Dermapharm Holding SE

INVESTOR AND ANALYST CONFERENCE CALL

FY 2019

Grünwald, 8 April 2020

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Financial highlights FY 2019

Guidance was met in the best possible way

	Guidance 2019	FY 2019 results
Revenues	**+ 14%** to **+ 19%** vs. previous year (€572.4m)	**+ 22.4%** (€700.9m) ✓
EBITDA[1] (adjusted)	**+ 17%** to **+ 22%** vs. previous year (€143.4m)	**+ 23.8%** (€177.6m) ✓

Note: (1) EBITDA FY 2019 adjusted for non-recurring costs of €9.1m. | Group EBITDA also includes EBITDA from reconciliation of €5.6m (Group Holding).

Operational highlights FY 2019

Continuous consequent implementation of Dermapharm`s three-pillar-strategy

Inhouse development	**Pipeline** of **more than 50** ongoing **development projects**[1] on track; **successful launches** of self-developed products in different countries
Internationalisation	**Regional expansion** through founding of **new own subsidiaries** in **Spain** and **Japan** and by **new European distribution partners**
M&A activities	**Share acquisition of Euromed** (100%) and **Fitvia** (70%); take over of assets from **CFP Packaging**; minority interests on **FYTA** (20%)

Note: (1) Segment: branded pharmaceuticals and other healhcare products

Market and Legal highlights FY 2019

Changes in market and legal situation

Dekristol® 20.000	**Increase in sales** despite competition, slight increase in **self-payer share,** participation in **SHI[(1)] tenders** to secure SHI market
HCT - API	**Warning** of the drug authorities of an increased "skin cancer risk" when taking **Hydrochlorothiazide** mono and combination products - **increasing sales** of Dermapharm`s replacement product **Hygroton®**
Guidelines (2011 / 62 / EU)	As of 9 February 2019 **prescription drugs** can only be sold on the market if they are **serialised and labeled** with a **2D code**
§ GSAV (Parallel import business)	**"Law for more security in drug supply"** - legal import quota remains but was adjusted; introduction of new pricing clauses

Note: (1) SHI – Statutory Health Insurance

Investment highlights FY 2019

Expansion of logistic and production capacities to secure Dermapharm`s future growth

mibe

mibe GmbH
Arzneimittel

New central group logistic hub

- additional 12,000 m^2 of usable space
- 3,500 picking places
- 3,500 pallet spaces for replenishment

MELASAN®

New production site

- 6,000 m^2 of usable space
- production for nutritional supplements and dietary foods
- incl. laboratories, warehouse and administration

Latest News – Events after the reporting period

+++ **Corona crisis** +++ **latest M&A** +++ **change in board** +++

Corona virus	**Influence** in its entirety is **not predictable**; the **pharmaceutical industry** also offers **positive aspects.**
Latest acquisition	**Allergopharma** – German **specialist in therapeutics for desensitisation** of allergies
Change in board	July 2020 - **Change** in **CFO position**

