Dermapharm Holding SE

INVESTOR AND ANALYST CONFERENCE CALL

Q1 2020

Grünwald, 19 May 2020

Disclaimer

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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.

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1. Highlights Q1 2020
2. Financial figures Q1 2020
3. Outlook FY 2020
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Operational and strategic highlights in Q1 2020

COVID-19	**Commitment to products "made in Germany"** pays off: constant ability to deliver supported by classification as **critical infrastructure**
Allergopharma	Suitable addition to our **dermatological portfolio**: German **specialist in therapeutics for desensitisation** of allergies fits perfectly
Strategy	**3-pillar strategy is intact:** product pipeline of 50 ongoing projects, further internationalisation by latest acquisition

Note: (1) SHI – Statutory Health Insurance

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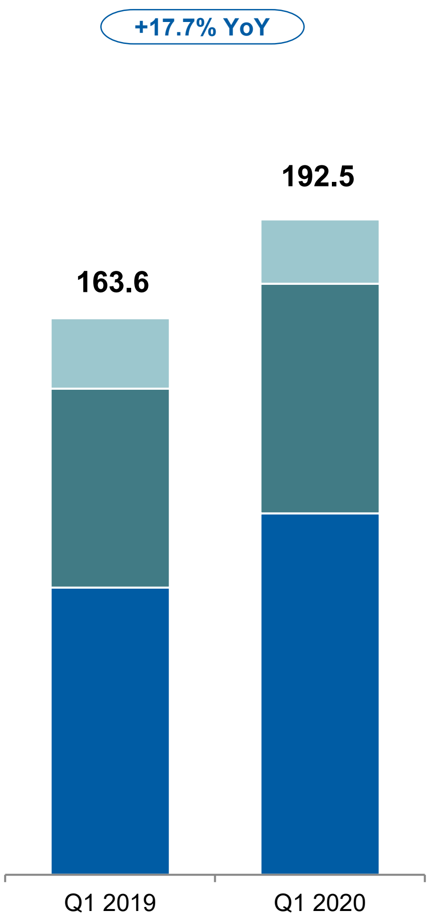
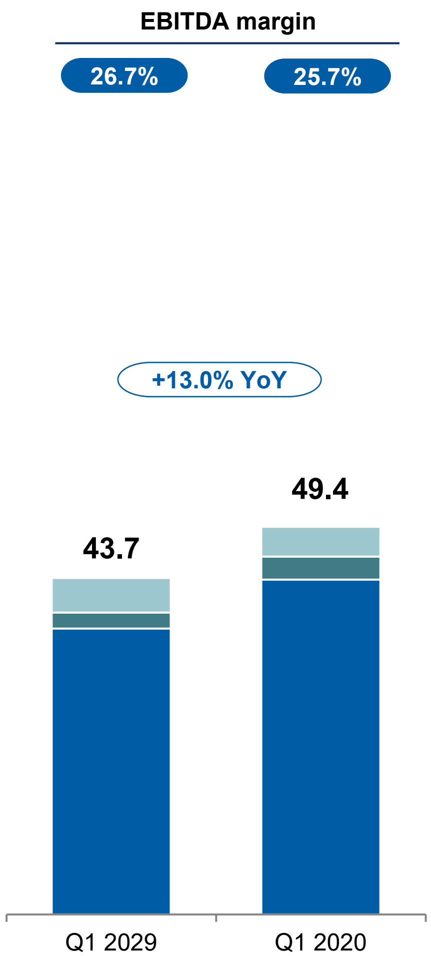
Dermapharm Group
Strong overall growth despite COVID-19 pandemic

Total Revenue (€m)



EBITDA[1] (€m, adjusted)



Branded pharmaceuticals and other healthcare products | Parallel import business | Herbal extracts

Comments

Significant revenue growth of 17.7% to €192.5m, due to

- **the global exceptional situation** in **branded pharmaceuticals** and **parallel imports**
- while **demand for Herbal Extracts decreased**

