

## Ibnsina Pharma Releases 1H2020 Results

*Ibnsina Pharma maintains double-digit revenue growth despite COVID-related disruptions; top line climbs 17.6% year-on-year to EGP 8.9 billion, with a significant improvement in cash flow from operations*

### 1H2020 Highlights

#### Net Revenues

**EGP 8.9 BN**

▲ 17.6% y-o-y

#### Gross Profit

**EGP 701.2 MN**

▲ 15.3% y-o-y

#### EBITDA

**EGP 326.9 MN**

▲ 8.9% y-o-y

#### Net Profit

**EGP 89.0 MN**

▼ 13.8% y-o-y

### Cairo, 13 August 2020

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's fastest-growing and second-largest pharmaceutical distributor, released today its audited results for the six-month period ended 30 June 2020, booking net revenues of EGP 8.9 billion, up 17.6% year-on-year despite disruptions arising from the COVID-19 pandemic. Gross profit expanded by 15.3% year-on-year, reaching 701.2 million, while the gross profit margin recorded 7.90% for 1H2020, reflecting the growing top-line contribution from Ibnsina Pharma's credit-intensive wholesale business, which utilizes cash discounts with customers.

Meanwhile, EBITDA came in at EGP 326.9 million in 1H2020, up 8.9% year-on-year. Ibnsina Pharma's EBITDA margin recorded 3.68% in 1H2020 against 3.98% one year previously as a result of the temporarily weak market growth in 1H2020, which prevented the company from leveraging its advantages in economies of scale. The company booked a net profit of EGP 89.0 million during the period, representing a bottom-line decline of 13.8% year-on-year. This was driven by rising depreciation expenses stemming from an increase in fixed assets, as well as outlays of EGP 9 million in donations to support the Egyptian government's efforts to stop the spread of COVID-19 and approximately EGP 7 million in COVID-related expenses. Ibnsina Pharma's net profit margin recorded 1.00% in 1H2020 against 1.37% one year previously.

On a quarterly basis, Ibnsina Pharma's revenues grew at 16.0% year-on-year to record EGP 4.4 billion. Quarterly gross profit expanded at 12.9% year-on-year, reaching EGP 356.3 million and yielding a gross margin of 8.04%. EBITDA registered EGP 155.8 million in 2Q2020. Net profit declined by 36.8% year-on-year to book EGP 38.7 million in 2Q2020, while the net profit margin stood at 0.87% for the quarter

### Summary Income Statement

EGP mn	2Q2020	2Q2019	Change	1H2020	1H2019	Change
Net Revenue	4,430.3	3,819.8	16.0%	8,873.3	7,546.1	17.6%
Gross Profit	356.3	315.5	12.9%	701.2	608.3	15.3%
GP Margin	8.04%	8.26%		7.90%	8.06%	
OPEX	209.4	168.4		394.3	323.9	
OPEX / Sales	4.73%	4.41%		4.44%	4.29%	
EBITDA	155.8	156.2	-0.3%	326.9	300.3	8.9%
EBITDA Margin	3.52%	4.09%		3.68%	3.98%	
Net Profit	38.7	62.2	-36.8%	89.0	103.2	-13.8%
NP Margin	0.87%	1.60%		1.00%	1.37%	

## Comments from our Co-CEOs

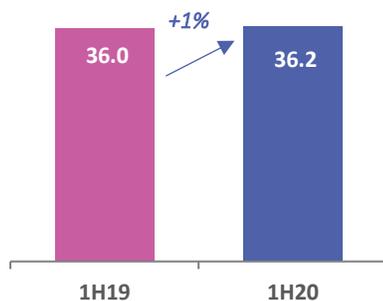
“Halfway through an eventful and challenging year, Ibnsina Pharma and Egypt’s broader pharmaceutical market continue to successfully weather the impact of the COVID-19 pandemic,” **commented Omar Abdel Gawwad, Co-CEO of Ibnsina Pharma.** “Given the industry’s defensive nature and strong fundamentals profile, the sector has been less affected than other sorts of economic activity. Despite an intensification of lockdown measures during the months of April and May in particular, Ibnsina Pharma maintained double-digit top-line growth of 17.6% year-on-year, significantly outperforming the broader market and recording revenues of EGP 8.9 billion for the first half of 2020. The company’s strong position as Egypt’s fastest-growing pharmaceutical distributor has provided a significant measure of protection.”

