

Earnings Release

Jamjoom Pharma reports 22.0% Net Profit growth to SAR 103.0 million in 1Q 2024

1Q 2024 Financial Highlights:

- Revenue growth of 28.1% YoY to SAR 385.5 million
- Gross profit of SAR 249.4 million, with gross margin of 64.7%
- EBITDA growth of 36.1% YoY to SAR 136.6 million, with EBITDA margin expanding to 35.4%
- Net profit increased 22.0% YoY to SAR 103.0 million
- Free cash flow¹ conversion remained at healthy 84.1%, with a net cash position of SAR 210.5 million as at 31 March 2024

Jeddah, 9 May 2024 – Jamjoom Pharma published a solid set of results that showed continued rapid growth combined with strong profitability in 1Q 2024. The company gained further momentum with revenue growing by 28.1% YoY to SAR 385.5 million. This resulted in EBITDA of SAR 136.6 million (up 36.1% YoY) in 1Q 2024 with EBITDA margin reaching 35.4%, up 2ppts YoY. Net profit grew 22.0% YoY to SAR 103.0 million with a 26.7% net profit margin. The company generated FCF of SAR 114.9 million (an increase of 30.9% YoY), which represents an 84.1% conversion rate. This was despite a 72.7% YoY hike in capital investments in 1Q 2024 stemming from the upgrade of the oral solid dosage (OSD) line at the Jeddah main facility.

Dr. Tarek Hosni, Chief Executive Officer of Jamjoom Pharma, commented on 1Q 2024 performance:

"I am pleased to state that we had a strong start to the year. Our revenue growth accelerated to 28% YoY in 1Q 2024 driven by increased volumes and new product launches. Revenue from Gastrointestinal, Cardiovascular and General Medicine showed particularly strong momentum, whereas our legacy Ophthalmology and Dermatology segments continued to enjoy strong double-digit growth rates. We are also happy with the performance of our new anti-diabetic drugs that were well received by consumers and showed excellent growth in 1Q 2024.

It is equally important that our rapid growth comes along with industry-leading profitability and returns. Our EBITDA margin crossed 35% in 1Q 2024, which marked the highest quarterly level over the past several years and underscored our strong commitment to cost efficiency and operating excellence.

Execution of our strategy continues to bring positive results as we keep strengthening our leadership position in the home market of Saudi Arabia, while enhancing our presence in other high-potential regional markets with a diversified portfolio of high-quality products. As such, we remain confident in our ability to become a leading MEA organization in the mid-term that is bringing innovative healthcare solutions to the region and creating value for all stakeholders."

¹ Calculated as EBITDA minus CAPEX

Performance Highlights

Income Statement Summary

SAR (mn)	1Q 2024	1Q 2023	YOY Δ%
Revenue	385.5	300.8	28%
Gross profit	249.4	199.6	25%
Operating profit	126.6	93.9	35%
Net profit	103.0	84.4	22%
EBITDA	136.6	100.3	36%
FCF (EBITDA – CAPEX)	114.9	87.8	31%
EPS	1.5	1.2	22%

Revenue Mix by Geographies

SAR (mn)	1Q 2024	1Q 2023	YOY Δ%
KSA	253.5	203.0	+25%
Gulf	45.8	37.2	+23%
Iraq	34.2	21.4	+59%
North Africa & other export countries	26.5	27.4	-3%
Egypt	25.4	11.8	+116%
Revenue	385.5	300.8	+28%

Revenue Mix by Therapeutic Areas

SAR (mn)	1Q 2024	1Q 2023	YOY Δ%
Ophthalmology	98.9	79.3	+25%
Dermatology	71.8	58.2	+23%
General Medicine	66.8	49.6	+35%
Consumer Health	51.1	42.3	+21%
GIT	31.9	22.6	+41%
CVD	19.9	14.4	+38%
CNS	11.2	12.1	-7%
Anti-Diabetic	6.5	1.3	+396%
Pain & Inflammation	27.4	20.9	+31%
Revenue	385.5	300.8	+28%

Revenue Trends

Revenue growth accelerated to 28.1% YoY with SAR 385.5 million revenue in 1Q 2024 driven by strong sales volumes growth across the portfolio and new brand launches.

KSA revenues increased by 24.9% YoY, resulting from growth across all key therapeutic areas. Exports were driven by revenues in Iraq that surged 59.4% YoY followed by the Gulf market that saw 23.0% YoY revenue increase, whereas North Africa showed a 3.3% YoY decline amid halted sales in Sudan, due to the ongoing geopolitical situation, which was however offset by outperformance in other export markets such as Morocco as well as the Francophone and Anglophone countries. Egypt revenues jumped 116.2% YoY in 1Q 2024, reflecting a continued ramp-up of the new facility (c.40% of the units sold being manufactured locally).

During 1Q 2024, Jamjoom Pharma expanded its product portfolio by launching four new brands including two brands in Consumer Health and one brand in Ophthalmology and Anti-Diabetic each. The four new brands contributed SAR 1.9 million to the company's revenue in 1Q 2024.

Speaking of therapeutic areas, Jamjoom Pharma's top-line performance was driven by strong revenue growth in its Gastrointestinal, Cardiovascular, General Medicine and Pain and Inflammation segments in 1Q 2024. At the same time, the company continues to leverage its leadership positions in Ophthalmology and Dermatology, which accounted for 25.6% and 18.6% of the total 1Q 2024 revenue, respectively. Furthermore, the Anti-Diabetic product segment launched in 1Q 2023 generated SAR 6.5 million in 1Q 2024 compared with SAR 7.7 million the segment generated in the whole 2023.

