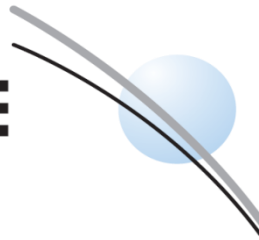


# **Dermapharm Holding SE**



**Investor and Analyst Conference Call  
Q3 2019**

Grünwald, 20 November 2019

# Agenda

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- 1. Overview**
- 2. Financial figures Q3 2019**
- 3. Outlook FY 2019**
- 4. Q&A**

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## **1. Overview**

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# Dermapharm – Highlights Q3 2019



## Change in Management Board

- On 1 October 2019 **Dr. Jürgen Ott** started as new **Chief Marketing Officer**
- Adds valuable **experience** to sales and marketing sectors...
- ... and is particularly familiar with **field of herbal products**



## In-house product development

- **Pipeline of 50 ongoing development projects** on track
- **Mibe GmbH Arzneimittel: Completion of new logistic centre** beginning of **November 2019, centralisation of logistics** in Brehna
- **Melasan GmbH: Completion of the project in December 2019**



## Further Internationalisation

- **mibe Pharma España: founding of new entity in Spain** in October 2019
- **mibe Pharma Italia: Increase of sales force to 30 employees** until the beginning of 2020
- **mibeTec Japan: founding of new entity** for hyperthermic medical devices in October 2019



## Targeted M&A activities

- **Fitvia: Synergy effects** in the areas of **social media & influencer marketing**
- Continuous **screening of national and international M&A opportunities**

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**2. Financial figures Q3 2019**

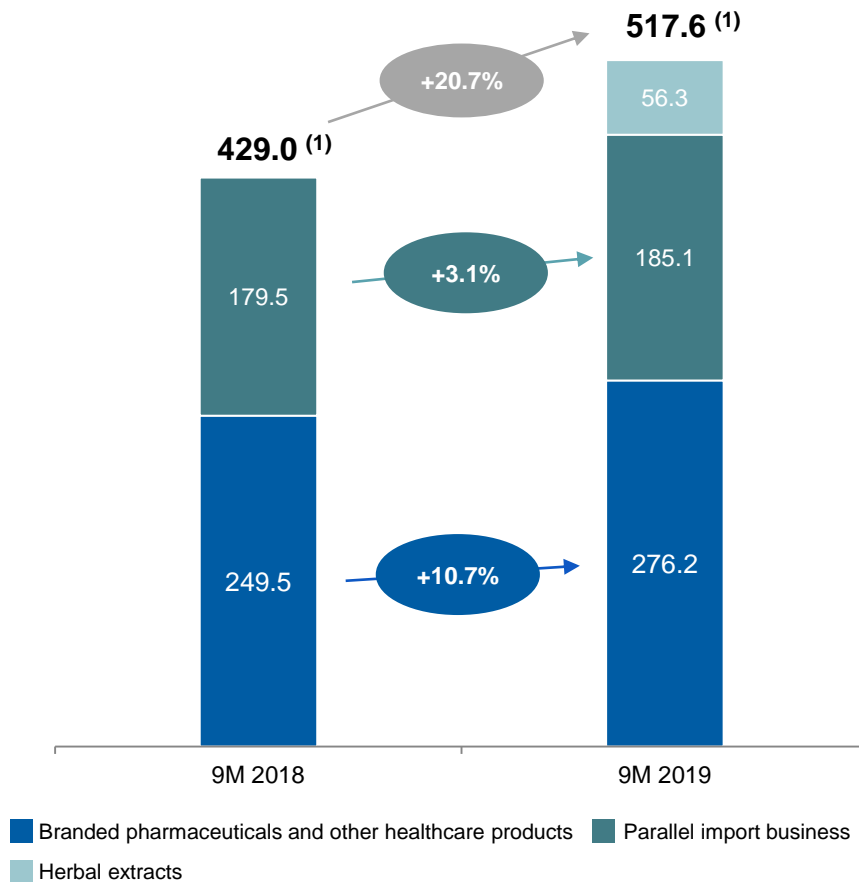
3. Outlook FY 2019

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# Dermapharm Group Revenue – Significant growth in all segments