“June witnessed a significant rebound in market activity and we expect the second half of the year to see a further uptick in pharmaceutical sales following the removal of curfew measures and the reopening of public and doctor’s clinics. This development will enable the company to overcome the temporary decline in growth as our ability to leverage economies of scale are better reflected in our results following an increase in operating expenses required to meet our growth targets during the first half of 2020,” **Omar continued,** “Management is familiar with the market’s patterns of recovery, having successfully withstood similar episodes of instability in 2011 and 2013. Our business model emphasizes the dynamic and integrated mitigation of business risk, and we have been proactive in defensively building our inventories. We have not experienced pharmaceutical shortages through the COVID-19 crisis, while our diversified and broad base of manufacturing partners typically maintain inventories sufficient for 3-6 months of demand, allowing the market to rest easy as regards the availability of active pharmaceutical ingredients.”

“Dominated by the COVID-19 crisis and the response to the pandemic, the first half of 2020 has thrown the importance of the healthcare sector into focus in Egypt and across the globe,” **said Mahmoud Abdel Gawwad, Co-CEO of Ibnsina Pharma,** “We expect ever greater attention to be paid to healthcare and pharmaceuticals over the coming months and years as Egypt works to develop its capabilities in this area and ensure availability of critical supplies. The company wholeheartedly supports the government of Egypt’s efforts to stop the spread of the virus which causes COVID-19 and to develop the country’s healthcare sector to the fullest extent.”

“With this in mind, we have not altered our commitment to the continuous and efficient development of our logistical and operational capacities through the adoption of digital technologies. With the launch of our Mobile App and Web Portal on the App Store and Google Play, we have brought Ibnsina Pharma even closer to its customers across Egypt while enhancing our own ability to anticipate and respond to dynamic demand patterns. We remain highly confident in the potential of Egypt’s pharmaceutical sector to continue generating significant value for stakeholders, as demonstrated by Ibnsina Pharma’s establishment of an investment company dedicated to opportunities in the space. Management continues to assess one or more potential acquisitions in the Egyptian pharmaceutical sector that will complement Ibnsina Pharma’s existing operations and yield superior returns to our shareholders through backward integration and the resulting synergies,” **Mahmoud concluded.**

Market Growth, Retail  
(EGP bn)



ISP Market Share (Retail)



## Market Overview

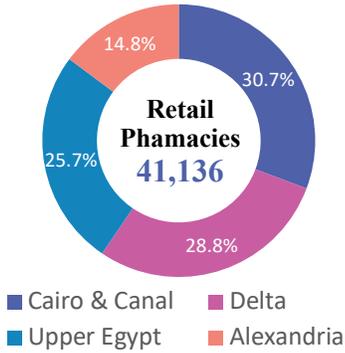
Egypt’s retail market for pharmaceuticals generated sales of EGP 36.2 billion during the first six months of 2020, according to data published by IMS Health. The figure represents a subdued year-on-year increase of 0.8% from the EGP 36.0 billion registered during the first half of 2019, when growth for the market as a whole registered approximately 9% year-on-year. Pharmacy sales were significantly affected by the COVID-19 pandemic during the period, with curfews imposed by the authorities in order to contain the spread of the virus reducing customer mobility. The effects of the pandemic and associated measures were particularly pronounced during 2Q-2020, with market sales declining by 11.0% and 16.0% during April and May, respectively. Egypt’s pharmaceutical retail market recorded total volumes sold of 1,129 million units in 1H2020, a decrease of 4.8% year-on-year from the 1,187 million units sold in 1H2019. The decrease in volumes was similarly driven by stringent mobility restrictions in place during the period and by the temporary closure of public hospitals’ outpatient clinics and doctors’ clinics. Sales growth during the period continued to be driven by an increase in the average selling price (ASP).

The imposition of curfews and curbs on movement during the period affected supply chains across several industries during the period, including pharmaceutical distribution. On the supply side, sales representatives’ mobility was restricted and the period saw a slowdown in sales visits to doctors and hospitals. Meanwhile, doctors’ reduced operating hours brought adverse effects from the demand side. Market sales registered a significant rebound during the month of June, climbing 18% as the government moved to cancel curfews and phase out mobility restrictions, with a consequent reopening of public and doctors’ clinics. Despite the abovementioned disruptions, Ibnsina Pharma’s strong presence in both the retail and nonretail segments of Egypt’s pharmaceuticals market continued to support the company’s performance during the period. Operational diversification has allowed Ibnsina Pharma to mitigate against supply chain risk: the company’s base of 350 local and international suppliers and its inventory of over 9,500 SKUs provide a measure of immunity not available to single producers and hospitals. As a result, Ibnsina has not experienced and does not expect to experience product shortages, with its manufacturing partners enjoying inventory buffers sufficient for 3-6 months of production and a significant margin of safety as regards supplies of active pharmaceutical ingredients (APIs).

