

Earnings Release

Jamjoom Pharma reports SAR 210 million net profit in 1H 2024, up 23% YoY

1H 2024 Financial Highlights:

- Revenue growth of 22.0 % YoY to SAR 731.2 million
- Gross profit of SAR 467.6 million, with gross margin of 63.9%
- EBITDA growth of 27.3% YoY to SAR 253.4 million, with EBITDA margin expanding by 1.4 pts YoY to 34.7%
- Net profit increased 23.0% YoY to SAR 209.9 million
- Free cash flow conversion remained at a healthy 85.6%, with a net cash position of SAR 156.3 million as at 30 June 2024

Jeddah, 6 August 2024 – Jamjoom Pharma announced impressive financial results for the first half of 2024, showcasing robust growth and strong profitability. Revenue grew at 22.0% year-on-year (YoY), reaching SAR 731.2 million whilst gross profit amounted to SAR 467.6 million, reflecting a gross margin of 63.9% and up 17.6% from 1H 2023. EBITDA surged by 27.3% YoY to SAR 253.4 million, with the EBITDA margin expanding by 1.4 percentage points to 34.7%. Net profit saw a notable rise of 23.0% YoY, totaling SAR 209.9 million and posting a margin of 28.7%. The company maintained a healthy free cash flow conversion rate of 85.6%, ending the period with a net cash position of SAR 156.3 million as of 30 June 2024 post the dividend payout in June.

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

"I am pleased to announce a strong first half of 2024, reinforcing our positive outlook for the year. Revenue growth reached 22.0% YoY in 1H 2024, driven by outperformance across our portfolio and key markets. The Gastrointestinal, Cardiovascular, and General Medicine segments showed robust momentum, whilst Ophthalmology and Dermatology segments continued their double-digit growth. Our new Anti-diabetic drugs are receiving excellent consumer and physician feedback. Geographically, we have been outpacing the market in all our key focus markets, establishing a strong foundation for sustainable growth. Our rapid growth has been complemented by significant profitability, with the EBITDA margin expanding to 34.7% and a net profit margin of 28.7%, reflecting our commitment to cost efficiency and operational excellence.

Thanks to the dedication and hard work of our manufacturing teams, we have achieved remarkable milestones. Our main facility delivered over 72 million units, up 8% YoY, and our Egypt facility now produces more than half of its sales. Our new Jeddah Sterile Facility became fully operational in June 2024, enhancing our ophthalmology capabilities.

Our strategic execution continues to yield positive results, strengthening our leadership position in Saudi Arabia and expanding our presence in high-potential regional markets. This success is a testament to the talent, commitment, and innovative spirit of our team. With their efforts, we are confident in becoming a leading MEA organization in the mid-term, delivering innovative healthcare solutions and creating value for all stakeholders."

Performance Highlights

Income Statement Summary

SAR (mn)	1H 2024	1H 2023	YOY Δ%	2Q 2024	2Q 2023	YOY Δ%
Revenue	731.2	599.2	22%	345.7	298.4	16%
Gross profit	467.6	397.7	18%	218.2	198.1	10%
Operating profit (EBIT)	230.8	186.5	24%	104.3	92.6	13%
Net profit for the period	209.9	170.7	23%	107.0	86.3	24%
EBITDA	253.4	199.1	27%	116.7	98.7	18%
FCF	217.0	180.0	21%	102.0	92.2	11%
EPS	3.0	2.4	23%	1.5	1.2	24%

Revenue Mix by Geographies

SAR (mn)	1H 2024	1H 2023	YOY Δ%	2Q 2024	2Q 2023	YOY Δ%
KSA	479.0	410.7	+17%	225.5	207.7	+9%
Gulf	90.7	75.2	+21%	44.9	38.0	+18%
Iraq	65.3	45.4	+44%	31.1	23.9	+30%
North Africa & other export countries	53.8	44.3	+21%	27.2	16.9	+61%
Egypt	42.3	23.7	+79%	16.9	11.9	+42%
Revenue	731.2	599.2	+22%	345.7	298.4	+16%

Revenue Mix by Therapeutic Areas

SAR (mn)	1H 2024	1H 2023	YOY Δ%	2Q 2024	2Q 2023	YOY Δ%
Ophthalmology	197.6	154.8	+28%	98.7	75.5	+31%
Dermatology	140.4	110.2	+27%	68.6	52.0	+32%
General Medicine	120.7	104.9	+15%	53.9	55.3	-3%
Consumer Health	97.4	84.4	+15%	46.3	42.0	+10%
GIT	58.8	53.5	+10%	26.9	30.8	-13%
CVD	37.0	28.6	+29%	17.1	14.2	+21%
CNS	20.3	21.6	-6%	9.1	9.5	-4%
Anti-Diabetic	11.3	4.6	+144%	4.8	3.3	+45%
Pain & Inflammation	47.7	36.7	+30%	20.3	15.8	+28%
Revenue	731.2	599.2	+22%	345.7	298.4	+16%

Revenue Trends

Revenue growth surged to 22.0% year-over-year, with SAR 731.2 million in revenue for the first half of 2024, fueled by increased sales volumes across the portfolio, various key markets and introduction of new brands.