EBITDA growth of 13.0% to €49.4m (adjusted) and 20.9% to €49.2m (unadjusted) driven by

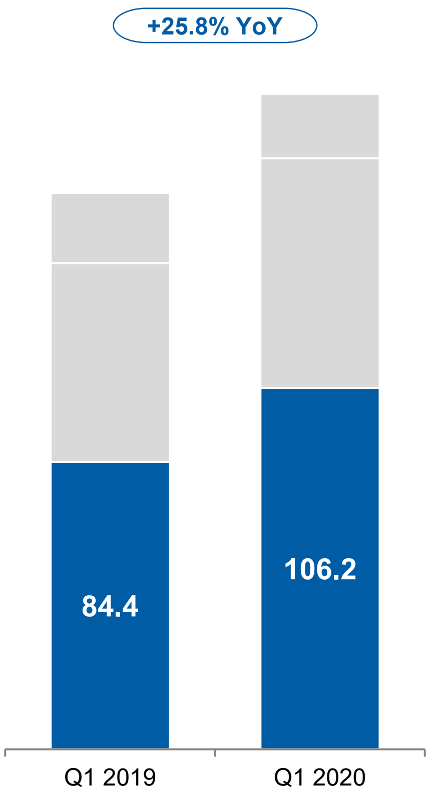
- **secured sources** of niche market APIs
- **all German production sites** are part of **critical infrastructure**
- **Made in Germany** approach pays off
- **no dismissal** of **employees,** but use of **short-time allowance** for the **sales force** in Germany

Note: (1) EBITDA Q1 2020 adjusted for non-recurring costs of €0.2m in connection with the acquisition of Allergopharma. | Group EBITDA also includes EBITDA from reconciliation of €-0.8m (Group Holding). EBITDA Q1 2019 adjusted for non-recurring costs of €2.9m in connection with the acquisition of Euromed and €0.1m in connection with further acquisition efforts. | Group EBITDA also includes EBITDA from reconciliation of €0.8m (Group Holding).

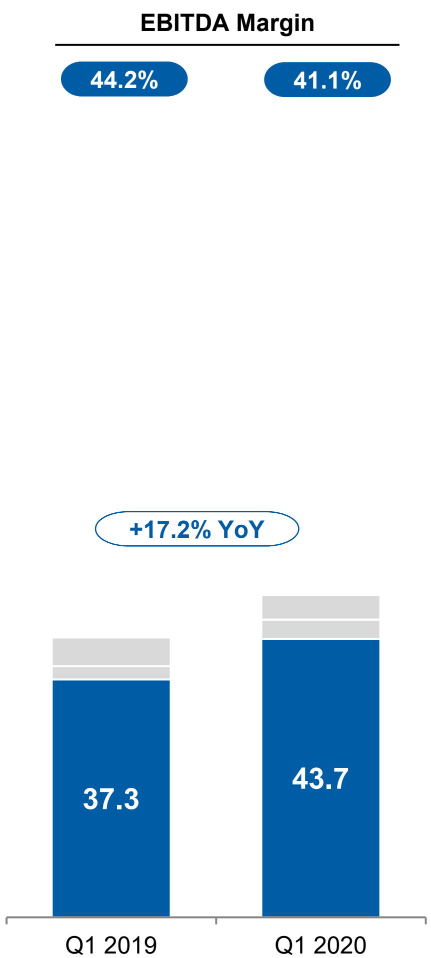
Branded pharmaceuticals and other healthcare products

Further growth expansion driven by higher demand due to COVID-19

Revenue (€m)



EBITDA[1] (€m, adjusted)



Comments

Revenues up by 25.8% to €106.2m

- largely based on **organic growth** supported by self developed products
- **strong sales** in March 2020 driven by **stockpiling effects** within our **supply chains**, esp. in two top therapeutic areas:
  - Vitamins/Minerals/Enzymes to strengthen immune system
  - Systemic Corticoides with anti-inflammatory effects and to lower the immune reactions

EBITDA up by 17.2% to €43.7m (adjusted) and 26.8% to €43.5m (unadjusted) but proportionately lower than the increase in revenues, due to