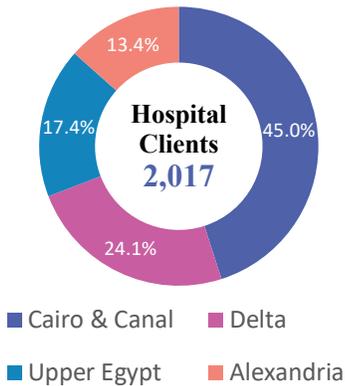
It is expected that the market will return to the rapid growth trajectory implied by its solid fundamentals during the second half of the year, conforming to the pattern seen during previous periods of disruption in 2011 and 2013. Rising at an annual rate of c.2%, above the average for regional peers, Egypt’s population has now reached the 100-million mark. 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 pharmaceutical continues to lag behind regional peers, however, leaving significant room for further growth and attracting large investments from domestic and foreign pharma players.

Ibnsina Pharma remains Egypt’s fastest-growing distributor of pharmaceutical products, a distinction the company has maintained for several years. The company registered gross year-on-year sales growth of 9.7% for 1H2020, outperforming the wider industry by a margin of 8.9%. Ibnsina Pharma recorded a market share of 22.8% in the retail segment, up from 20.7% in 1H2019.

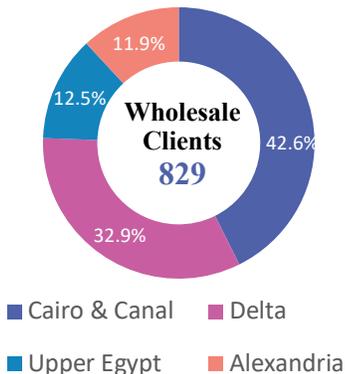
**Retail Pharmacies by Geography (1H2020)**



**Hospital Clients by Geography (1H2020)**



**Wholesale Clients by Geography (1H2020)**



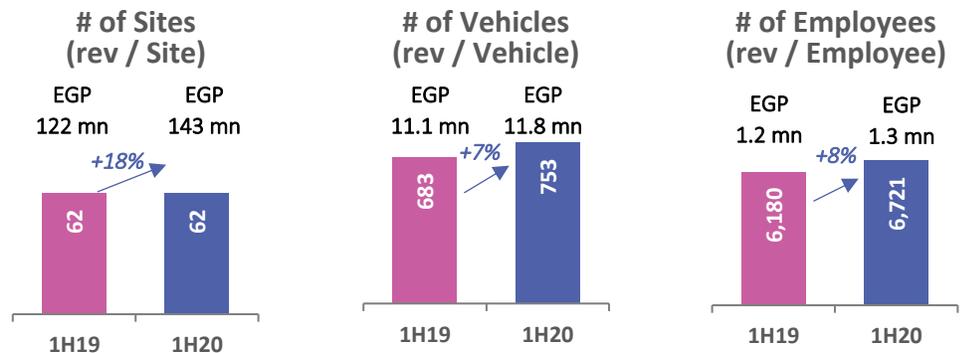
**Operational Review**

Ibnsina Pharma served 43,982 clients during 1H2020, up from the 42,087 clients served during the first half of the previous year. Cairo and the Canal Zone, Egypt’s most heavily populated metropolitan areas, accounted for 31.6% of Ibnsina Pharma’s client base during the period. Clients in the Delta and Upper Egypt constituted 28.6% and 25.1% of Ibnsina Pharma’s client base, respectively. Meanwhile, Egypt’s second largest city, Alexandria, was home to 14.7% of the company’s clients in 1H2020. The company maintains an optimal distribution of its client base, aligning the network with geographic population density.