In Saudi Arabia, revenues grew by 16.6% YoY, driven by expansion across all key therapeutic areas. Additionally, the Gulf region saw substantial growth, with revenue rising from SAR 75.2 million in 1H 2023 to SAR 90.7 million in 1H 2024, an increase of 20.7%, driven by stronger sales efforts and expanded distribution networks. Iraq also showed substantial improvement, with revenue rising from SAR 45.4 million in 1H 2023 to SAR 65.3 million in 1H 2024, reflecting a growth of 44.0%, driven by improved economic conditions and strategic marketing initiatives.

Egypt experienced significant growth, with revenue increasing from SAR 23.7 million in 1H 2023 to SAR 42.3 million in 1H 2024, a remarkable rise of 78.8%. This growth reflects the continued ramp-up of the new facility, which produced more than 50% of the units sold. Other markets showed promising results with 21.4% YoY growth supported by strong performance across Morocco, Jordan, and Francophone countries.

Among therapeutic areas, Jamjoom Pharma's revenue growth was driven by strong performance across the board with Ophthalmology, Dermatology, Pain & Inflammation and Cardiovascular growing the most in 1H 2024. Ophthalmology and Dermatology grew by 27.6% and 27.4% respectively, together accounting for 46.2% of the total 1H 2024 revenue. The Anti-Diabetic segment, launched in early 2023, showed strong performance, with revenue increasing from SAR 4.6 million in 1H 2023 to SAR 11.3 million in 1H 2024, reflecting a substantial growth of 144.4%.

In 1H 2024, Jamjoom Pharma expanded its product line by launching seven new brands, with three added in 2Q 2024 alone—one in General Medicine and two in Consumer Health. These new brands have contributed SAR 6.6 million to the company's revenue in 1H 2024, accounting for 0.9% of the total revenue.

Cost Trends and Margins

Cost of revenue increased by 30.8% YoY in 1H 2024 mainly driven by a 33.7% YoY increase in raw material expenses attributable to higher supply chain costs and a ramp-up of production in the new facilities. Salaries and employee-related costs grew 22.3% YoY, which was associated with hiring additional staff for the new facilities. Depreciation and amortization expenses increased by SAR 4.5 million or 50.7% YoY, due to the capitalization of the two new facilities (in Egypt and Jeddah). Other costs grew 17.5% YoY due to routine operating costs associated with production activities.

Gross profit margin declined 2.4 pts YoY to 63.9% in 1H 2024 due to product and geographic mix. Total production for the period reached 83.2 million units across the three facilities (an increase of 24.3% from last year). The Jeddah main facility alone produced 72.2 million units which are 7.9% higher YoY.

Production cost effects were more than offset by continued efficiency gains in operating expenses. Selling and distribution expenses increased by 17.8% YoY to reach SAR 182.4 million in 1H 2024 but reducing as a % of revenue. The improvement was driven by cost optimization in distribution processes, more effective sales efforts and economies of scale that offset increased travel expenditure, meetings and promotional activities. General and administration expenses declined 10.4% YoY in 1H 2024 reaching SAR 31.2 million, reflecting classification of Egypt facility's pre-operating expenses to cost of revenue upon the commencement of full production in addition to cost savings in salaries and employee related costs.

Research and development expenses also decreased by 10.5% YoY to SAR 15.6 million in 1H 2024, due to a strategic focus on the highest quality launches. All in all, non-production operating and R&D expenses grew 10.7% YoY in 1H 2024.

EBITDA margin grew by 1.4 ppts YoY to 34.7% in 1H 2024 with total EBITDA reaching SAR 253.4 million. Finance costs amounted to SAR 17.6 million in 1H 2024, which reflects a negative FX impact from the devaluation of EGP in March 2024. Strong operating profit performance, along with profit from the Algerian JV, net other income and finance income managed to largely offset finance cost pressures, which led to a 23.0% YoY growth in net profit to SAR 209.9 million in 1H 2024.

