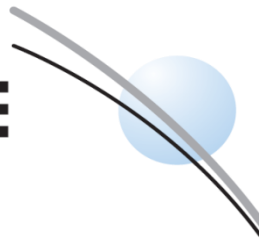


# **Dermapharm Holding SE**



**Investor and Analyst Conference Call  
FY 2018**

Grünwald, April 17, 2019

# Agenda

---

- 1. Overview**
- 2. Financial figures FY 2018**
- 3. Outlook FY 2019**

# Agenda

---

## **1. Overview**

2. Financial figures FY 2018

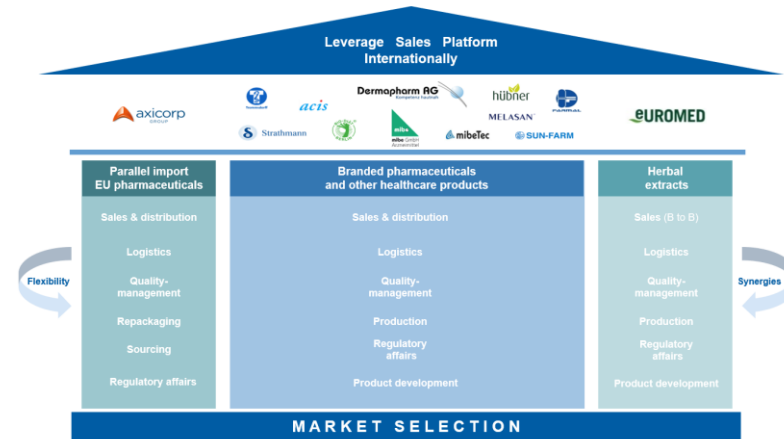
3. Outlook FY 2019

# Dermapharm – Pharmaceutical excellence “Made in Germany”

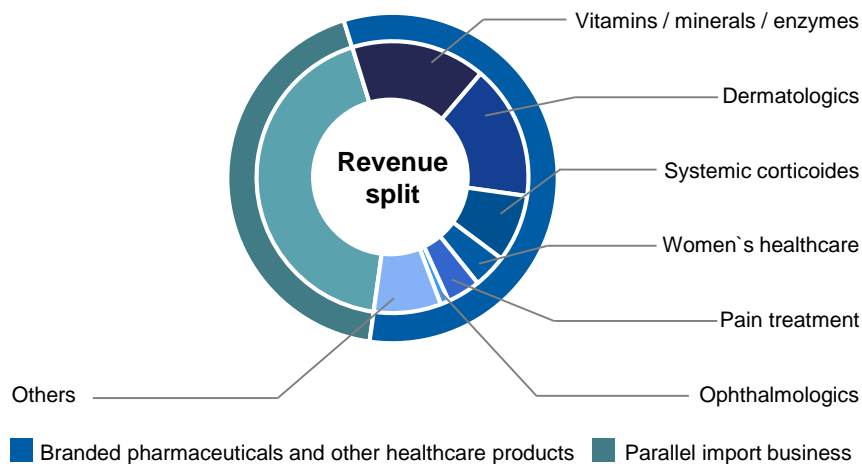
## A leading German pharmaceutical company...

- Dermapharm is a **leader in branded pharmaceuticals** in selected markets in **Germany** and has an increasing international footprint
- **Flexible** pharmaceutical manufacturing and distribution capabilities with **highly efficient** and **low risk** R&D process based on patent-free APIs resulting in short time-to-market
- **~250** active pharmaceutical ingredients (APIs) and **~900<sup>(1)</sup>** marketing authorizations (MA), which can be partly **leveraged internationally**
- A **top 5** parallel import business in Germany based on revenue
- Continuous **business optimization and growth** through **successful M&A**

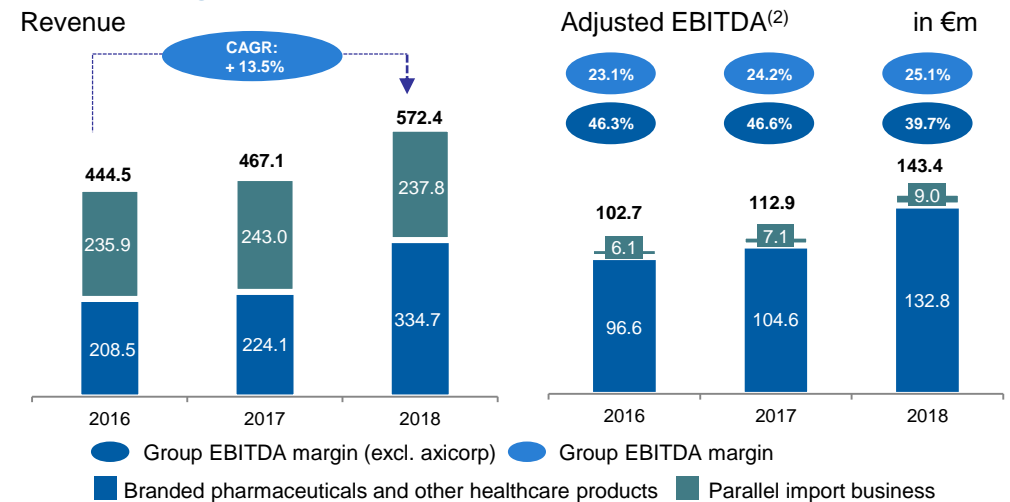
## ...based on an integrated business model...