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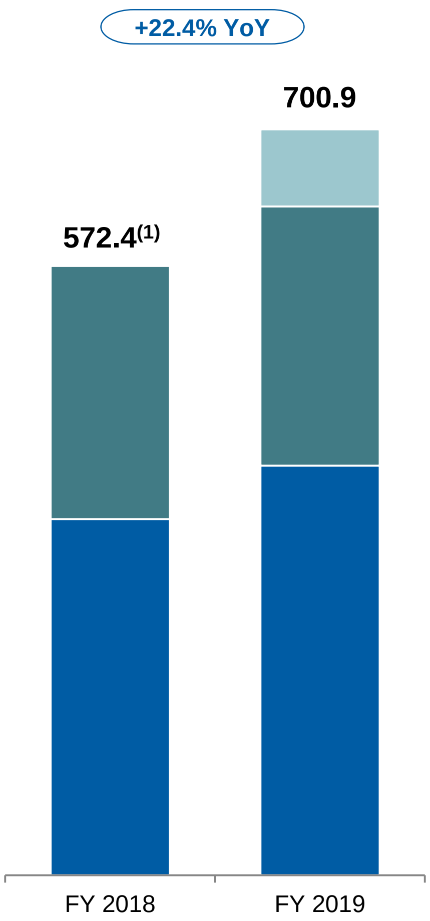
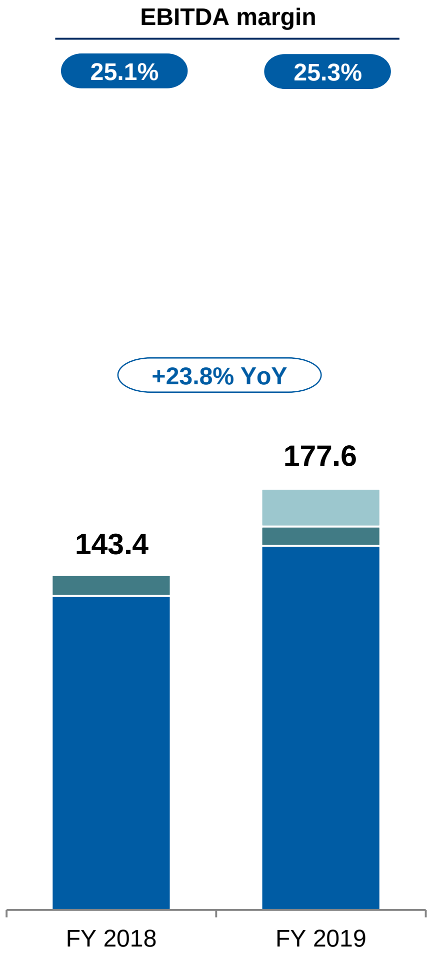
Dermapharm Group

Strong overall growth driven by branded pharmaceuticals

Total Revenue (€m)



EBITDA(2) (€m, adjusted)



Branded pharmaceuticals and other healthcare products | Parallel import business | Herbal extracts (since January 2019)

Comments

Significant revenue growth of 22.4% to €700.9m, due to

- **organic growth** in all segments
- overall **intact 3-pillar-strategy**
- **first time consolidation** of **Euromed** (since 01/2019) and **Fitvia** (since 07/2019)

Disproportional adjusted EBITDA growth of 23.8% to €177.6m and 20.7% to €168.5m (unadjusted) driven by

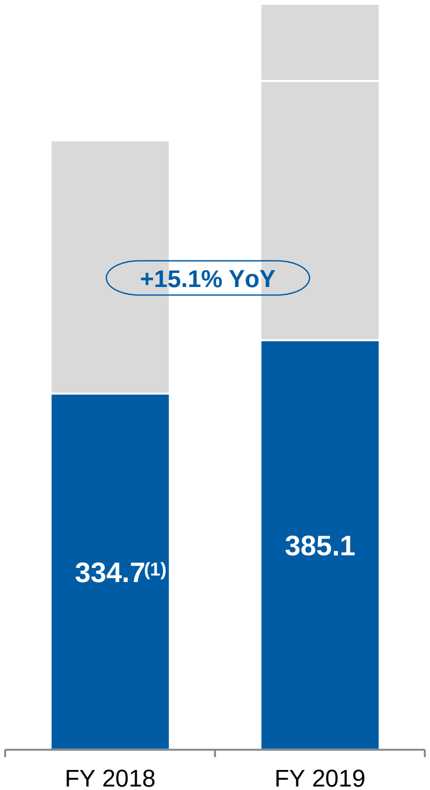
- **one-stop-shop approach**
- favorable **production costs**
- lifted **synergy effects** within the Group
- overall **lean management**

Note: (1) Trommsdorff was consolidated for the first time as of February 2018. Accordingly, sales from January did not enter the segment and the group result.
(2) EBITDA FY 2019 adjusted for non-recurring costs of €9.1m. | Group EBITDA also includes EBITDA from reconciliation of €-5.6m (Group Holding).
EBITDA FY 2018 adjusted for non-recurring costs of €3.8m. | Group EBITDA also includes EBITDA from reconciliation of €-2.2m (Group Holding).