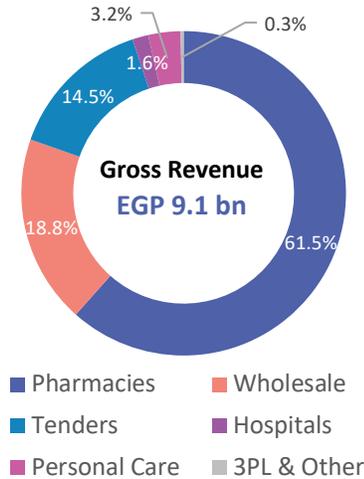
Ibnsina Pharma’s distribution network included 62 sites in 1H2020, unchanged from one year previously. Total revenue per site rose by 18% between 1H2020 and 1H2019, climbing from EGP 122 million to EGP 143 million during the period. Meanwhile, the company’s fleet grew to 753 vehicles in 1H2020 against 683 vehicles in 1H2019. This expansion has boosted Ibnsina’s ability to efficiently satisfy rising demand, with revenue per vehicle growing by 7% to EGP 11.8 million in 1H2020. Revenue per employee increased by 8% during the period, recording EGP 1.3 million in 1H2020, despite the addition of 541 personnel to help meet Ibnsina Pharma’s objectives for operational expansion.

**COVID-19 Containment Efforts**

Ibnsina Pharma has updated its internal safety policies based on best practice as outlined by the WHO and Egypt’s Ministry of Health and Population, with Management fully communicating updated safety instructions to staff. Employees exhibiting any symptoms of the flu have been asked to remain home and will be monitored by the company, while employees who have been directly exposed to a confirmed case of COVID-19 must remain at home for a period of two weeks. Ibnsina has provided staff with all required disinfectants and PPE, including masks, gloves and hand sanitizer, to for use at all Ibnsina premises. Employees have also been provided with hand sanitizer for personal use. At the Ibnsina’s head office, a work-from-home policy has been implemented, with the premises operating at 50% capacity. Employees with chronic conditions have been asked to work from home. Ibnsina has cooperated closely with the Prime Minister’s Office to ensure that distribution personnel are permitted to operate during curfew hours. Over 70K SMS messages were sent by Ibnsina to pharmacies during the period outlining delivery instructions, with the company’s official Facebook page also utilized in communicating with retail customers.

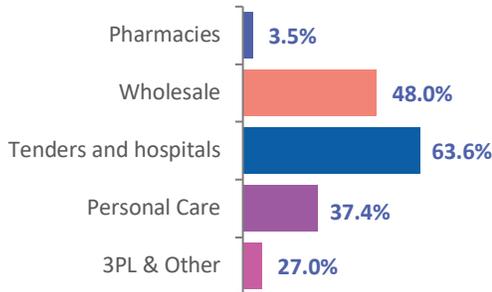


**Revenue\* by Business Line (1H2020)**



\* Revenues refer to gross sales prior to discounts

**Business Line Revenue Growth (1H2020)**

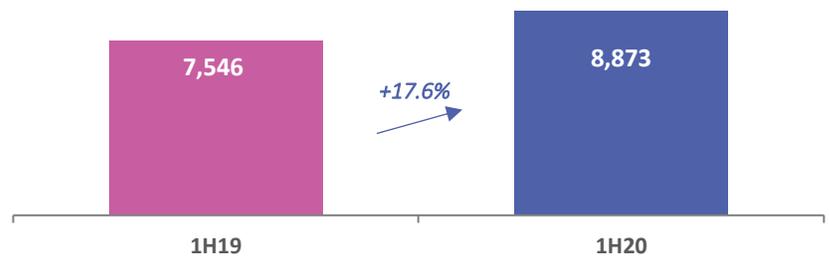


**Financial Performance**

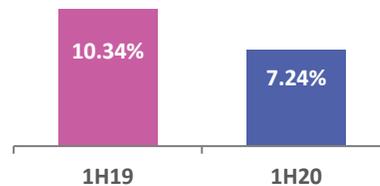
**Revenues**

Ibnsina Pharma booked gross revenues of EGP 9.1 billion in 1H2020, an increase of 17.8% year-on-year. Despite the disruptions to commercial activity caused by COVID-19, Ibnsina’s top-line performance continues to significantly exceed that of the broader market. The company’s core retail business with pharmacies expanded by 3.5% year-on-year to record revenues of EGP 5.6 billion for 1H2020. Retail sales contributed 61.5% of Ibnsina’s consolidated top line for 1H2020, down from 70.1% in 1H2019, reflecting restrictions on customer mobility during the period, particularly during the months of April and May, with further pressure from the temporary closure of public hospitals’ outpatient clinics and doctors’ clinics. Ibnsina’s tenders segment exhibited the period’s most rapid growth, expanding by 67.2% year-on-year to record EGP 1.3 billion and yielding 14.5% of total revenues for 1H2020 against 10.2% in 1H2019. Meanwhile, Ibnsina’s wholesale business continued to recover rapidly, expanding by 48.0% year-on-year and registering EGP 1.7 billion for the first half of 2020. Revenue from the hospitals segment constituted 1.6% of Ibnsina Pharma’s top line in 1H2020.