- increased costs to maintain productions through the pandemic
- marketing expenses for the preparation of the allergy season, which started late in 2020
- start-up costs for further internationalisation
- the first time presentation of Fitvia with a generally lower margin

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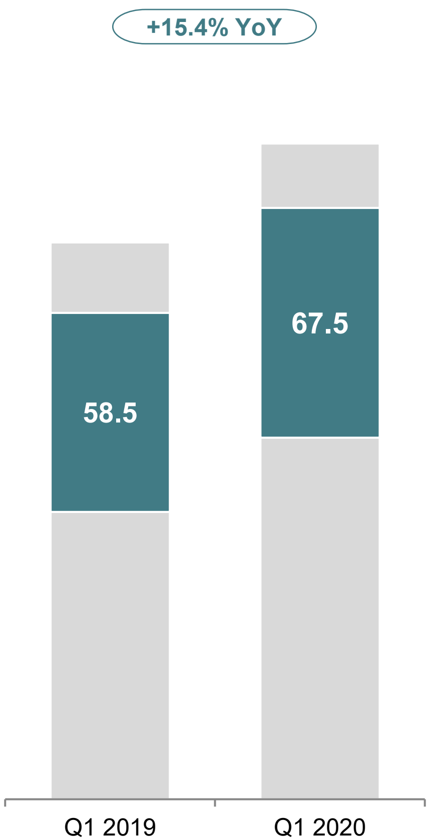
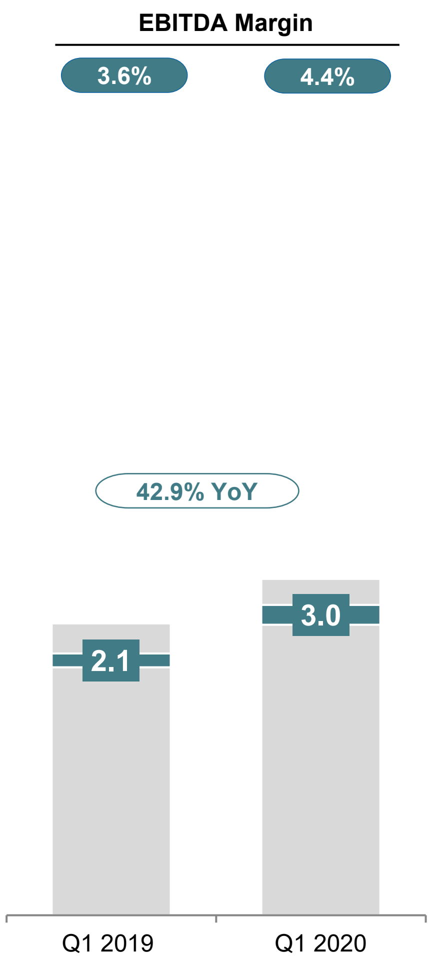
Parallel import business

Growth driven by COVID-19 resulting in higher demand and intact sources of supply

Revenue (€m)



EBITDA (€m)



Comments

Revenues increased significantly by 15.4% to €67.5m

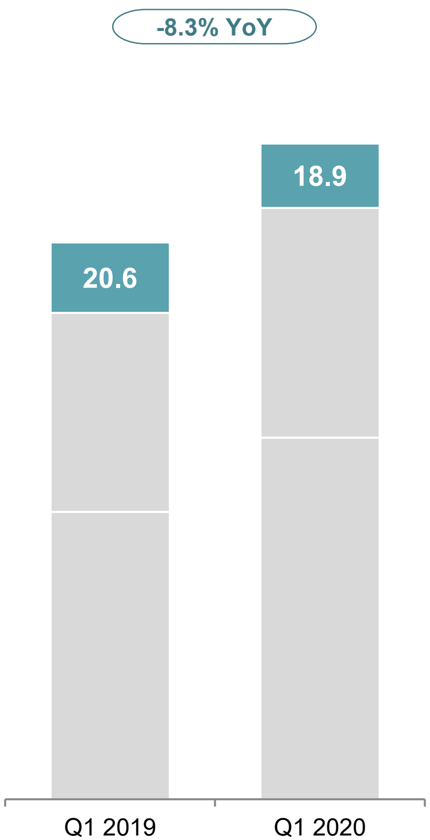
- **increased demand** for parallel imported originator products
- intact **ability to deliver**
- forsighted **build up of inventory**