## ...with a highly attractive product portfolio...

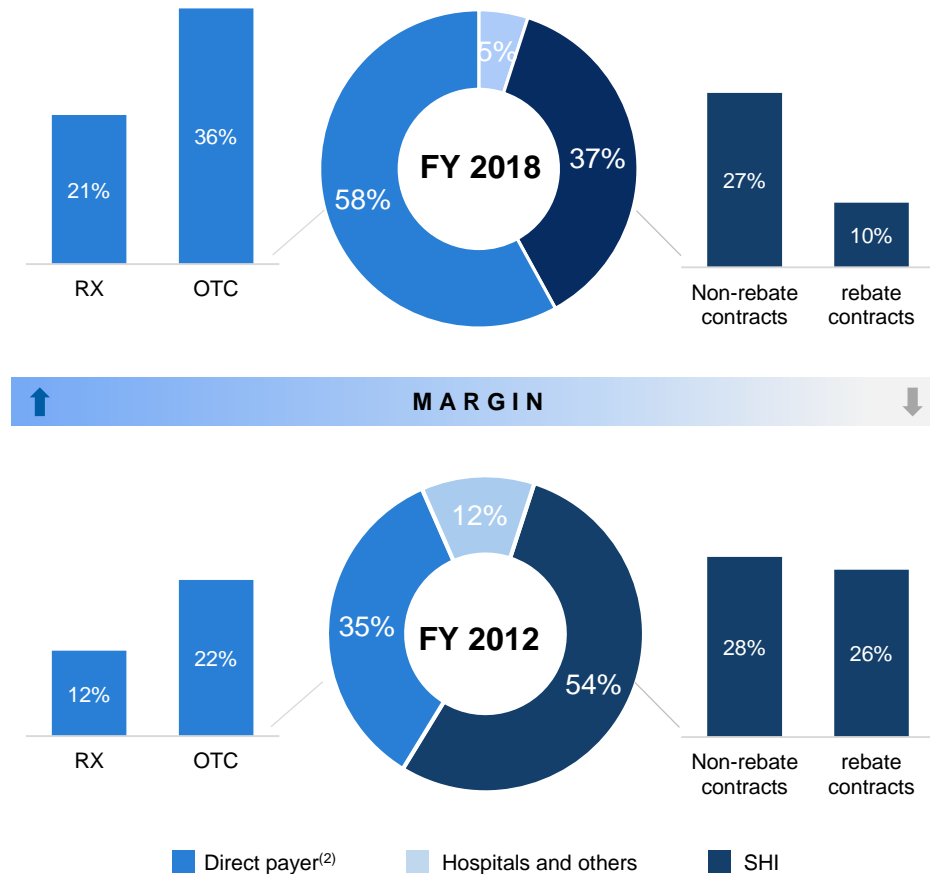


## ...resulting in attractive financials



# Steady organic revenue growth supported by M&A activities – with strongly increasing direct payer share

## Revenue by market access excl. axicorp<sup>(1)</sup>

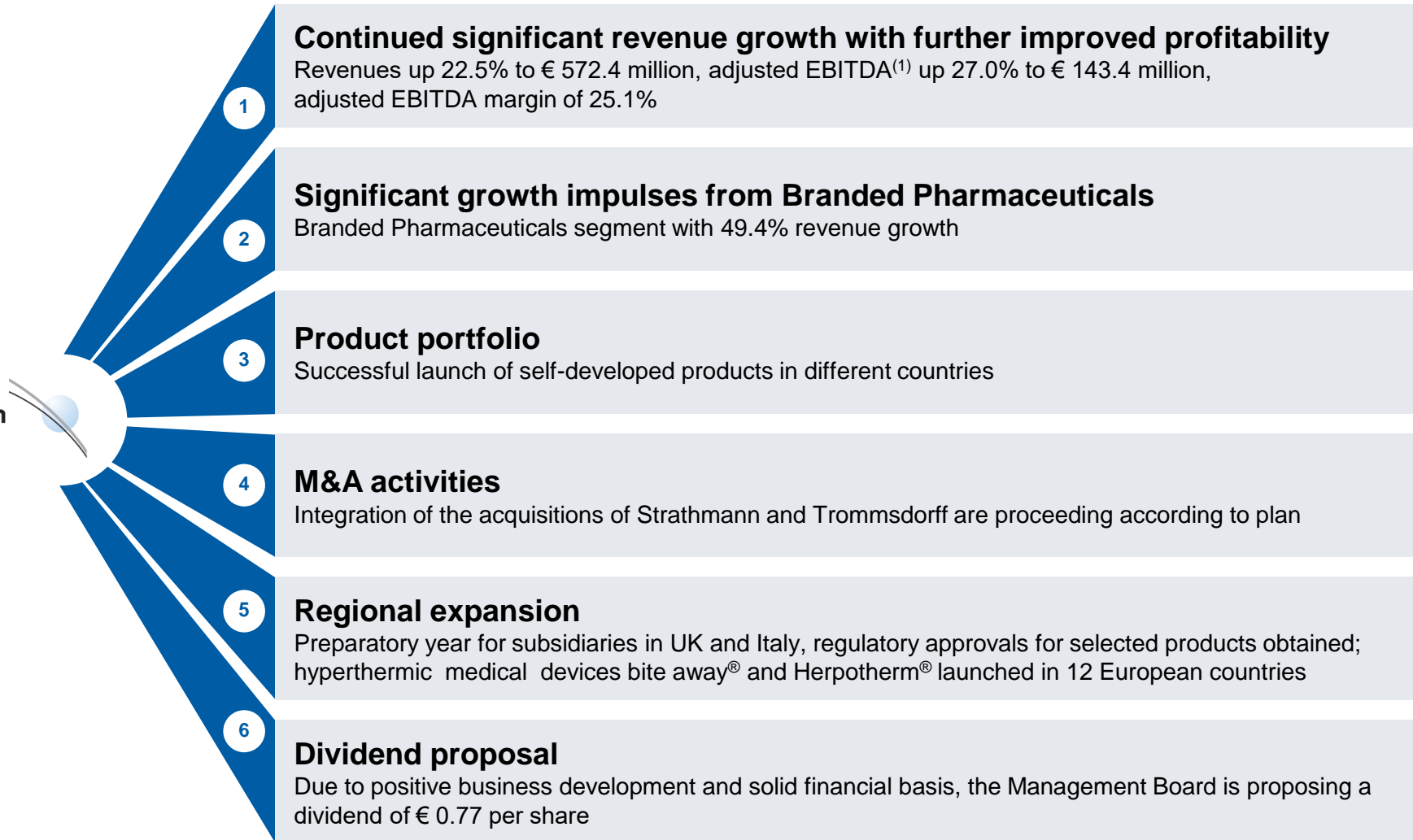


## Comments

- **Acquisitions** of Trommsdorff, Strathmann and the hyperthermic devices **further strengthen portfolio shift in 2018**
- **Portfolio shift overall leads to**
  - an **increasing share of self-payers products** with strong margins
  - an **increasing share of OTC products**
  - **decreasing dependency** on a highly regulated SHI market
  - **higher independency from SHI rebate contracts** with low margins

