



Earnings Presentation

FY 2022

27 March, 2023



FY22 Performance Highlights and Strategy

Khaled Al-Khattaf, CEO



SPIMACO Today

The leading vertically integrated pharmaceutical manufacturer In Saudi Arabia with a regional footprint

Regional Presence

Unparalleled footprint in major MENA markets with key production facilities located in Kingdom of Saudi Arabia and logistics and distribution capabilities spanning 13 countries



Key Highlights

Market share

Private market share in KSA

7.5%

Portfolio

Stock-keeping units in KSA

380

Innovation

Unique High-Potent Facility

#1

Manufacturing

MENA facilities

5

Production lines

7

Output

Billion units

1.6

FY22 Performance Highlights

2022 has been a year of transition with considerable effort put in realigning the company for the future

Key FY22 Developments

Operations	Productivity Rebalanced facility utilization, improved manufacturing efficiency ▲	Manufacturing Production volume vs. FY21 +22%	Procurement Securing more APIs and excipients ahead of 2023 production ramp-up ▲
Commercial	Commercial terms Improved alliances terms and optimized commercial spend ▲	Human capital Top talent injected, commercial teams restructured and optimized ▲	Accounts Receivable Days sales outstanding improved 237 days
Financials	Revenue -2.3% vs. FY21 1,426 SAR mn	Gross Profit Margin -2.8% vs. FY21 39.7%	Net Loss -171.2 SAR mn

SPIMACO – the National Champion in the Saudi Pharma Industry

Strategy execution roadmap and strategic targets by 2027

Key Targets and Focus Areas



Portfolio Reshaping

Shift to a high-value formulations mix with focus on specialized therapeutic areas

Commercial Excellence

Ensure profit-focused performance by improving sales culture and re-shaping KPIs and incentives

Inorganic Opportunities

Pursue value-accretive M&A deals in Injectables, Biopharma and Oncology, and International segments

Business Development

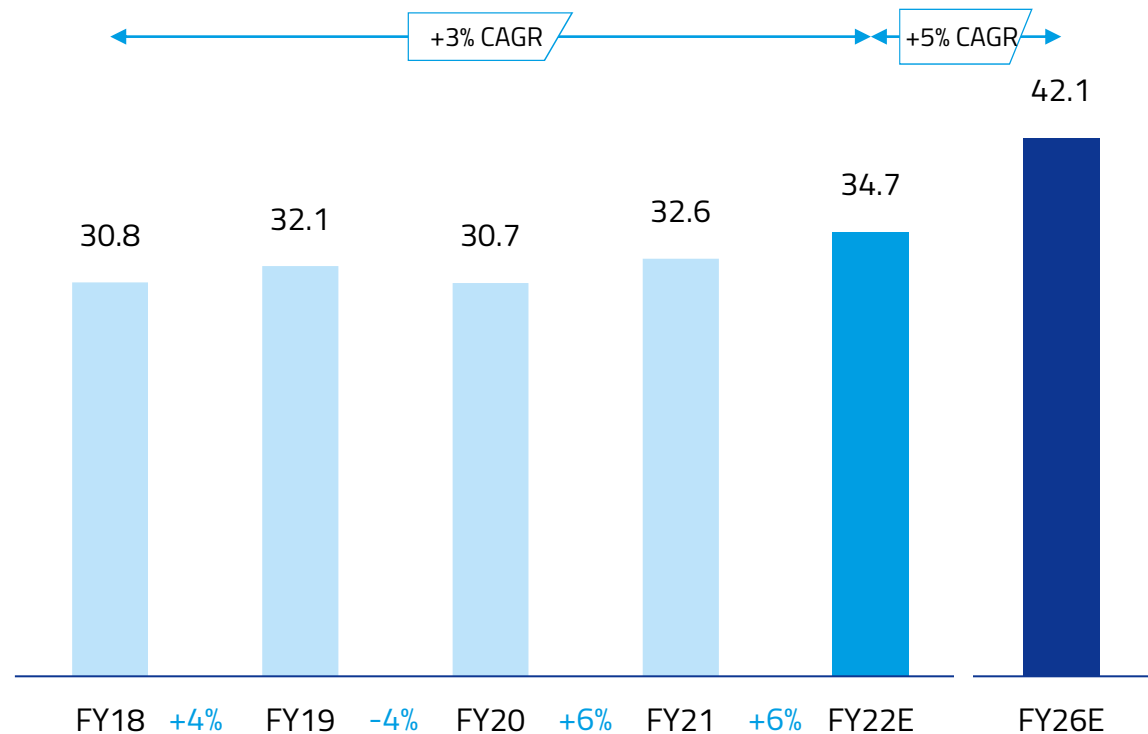
Generate business development leads in core therapeutic areas to maximize profitability

Saudi Arabia Market Opportunity

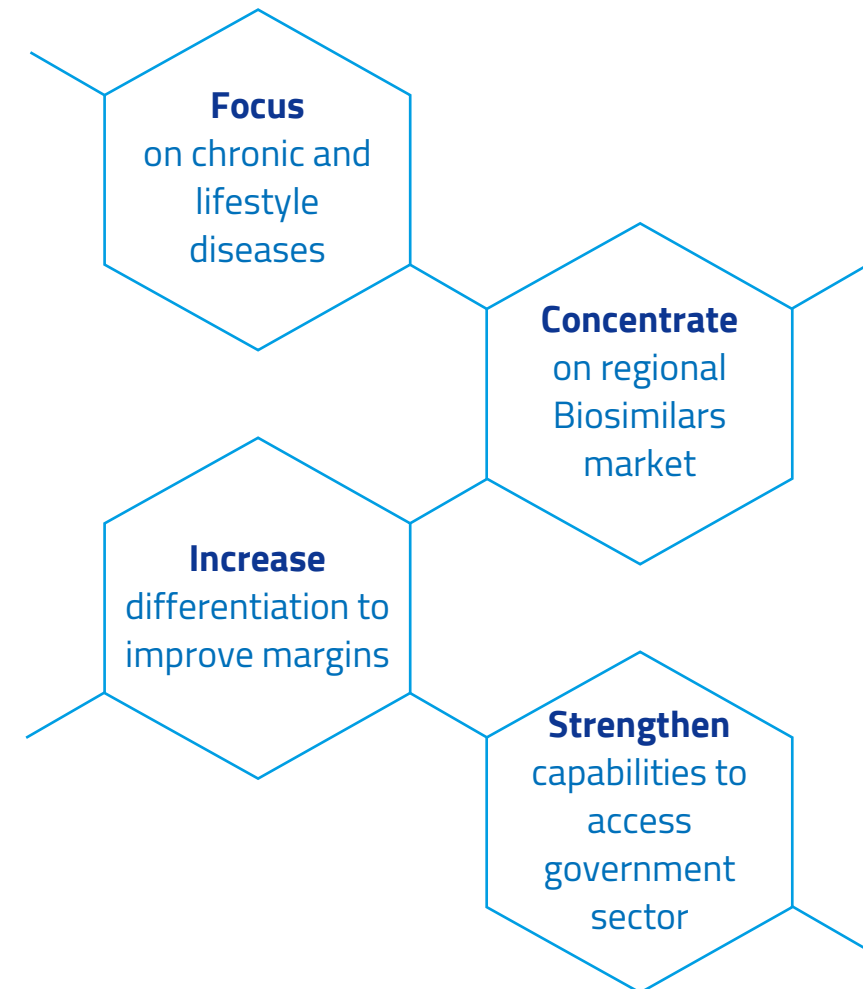
KSA market is supported by local demographics and therapeutic trends, government incentives and strong macro

Gross Market Size

Value Sales (SAR bn)



How Do We Play the Trends in KSA?