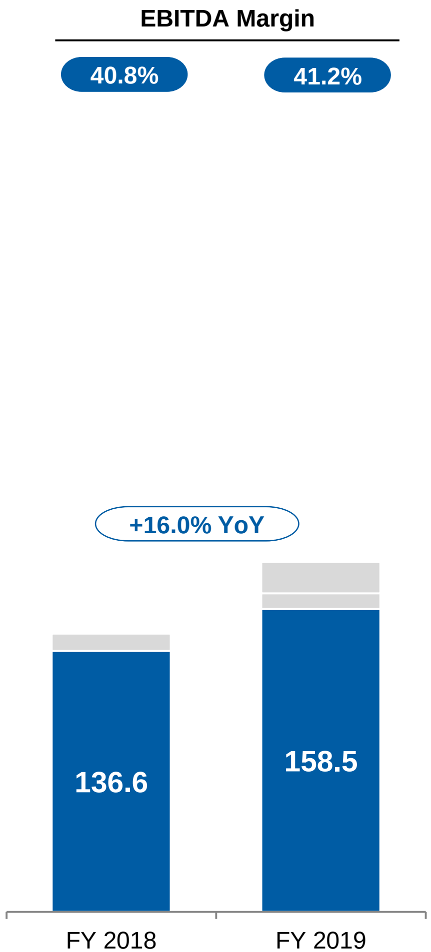
Branded pharmaceuticals and other healthcare products

Growth expansion continues

Revenue (€m)



EBITDA(2) (€m, adjusted)



Branded pharmaceuticals and other healthcare products

Comments

Revenues up by 15.1% to €385.1m

- largely based on **organic growth**
- supplemented by **self-developed products**
- **Dekristol® 20.000** increased in sales
- **high delivery performance**
- **extreme strong sales** in December 2019
- **successful co-marketing** within the group
- **first time consolidation** of Fitvia (since 07/2019)

EBITDA disproportional up by of 16.0% to €158.5m (adjusted) and 15.2% to €153.0m (unadjusted)

- **central process control** by **one-stop-shop approach**
- **lean management**
- reduced **cost of material ratio**
- **successful integration** of latest acquisitions

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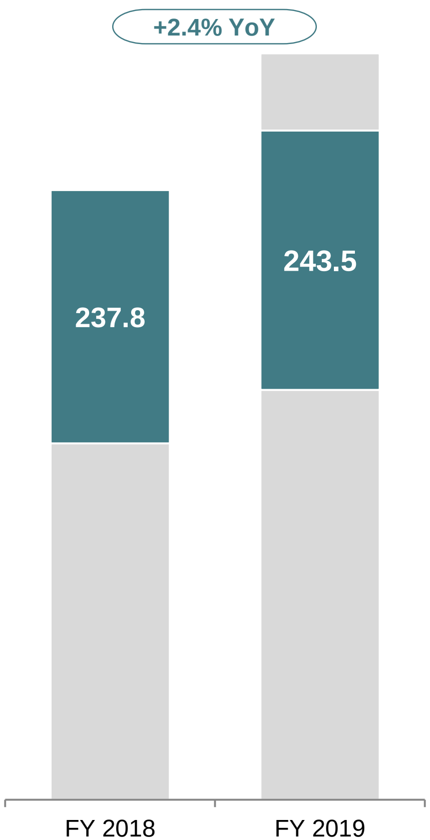
Note: (1) Trommsdorff was consolidated for the first time as of February 2018. Accordingly, sales from January did not enter the segment and the group result.
(2) EBITDA FY 2019 adjusted for non-recurring costs of € 5.5m in connection with the acquisitions of Euromed and Fitvia and further M&A efforts, and restructuring costs of Bio-Diät-Berlin/Kräuter Kühne.
EBITDA FY 2018 adjusted for non-recurring costs of € 3.8m in connection with the preparations for the IPO and with the acquisitions of Strathmann and Trommsdorff.

