposed on discounting the receivables of SME's who don't prepare full financial statements which is the case of retail pharmacies. Therefore, ibnsina pharma had to switch part of working capital financing from discounting the retail pharmacies' receivable (off-balance sheet item) to direct financing using overdraft (on balance sheet).

Income Statement

In EGP	FY22	FY23	YoY Δ
Gross Revenue	**22,916,899,273**	**35,003,699,764**	***52.7%***
Net Revenue	22,264,495,100	33,949,328,681	52.5%
Cost of Sales	(20,647,700,037)	(31,434,239,756)	52.2%
Gross Profit	**1,616,795,063**	**2,515,088,925**	***55.6%***
Gross Profit Margin	*7.3%*	*7.4%*	
Selling, General & Administrative	(887,580,720)	(1,098,371,941)	23.7%
Expected credit losses in the value of customers and receivables	(65,529,994)	(83,845,217)	27.9%
Provision		(5,000,000)	
EBITDA	**663,684,349**	**1,327,871,767**	***100.1%***
EBITDA Margin	*3.0%*	*3.9%*	
Depreciation & Amortization	(188,467,042)	(190,788,518)	1.2%
EBIT	**475,217,307**	**1,137,083,249**	***139.3%***
EBIT Margin	*2.1%*	*3.3%*	
Financial Expenses	(477,087,007)	(1,043,962,683)	118.8%
Credit interest from clients	133,256,538	126,648,146	(5.0 %)
Foreign currency revaluation (Profit)	38,409,228	38,526,137	0.3%
Other Expenses	(2,246,546)		(100.0 %)
Other Income	7,758,094	10,851,313	39.9%
Loss from sister Company		(1,130,726)	
EBT	**175,307,614**	**268,015,436**	***52.9%***
EBT Margin	*0.8%*	*0.8%*	
Deferred income taxes	22,298,471	32,398,011	45.3%
Current Income Taxes	(26,731,735)	(87,140,976)	226.0%
Net Profit	**170,874,350**	**213,272,471**	***24.8%***
Non- Controlling Share	(1,710,516)	(388,164)	(77.3 %)
Parent Company Net income	**172,584,866**	**213,660,635**	***23.8%***
Net Profit Margin	*0.7%*	*0.6%*	

Balance Sheet

In EGP	FY22	FY23
Non- Current assets		
Fixed Assets (net)	909,779,373	1,061,746,170
Projects Under Construction	944,814,631	427,510,272
Intangible assets (net)	30,183,986	219,017,302
Right of Use Assets (net)	301,102,848	695,052,758
Investments in sister companies		15,918,463
Notes receivable - Long term	84,457,838	78,932,234
Deferred tax Assets	82,000,275	114,398,274
Total Non-Current Assets	**2,352,338,951**	**2,612,575,473**
Current assets		
Inventories	2,613,821,348	3,194,808,025
Accounts & Notes Receivable (net)	5,759,349,799	9,743,889,331
Suppliers in-advance	237,359,436	328,105,821
Debtors and other debit balances (net)	567,368,742	767,821,328
Due from related parties	72,023	10,540
Cash on hand and at banks	541,210,495	1,130,726,519
Assets Held For Sale	792,272,436	771,873,889
Total Current Assets	**10,511,454,279**	**15,937,235,453**
Total Assets	**12,863,793,230**	**18,549,810,926**
Shareholders equity		
Issued and paid- up capital	279,041,877	252,000,000
Share Premium (special reserve)	277,500,000	237,412,116
Legal Reserve	77,093,363	126,000,000
Legal Reserve - Subsidiaries		217,252
General Reserve	3,079,334	3,079,334
Treasury Stock Reserve	(12,949,932)	(171,643,212)
Treasury Stock	(185,735,156)	
Retained Earnings	821,458,846	1,002,054,151
Total owner's equity of the holding company	**1,259,488,332**	**1,449,119,641**
Non- Controlling interests	388,327	158
Total owner's Equity	**1,259,876,659**	**1,449,119,799**
Non-Current liabilities		
Loans – Long term	640,919,318	363,816,582
Lease liabilities – Long term	281,670,327	620,416,926
Notes payable-Long term	211,262,076	192,200,504
Total Long-term Liabilities	**1,133,851,721**	**1,176,434,012**
Current liabilities		
Credit Facilities	2,289,930,326	3,165,450,940
Short term loans and current portion of long-term loans	479,174,878	475,877,345
Suppliers and notes payable	7,452,906,511	11,858,321,994
Creditors & other credit balances	123,231,813	206,855,072
Account receivable in advance	5,502,614	13,048,790
Income taxes payable	26,731,735	79,906,663
Current portion of lease liabilities	90,411,258	117,939,365
Provision	2,175,715	6,856,946
Total Current Liabilities	**10,470,064,850**	**15,924,257,115**
Total owner's Equity and Liabilities	**12,863,793,230**	**18,549,810,926**