Source: IQVIA Market Prognosis 2021–26 (May 2022)

Local currency in USD converted to SAR at SAR 3.75 exchange rate

FY22 Financial Performance

Michael Baum, CFO



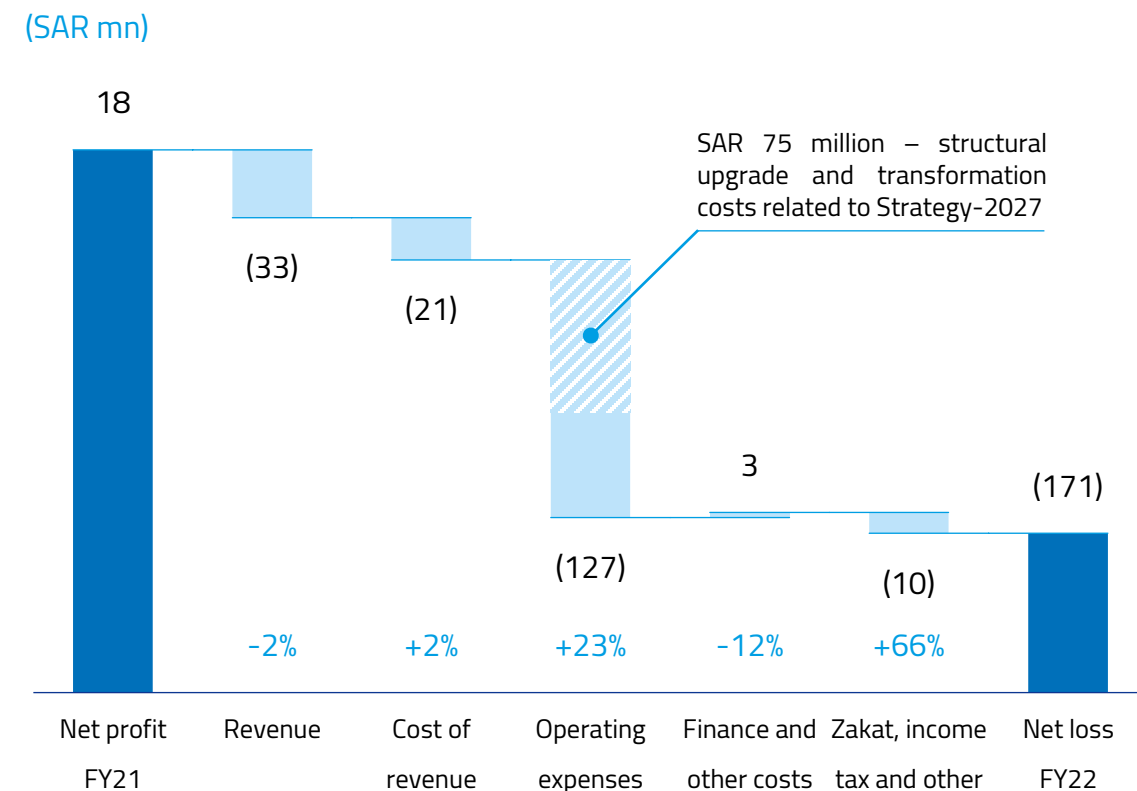
P&L Trends: FY22

Profitability in FY22 was under pressure from growth in operating expenses linked to the company's transformation

P&L Highlights

SAR mn	FY2022	FY2021	Δ%
Revenue	1,426	1,460	-2%
Cost of revenue	(860)	(839)	+2%
Gross profit	566	621	-9%
Total operating expenses	(692)	(565)	+23%
Operating profit / (loss) (EBIT)	(126)	56	NA
EBITDA	(36)	144	NA
Net profit / (loss)	(171)	18	NA
Gross Profit Margin	39.7%	42.5%	-2.8%
EBIT Margin	-8.8%	3.8%	-12.6%
EBITDA Margin	-2.5%	9.8%	-12.3%
Net profit Margin	-12.0%	1.2%	-13.2%
ROAE	-9.3%	0.9%	-10.2%
ROAA	-4.1%	0.4%	-4.5%

Net Profit Development



P&L Trends: 4Q22

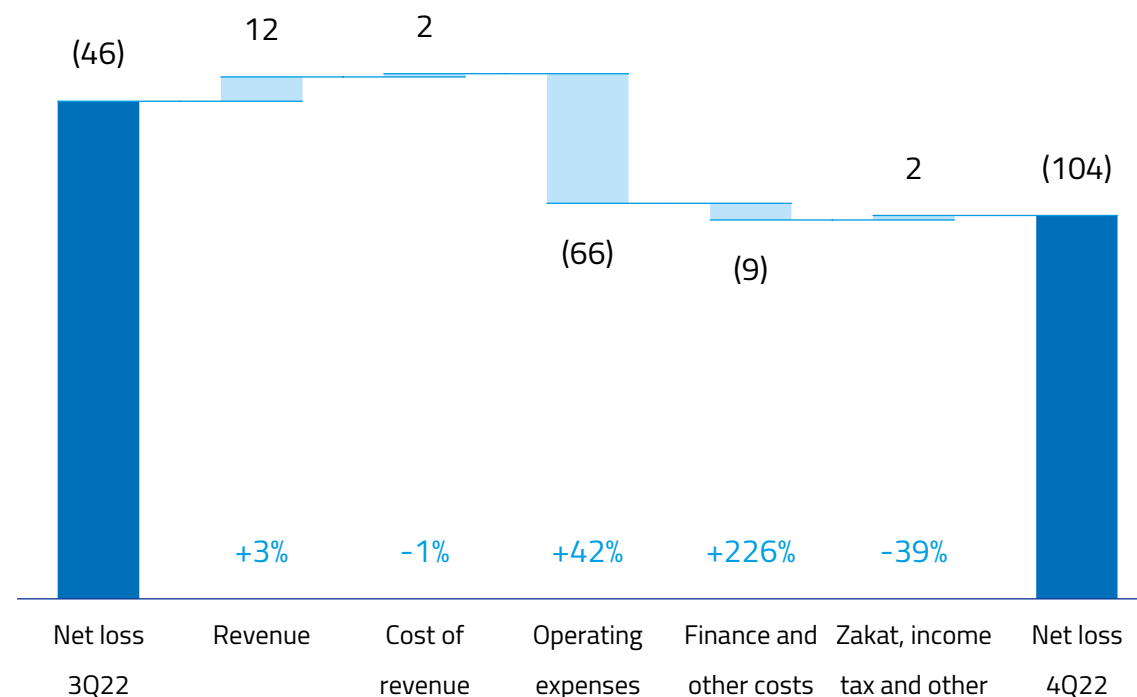
Higher revenue and decreasing cost of revenue were offset by growing operating expenses

P&L Highlights

SAR mn	4Q2022	4Q2021	Δ%	3Q2022	Δ%
Revenue	369	368	+0%	357	+3%
Cost of revenue	(232)	(208)	+11%	(234)	-1%
Gross profit	137	159	-14%	123	+11%
Total operating expenses	(225)	(180)	+25%	(159)	+42%
Operating profit / (loss) (EBIT)	(88)	(21)	+324%	(36)	+145%
EBITDA	(66)	4	NA	(15)	+334%
Net profit / (loss)	(104)	(42)	+149%	(46)	+127%
Gross Profit Margin	37.2%	43.4%	-6.2%	34.5%	+2.6%
EBIT Margin	-23.9%	-5.7%	-18.2%	-10.1%	-13.8%
EBITDA Margin	-17.9%	1.1%	-18.9%	-4.2%	-13.3%
Net profit Margin	-28.2%	-11.4%	-16.8%	-12.9%	-15.4%
ROAE	-23.6%	-8.4%	-15.2%	-9.8%	-13.7%
ROAA	-10.4%	-3.7%	-6.7%	-4.2%	-6.2%