# Highlights FY 2018 – Success story with profitable growth continued

Dermapharm



# Agenda

---

1. Overview

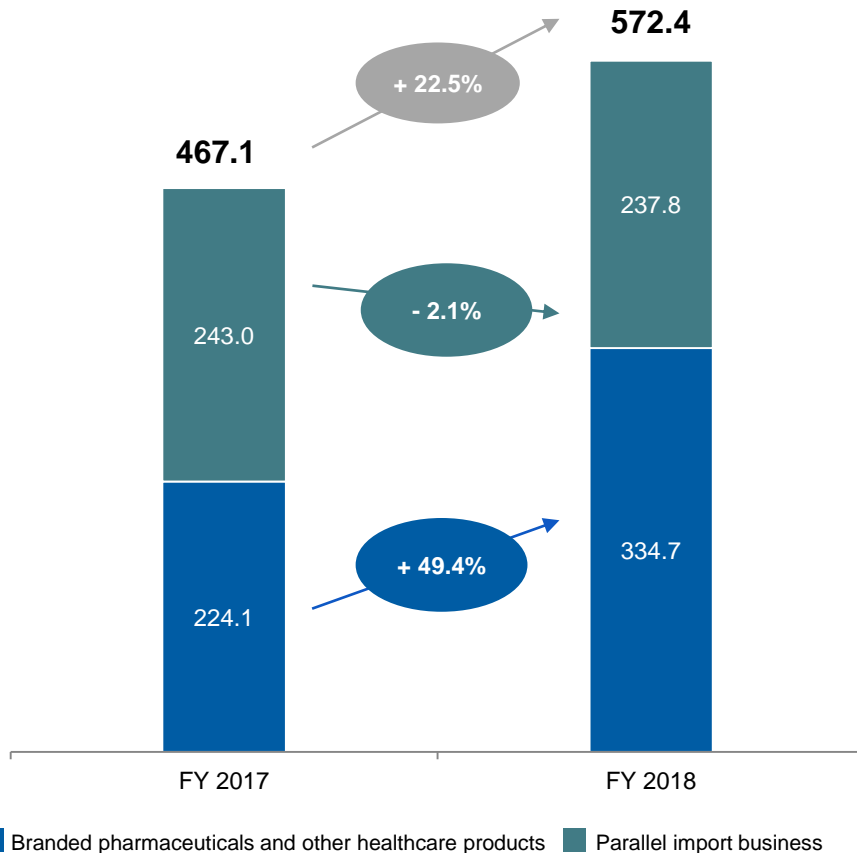
**2. Financial figures FY 2018**

3. Outlook FY 2019

# Dermapharm Group Revenue – Driven by significant growth in Branded Pharmaceuticals segment

## Dermapharm's revenue development

FY 2017 vs FY 2018 €m, YoY growth (%)



## Dermapharm Group

- **Strong revenue growth** of 22.5% to € 572.4 million
- **Main growth drivers:**
  - Successful company acquisitions and integration as well as
  - expansion of the product portfolio through introduction of new, self-developed products in selected markets.

## Branded pharmaceuticals & other healthcare products

- **Revenues again significantly up by 49.4%** to € 334.7 million
- Increase from **organic growth** and **consolidation of Strathmann and Trommsdorff**

## Parallel import business

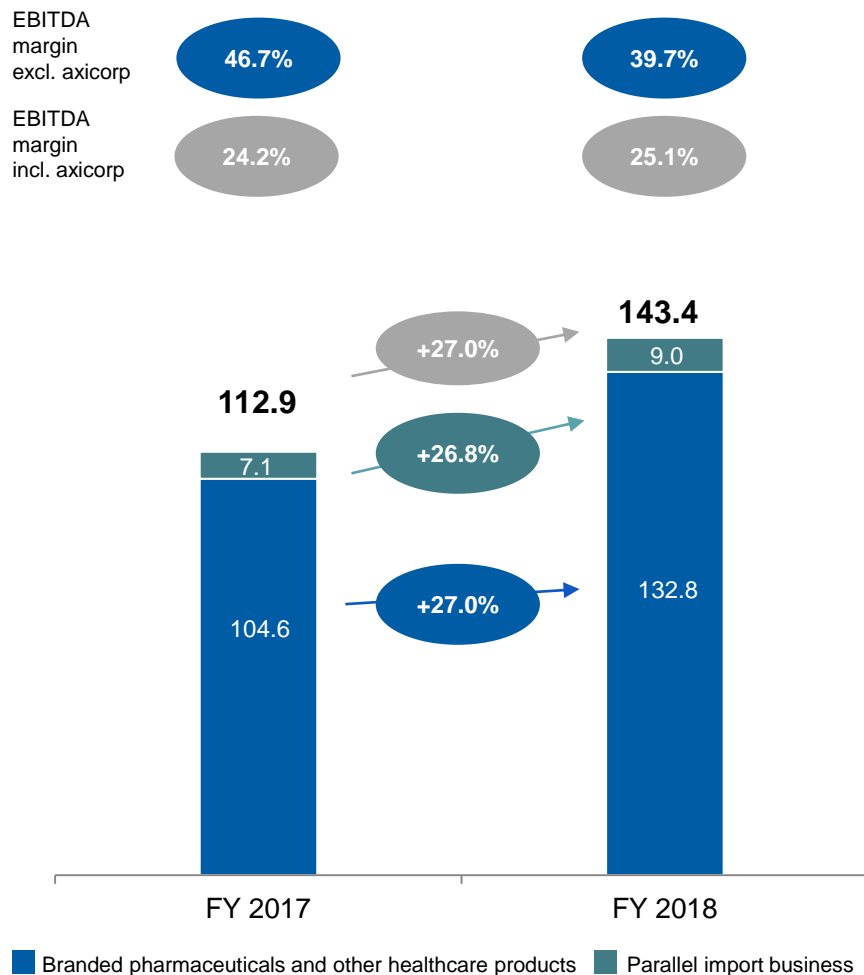
- Segment revenues **decreased by 2.1%** to € 237.8 million
- Decline due to **concentration on high-margin, but small-volume preparations**



# Dermapharm Group EBITDA – Disproportional EBITDA growth

## Dermapharm's EBITDA<sup>(1)</sup> development

FY 2017 vs FY 2018 €m, YoY growth (%)



## Dermapharm Group

- EBITDA growth driven by **Branded pharmaceuticals**
- **One-time costs of € 1.4 million** for IPO preparations
- **One-time costs of € 2.4 million** for brokerage and consulting in connection with the newly acquired companies Trommsdorff and Strathmann
- **EBITDA up by 27.0%** to € 143.4 million (adjusted) and 26.4% to € 139.6 million (unadjusted)
- **Strong EBITDA margin of 25.1%** (adjusted) and 24.7% (unadjusted)