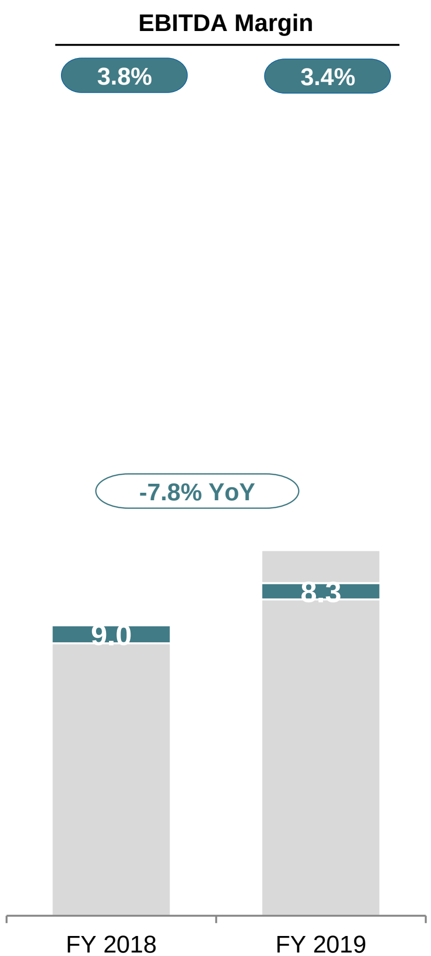
Parallel import business

Despite rising sales, margins declined due to challenging market environment

Revenue (€m)



EBITDA (€m)



Parallel import business

Comments

Revenues increased slightly by 2.4% to €243.5m

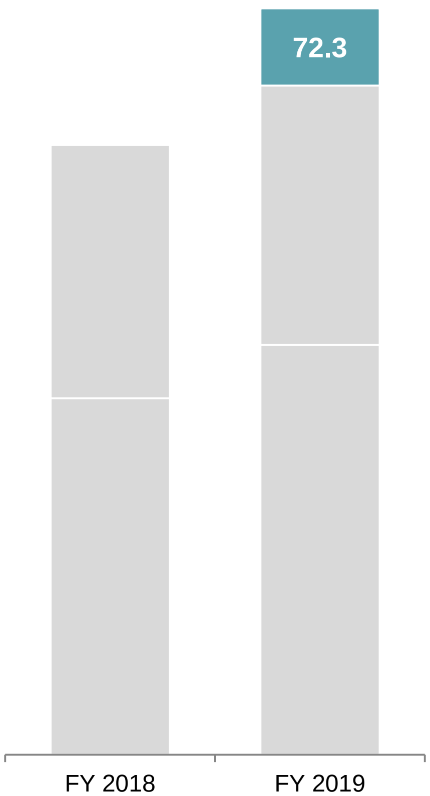
- **continued demand** for parallel imported originator products
- **stable legal import quota** despite **legal change**
- intact **sources of supply**

EBITDA decreased by -7.8% to €8.3m

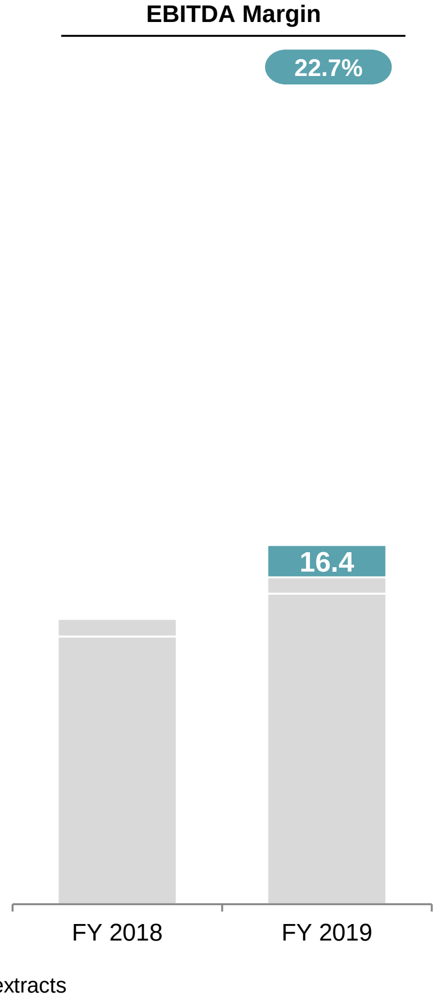
- **§ GSAV** (Law for more security in the supply of pharmaceuticals)**: new pricing clauses** further limits product margins
- **direct discount agreements** of originators with SHIs **force importers to also conclude discount agreements** at the expense of product margins

