



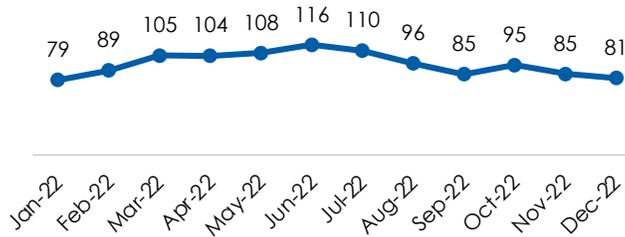
Ibnsina Pharma Investor Presentation

Egypt's Fastest Growing
Pharmaceutical Distributor

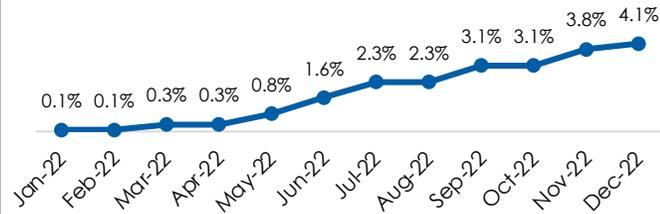
- *Largest pharmaceutical distributor with a market share of 23% in December 2022*
- *~47k clients served annually through a network of 65 operational sites and a fleet of 803 vehicles*
- *5-year revenue CAGR of 23% compared to normalized market CAGR of 18%*

The global economy has witnessed some challenges since the beginning of this year ...

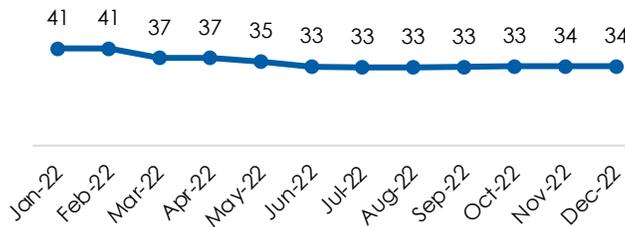
Petrol Barrel Price



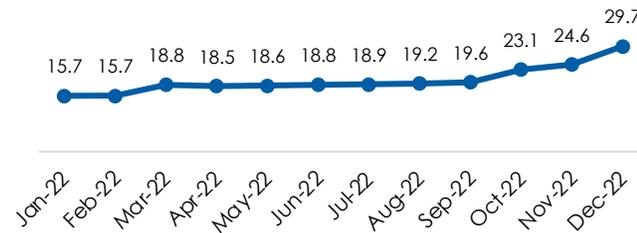
Federal Effective Funds Rate



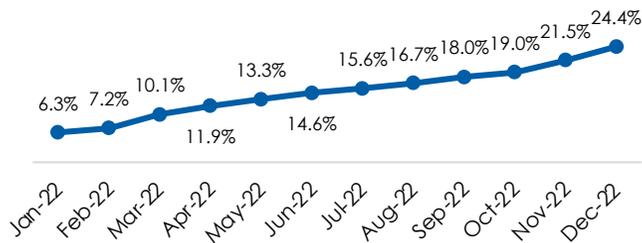
National Reserves



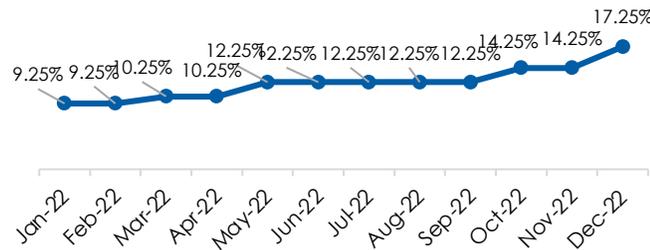
USD vs EGP



Egypt Inflation



Egypt Interest Rates



1

The global economy has witnessed some challenges during this year specially after the Russian Ukraine War

2

This war impacted the price of the petrol barrel spiking from **USD 89** in **Feb-22** to **USD 110** in **July-22** and now it reached **USD 81** in **December 22**

3

The federal bank raised the effective funds rate to reach **4.1% Dec-22** compared to **0.08%** at the beginning of the year

4

The Egyptian national reserves decreased to reach **USD 34 Billion** compared to **USD 41 Billion** at the beginning of the year