## Branded pharmaceuticals & other healthcare products

- **EBITDA up by 27.0% to € 132.8 million (unadjusted)** and **increase mainly based** on positive development of gross profit while reducing expenses for SHI rebates and material costs
- **EBITDA margin of 39.7%** (unadjusted) and below 2017 due to initial consolidation of Strathmann and Trommsdorff

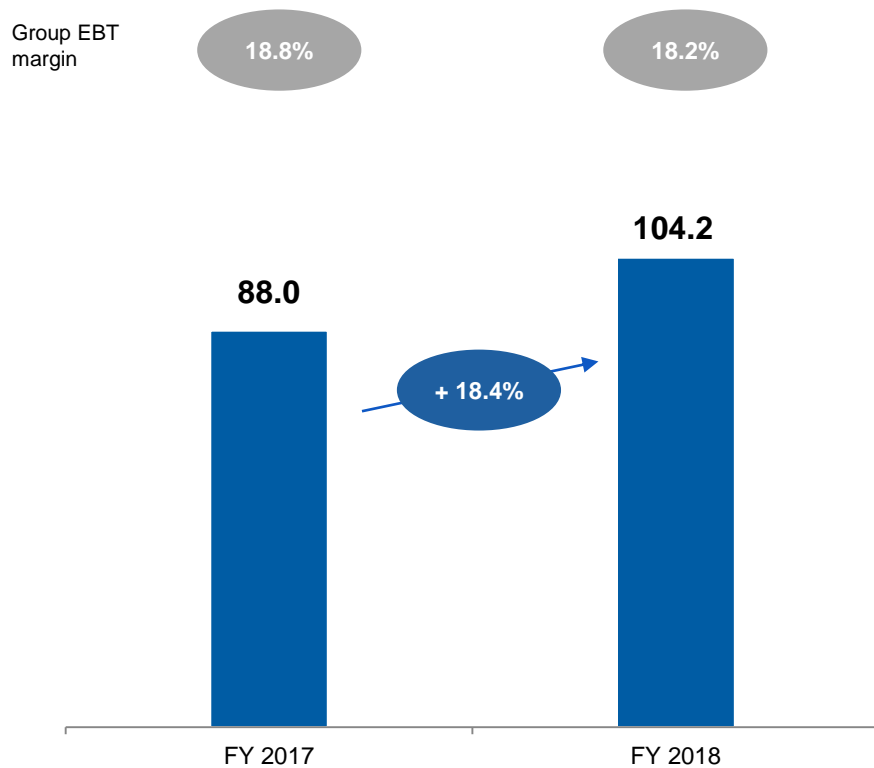
## Parallel import business

- **EBITDA growth of 26.8%** to € 9.0 million; **EBITDA margin up to 3.8%**
- Growth largely based on **optimization of the product portfolio** and **demand-driven sourcing**
- **Costs** were on a **stable basis**

# Earnings before tax (EBT) – Reflecting company’s high profitability

## Dermapharm’s EBT<sup>(1)</sup> development

FY 2017 vs FY 2018 €m, YoY growth (%)