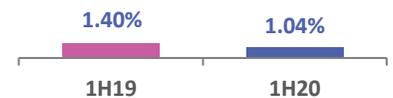
**Net Revenue Progression (EGP mn)**



**Return on Equity**



**Return on Assets**



**Gross Profit Progression  
(EGP mn, % margin)**

**EBITDA Progression  
(EGP mn, % margin)**

**Net Profit Progression  
(EGP mn, % margin)**

**Gross Profit**

Gross profit for 1H2020 came in at EGP 701.2 million, representing an expansion of 15.3% on the EGP 608.3 million recorded in 1H2019. Ibnsina's gross profit margin declined to 7.90% from 8.06% between 1H2020 and 1H2019, reflecting changes in the company's revenue composition with growth in the contribution of the wholesale segment, where sales are made in cash and where clients receive cash discounts.

**EBITDA**

Ibnsina booked an EBITDA of EGP 326.9 million for 1H2020, representing growth of 8.9% from the EGP 300.3 million generated in 1H2019. The period saw Ibnsina's EBITDA margin decrease from 3.98% to 3.68%, with temporarily weak market growth preventing the company from fully utilizing its advantages in economies of scale during 1H2020. This trend is expected to normalize over the second half of 2020.

**Interest Expense**

Interest expense recorded EGP 134.9 million in 1H2020, an increase of 19.2% from the EGP 113.2 million recorded in 1H2019. This increase was driven by Ibnsina Pharma's use of MTLs finance an expansion in CAPEX, as well as growth at the company's tender business and an increase in inventory levels during 1Q20 in particular as the company sought to ensure product availability in the face of market uncertainty.

**Depreciation**

Depreciation expense booked EGP 63.4 million in 1H2020, up by 73.9% from the EGP 36.5 million recorded in 1H2019, driven primarily by an increase in long-term assets investments amounting to EGP 1.27 billion.

**Other Expenses**

Other expenses recorded EGP 16.0 million in 1H2020, a decrease of 19.2% from the EGP 17.7 million recorded in 1H2019. On a quarterly basis, however, other expenses climbed to EGP 14.4 million in 2Q20 from EGP 2.3 million in 2Q19, driven primarily by a donation of EGP 4 million made to the Egyptian Authority for Unified Procurement, a donation of EGP 5 million to the government's 'Ahalena' welfare fund, as well as Covid-19 outlays including disinfectants and PPE for Ibnsina pharma staff and premises.

**Net Profit**

Ibnsina recorded a net profit of EGP 89.0 million in 1H2020, down by 13.8% year-on-year from the EGP 103.2 million posted in 1H2019. The period saw Ibnsina's net profit margin settle at 1.00% for the six-month period.

**Free Cash Flow**

Despite the global economic slowdown and difficulties facing the market with regards to cash availability, Ibnsina Pharma recorded a significant enhancement in cash flow from operating activities during 1H2020. This improvement was mainly driven by an enhancement in the company's working capital position, in addition to a selective rationalization of capital expenditure to support potential sales growth. These factors combined to yield an increase of 544 million in Ibnsina Pharma's free cash flow.

## Key Balance Sheet Items

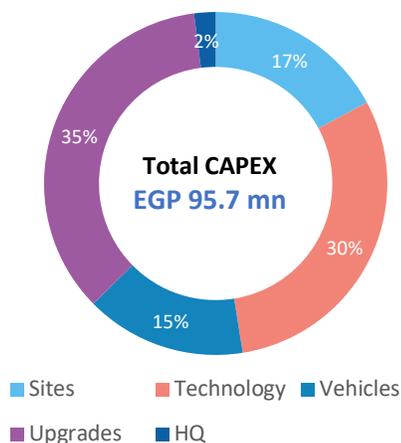
### CAPEX

Ibnsina Pharma made total CAPEX outlays of EGP 95.7 million in 1H2020 against the EGP 173.7 million committed one year previously. Investments during the period included EGP 16.4 million on distribution centers, where construction works were affected by the imposition of a curfew during the period and a consequent reduction in contractors' and government agencies' working capacity. At EGP 33.9 million, upgrades were allocated the highest share of CAPEX outlays for the period, while approximately EGP 14.7 million was invested in vehicles during 1H2020. CAPEX related to the construction of Ibnsina Pharma's headquarters registered EGP 2.2 million during the period. Technology projects were allocated EGP 28.5 million as Ibnsina Pharma continued to implement its pre-COVID plans for technology investment.