EBITDA increased disproportionally by 42.9% to €3.0m, driven by increasing the share of high-margin product groups such as

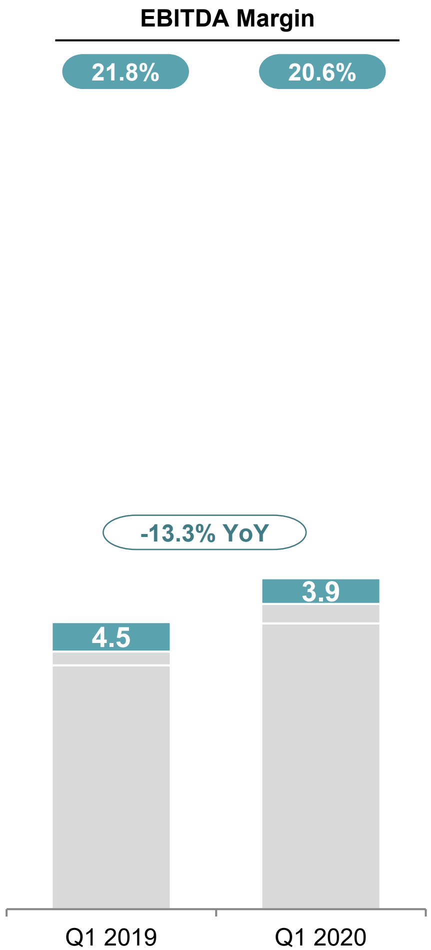
- **reimported narcotics**
- **selected OTC products** out of branded pharmaceutical portfolio **marketed** via axicorp's **own call center**

Herbal extracts
Decreasing demand due to COVID-19 pandemic

Revenue (€m)



EBITDA (€m)



Comments

Revenues decreased by 8.3% to €18.9m, comprising **Euromed**

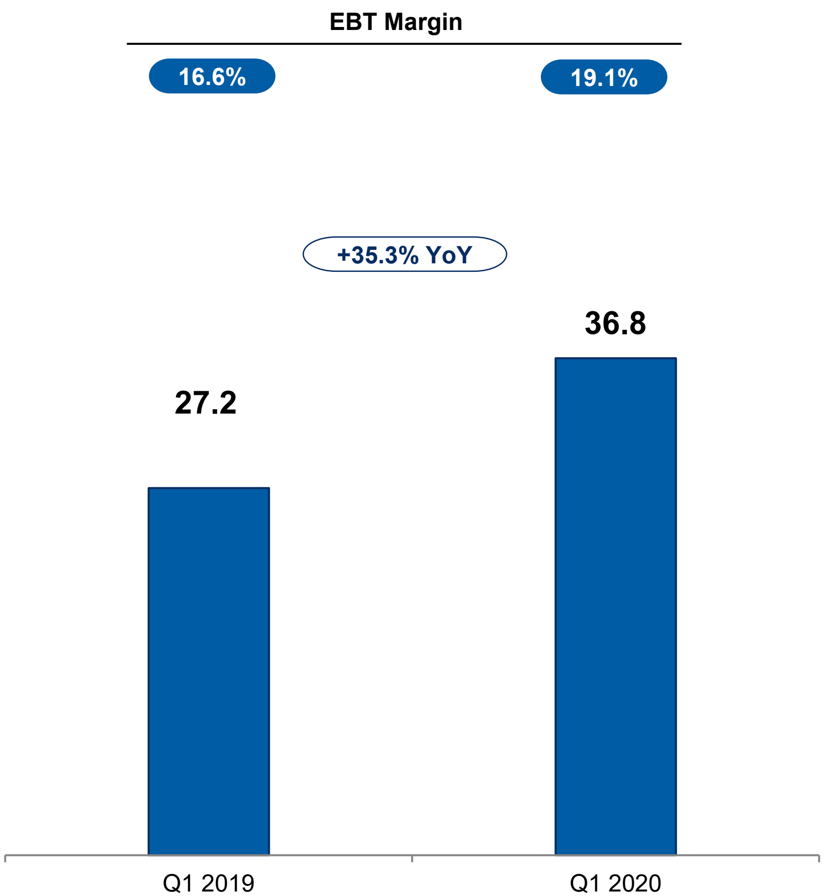
- **weaker demand** for herbal extracts, particularly in Spain and the United States due to corona pandemic