Herbal extracts (new segment since 01/2019)
Results are within managements expectations

Revenue (€m)



EBITDA[(1)] (€m, adjusted)



Comments

Revenues of this new segment **developed according to plan** with €72.3m

- comprising Euromed
- constantly **growing worldwide demand** for herbal extracts
- **rising awareness and demand** of **phyto-pharmaceuticals**
- worldwide limited growing areas lead to **rising prices**
- **stable prices** even with **different crop yield**

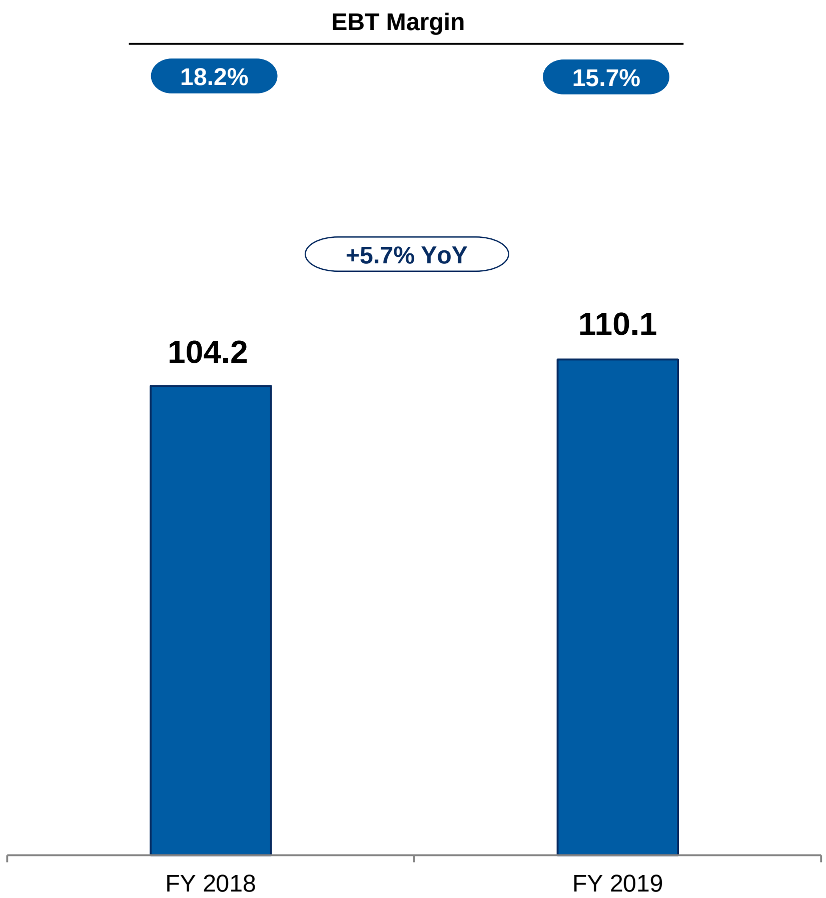
EBITDA with €16.4m (adjusted) and €12.8m (unadjusted) meets our expectations

- comprising Euromed and “at-equity investment valuation” of the FYTA-Group
- **stable opex** despite **increasing sales**

Note: (1) EBITDA FY 2019 adjusted for non-recurring costs of €3.6m in connection with PPA-Effects .