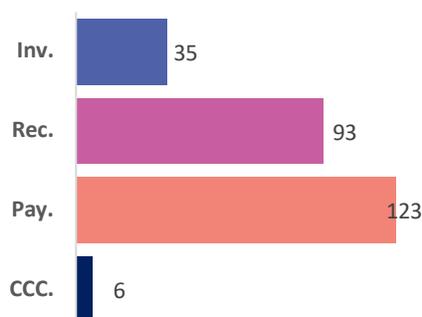
### Working Capital

Ibnsina Pharma's cash conversion cycle increased from 6 days during 1H2019 to 8 days in 1H2020. This climb was driven by an increase in inventory levels as the company sought to ensure product availability in the face of market uncertainty. Inventory DOH recorded 36 days in 1H2020 against 35 days in 1H2019. Receivable DOH registered 95 days during 1H2020, up from 93 days in 1H2019, an increase driven by growth at Ibnsina Pharma's institutional business segments, including tenders and private hospitals, with their credit-intensive nature. Payables DOH were stable over the period, recording 123 days in 1H2020, their same level from one year previously.

CAPEX Breakdown (1H2020)



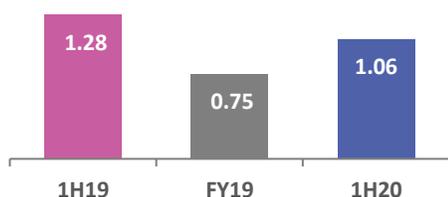
Cash Conversion Cycle 1H2019



Cash Conversion Cycle 1Q2020



Net Debt / Equity



### Net Debt

Ibnsina Pharma registered a net debt/equity ratio of 1.06 in 1H2020, with the company booking a total net debt of EGP 1.3 billion as at 30 June 2020 compared to a balance of 920.5 million at the close of FY2019. Of the net debt position recorded at 1H2020, 66% (EGP 705.6 million) is composed of a medium-term loan allocated to fund Ibnsina's CAPEX efforts, while the remainder is composed of obligations under a financial lease and working capital financing extended in light of the rapid growth in Ibnsina's credit-intensive tender business.

## RECENT CORPORATE DEVELOPMENTS

### Ibnsina Pharma Board Approves Establishment of Investment Company

Ibnsina Pharma's Board of Directors has approved the establishment of a healthcare-focused investment company. Ibnsina Pharma will be the major shareholder, with a stake of more than 99% in the company's authorized capital of EGP 750 million. EGP 300 million of the company's capital will be issued, with EGP 30 million paid in. Management is in the process of analyzing potential opportunities in market segments adjacent to Ibnsina Pharma's core operations. The company is seeking to conclude nonbinding offers to acquire minority stakes in one or several Egyptian pharmaceutical and healthcare companies. Following this, Ibnsina will initiate a detailed due diligence process to arrive at a fair value at which the company will submit a final offer for potential acquisitions pending due diligence results.

It is worth noting that no final agreements have yet been reached with regards to potential acquisitions. Studies and negotiations may succeed or fail pending the results of detailed due diligence processes.

### Ibnsina Pharma Launches Innovative Mobile Application As Part of Digital Transformation Plan

In keeping with the company's strategy of profitably digitizing its logistical and other operations, Ibnsina Pharma has launched the first version of its Mobile Application. The application is available to all active Ibnsina customers for download from the App Store and Google Play. Ibnsina Pharma's clients in Egypt's pharmaceutical market can use the app to rapidly and safely place their orders with the company and review their accounts, enabling Ibnsina to monitor demand patterns around the clock.

Ibnsina Pharma's digital transformation plan encompasses several projects, including a digital Financial Platform giving customers access to multiple financial technology (fintech) products under a single platform, a pharmacy management system, and a supplier self-service platform. The plan aims to enhance the control of cross-functional cooperation and deepen links between all stakeholders in the pharmaceutical supply chain, while boosting the cost-benefit payoff from running investments and providing a proper value analysis for each of the portfolio's pillars. It is expected to align significantly with management's organizational priorities for scalability and continuous increases in market share.