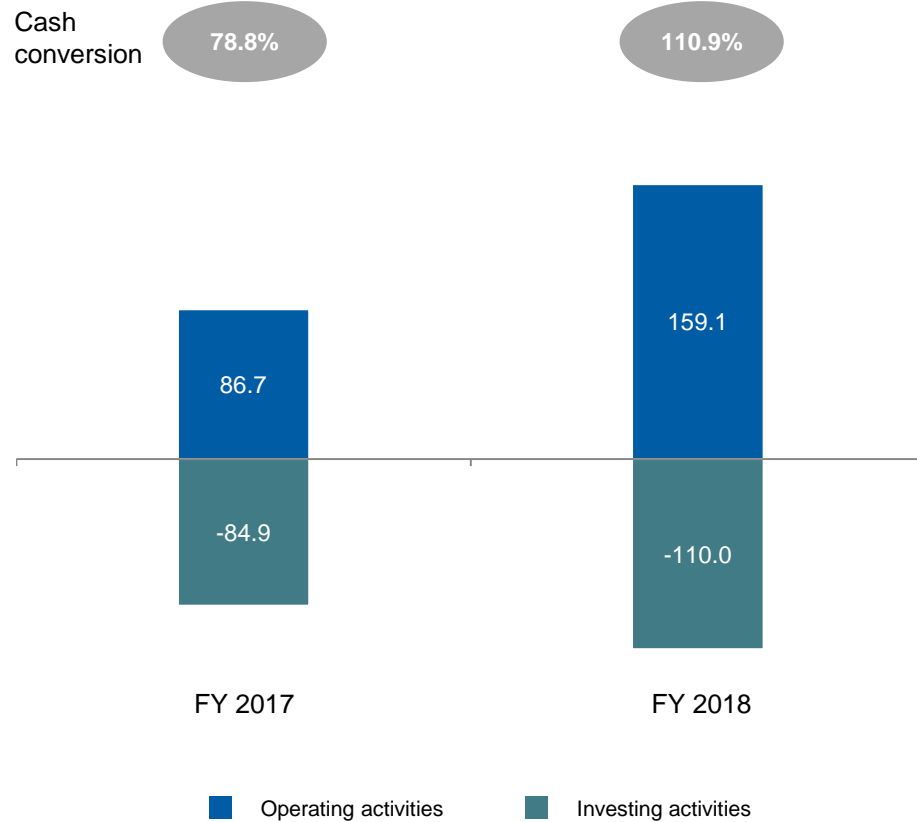


## Comments

- **EBT increased by 18.4%** to € 104.2 million (unadjusted) resulting in a **margin of 18.2%**
- **Depreciations and amortization at € 30.3 million** and € 13,8 million above the previous year
- **Financial result of € -3.3 million** above previous year’s level of € -4.1 million

# Strong Cash flows and cash conversion – Reflecting strong dedication to future growth

## Strong cash flow and cash conversion<sup>(1)</sup> in €m / in % of group EBITDA



## Comments

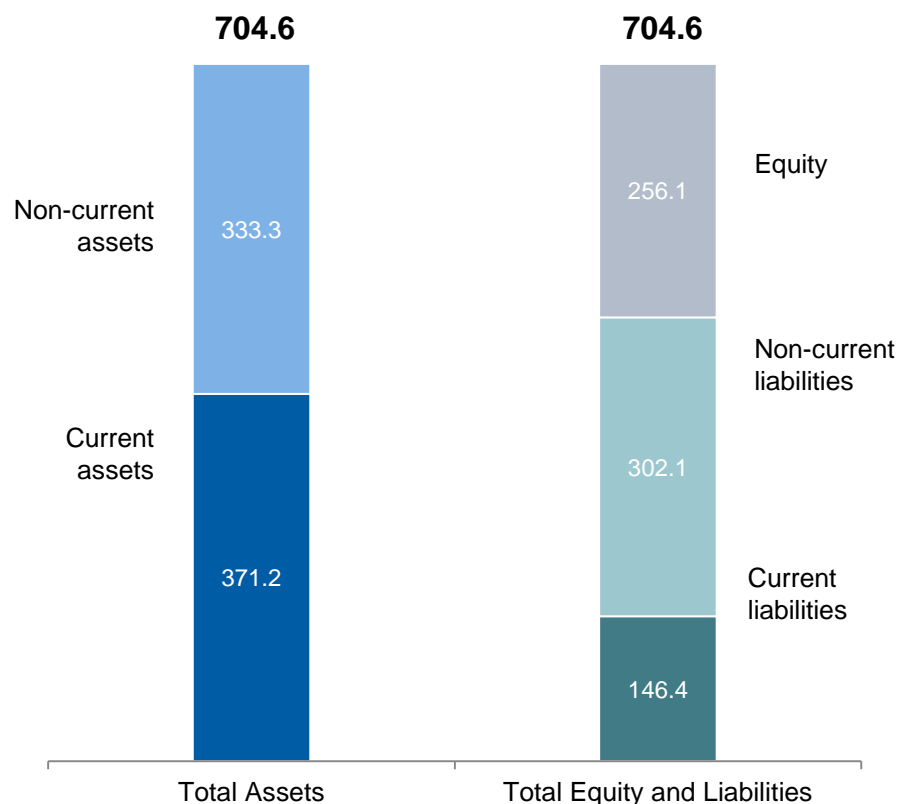
- **CF from operating activities up** due to positive business development
- **CF from investing activities** mainly reflecting M&A
  - Strathmann
  - Trommsdorff
- **Free cash flow: € 49.1 million** in FY 2018
- **Cash conversion** increased in FY 2018 to **110.9%**

Note: (1) Cash conversion defined as operating cash flow/(adjusted) EBITDA.