## Dermapharm's revenue development

9M 2018 vs 9M 2019 €m, YoY growth (%)



## Dermapharm Group

- Significant revenue growth of 20.7 % to € 517.6 million

## Branded pharmaceuticals & other healthcare products

- Revenues up by 10.7 % to € 276.2 million
- Increase mainly from **organic growth** based on
  - **self-developed products** in selected markets
  - **relocation** of products by using the **best marketing opportunities** within the group
  - **co-marketing of Myopridin®** within the group
- First time consolidation of Fitvia<sup>(2)</sup>

## Parallel import business

- Segment revenues increased by 3.1 % to € 185.1 million
- Continued demand for parallel imports of originator preparations
- Intact ability to deliver

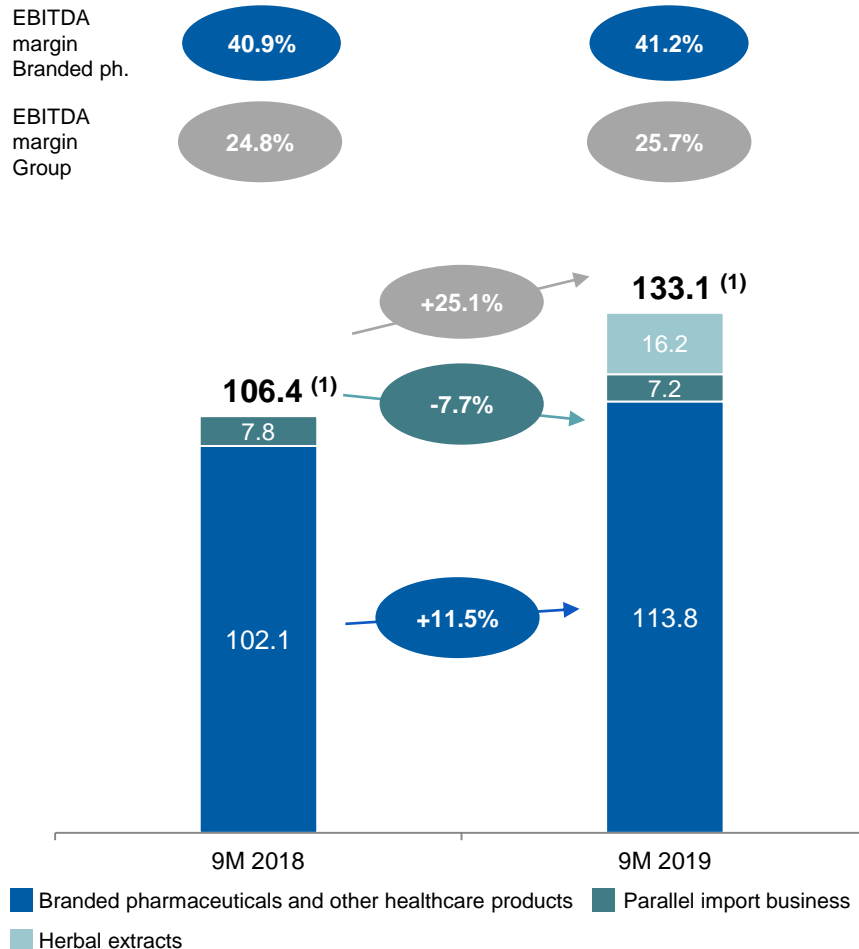
## Herbal extracts

- New segment<sup>(3)</sup> developing according to plan

# Dermapharm Group EBITDA – Disproportional growth due to successful integration of the recent acquisitions

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

9M 2018 vs 9M 2019 €m, YoY growth (%)