Net Loss Development

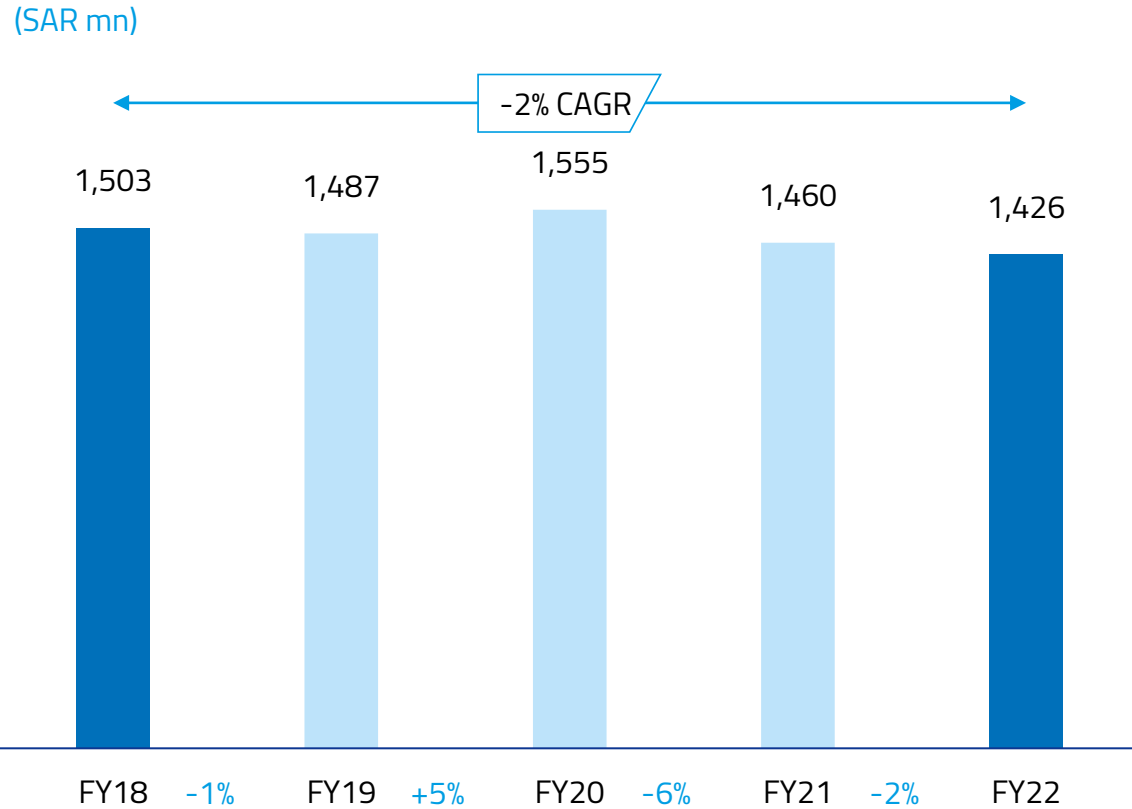
(SAR mn)



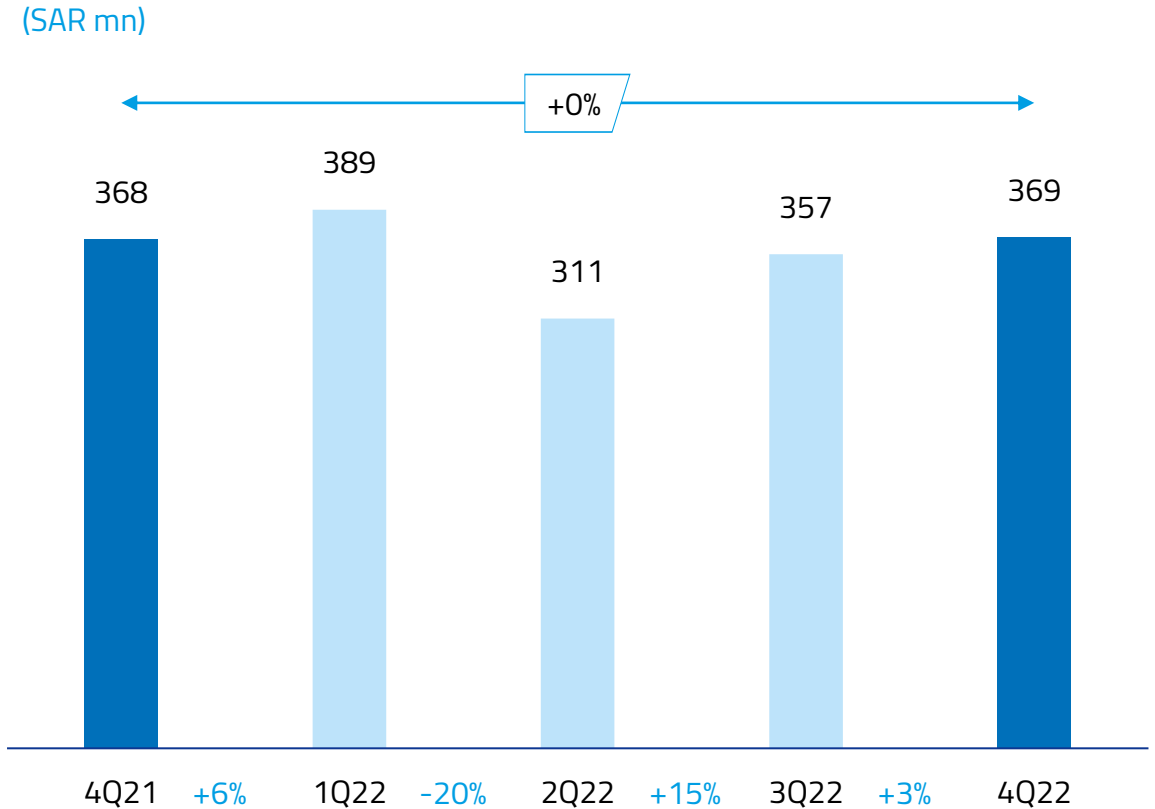
Revenue: Annual and Quarterly Development

4Q22 revenue was supported by the first results of the structural transformation

Revenue Development, Annually



Revenue Development, Quarterly

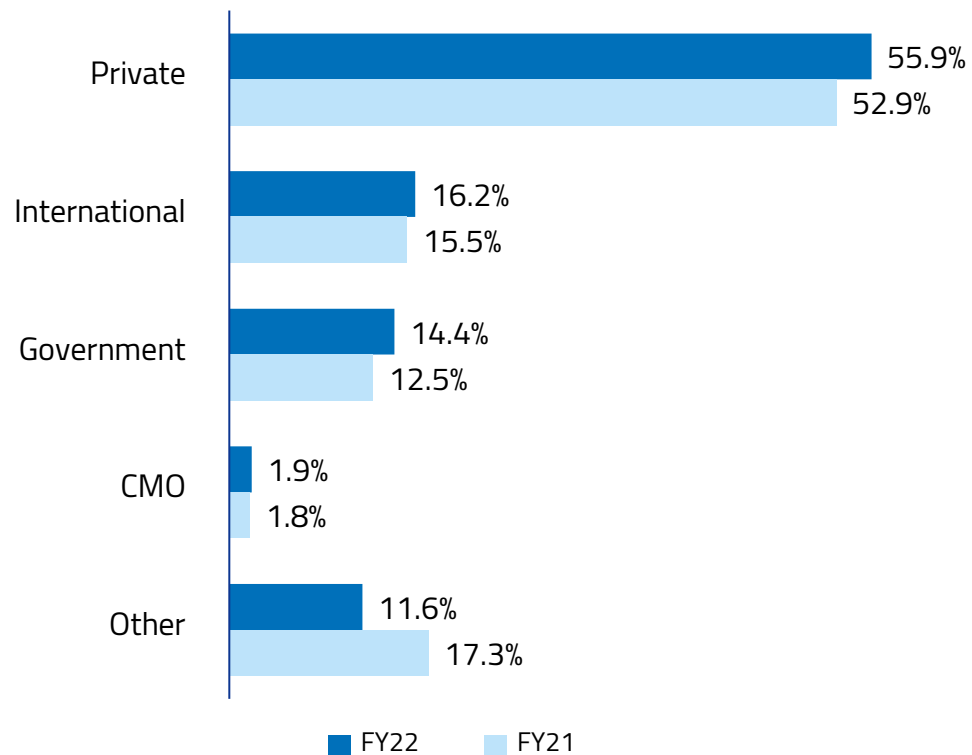


Revenue: Pharma Revenue¹ by Channel

Private channel was the key contributor to pharma revenue in FY22 showing stable results YoY