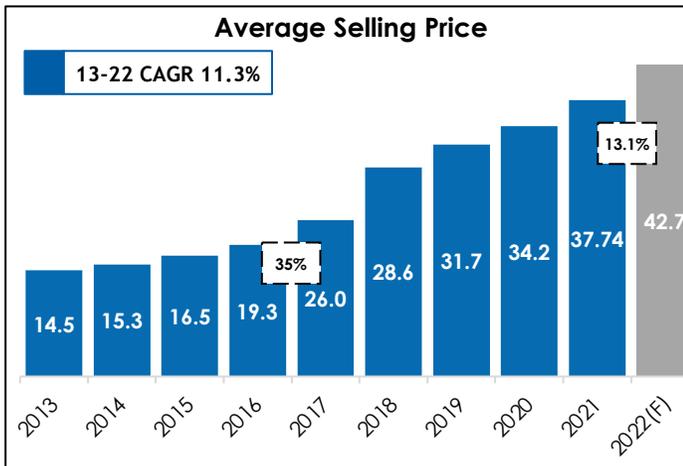
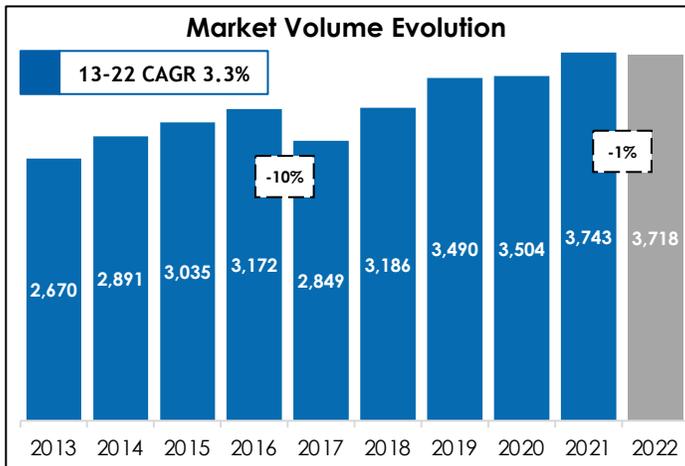
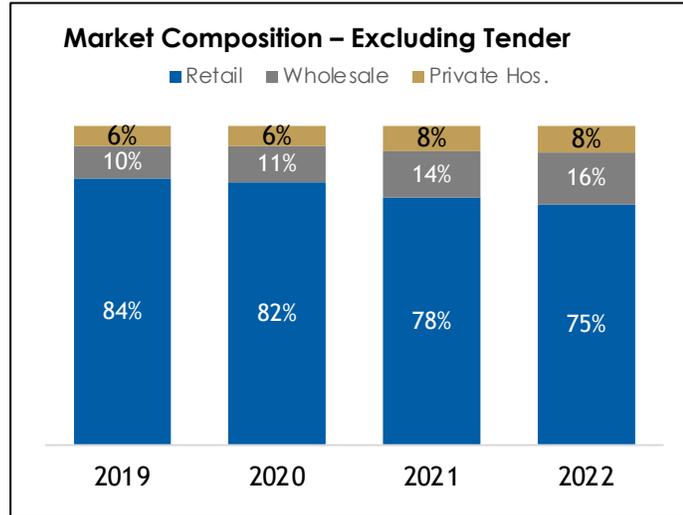
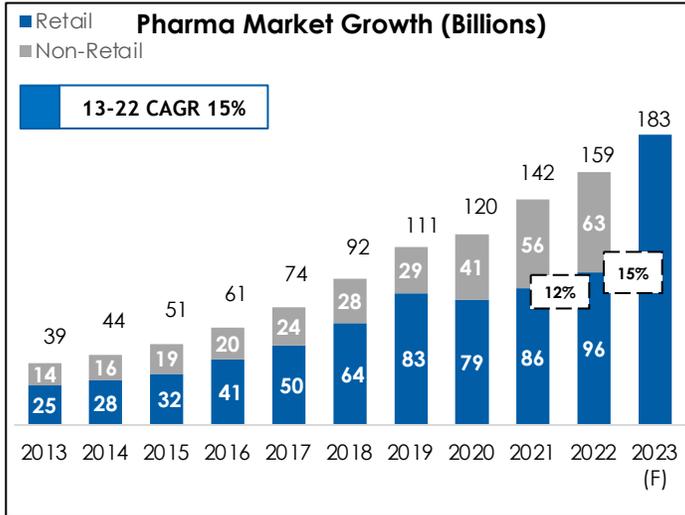
5

Devaluation rounds took place in March and Nov raised the USD exchange rate from **EGP 15.72** to **EGP 29.7** in Nov 2022

6

As a result, an inflation wave impacted all sectors . **Inflation rate** increased from **6.3%** in Jan-22 to **24.4%** in Dec-22 and as a controlling action the **interest rate reached 17.25%**

... however, the pharma grew in 2022 by 12.1% and expected to grow by ~15-16% in 2023 with a declining rate for the retail contribution ...



Market Growth Drivers

- Ageing & Growing Population
- Increase of Chronic Diseases
- Increase of Generic Uptake
- Price Adjusting Waves
- Higher Priced Drug Replacements
- New Products Introduction

Pharma Market Current Challenges

- As a result of the rising inflation rate and given that the market is price regulated; all pharmaceutical sector players are pressured with **higher cost and squeezed margins**
- Increasing interest & exchange rates impacted the **financing expenses** leading to **higher debt** level across all the pharma chain
- The **wholesale sector contribution is steadily increasing** from the total market. **This sector is cash-based with high cash discount** compared to the retail sector