Earnings before tax (Group EBT)
Result diluted by strong M&A activities

Earnings before tax (EBT)[1] (€m)



Comments

- **EBT increased by 5.7% to €110.1m** (unadjusted) resulting in a **lower margin of 15.7%**

Mainly influenced by

- increasing **depreciation and amortisation** with **€19.8m** driven by **purchase price allocation** related to the **acquisition of Euromed** and its **initial consolidation** into the Group
- **first time application** of the **IFRS Standard 16 "Leases"**
- **financial result decreased by €-6.1m to €-9.4m** due to the financing of the recent acquisitions

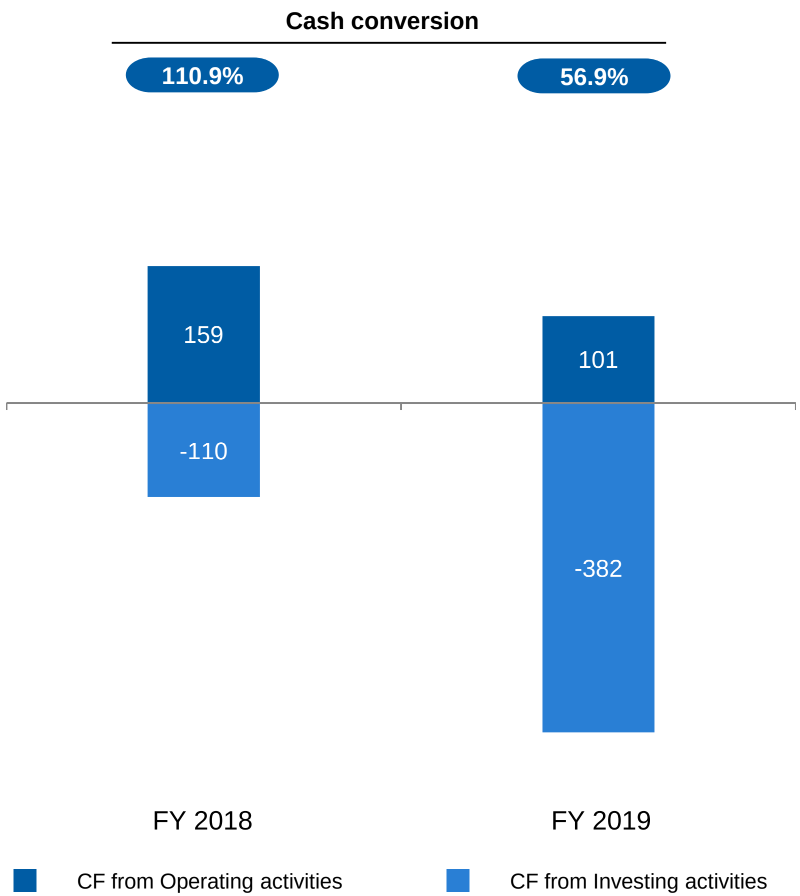
Note: (1) Calculation of EBT based on unadjusted Group EBITDA of €168.5m (2019) and €139.6m (2018), respectively.

Strong Cash flows and cash conversion

Reflecting strong dedication to future growth

Cash flow and cash conversion[1](€m)