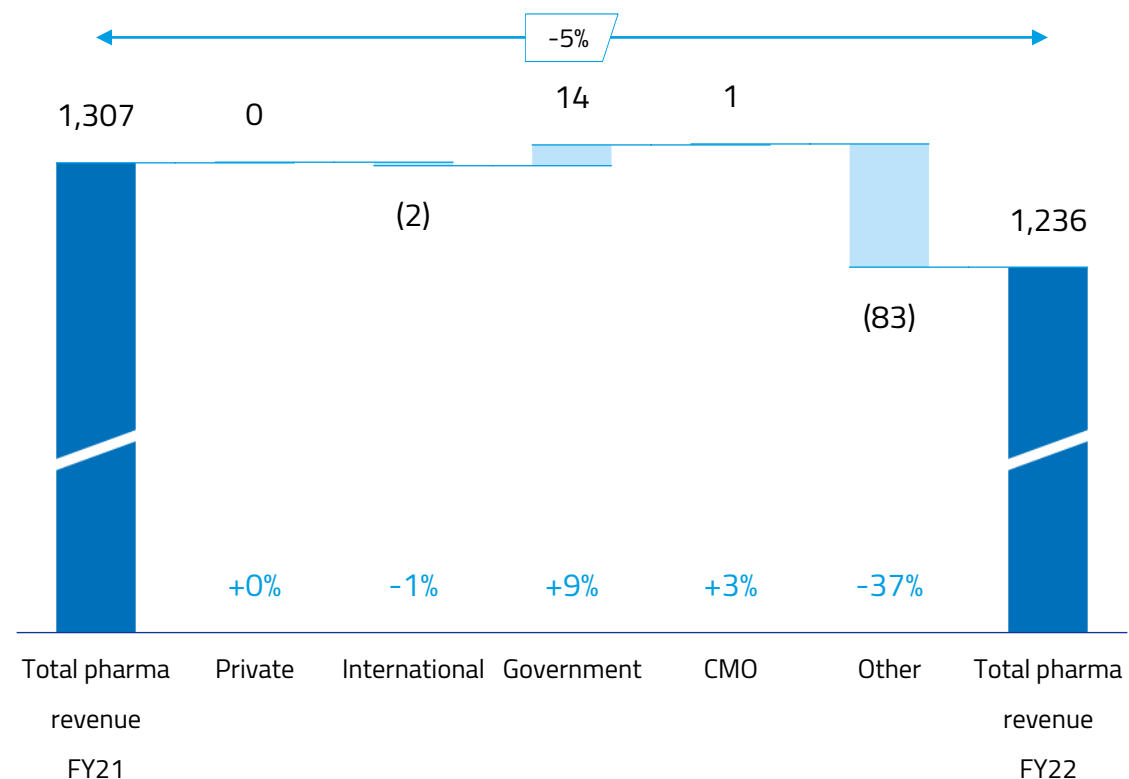
Revenue by Channel²

(%)



Revenue by Channel Development²

(SAR mn)



Source: Company financials, Management calculations

¹ Non-IFRS measure. Pharma revenue excludes other types of revenue such as revenue from hospital business, etc. Total pharma revenue represents 86.4% of Total revenue in FY22 (89.5% in FY21).

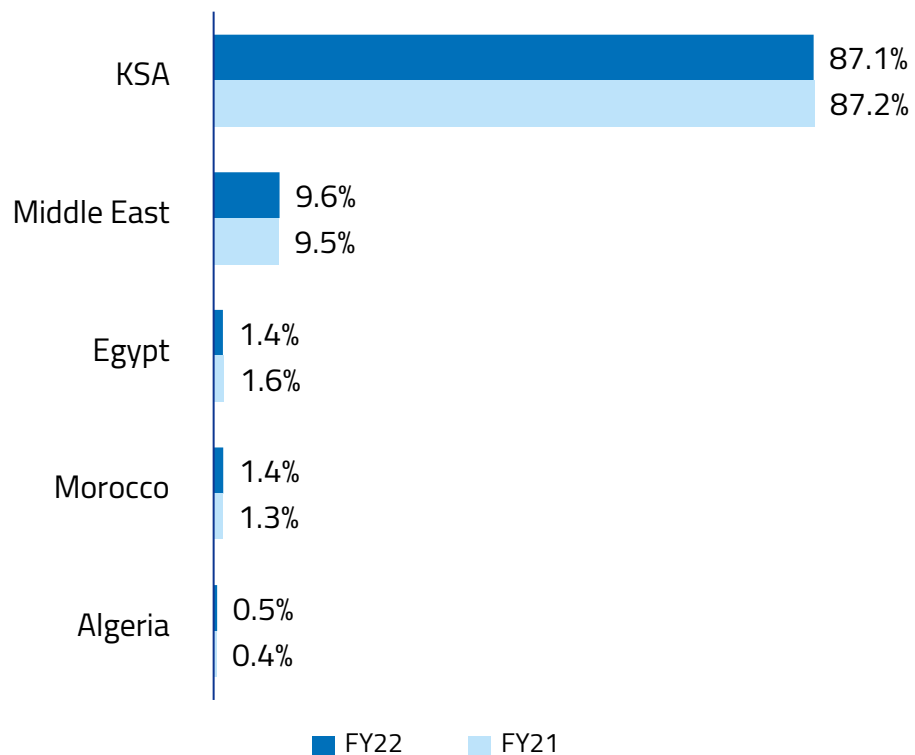
² Based on non-pharma revenue.

Revenue: Geography and Therapeutic Area Mix

Saudi Arabia remained the key contributor to FY22 revenue

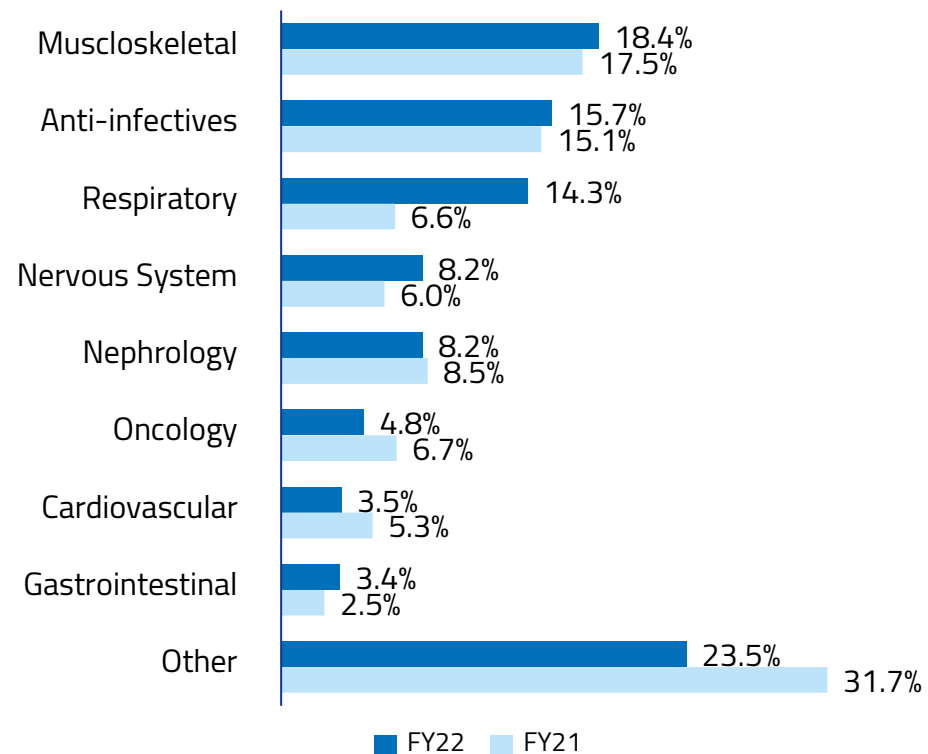
Revenue by Geography¹

(%)



Revenue by Therapeutic Area²

(%)