Income Statement

Income Statement FY 2022 consolidated

Description	FY 2022		FY 2021		Growth	
	Value	%	Value	%	Value	%
Total Sales	22,916,899,273	100.0%	22,414,112,190	100.0%	502,787,083	2.2%
Cash Discount Given	(652,404,173)	(2.8 %)	(681,279,399)	(3.0 %)	28,875,226	(4.2 %)
Net Sales	22,264,495,100	97.2%	21,732,832,791	97.0%	531,662,309	2.4%
COGS	(20,647,700,037)	(92.7 %)	(20,103,313,870)	(92.5 %)	(544,386,167)	2.7%
Gross Profit	1,616,795,063	7.3%	1,629,518,921	7.5%	(12,723,858)	(0.8 %)
Operating Expenses	(887,580,720)	(4.0 %)	(829,219,895)	(3.8 %)	(58,360,825)	7.0%
Provisions for clients bad debt	(65,529,994)	(0.3 %)	(6,670,508)	(0.0 %)	(58,859,486)	882.4%
EBITDA	663,684,349	3.0%	793,628,518	3.7%	(129,944,169)	(16.4 %)
Total Depreciation	(188,467,042)	(0.8 %)	(178,087,304)	(0.8 %)	(10,379,738)	5.8%
EBIT	475,217,307	2.1%	615,541,214	2.8%	(140,323,907)	(22.8 %)
Financial Exp.	(438,677,779)	(2.0 %)	(283,892,260)	(1.3 %)	(154,785,519)	54.5%
Credit interest from clients	133,256,538	0.6%	84,877,659	0.4%	48,378,879	57.0%
Net Financial Exp.	(305,421,241)	(1.4 %)	(199,014,601)	(0.9 %)	(106,406,640)	53.5%
Operating Profit	169,796,066	0.8%	416,526,613	1.9%	(246,730,547)	(59.2 %)
Other Income	7,758,094	0.0%	9,985,630	0.0%	(2,227,536)	(22.3 %)
Other Expense	(2,246,546)	(0.0 %)	(1,169,560)	(0.0 %)	(1,076,986)	92.1%
EBT	175,307,614	0.8%	425,342,683	2.0%	(250,035,069)	(58.8 %)
Income Tax	(26,731,735)	(0.1 %)	(101,105,351)	(0.5 %)	74,373,616	(73.6 %)
Deferred Tax	22,298,471	0.1%	(9,840,452)	(0.0 %)	32,138,923	(326.6 %)
Net Profit	170,874,350	0.8%	314,396,880	1.4%	(143,522,530)	(45.7 %)
Non- Controlling	(1,710,516)	(0.0 %)	(330,948)	(0.0 %)	(1,379,568)	416.9%
Holding EAT	172,584,866	0.8%	314,727,828	1.4%	(142,142,962)	(45.2 %)

OPEX Insights

1

Gross profit margin was affected by Aim operating cost, that was recorded before as SG&A

2

The OPEX increased by **7.0%** since Jan 2022 although the inflation reached **24.4% in December 2022 while it was 6.3% in January 2022**

3

The management adopted conservative plan for the annual **merit increase** with an average of **8%** besides working on a restructuring exercise that led to increase the **total employment cost by only 5.89%**

4

Devaluation raised the USD value from **EGP 15.72** to reach **24.76 EGP** end of December 2022 that impact most of cost elements as consumables, packing, prints, etc. while the **branches' rent increase is around 10%**

5

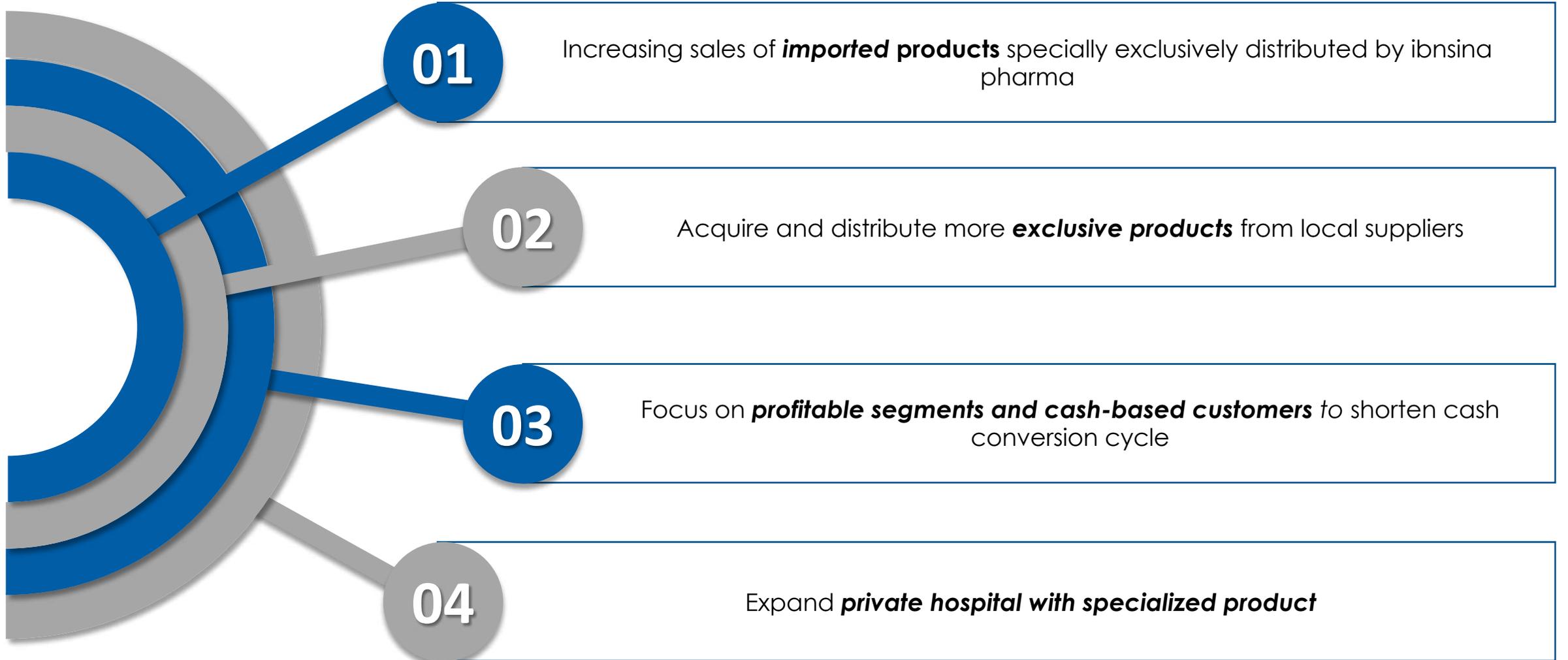
Interest rate reached **17.25%** by December 2022 while it was **9.25%** in Jan 2022 led to increase in the net financial expenses **53%** .