# Balance sheet of Dermapharm Group

## Balance Sheet as of 31 December 2018

in €m



## Comments

- **Total assets** increased to € 704.6 million
- **Non-current assets** increased mainly due to the increase in intangible assets, Goodwill and Property, plant and equipment
- **Current assets** increased mainly due to higher inventories, trade receivables and cash
- **Equity** increased to € 256.1 million
- **Current and non-current financial liabilities** amounted to € 71.6 million and € 232.7 million and mainly include
  - Bank loans
  - Promissory loans
- **Net debt / unadjusted EBITDA<sup>(1)</sup>**: 0,7x

# Agenda

---

1. Overview

2. Financial figures FY 2018

**3. Outlook FY 2019**

# Growth strategy – Update on in-house development

FY 2018

## Achievements

- All ongoing development projects on track
- **Several new products launched in different countries**
  - Germany: Myopridin®, Summavit® materna, Silicea® Nagelaufbauserum, Dekristolvit® 1 000 drops, Verrucutan®, Urocys®, Calcilac mono®, Lactofem Feuchcreme®, Silicea® Skin Repair Spray®, Physiopot®, easydrop®
  - Austria: Metasol® 16 mg and 32 mg ampoules, Minoxidil® 2% and 5%, Dienovel®, Physiopot®, Chinaöl®, Physiopot®
  - Poland: Momecutan®, Verrucutan®, Finapil®
  - Switzerland: Amorocutan Nail lacquer®, bite away®, Herpotherm®, Solacutan®, Fusicutan Plus®
  - Ukraine: Medobiotin® tablet 2,5 mg № 60, Levomin® 30 № 21, Dekristol® 4 000, Dekristol® 1 000



2019

## Plans

- ~ **50 ongoing development projects** with new products for all product areas
- Out of this product pipeline **around 40 products to be registered until 2024** in Germany and other European countries, e.g.:
  - **Further extension of Dekristol® portfolio** (capsules and drops)
  - **Authorization transfer of Myopridin® to Trommsdorff for co-distribution – own brand name Myditin®** (February 2019)
- **Pruritherm® development** and clinical studies



**HYPERThERMIA**

**Pruritherm®**



# Growth strategy – Update on internationalization

FY 2018

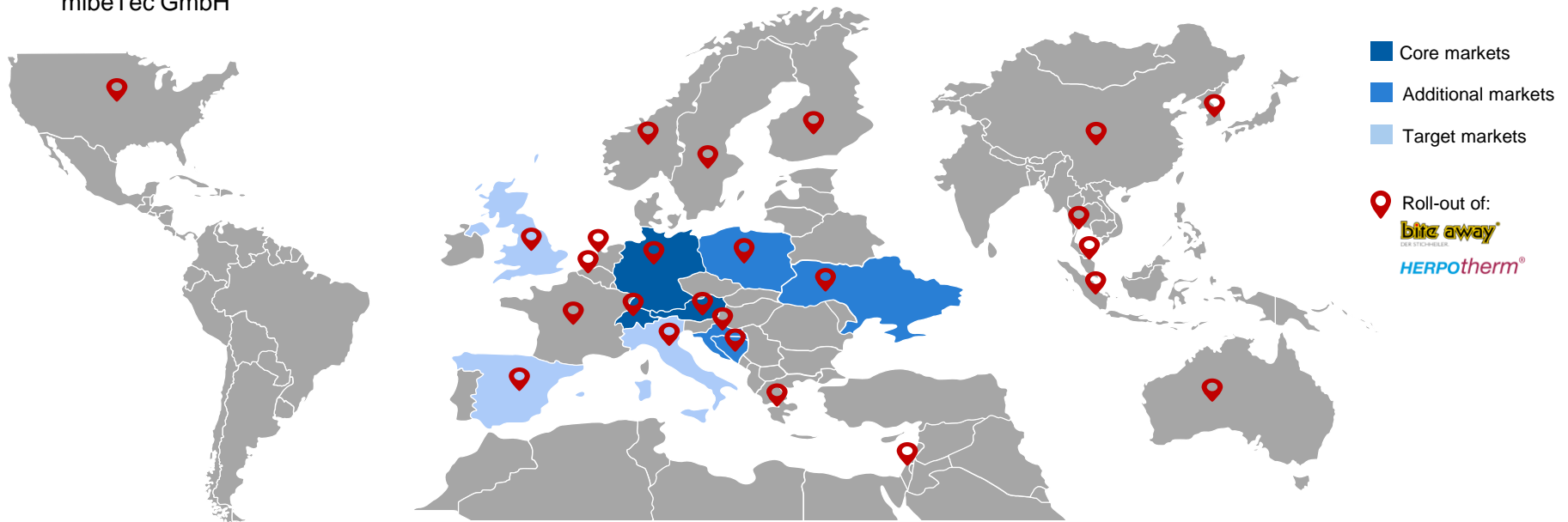
## Achievements

- **First marketing authorizations for subsidiaries** in the UK and Italy
- **Marketing authorizations obtained in EU** for several of recently developed pharmaceuticals
- Scheduled preparation of **European roll-out** of bite away® and Herpothem®; **launched in 12 European countries**
- Numerous **international sales partners** in the field of hyperthermic medical products gained through subsidiary mibeTec GmbH

2019

## Plans

- Launch of first products in **UK and Italy**
- Entering **Spain via Euromed**
- Continuous screening of **international M&A opportunities**
- **International roll-out** of bite away® and Herpothem® in **several countries and regions through different sales channels**