## Dermapharm Group

- EBITDA up by 25.1 % to € 133.1 million (adjusted) and 21.4 % to € 124.6 million (unadjusted)
- Strong EBITDA margin of 25.7 % (adjusted) and 24.1 % (unadjusted)
- € 8.5 million one-off costs adjustments

## Branded pharmaceuticals & other healthcare products

- EBITDA up by 11.5 % to € 113.8 million (adjusted), driven by
- Positive changes in inventories to secure ability to deliver
- Reduced cost of materials ratio based on
  - Switch to in-house production instead of third party purchase
  - Using synergy effects from latest acquisitions

## Parallel import business

- EBITDA decrease of -7.7% to € 7.2 million, mainly due to an increasing number of SHI rebate contracts

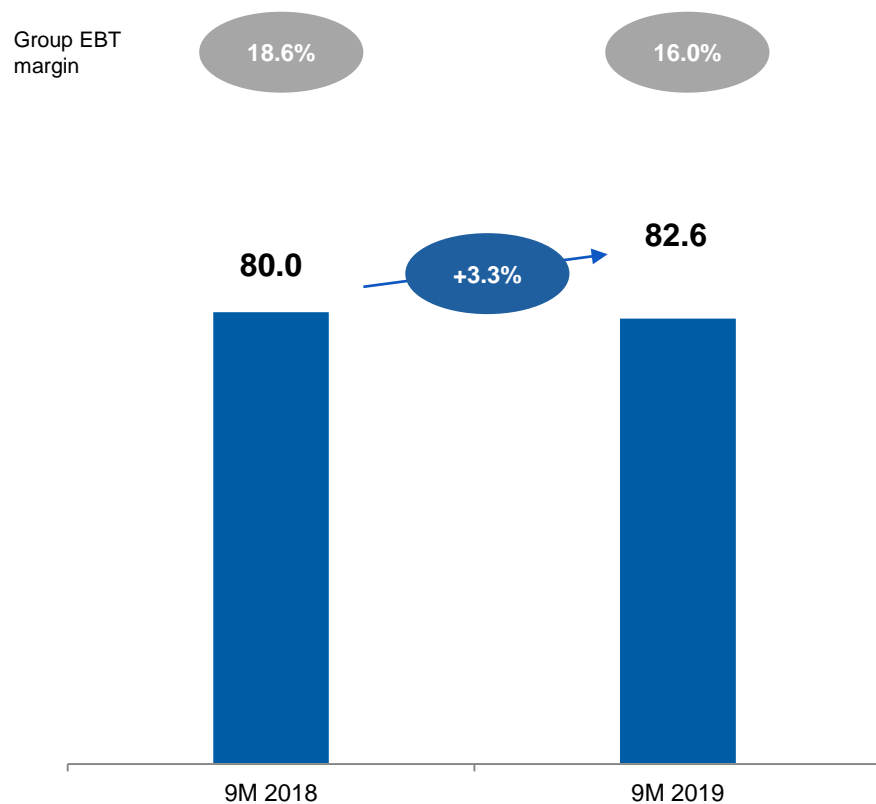
## Herbal extracts

- New segment developed slightly better than expected

# Earnings before tax (EBT) – Reflecting successful acquisitions and investments in future growth

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

9M 2018 vs 9M 2019 €m, YoY growth (%)



## Comments

- EBT increased by 3.3 % to € 82.6 million (unadjusted) resulting in a lower margin of 16.0 %
- Mainly influenced by
  - increasing depreciations and amortisation with € 17.0 million on purchase price allocation related to the acquisition of **Euromed** and its **initial consolidation** into the group
  - the **first-time application** of the **IFRS Standard 16 “Leases”**
  - **Financial result decreased by € -2.1 million to € -4.4 million** due to the financing of the recent acquisitions