ISP's strategic direction covers six main strategic pillars



ISPH adopts multiple Profitable growth tactics

1-Sustainable Growth through Differentiation



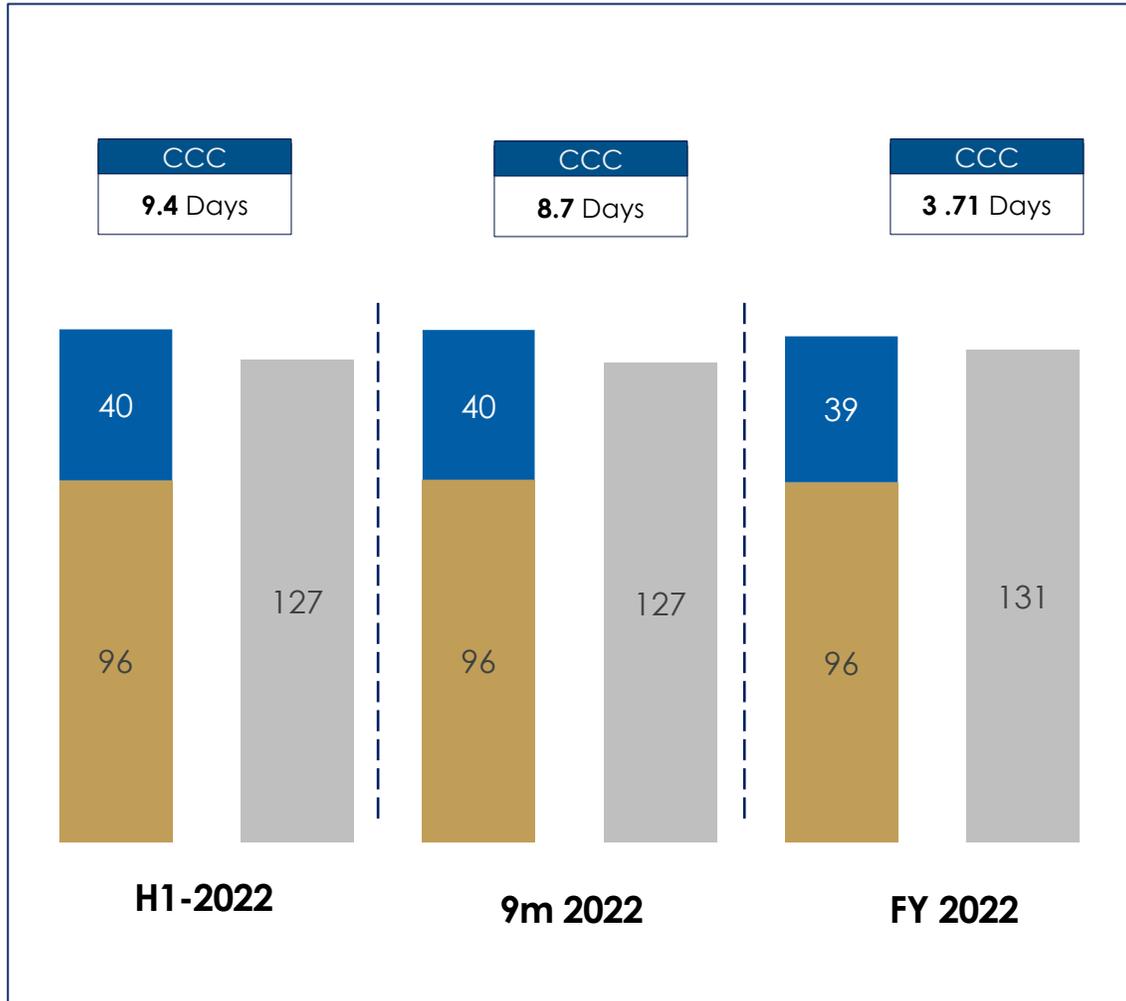
Importation Companies in 2022



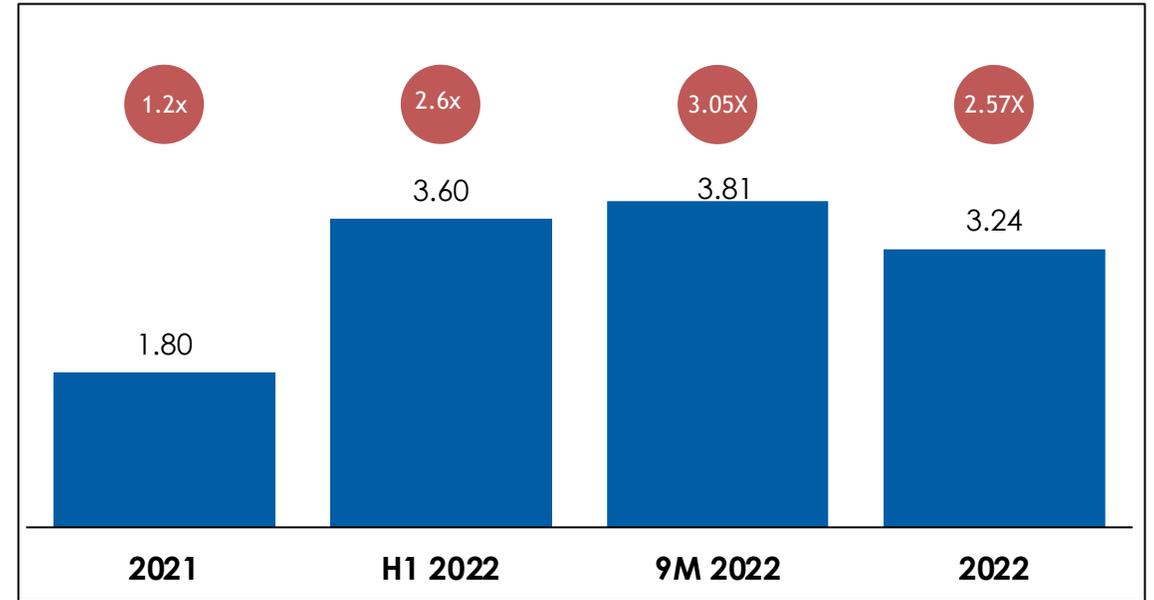
Working Capital Optimization : 5 days decrease in CCC and 564 Mn decrease in net debt

Working Capital Enhancement

Working Capital Forecast



Net Debt , Net Debt to Equity Forecast



Factors Affecting Net Debt to Equity

- 1 CBE restrictions decreased discounting lines (off balance sheet) to be replaced with overdraft
- 2 Dividends distribution decreased shareholders equity and increased the net debt
- 3 Treasury stocks purchase decreased the shareholders equity

Optimizing supply chain network and working capital to improve productivity rate

OPEX Optimization

01



Supply Chain Optimization

1. **Consolidating** current network to achieve higher efficiency
2. **Wave 1** will concentrate on consolidating **Cairo branches** with **4 confirmed sites**. This will yield savings **~7 EGP millions annually (potential growth volume)**
3. **Wave 2** will be **Alex region** with **3 sites under study** then **Canal branches with 1 site**