Cash Flow

In EGP	FY22	FY23
Cash flow from operating activities:		
Net profit for the year before tax and non-controlling interests	175,307,614	268,015,434
Adjustments to reconcile net profit to cash from operating activities:		
Depreciation of fixed assets	114,044,679	114,181,643
Amortization of intangible assets	5,640,030	6,567,108
Depreciation of Right of use assets	68,489,624	70,039,767
Expected credit (losses) / Impairment in the value of account and notes receivable	65,529,994	83,845,217
Sale assets held for sale (Gain)	(458,817)	(909,509)
Sale of fixed assets (Gain)	(754,433)	(482,051)
Financing Expenses	477,087,007	1,043,962,683
Retained earnings settlement	(39,178,506)	
Loss from sister Company		1,130,726
Provision for claims		5,000,000
Net Operating profit before changes in working capital	**865,707,192**	**1,591,351,018**
Changes in working capital:		
Change in inventory	(270,299,393)	(580,986,677)
Change in accounts and notes receivable	(85,198,318)	(4,068,109,145)
Change in suppliers in- advance	(129,839,071)	(90,746,385)
Change in debtors and other debit balance	55,801,391	(273,640,368)
Change in due from related parties	(72,023)	61,483
Change in suppliers and notes payable	558,675,390	4,386,353,911
Change in account receivable in-advanced	(2,646,656)	7,546,176
Change in creditors and other credit balances	(147,871,452)	84,282,907
Cash flow from operating activities	**844,657,060**	**1,056,112,920**
Used from Provisions	(1,257,476)	(318,769)
(Paid) from financing interest	(481,520,271)	(929,980,685)
Net cash flow from operating activities	**361,879,313**	**125,813,466**
Cash flow from investment activities:		
(Payments) to acquire fixed assets and projects under construction	(798,460,564)	(354,039,348)
Payment to acquire intangible assets	(26,184,044)	(8,228,492)
Payments to acquire assets held for sale	(601,863,669)	
Proceeds from selling fixed and intangible assets	1,995,439	3,483,335
Proceeds from selling assets held for sale	48,456,499	78,966,915
Net cash flow (used in) investment activities	**(1,376,056,339)**	**(279,817,590)**

Cash flow from financing activities:		
Dividends paid	(140,400,000)	(22,938,409)
(payments) in treasury stock	(185,735,156)	
Proceeds from selling treasury stock	491,055	
Proceeds from credit facilities	721,629,353	875,520,614
(Payments) Proceeds from short and long-term loans	712,389,564	(337,391,268)
(Paid) for Lease liabilities	(21,531,093)	(134,241,161)
increase in lease liability		362,570,371
Net cash flow from financing activities	**1,086,843,723**	**743,520,147**
Net change in cash and cash equivalents during the period	72,666,697	589,516,023
Cash and cash equivalents at the beginning of the period	468,543,798	541,210,495
Cash and cash equivalents at the end of the period	**541,210,495**	**1,130,726,518**

About Ibnsina Pharma

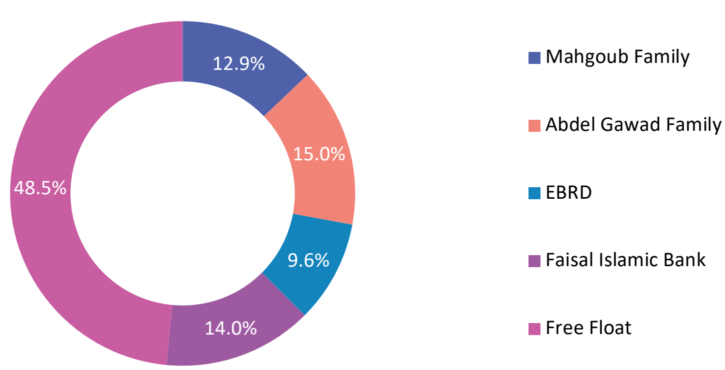
Originally established in 2001, today Ibnsina Pharma is the largest pharmaceutical distribution company in Egypt. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 50 k customers including pharmacies, hospitals, retail outlets and wholesalers using a fleet of around 830 vehicles.

Ibnsina Pharma's core services for suppliers include management of warehousing and logistics for pharmaceutical products as well as the development and execution of tailored marketing solutions targeting a nationwide database of customers. The Company also provides efficient and reliable order-taking and delivery services to customers and was the first in its industry to pioneer a telesales model. Operating nationwide, Ibnsina Pharma's team of more than 6,000 employees is dedicated to improving people's quality of life by ensuring their access to safe and high-quality pharmaceutical products.
For more information about Ibnsina Pharma, please visit: www.ibnsina-pharma.com.

For further information,
please contact:

Mohamed Shawky
Investor Relations & Corporate Communication Director
Email:
mohamed.shawky@ibnsina-pharma.com

Shareholding Structure



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, which 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 prices, costs, ability to retain the services of certain key employees, 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.