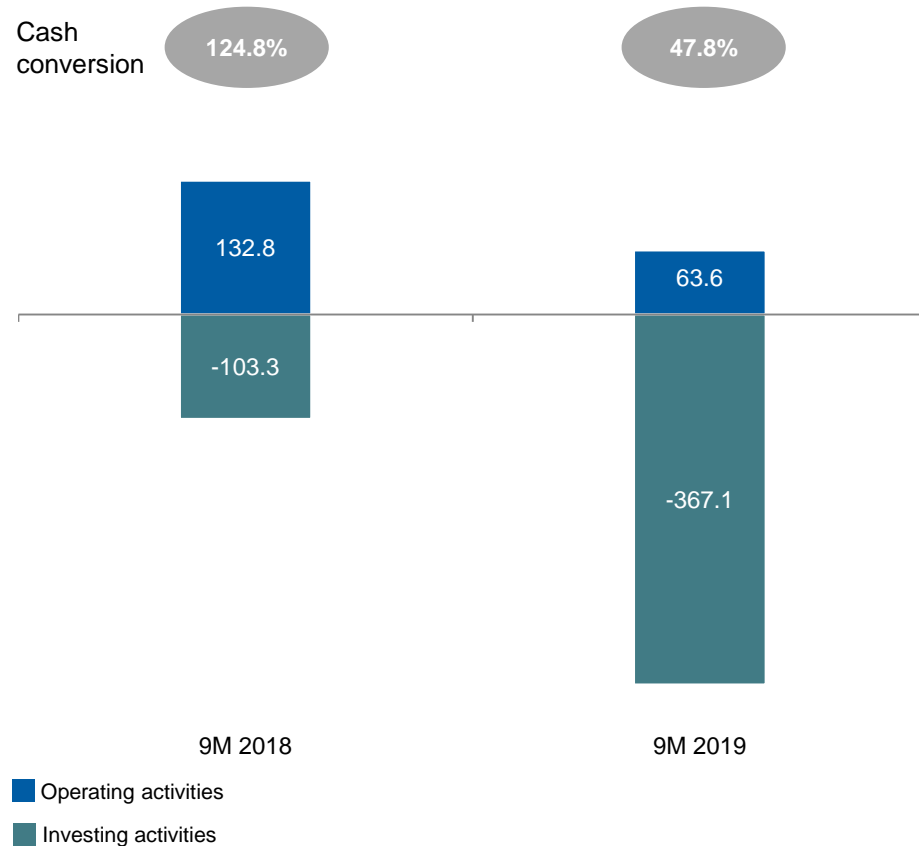
Note: (1) Calculation of EBT based on unadjusted Group EBITDA of € 124.6 million (9M 2019) and € 102.6 million (9M 2018), respectively.



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

## Cash flow and cash conversion <sup>(1)</sup>

in €m / in % of group EBITDA



## Comments

- **CF from operating activities** in 9m 2019 below previous year because of
  - by **settlement of receivables** from Themis Beteiligungs-AG in the first half of 2018<sup>(2)</sup>
  - **income tax payments**
  
- **CF from investing activities** reflecting **M&A** as well as **investments in property, plant and equipment**
  - Acquisition of Euromed
  - 20 % minority stake in FYTA
  - 70 % stake in Fitvia
  - Capacity expansion at mibe & Melasan
  