Source: Company financials, Management calculations

¹ Based on Total revenue

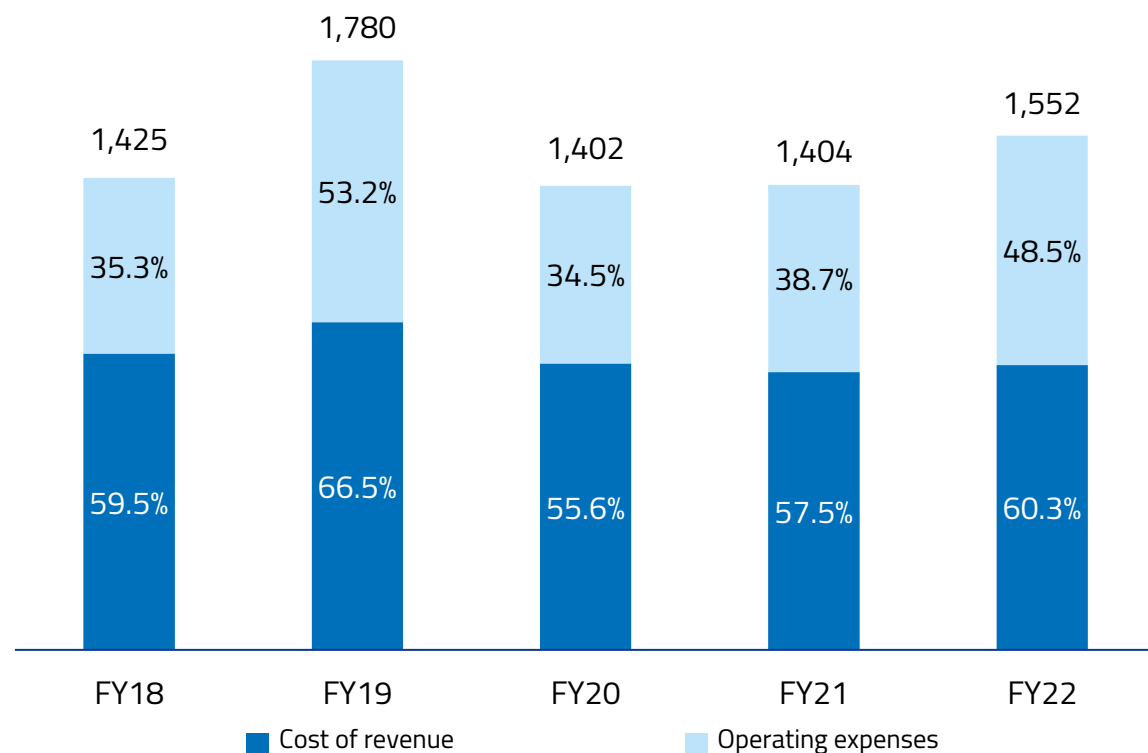
² Based on non-pharma revenue

Cost of Revenue and Operating Costs Trends

23% year-on-year increase in operating expenses driven by SG&A

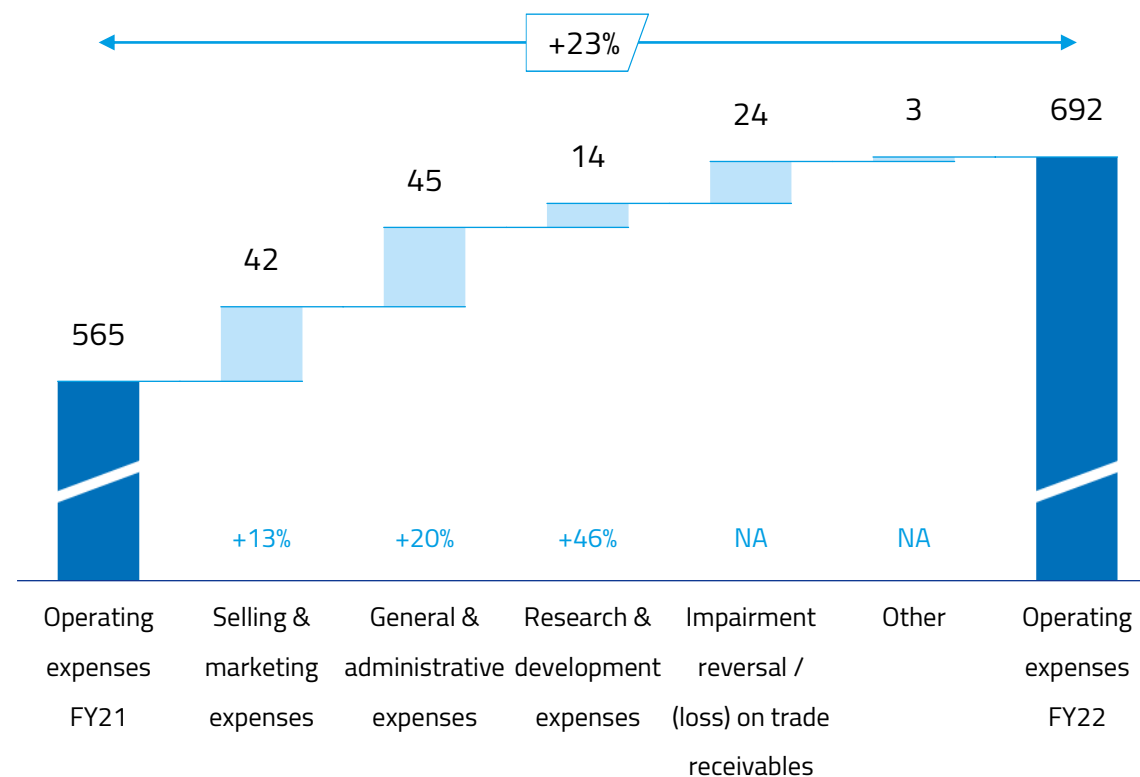
Total Expenses (Cost of Revenue + Operating Expenses)

(SAR mn, % of Revenue)



Operating Expenses Development

(SAR mn)



Balance Sheet Trends

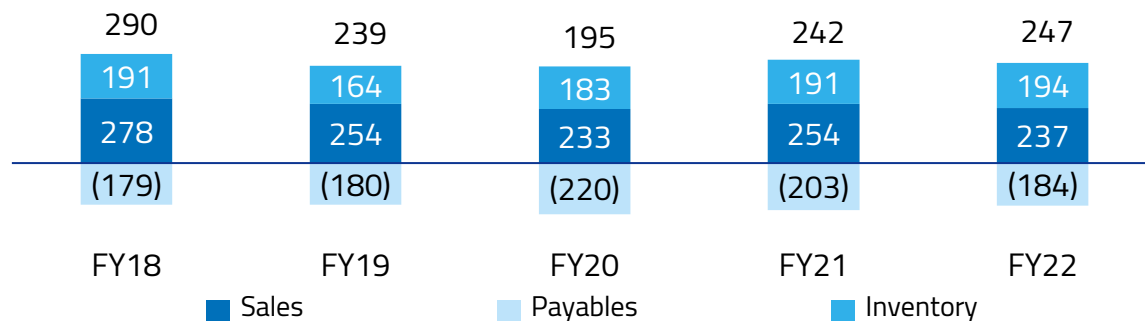
Balance Sheet remained solid with declining net debt and improving receivables turnover

Balance Sheet Highlights

SAR mn	4Q 2022	3Q 2022	Δ%	4Q 2021	Δ%
Total Non-Current Assets	1,951	1,951	-0%	1,972	-1%
Total Current Assets	1,880	2,251	-17%	2,458	-24%
Total Assets	3,832	4,205	-9%	4,434	-14%
Total Equity	1,693	1,846	-8%	1,993	-15%
Total Non-Current Liabilities	790	793	-0%	801	-1%
Total Current Liabilities	1,349	1,565	-14%	1,637	-18%
Total Liabilities	2,139	2,358	-9%	2,441	-12%

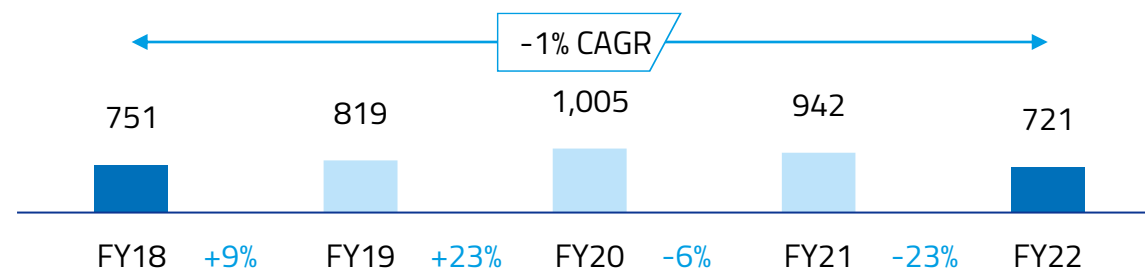
Cash Conversion Cycle Trends

(Days outstanding)



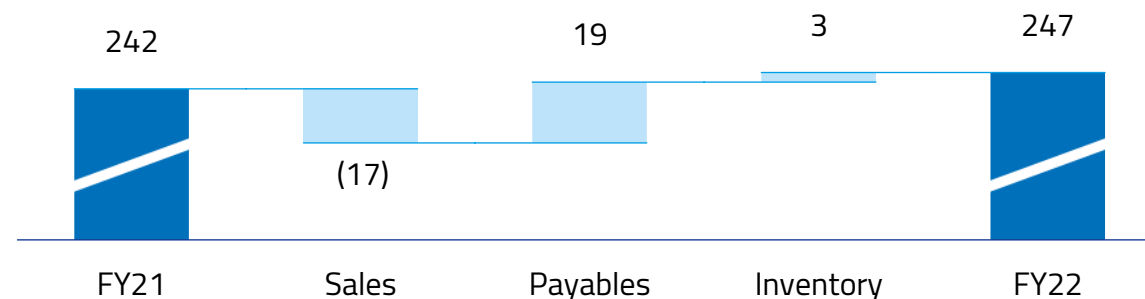
Net Debt

(SAR mn)