EBITDA decreased by 13.3% to €3.9m, comprising **Euromed** and "at-equity investment valuation" of the **FYTA-Group**

- **business continuity** despite challenging corona circumstances
- **build up** of **inventory** for increasing demand after lock-down

Earnings before tax (Group EBT)
Result increased due to strong business growth

Earnings before tax (EBT)[1] (€m)



Comments

- **EBT increased** by 35.3% to €36.8m (unadjusted) resulting in a **higher margin** of 19.1%

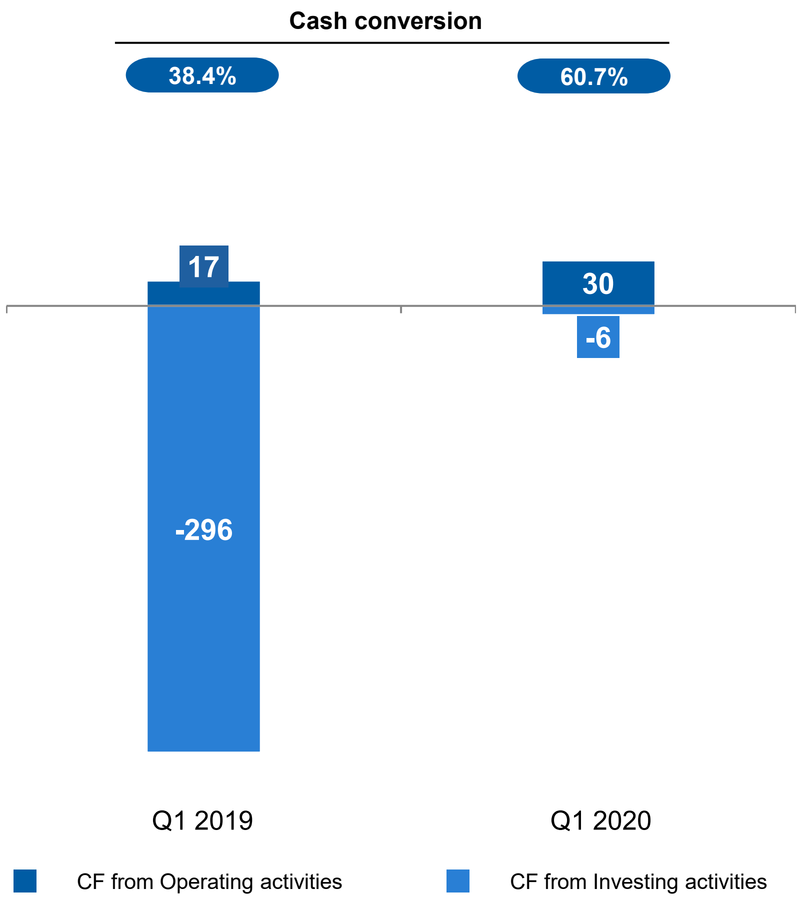
Mainly influenced by

- lower **depreciation and amortisation** (€9.9m) while Q1 2019 included PPA step-ups from acquisition activities (Euromed)
- **financial result** of €-2.9m above previous year level (Q1 2019: €-1.5m) due to **new financing structures** for further inorganic growth

Note: (1) Calculation of EBT based on unadjusted Group EBITDA of €49.2m (2020) and €40.7m (2019), respectively.