in % of Group EBITDA



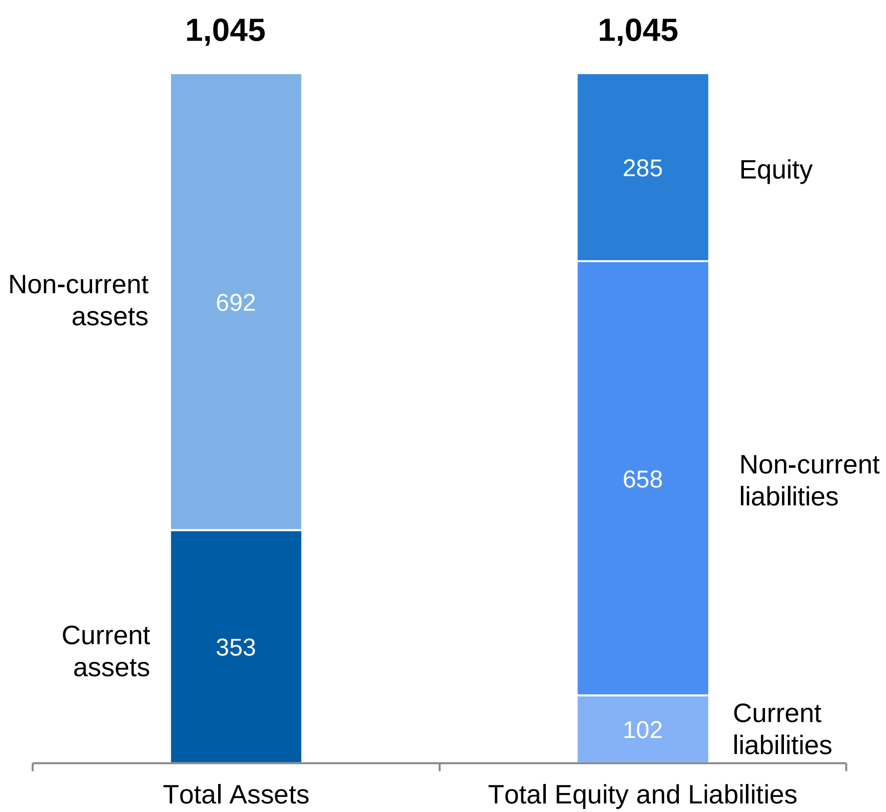
Comments

- **CF from operating activities** mainly influenced
  - by **settlement of receivables** from Themis Beteiligungs-AG in the first half of 2018
  - **business 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: €-281.5m** FY 2019
- **Cash conversion decreased** in 12M 2019 **to 56.9%**

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

Balance sheet of Dermapharm Group

Balance Sheet as of 31 December 2019 (€m)



Comments

- **Total assets increased to €1,045m** (31 December 2018: €705m)
- **Non-current** assets increased to **€692m** (31 December 2018: €333m), mainly due to
  - increase in **intangible assets, goodwill and property, plant and equipment**
  - financial assets in connection with the **recent acquisit**ion and a **minority stake**
  - first-time application of **the IFRS Standard 16 "Leases"**
- **Current assets decreased to €353m** (31 December 2018: €371m), mainly due
  - decrease in cash and cash equivalents
  - payment of dividend for the fiscal year 2018
- **Equity of €285m** slightly increased (31 December 2018: €256m)
  - **equity ratio** decreased by -9.1 pp to 27.2%
- **Current and non-current financial liabilities amounted to €760m** (31 December 2018: €449 m) and mainly include
  - syndicated loan, promissory note loan, real estate loans
- **Net debt / adjusted EBITDA(1)**: 2.6 x

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Note: (1) Group EBITDA 2019 adjusted for one-time costs of €9.1m

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Dividend proposal

Dividend proposal and next Annual General Meeting:

Dividend proposal	Due to **positive business development** and **solid financial basis,** the Management Board is proposing a **dividend** of **€ 0.80 per share**
A G M	**Next Annual General Meeting:** Munich – 17 June 2020

Growth strategy on track and informing guidance 2020

Revenues 2020	**positive growth in the upper single-digit percentage range** vs. previous year (€700.9m)
EBITDA 2020 (adjusted)	**positive growth in the upper single-digit percentage range** vs. previous year (€177.6m)

Growth rates are based on **organic growth** supported by **new launches** of **in-house developments.**

Guidance for the financial year 2020 does not include

- any impact **of possible effects resulting from the corona crisis**. But management in principle **does not rule out possible negative effects** on Dermapharm's business development
- the **growth impulses** from the acquisition of **Allergopharma.** After **the final closing** of the **sales unit in China**, we will adjust our guidance accordingly.

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