Quarterly performance

In 2Q 2024, the company recorded a revenue of SAR 345.7 million, which represented an increase of 15.9% compared to SAR 298.4 million in 2Q 2023 primarily due to volumetric growth and new launches. The cost of revenue for 2Q 2024 was SAR 127.6 million, 27.2% higher compared to 2Q 2023. This increase is due to a number of factors including the depreciation charge resulting from the capitalization of two new facilities, more prudent inventory provisioning, and changes in product and geographical mix. Gross profit for 2Q 2024 amounted to SAR 218.2 million, a 10.1% increase from SAR 198.1 million in 2Q 2023, reflecting overall profitability improvements. The gross profit margin for 2Q 2024 was approximately 63.1%, a decline from 2Q 2023's margin of 66.4%.

Operating expenses showed varied trends as selling and distribution expenses were SAR 87.6 million in 2Q 2024, an increase from SAR 74.6 million in 2Q 2023 increasing slightly higher than revenue growth. General and administrative expenses were SAR 15.2 million in 2Q 2024, accounting for 4.4% of revenue. This represents a significant decrease from 2Q 2023 mainly due to savings in employee related costs and overall economies of scale. Research and development expenses in 2Q 2024 were SAR 7.4 million, accounting for 2.1% of revenue, slightly down from 2Q 2023 as the focus of R&D expenditure remains on high quality projects.

The JV in Algeria contributed a SAR 2.0 million profit in 2Q 2024, bringing the total share of profit from the JV to SAR 3.8 million in 1H 2024.

Net profit for 2Q 2024 was SAR 107.0 million, reflecting a 24.0% year-over-year increase from SAR 86.3 million in 2Q 2023. The net profit margin for 2Q 2024 expanded 2 ppts from 2Q 2023, to reach 30.9% which is the highest reported quarterly margin ever.

CAPEX and Cash Flows

Working capital increased by 17.5% YoY in 1H 2024 on the back of the overall growth of the business. The LTM (last twelve months) cash conversion cycle was 271 days compared with 263 days a year ago. Working capital had a negative impact on cash flow generation in 1H 2024 due to increased receivables whilst operating cash flow reached SAR 22.7 million in 1H 2024.

The company's capital spending grew 90.7% YoY to SAR 36.4 million in 1H 2024 amid the expansion of the OSD line at the Jeddah main facility. CAPEX accounted for 5.0% of 1H 2024 revenue, which is within the 4-6% mid-term guidance range.

The Company's net cash position remains healthy amounting to SAR 156.3 million as at 30th June 2024 despite paying SAR 105 million in dividends for 2H 2023 with an additional payout of SAR 112 million for 1H 2024 announced today and due to be paid in late August 2024.

Balance Sheet Summary

SAR (mn)	Jun-2024	Dec-2023	YTD Δ%	Jun-2023	YOY Δ%
Total Non-Current Assets	732.2	747.5	-2%	698.9	5%
Total Current Assets	1,082.5	906.7	19%	792.8	37%
Total Assets	1,814.7	1654.2	10%	1491.7	22%
Total Equity	1,463.2	1404.3	4%	1269.4	15%
Total Non-Current Liabilities	76.8	69.9	10%	67.8	13%
Total Current Liabilities	274.6	180.0	53%	154.6	78%
Total Liabilities	351.4	249.8	41%	222.5	58%

Non-current assets reduced slightly by 2.0% from FY23, reflecting routine depreciation charges and an FX devaluation impact on the Egyptian plant slightly offset by the increased investment in the Algerian JV. Current assets grew 19.4% during the year driven mainly by an increase in receivables in-line with business expansion, partially offset by a dividend payout which reduced the cash position.

Shareholders' equity increased by 4.2% from FY23, tracking net profit growth and slightly offset by the foreign currency translation reserve as well as the dividend payout in 2Q 2024.

Current liabilities grew 52.6% during the year driven by higher trade payables and other current liabilities that reflected overall business growth.

Outlook and Guidance

Given the outperformance seen during 1H 2024, we are upgrading our financial guidance for the year. This revision reflects our confidence in sustained growth and robust financial health moving forward.

	Revised FY 2024 Guidance	1H 2024 Results
Revenue growth	15-18% (from 12-15%)	22.0%
EBITDA margin	31-32.5% (from 30-31.5%)	34.7%
CAPEX	4-6%	5.0%
Dividend (semi-annual)	50-60% payout ratio	1H 2024 dividend of SAR 1.6/share (53% payout)

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.

-ENDS-

Additional Information

The company will be hosting the 2Q 2024 earnings call on the 6th of August 2024 at 3pm KSA time to present and discuss the financial results with investors and analysts. Attendees can register for this call through the link provided in the relevant announcement on the Saudi Exchange or by reaching out to our IR department at the email provided below, who will assist you in registering.

The 2Q 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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