Cash Conversion Cycle Dynamics

(Days outstanding)



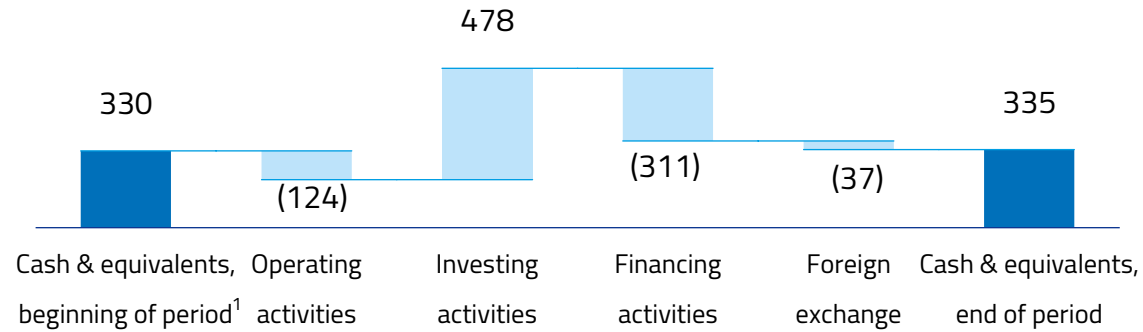
Source: Company financials

Cash Flow Trends

Capital expenditure remained stable, cash flow supported by proceeds from divestment from mutual funds

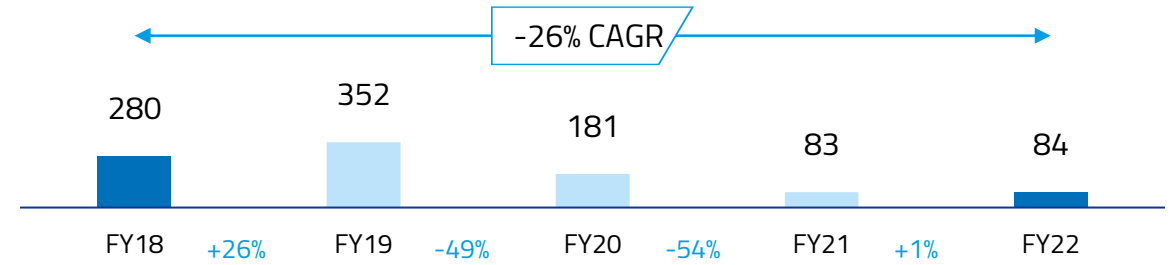
Cash Flow Dynamics (FY22)

(SAR mn)



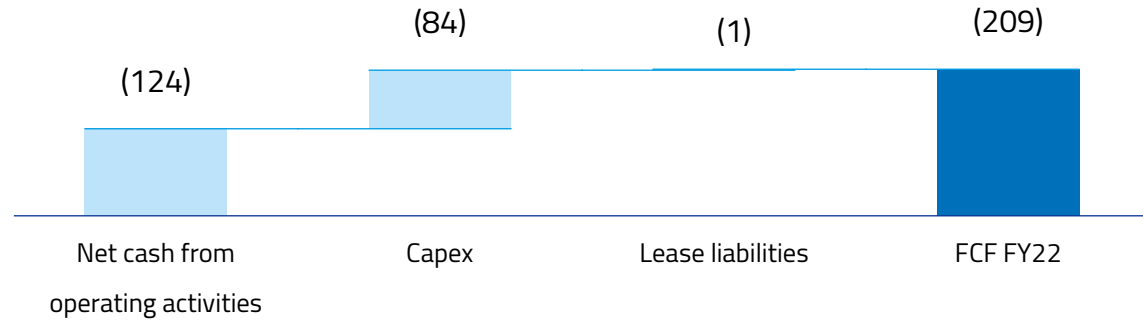
Capital Expenditure Development²

(SAR mn)



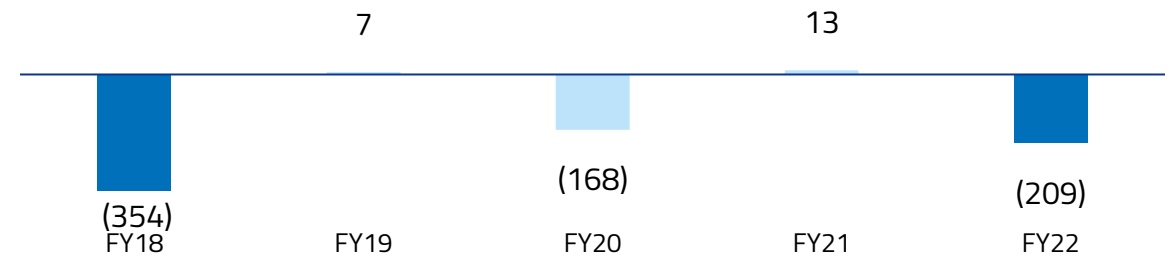
Free Cash Flow Composition (FY22)

(SAR mn)



Free Cash Flow Development³

(SAR mn)



Source: Company financials

¹ Including cash and cash equivalents from discontinued operations

² Net changes in property, plant, equipment, assets under construction, intangible assets and right of use assets

³ Free Cash Flow to Firm (Net cash generated from / (used in) operating activities + Net changes in PPE, assets under construction, intangible assets, right of use assets and lease liabilities)

Capital Allocation Priorities

Capital allocation prioritized towards growth and expansion to leverage existing and create new opportunities

Strategic Capital Allocation Priorities

1. Corporate Development

Accelerate business expansion to grow above the market level and to secure the National Champion position

2. Science Upgrade

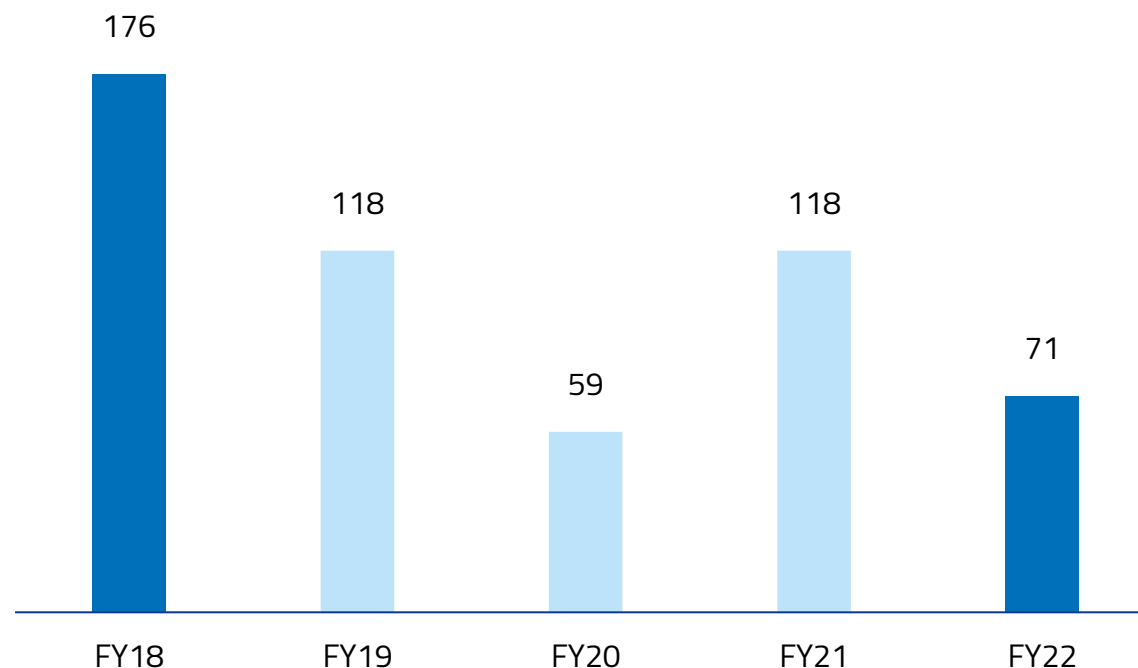
Build in-house R&D capabilities for new products with differentiated technologies