4. Preparing the network to meet **future sales targets while improving OPEX to sales ratio**

02



Working Capital Enhancement

Receivables – Client Side

1. Adopting new collection and payment strategies
2. Enhancing the net debt by end of Q1 2023

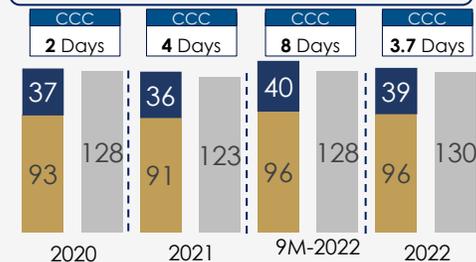
Inventory Levels :

1. Improving the demand forecasting process to optimize days of inventory

Payables - Suppliers Side:

1. Enhancing the payment terms with suppliers to optimize days of sales

Cash Conversion Cycle



03



Productivity Improvement

Organization Structure & Manpower

- o Removing excess layers and optimizing manpower. targeted total saving of **EGP 27.72 Million by Dec 2023**

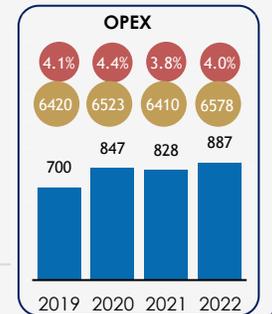
Digital Initiatives:

- o Launching our digital initiatives as Mitel, CCTV, Mobile App and Suppliers Digital Platform allowed us to expand our business operations across all branches without adding extra human resources to keep a high efficiency rate

Productivity Rate (Million / Head)

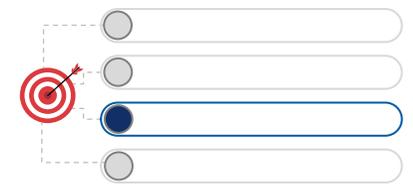


OPEX



Concrete digital infrastructure to support ISPH Strategy

Digitalization Empowerment



Internal



INFOR ERP System:

- Strong & secure ERP system for a better business reporting , customer service and cost saving.
- The System will be fully rolled out by **Q2 2023**

TMS System:



- Specialized software for planning, executing and optimizing of shipment process
- Route optimization enabler and fleet tracking
- **By end of 2023** will be applied on **800 vehicles**

Mitel System:



- Phone system enhancing the productivity of tele-sales workforce

Supplier



Supplier Portal:



- A digital product that provides the suppliers with different reports and analytics 24/7
- Currently **300 supplier** are onboard
- **Expected EGP 14 Million net revenues in 2022**

EDI System:



- integration and interchange of data electronically with our suppliers through a standard process
- We started the piloting phase with Abbot Pharmaceutical

Customer



B2B Mobile App:



- A digital **self service channel** to receive the orders from dealing pharmacies
- **29,000 Active Clients**
- **14,000 Dealing Clients**
- **Expected EGP 700 Million revenues in 2022**

Field Force App:



- Digitization the communication between the suppliers, ISP & the pharmacies
- **50 supplier** are onboard
- **EGP 40 Million** targeted sales per month

PharmaSys:



- First pharmacy management system (PMS) built on **AI** to enhance the replenishment cycle as well as getting an access to clients' live data

In order to diversify the investment, AIM is currently investing in four companies ...

Investment Diversification



Ramp Logistics

- Ramp is a leading supply chain & third-party logistics (3PL) provider established by Ibsina Pharma to cater for the growing demand for warehousing and transportation outsourcing.
- Backed by Ibsina Pharma, Ramp brings 20 years of experience in distribution, warehousing and transportation management through a long-term relations with over 350 multinational and local pharma players in the Egyptian market.



- “Ibsina Trade” to capture growth opportunities in medical promotional Services, pharmaceuticals exports, non-food FMCG products distribution.



- Dgi360 is for those looking for continuous improvement, who want to always be ahead, Digi360 gives you advanced, tailored digital and technological solutions for your business to maintain your customers' satisfaction level and achieve the growth you aspire to.

In order to diversify the investment, AIM is currently investing in four companies ...

Investment Diversification



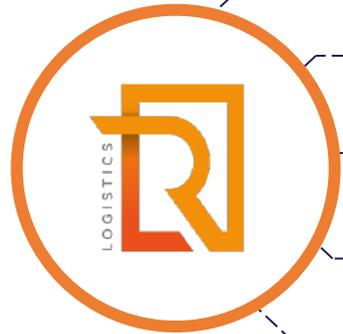
El Shorouk Hospital

- Unique licensed, furnished and ready-to-operate hospital in an underserved geographical location. The only 5 stars general hospital within El Shorouk (only B- & C class hospital exists).
- Central location between El Shorouk, Badr ,Madinty & Canal line cities serving a Population around 4.5 - 5 million. The acquisition moves Ibsina Pharma from fixed margin to a free and lucrative margin business. NPM is estimated in the range of 20%-25%, when reaching full utilization.
- Overcoming the new regulatory requirements for building new hospitals.
- The acquisition included the hospital management company along with its professional team. Launching the hospital operation is expected by Q4 2022

Diversification by tapping into the high margin logistics sector through Ramp logistics ...

Investment Diversification

1- Ramp Logistics



- A 3PL company serving three main sectors; Pharma, FMCG and e-Commerce 
- Nationwide warehouses with **25,000 m2** 
- A transportation and **distribution fleet** covering **all over Egypt** 
- A high margin industry with a **light asset model based on build to rent** the warehouses 
- Targeting **EGP 300 Million** revenues by end of **2024** 