Strong cash flows and cash conversion
Reflecting strong dedication to future growth

Cash flow and cash conversion[1](€m)
in % of Group EBITDA



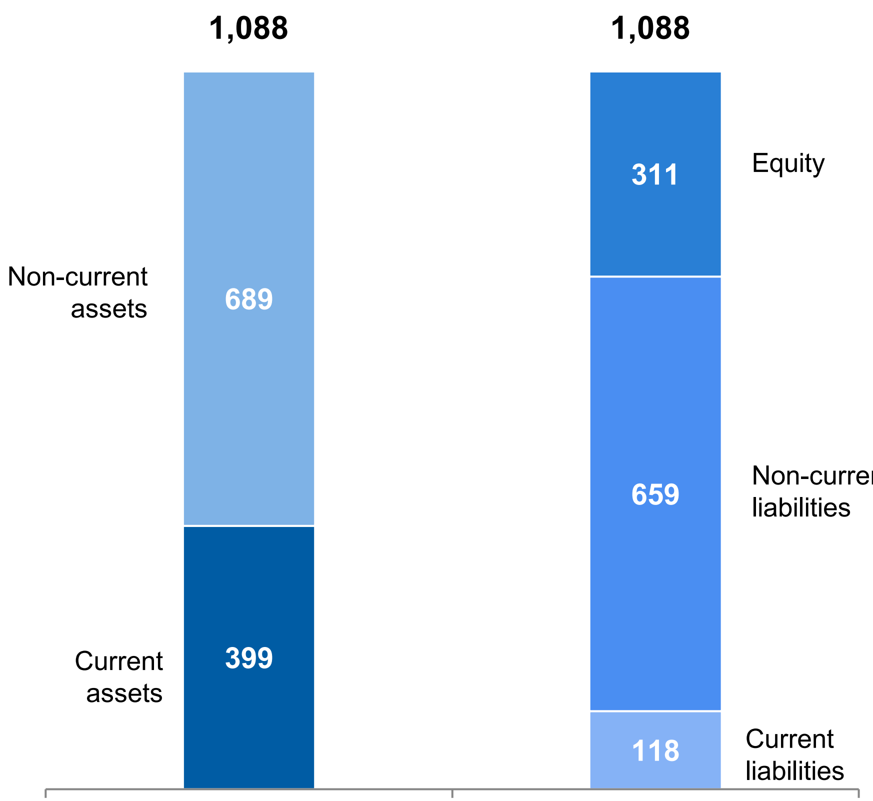
Comments

- **CF from operating activities** mainly influenced
  - by **increased trade payables** in Q1 2020 due to inventory build-up and billing delayed by the pandemic
- **CF from investing activities** reflecting in
  - **Q1 2019** strong **M&A-activities** with the acquisition of **Euromed** and the 20% minority stake in **FYTA**
  - **Q1 2020** normal level of **R&D activities** and **replacement investments**
- **Free cash flow: €24.0m** Q1 2020
- **Cash conversion increased** in Q1 2020 **to 60.7%**

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

Balance sheet of Dermapharm Group

Balance Sheet as of 31 March 2020 (€m)



Comments

- **Total assets increased to €1,088m** (31 December 2019: €1,045m)
- **Non-current** assets on stable level of **689m** (31 December 2019: €692m)
- **Current assets increased to €399m** (31 December 2019: €353m), mainly due
  - increase in inventory
  - higher trade receivables
  - increase in liquidity
- **Equity of €311m** increased by +9.5% due to good operational business performance (31 December 2019: €285m)
  - **equity ratio** increased by 0.9%pp to 28.1%
- **Current and non-current financial liabilities** on a stable level amounting to **€584m** (31 December 2019: €580 m).
  - Financial structure consists of syndicated loan, promissory note loan, real estate loans
- **Net debt / adjusted EBITDA[(1)]**: 2.4 x

Note: (1) rolling 12M adjusted EBITDA

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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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