3. Value Chain Improvement

Improve SPIMACO's capabilities across the value chain to deliver the future high-value portfolio

Dividends Paid to Shareholders









(SAR mn)



2023 in Focus

The transformation to start paying off in 2023 with overall improved sales mix and financial indicators

Expected Developments in 2023

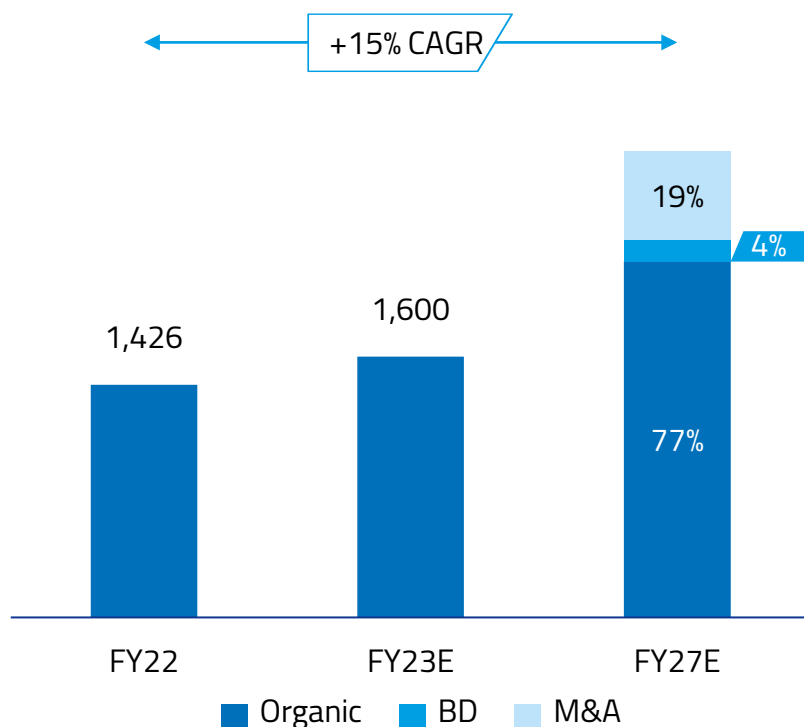
Indicator	FY22	FY23 Expectations
Revenue	1,426 SAR mn	 Increase by 12-14%
Gross Profit Margin	39.7%	 Gradual increase enabled by portfolio shift and cost optimization
Selling & Marketing Cost Ratio ¹	26.2%	 Relatively stable
General & Administrative Cost Ratio ¹	18.6%	 Decline driven by top-line growth
Research & Development Cost Ratio ¹	3.0%	 Increase to 3.3%
EBITDA Margin	-2.5%	 Improvement to 9-10%
EPS	(1.38)	 Gradual improvement
Net Debt / EBITDA	NA	 Increase due to additional leverage

Expected Financial Developments Towards 2027

The revamped strategy execution has a direct impact on financial results improvement in the long-term

SPIMACO Revenue Trajectory

(SAR mn)



Expected Developments Towards 2027

Gross Margin	↗	Gradual increase enabled by portfolio shift and cost optimization
Selling & Marketing cost ratio	↘	Moderate decline driven by optimization and offset by more active marketing efforts
General & Administrative cost ratio	↘	Decline driven by top line growth and efficiency gains in backbone processes
Research & Development cost ratio	↗	Gradual increase to expand and diversify the pipeline
EBITDA Margin	↗	Gradual increase to reflect the positive portfolio adjustment, cost efficiencies, & accretive M&A effect targeting a range of 15-17%
EPS	↗	Gradual increase
Net Debt / EBITDA	➡	Increase in medium-term due to rising leverage with subsequent decline as EBITDA generation increases

Q&A Session



Appendix

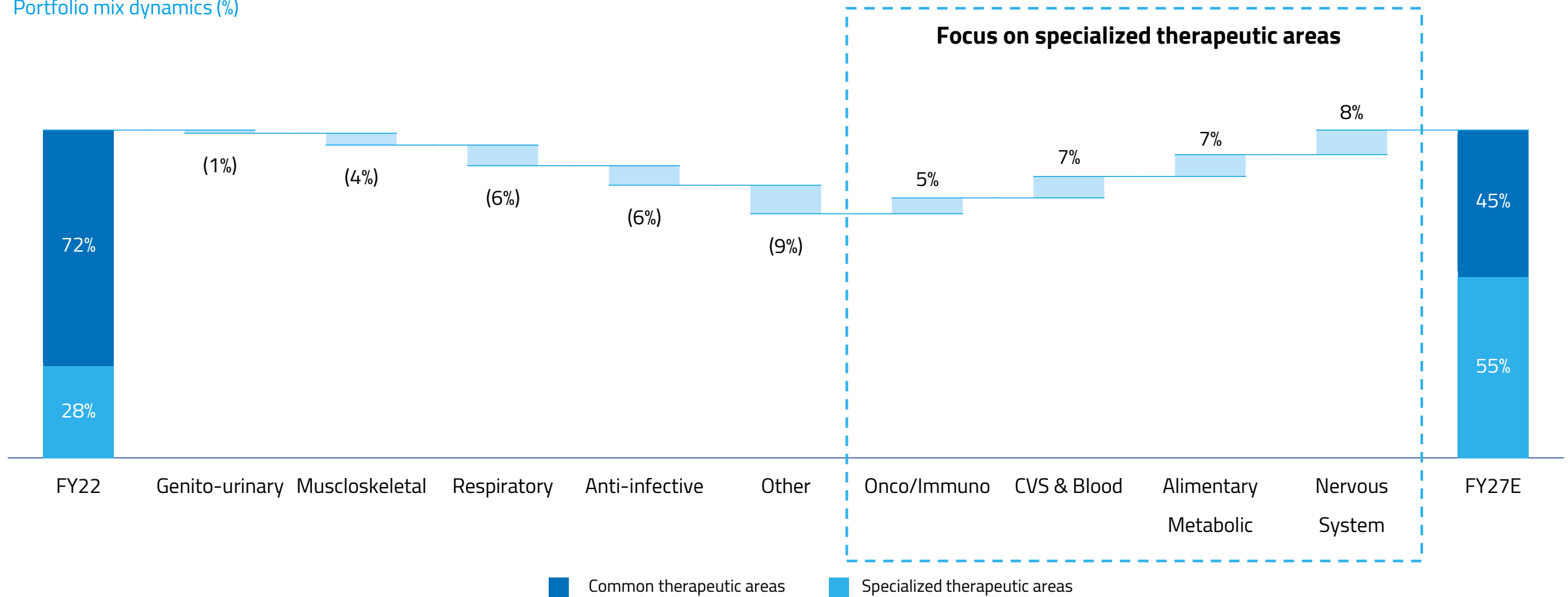


Processes - Focus on Speed and Value Creation

Future portfolio to be transformed and diversified towards specialized therapeutic areas

SPIMACO Formulation Mix Transformation

Portfolio mix dynamics (%)