Clients



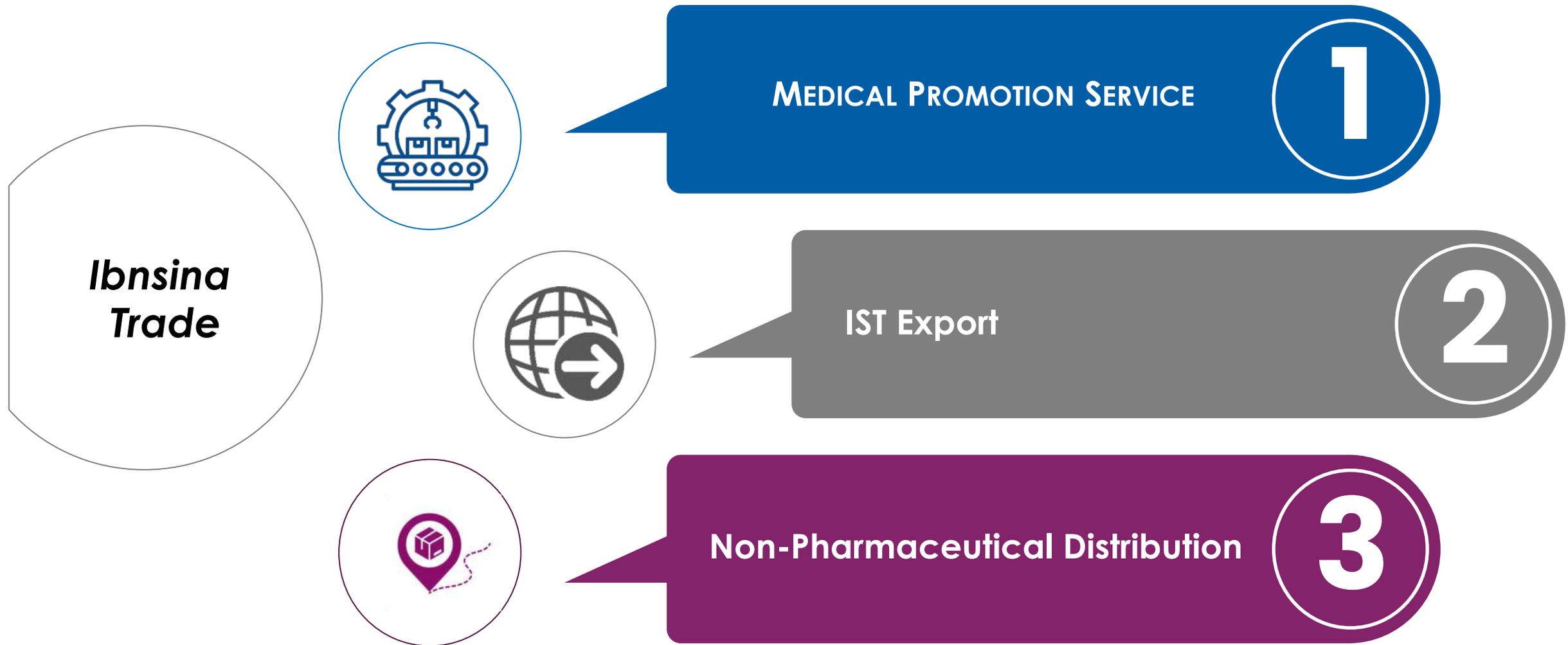
Market Opportunities



	Pharma 	FMCG 	e-Commerce 
Warehousing Sites	4 Sites	5 Sites	1 Site
Pallet Positions 	18k PP + 1k PP	7k PP + 15k PP	3k PP
Fleet 	120 (38 Owned)	Rent (9 Owned)	Total Logistics Market  Last-mile Vendors

Ibnsina Trade will focus on three main areas

Investment Diversification



Medical promotion service

Investment Diversification

MEDICAL PROMOTION SERVICE

- An asset light business model
- Market size of EGP ~**2bn**
- Net Profit Margin of **25%**
- Objective to **acquire 30%** coming 3 years
- Finalized a contract in Q4 2022 with Sandoz
- 2023 Plan is to add 4 more Suppliers

TOLL MANUFACTURING

- Select a good portfolio of Cosmeceuticals, nutraceuticals , OTC and branded generic items
- Register our acquire the selected products
- Toll manufacturing with best deal and quality with our business partners
- Build a dedicated team for marketing and promotion

CLIENTS



The Export will focus on 4 main African countries

Investment Diversification

EXPORT

There are two types of exported products:

- **Our Products**
 - Select **a product portfolio** that is suitable for most of the African countries
 - **Register or acquire the selected products in Egypt**
 - Register our **products in across the IST countries**
 - **Short term from the local companies future our own toll manufacturing**
- **Agencies**
 - Sign and exclusive agreement with the Egyptian Pharma manufacturers to market their products in each country
 - Register the suitable products of each supplier in each country
- We are **targeting 4 African countries**, 2 of them through partnership agreements; **Ghana**, Kenya and the other 2 through direct assigned teams; Rwanda, Tanzania,

COUNTRIES



Non-pharmaceutical distribution

Investment Diversification

NON-PHARMACEUTICAL DISTRIBUTION

- Build a dedicated supply chain that is designed according to products nature and Customer need (Big branches with low cost per meter)
- Strengthen the current product list by acquiring new and strong suppliers in cosmetics, personal care, para pharmaceuticals, devices ... etc
- We will penetrate new channels as modern trade, traditional trade, bulk , medical shops, online... etc

TARGET SUPPLIERS

The Reckitt logo features a red circular icon with a white '@' symbol inside, positioned above the word "reckitt" in a bold, pink, sans-serif font.The L'Oréal logo consists of the word "L'ORÉAL" in a black, serif font, with the 'O' and 'É' characters being notably larger and more prominent.The Johnson & Johnson logo is written in a red, cursive script font, with the ampersand being a central, decorative element.The P&G logo is rendered in a large, bold, blue serif font, with the ampersand being a prominent, stylized part of the design.

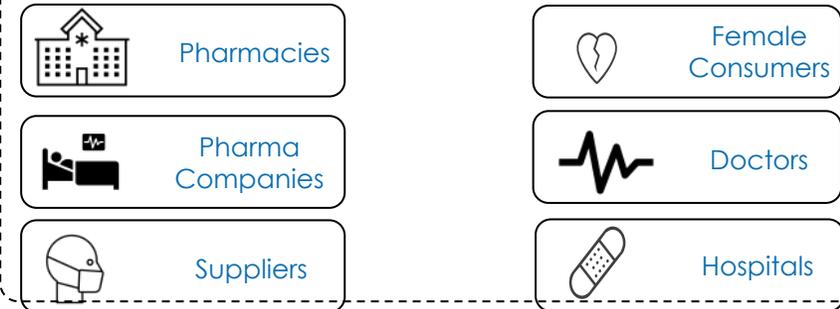
Diversification by tapping into the booming Digital products & Services ...