- **Free cash flow: € -303.5 million** in 9M 2019
  
- **Cash conversion decreased** in 9M 2019 to **47.8%**

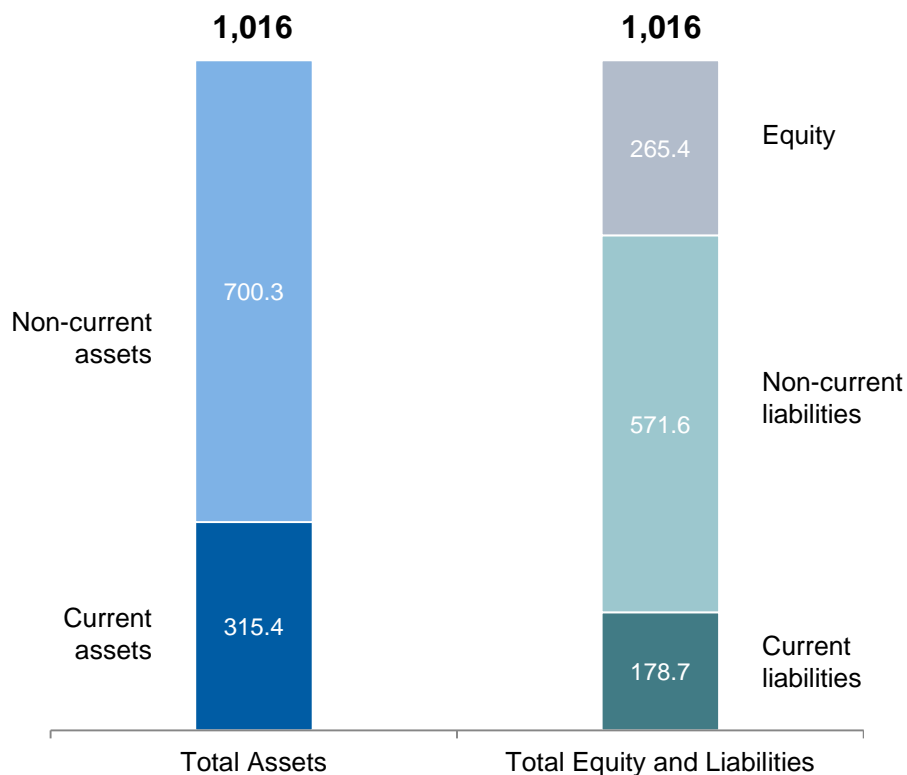
Note: (1) Cash conversion defined as operating cash flow / (adjusted) EBITDA.

(2) Cash conversion defined as operating cash flow / (adjusted) EBITDA; operating cash flow includes € 65 m decrease in other assets in the first nine months 2018, mainly resulting from an over-payment of the profit transfer agreement with Themis Beteiligungs-Aktiengesellschaft

# Balance sheet of Dermapharm Group

## Balance Sheet as of 30 September 2019

in €m



## Comments

- **Total assets increased to € 1,016 million** (31 December 2018: € 704.6 million)
- **Non-current assets increased to € 700.3 million** (31 December 2018: € 333.3 million) mainly due to an increase in intangible assets, goodwill and property, plant and equipment as well as financial assets in connection with the recent acquisition and minority stake as well as the first-time application of the IFRS Standard 16 “Leases”
- **Current assets decreased to € 315.4 million** (31 December 2018: € 371.2 million) mainly due to decrease in cash and cash equivalents and payment of dividend for fiscal year 2018
- **Equity of € 265.4 million** slightly increased (31 December 2018: € 256.1 million)
- **Current and non-current financial liabilities amounted to € 750.3 million** (31 December 2018: € 448.5 million) and mainly include
  - Syndicated loan
  - Promissory note loan
- **Net debt / adjusted EBITDA<sup>(1)</sup>: 2.8 x**

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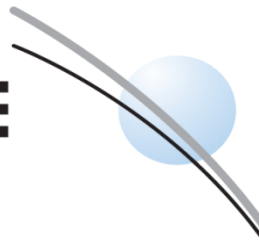
## Growth strategy on track and in line with guidance 2019 of the Annual Report 2018

<b>Revenues 2019</b>	<b>+14 % to +19 %</b> vs. previous year (€572m)
<b>EBITDA 2019 (adjusted)</b>	<b>+17 % to +22 %</b> vs. previous year (€143.4m (adjusted))

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

# **Dermapharm Holding SE**



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Q3 2019**

**Q&A**

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