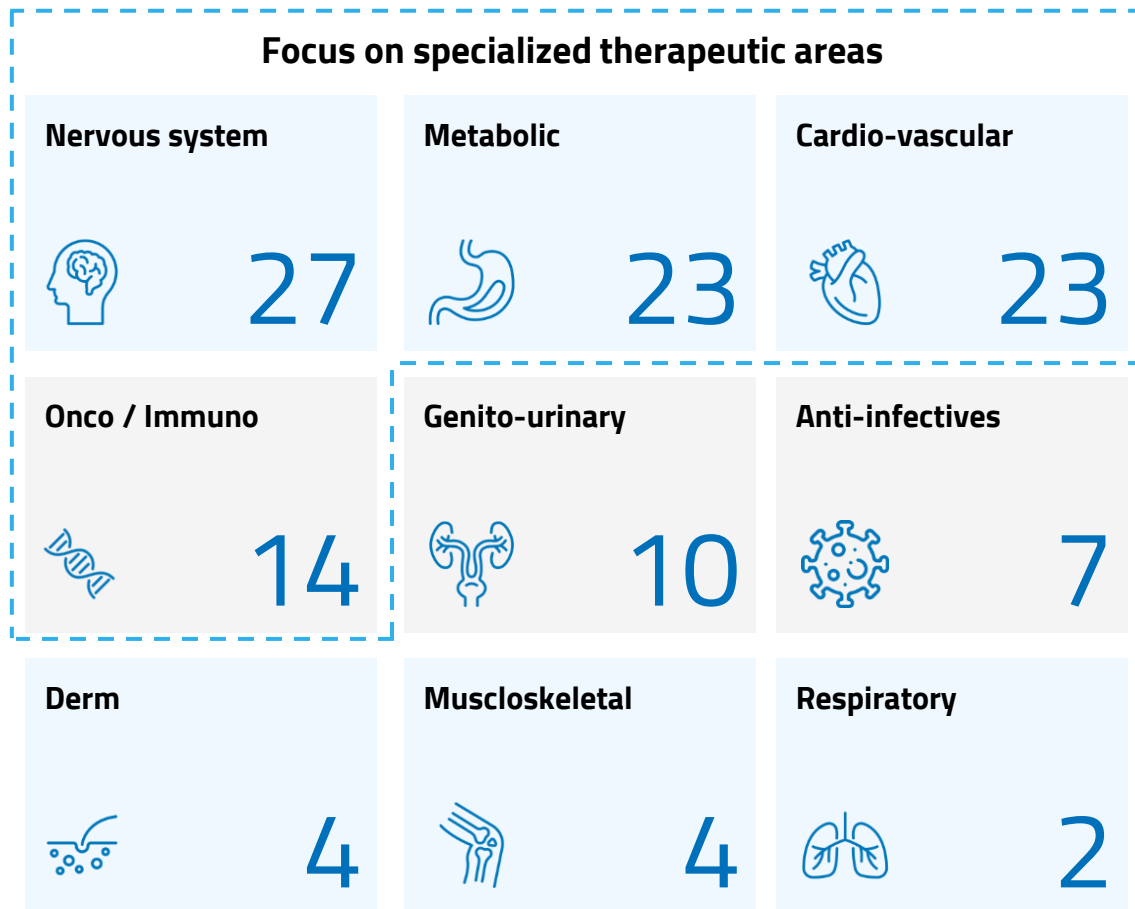
Source: Company estimates



Working on 114 New Molecule Launches Across a Wide Range of Therapeutic Areas

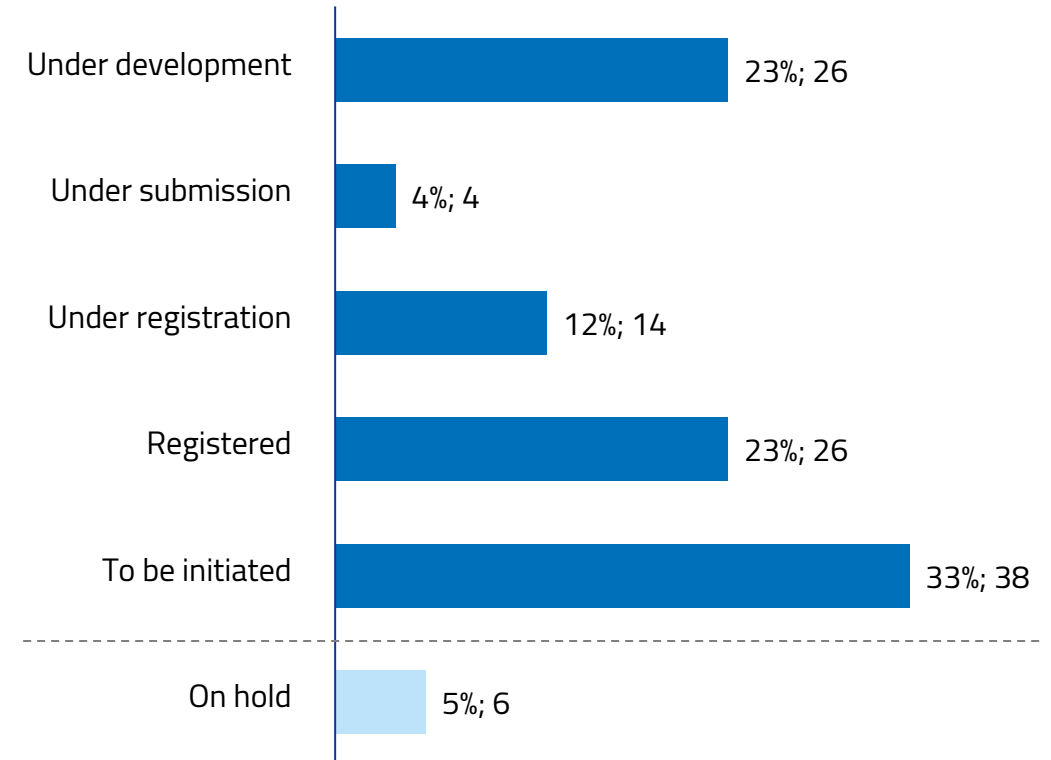
Products - SPIMACO future pipeline

114 New Launches in 2023-2027



Product Development and Registration Status

(% share of new products; number of new products)

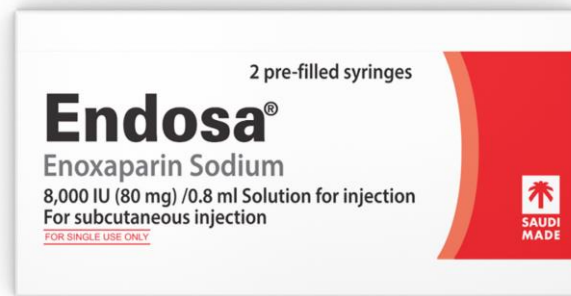


Innovation: Endosa (Enoxaparin Sodium)

First Biosimilar manufactured in Saudi-Arabia: Launch expected in Q2 2023

About Endosa

Enoxaparin Sodium is **a life saving**, low molecular weight heparin to replace heparin in emergency and critical clinical settings.



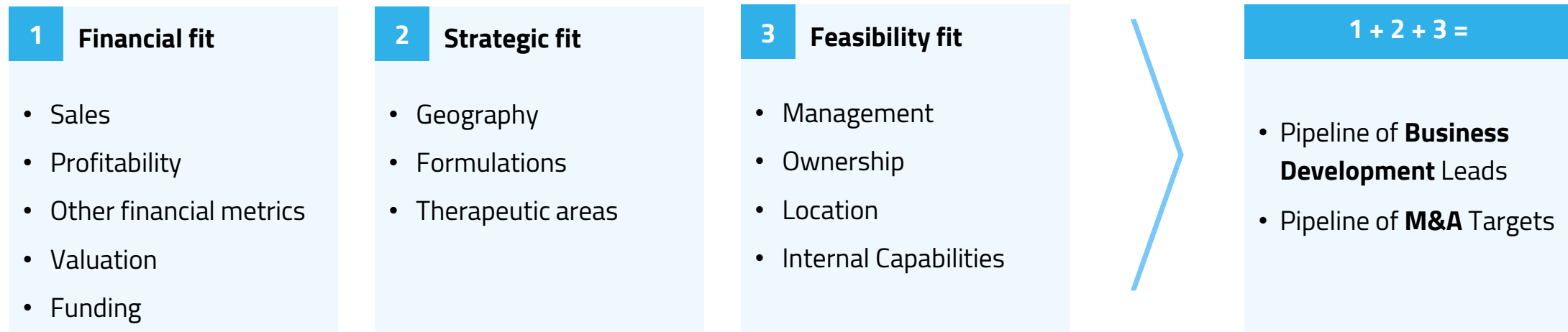
Key Facts

- ◆ First Biosimilar (European Medical Agency, SFDA) for SPIMACO and Kingdom of Saudi Arabia
- ◆ Full Tech transfer (Formulation, fill-finish, secondary packaging)
- ◆ Formulation technology: prefilled syringe
- ◆ Highlights the innovation, technical, and Regulatory Affairs capabilities of SPIMACO.
- ◆ Currently we are working towards registration of the product for export markets
- ◆ Advances our efforts to increase localization

Inorganic Opportunities Allow to Achieve Above-market Growth

SPIMACO follows a comprehensive M&A and BD framework to ensure quality and feasibility of the deals

M&A and Business Development Framework



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