Investment Diversification

1- DIGI 360



Digi360 Target Customers



iHealthhub & VOUA Customers



iHealthhub & VOUA Suppliers



ISP taps into hospital business with the acquisition of El Sherouk hospital

Investment Diversification

Sherouk Hospital

Location 

El-Shorouk City

Cities Served 

El-Shorouk City, Badr,
Madinaty & Canal Cities

Population Served 

4.5 – 5 Million

Total Investment 

430 Million

Starting Operations 

Q4 2022

Hospital Figures

 10,000
Meter Square

 2
Catheter Rooms

 105
Beds

 10
NICU Department

 4
Operating Rooms

 21
Specialized Clinics

Other Main Highlights:

- Radiology department
- Complete dental units
- Laser and dermatology
- Physical therapy department
- Cosmetic services clinics
- Lab/Pharmacy
- Blood Bank
- Fully equipped ICU ambulance cars`

Staff

170

Cases

1,944

Clinic Visits

848

Surgeries

33

Emergencies

618

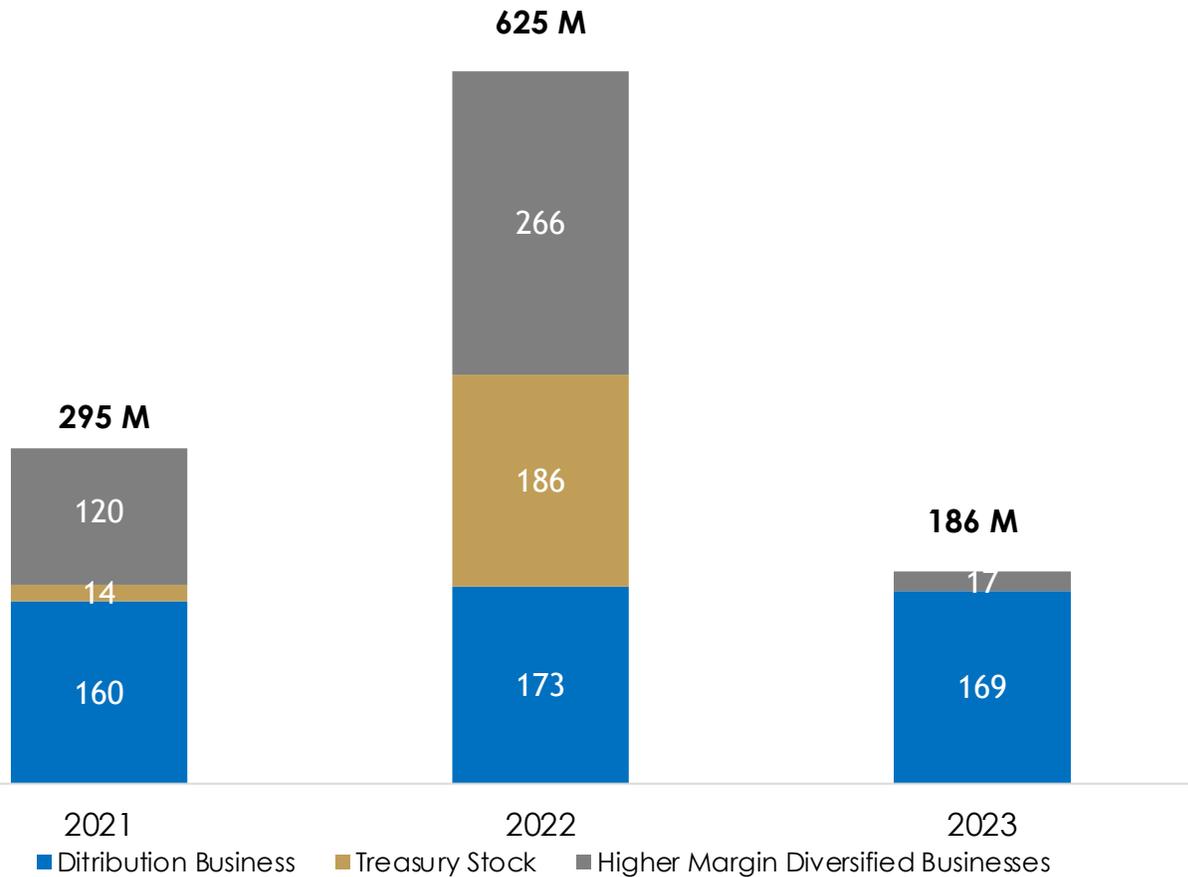
Revenue/Month

1mn



An Investment plan that covers investing in higher-margin diversified businesses, distribution business and treasury stocks

3- Investment Plan



Treasury Stocks

Board of Directors approved the purchase of treasury shares of 10% and its cancellation

Supporting stock performance and boosting investors' confidence

Positive impact on EPS



ibnsinapharma