## Income Statement

<i>In EGP</i>	2Q2019	2Q2020	YoY ▲	1H2019	1H2020	YoY ▲
<b>Gross Revenue</b>	<b>3,916,623</b>	<b>4,547,214</b>	<b>16.1%</b>	<b>7,728,104</b>	<b>9,105,608</b>	<b>18%</b>
Net Revenue	3,819,772	4,430,292		7,546,121	8,873,257	
Cost Of Revenue	(3,504,269)	(4,074,015)		(6,937,852)	(8,172,080)	
<b>Gross Profit</b>	<b>315,504</b>	<b>356,277</b>	<b>12.9%</b>	<b>608,268</b>	<b>701,176</b>	<b>15%</b>
<b>Gross Profit Margin</b>	<b>8.26%</b>	<b>8.04%</b>		<b>8.06%</b>	<b>7.90%</b>	
Selling, General & Administrative	168,434	209,390		323,937	394,300	
Penalties on Returned Checks	9,261	8,956		15,993	20,036	
<b>EBITDA</b>	<b>156,331</b>	<b>155,842</b>	<b>-0.3%</b>	<b>300,324</b>	<b>326,912</b>	<b>9%</b>
<b>EBITDA Margin</b>	<b>4.09%</b>	<b>3.52%</b>		<b>3.98%</b>	<b>3.68%</b>	
Depreciation & Amortization	19,100	32,250		36,454	63,386	
<b>EBIT</b>	<b>137,232</b>	<b>123,592</b>	<b>-9.9%</b>	<b>263,870</b>	<b>263,527</b>	<b>0%</b>
<b>EBIT Margin</b>	<b>3.59%</b>	<b>2.79%</b>		<b>3.50%</b>	<b>2.97%</b>	
Financial Expenses	59,256	54,952		113,166	134,939	
Other Expenses	2,267	14,383		17,666	15,962	
Other Income	1,556	1,345		1,985	3,263	
<b>EBT</b>	<b>77,265</b>	<b>55,602</b>	<b>-28.0%</b>	<b>135,024</b>	<b>115,888</b>	<b>-14%</b>
<b>EBT Margin</b>	<b>2.02%</b>	<b>1.26%</b>		<b>1.79%</b>	<b>1.31%</b>	
Deferred Tax	2,682	(3,004)		3,233	2,243	
Income Tax	18,728	13,888		35,060	29,145	
<b>Net Profit</b>	<b>61,219</b>	<b>38,710</b>	<b>-36.8%</b>	<b>103,197</b>	<b>88,986</b>	<b>-14%</b>
<b>Net Profit Margin</b>	<b>1.60%</b>	<b>0.87%</b>		<b>1.37%</b>	<b>1.00%</b>	
<b>EPS</b>	<b>0.06</b>	<b>0.04</b>		<b>0.10</b>	<b>0.09</b>	

## Balance Sheet

<i>In EGP</i>	FY2019	1H2020
Property & Equipment, net	898,220	936,385
Projects Under Construction, net	160,910	153,571
Other Assets	8,494	7,543
Leased Assets, net	61,477	62,225
Long Term NR	101,035	103,468
Deferred Income Taxes	9,256	11,499
<b>Total Long-term Assets</b>	<b>1,239,392</b>	<b>1,274,690</b>
Inventories	1,690,645	1,811,611
Trade & Notes receivable, net	4,457,391	4,688,291
Income Tax	-	2,968
Supplier Advances	233,423	132,061
Debtors & Other Debit Balance, net	430,198	361,640
Due from Related Parties	372	372
Cash & Cash Equivalent	118,463	282,476
<b>Total Current Assets</b>	<b>6,930,492</b>	<b>7,279,419</b>
<b>Total Assets</b>	<b>8,169,883</b>	<b>8,554,109</b>
Paid-In Capital	205,000	205,000
Share Premium	277,500	277,500
General Reserve	3,079	3,079
Legal Reserve	33,633	50,072
Retained Earnings	375,258	604,590
Net Profit for The Year	328,771	88,986
<b>Total Shareholders' Equity</b>	<b>1,223,241</b>	<b>1,229,227</b>
Non-Current Portion of Medium-Term Loan	515,384	470,510
Non-Current Portion of Obligation Under Finance Lease	34,115	34,029
Other Non-Current Liabilities	26,949	28,611
<b>Total Long-term Liabilities</b>	<b>576,449</b>	<b>533,150</b>
Credit Facilities	276,910	833,669
Contingency Provision	80,162	80,162
Customers Advance Payments	5,874	5,554
Current Portion of Obligation Under Finance Lease	15,490	15,838
Trade and Notes Payable	5,656,996	5,493,712
Current Portion of Medium-Term Loan	197,100	235,080
Income Tax	50,741	-
Creditors & Other Credit Balances	86,920	127,718
<b>Total Current Liabilities</b>	<b>6,370,193</b>	<b>6,791,732</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>8,169,883</b>	<b>8,554,109</b>