Jamjoom Pharma's top 5 brands recorded revenue of SAR 109.8 million in 1Q 2024, which accounted for 28.5% of the total revenue. Price increases implemented during 2023 brought an additional SAR 9.3 million to revenue and 3.1pp to revenue growth YoY. Sales of the existing portfolio, which added SAR 72.8 million to revenue and contributed 24.2pp to revenue growth YoY.

Cost Trends and Margins

Cost of revenue increased by 34.4% YoY in 1Q 2024. This was mainly driven by a 35.2% YoY growth in raw material expenses attributable to a ramp-up of production in the new facilities. Salaries and employee-related costs grew 27.1% YoY, which was associated with hiring additional staff and introduction of extra working shifts. Depreciation and amortization expenses increased 27.0% YoY, reflecting an impact from the newly capitalized facilities. As a result, gross profit margin declined 160bps YoY to 64.7% in 1Q 2024 yet recovered from the 63.9% recorded in 2023 as the economics of Egyptian operations stabilized. Total production for the quarter stood at 43.7 million units across the two facilities (of which Egypt produced 4.7 million units).

Production cost inflation effects were fully offset by continued efficiency gains in non-production operating and R&D expenses. Selling and distribution expenses increased by 18.0% YoY in 1Q 2024 and declined by 2.1ppts as a share of revenue. The improvement was driven by expense control, more effective sales team efforts and economies of scale. General and administration expenses grew 9.0% YoY in 1Q 2024, with their share of revenue decreasing by 70bps YoY. This reflected the reclassification of Egyptian facility's pre-operating expenses to cost of revenue upon the commencement of full production. Research and development expenses decreased by 16.7% YoY, while their share of revenue fell 1.1ppts YoY resulting from restructuring to optimize R&D operations and a strategic focus on developing only high value products.

Operating profit increased by 34.8% YoY to SAR 126.6 million and the operating profit margin increased by 1.6ppts to 32.8%. EBITDA margin grew by 2ppts YoY to 35.4% in 1Q 2024, the highest quarterly level over the past two years.

Finance costs grew to SAR 19.0 million in 1Q 2024, which reflects a negative FX impact on Egyptian subsidiary's trade payables related to imported products from the parent company. Zakat and income tax grew 31.1% YoY to SAR 9.8 million, broadly in line with the revenue growth.

All in all, strong operating profit performance managed to offset finance cost pressures, which ensured a 22.0% YoY growth in net profit after zakat and income tax to SAR 103.0 million in 1Q 2024.

CAPEX and Cash Flows

Working capital increased by 12.4% YoY in 1Q 2024 on the back of the overall growth of the business. The LTM (last twelve months) cash conversion cycle was 282 days compared with 263 days a year ago. Working capital had a negative impact on cash flow generation in 1Q 2024 due to increased receivables, which reflects a general growth of business and seasonality witnessed during the first quarter.

The company's capital spending grew 72.7% YoY to SAR 21.7 million in 1Q 2024 amid the expansion of the OSD line at the Jeddah main facility. CAPEX accounted for 5.6% of 1Q 2024 revenue, which is within the 4-6% mid-term guidance range.

Solid EBITDA performance supported strong FCF² generation that amounted to SAR 114.9 million, up 30.9% YoY, whereas FCF conversion remained at a healthy level of 84.1% in 1Q 2024. The Company's net cash position amounted to SAR 210.5 million as of end of 1Q 2024, which is more than double the year-ago level.

Balance Sheet Summary

SAR (mn)	Mar-2024	Dec-2023	QOQ Δ%	Mar-2023	YOY Δ%
Total Non-Current Assets	721.4	747.5	-3%	698.9	+3%
Total Current Assets	1,039.5	906.7	+15%	792.9	+31%
Total Assets	1,760.9	1,654.2	+6%	1,491.8	+18%
Total Equity	1,461.5	1,404.3	+4%	1,269.4	+15%
Total Non-Current Liabilities	74.7	69.9	+7%	67.8	+10%
Total Current Liabilities	224.7	180.0	+25%	154.6	+45%
Total Liabilities	299.4	249.8	+20%	222.5	+35%

Non-current assets increased by 3.2% YoY, reflecting execution of the capital investment program and adjusted for the FX devaluation impact on the Egyptian plant. Current assets grew 31.1% YoY driven mainly by a build-up in inventory to meet anticipated demand as well as increased cash position reflecting strong cash generation of the business.

Shareholders' equity increased by 15.1% YoY, tracking net profit growth partially offset by the foreign currency translation reserve.

Current liabilities grew 45.3% YoY driven by higher trade payables that reflect overall business growth as well as an increased Zakat provision for the period.

² Calculated as EBITDA-CAPEX

Outlook and Guidance

Jamjoom Pharma's 1Q 2024 financial results show a strong start to the year, which places it well to deliver on the mid-term guidance provided earlier.

1Q 2024 financial performance vs. FY 2024-26 guidance

	FY 2024-26 Guidance	1Q 2024 Actual
Revenue growth	12-15%	28.1%
EBITDA margin	30-31.5%	35.4%
CAPEX	4-6%	5.6%
Dividend (semi-annual)	50-60% payout ratio	2H 2023 dividend of SAR 1.5/share recommended by the BoD

In the longer term the company retains its strategic focus on the MEA region and targets expansion into selected high-potential markets in the coming years, in line with its vision to become a leading MEA organization by 2026 through consistently providing affordable, high-quality healthcare solutions.

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Additional Information

The company will be hosting the 1Q 2024 earnings call today, the 9th of May 2024 at 3pm KSA Time to present and discuss the financial results with investors and analysts. Attendees can attend this call through reaching out to our IR department at the email provided below, who will assist you in registering.

The 1Q 2024 financial statements, earnings release, earnings presentation and financial data supplement will be made available on the website of Jamjoom Pharma at: investors.jamjoompharma.com

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