# Growth strategy – Update on M&A activities

FY 2018

## Achievements

- Integration and consolidation of **Strathmann, Trommsdorff, Bio-Diät-Berlin and Hyperthermic Medical Devices** further **strengthen overall strategy with product portfolio** characterized by:
  - Focus on **niche markets with low competition**
  - Mainly **original products with USPs focusing on self-payers**
  - Extension of the therapy groups** by the area **pain treatment**
  - Marketing and sales** of former mibe products (Gabrilen, Hygroton, Suxilep) **by Trommsdorff and GP field force**
  - Preparation transfer logistics of Bio-Diät-Berlin** to mibe in Brehna **completed**. Scheduled start as of January 1, 2019
  - Successful certification** of mibeTec GmbH by TÜV-Süd for the products **bite away® and Herpotherm®**, this replaces the former owner as manufacturer
  - Increase in bite-away sales by > 100%** in all established sales channels (amazon / Rossmann) and **expansion into the pharmacy market**

2019

## Plans

- Scheduled continuation of the integration** of Bio-Diät-Berlin, Strathmann and Trommsdorff:
  - Leveraged product marketing through existing sales forces
  - Standardization of IT systems
  - Realization of synergies regarding i.e. overhead or sourcing
  - Cost reduction through site selection
- Development** of a **“Herbal portfolio strategy”** together with **Euromed**
- Dermapharm owns the **worldwide marketing rights for bite away® and Herpotherm®** and intends to **market** these devices **globally**
- International roll-out** of bite away® and Herpotherm® in **several counties and regions through different sales channels**





# Growth strategy – Expansion of production and logistics capacities

FY 2018

## Achievements

### mibe GmbH Arzneimittel in Brehna (Germany) – Construction of a new central

- **Start** of the construction project **realized in September 2018**

Reserve area  
20.000 m<sup>2</sup>



2019

## Plans

- **Completion** of the project **until September 2019**
- Following **integration of logistics processes** of Strathmann and Trommsdorff



### Melasan GmbH in Austria – Construction of a new production building

- **Planning and building permission is granted**
- This marks an **important milestone for growth in the food supplement sector**



- **Completion** of the project **until November 2019**

# Business update on axicorp Group

FY 2018

## Achievements

- Reduction of purchase prices
- Further broadening of sourcing
- Further leverage of the call center
- Sale of bite away® to 6,500 pharmacies via call center during the introductory phase in the pharmacy market
- Falsification guideline implementation done

Examples of parallel imported originator-products:



2019

## Plans

- Ongoing portfolio optimization
- Adaptation of business to new legal frame conditions
- Preparation of Cannabis – sales activities via remedix

Leveraging the call center for additional OTC products:



# Growth strategy on track and informing guidance 2019



- over previous year (2018: € 572 million)



- over previous year (2018: € 143.4 million (adjusted))

“Growth rates are based on **organic growth, new launches of in-house developments** and growth from **Euromed S.A.** included in the forecast.”

# Disclaimer

This publication includes statements, estimates, opinions and projections with respect to the anticipated future performance of Dermapharm Holding SE (together with its consolidated subsidiaries, “Dermapharm”) and such statements, estimates, opinions and projections (“Forward-Looking Statements”) reflect various assumptions concerning anticipated results based on Dermapharm’s current business plan or publicly available sources which have not been independently verified or assessed by Dermapharm and which may prove to be incorrect.

The Forward-Looking Statements reflect current expectations based on the current business plan and various other assumptions, involve significant risks and uncertainties, should not be read as a guarantee of future performance or results and may not necessarily be accurate indications of whether or not such results will be achieved. The Forward-Looking Statements only speak as of the date of this publication. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of Dermapharm and the estimates given herein. These factors include those discussed in Dermapharm’s financial statements which are available on Dermapharm’s website. Each recipient of this publication should make its own assessment of the validity of Forward-Looking Statements and other assumptions and, Dermapharm accepts no liability with respect to any Forward-Looking Statements or other assumptions.

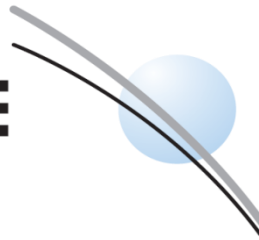
Except as provided by law, Dermapharm assumes no obligation whatsoever to update or revise any of the information, Forward-Looking Statements and conclusions contained herein, or to reflect new events or circumstances or to correct any inaccuracies which may become apparent subsequent to the date hereof.

## **Investor contact**

Britta Hamberger  
Investor Relations  
Dermapharm Holding SE

E-Mail: [ir@dermapharm.com](mailto:ir@dermapharm.com)  
Phone: +49 (0) 89 641 86 233

# **Dermapharm Holding SE**



**Becoming the leading European pharmaceuticals  
manufacturer in selected markets**