## Cash Flow

In EGP	1H2019	1H2020
<b>Cash flow from operating activities:</b>		
Net profit before tax	135,023,818	115,888,133
<u>Adjustments for:</u>		
Depreciation of fixed assets	36,454,085	63,385,752
Allowance for impairment of accounts and Notes receivables	9,313,441	11,287,047
Provisions	10,666,633	-
Capital gain (loss)	(273,092)	(732,993)
Credit/Debit interest	113,165,968	134,938,952
<b>Operating profit before changes in working capital</b>	<b>304,350,853</b>	<b>324,766,890</b>
<u>Changes in working capital:</u>		
Change in inventory	(177,690,211)	(120,965,785)
Change in trade receivables	(538,941,935)	(244,619,941)
Change in supplier advances	(2,013,035)	101,361,973
Change in debtors and other debt balances	(38,571,419)	68,557,529
Change in trade payables	(50,470,937)	(163,284,038)
Change in customer advance payments	3,752,352	(319,972)
Change in creditors and other credit balances	(59,730,086)	1,373,150
Change in other noncurrent liabilities	(12,864,098)	1,661,744
<b>Cash flow from operating activities</b>	<b>(572,178,516)</b>	<b>(31,468,450)</b>
Income taxes	-	(82,854,207)
Financing expense	(106,042,165)	(96,490,675)
<b>Net cash flow from operating activities</b>	<b>(678,220,681)</b>	<b>(210,813,332)</b>
<b>Cash flow from investment activities:</b>		
Payments for purchase of fixed and PUC	(168,283,874)	(85,681,736)
Proceeds from sale of fixed assets	288,383	2,047,247
<b>Net cash flow from investment activities</b>	<b>(167,995,491)</b>	<b>(83,634,489)</b>
<b>Cash flow from financing activities:</b>		
Dividends paid	(70,843,985)	(82,023,068)
Proceeds from borrowings (netting off)	136,671,907	(6,894,921)
Payment of lease liabilities	(8,644,241)	(9,379,764)
Overdraft facilities	975,684,130	556,758,594
<b>Net cash flow from financing activities</b>	<b>1,032,867,811</b>	<b>458,460,841</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>186,651,639</b>	<b>164,013,020</b>
Cash and cash equivalents at the beginning of the period	96,618,121	118,462,800
<b>Cash and cash equivalents at the end of the period</b>	<b>283,269,760</b>	<b>282,475,820</b>

## About Ibnsina Pharma

Originally established in 2001, today Ibnsina Pharma is Egypt’s fastest-growing and second largest pharmaceutical distribution company. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 42,000 customers including pharmacies, hospitals, retail outlets and wholesalers. Its fleet of around 760 vehicles completes an average of over 460,000 deliveries each month.

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 across 62 sites in 23 cities 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](http://www.ibnsina-pharma.com).

For further information, please contact:

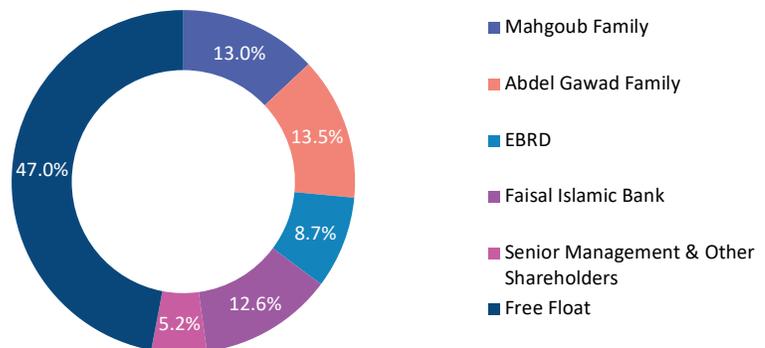
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### Shareholding Structure



## 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.