

Dermapharm Holding SE



**Investors and Analysts Conference Call
Q1 2018**

Grünwald, 18 May 2018

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Today's agenda

1. Overview

2. Financial figures Q1 2018

3. Outlook FY 2018

Overview

Section 1

Dermapharm – The Management Team



Dr. Hans Feldmeier

CEO



Karin Samusch

CBDO



Stefan Grieving

CMO



Stefan Hümer

CFO

Highlights Q1 2018 – Success story with profitable growth continued

Dermapharm

Significant revenue growth

Revenues increased by 16.4% to € 137.5 million

Disproportionate EBITDA growth

Adjusted EBITDA¹ increased by 25.3% to € 36.2 m; adjusted EBITDA¹ margin up to 26.3%

Significant growth impulses from Branded Pharmaceuticals

Branded Pharmaceuticals segment with 43.0% revenue growth

Product portfolio

Introduction of new, self-developed products in selected niche markets

M&A activities

Acquisition of Strathmann and Trommsdorff with successful start of integration

Regional expansion

Subsidiary in Italy (Feb 2018) established and further internationalization of DermaTec products

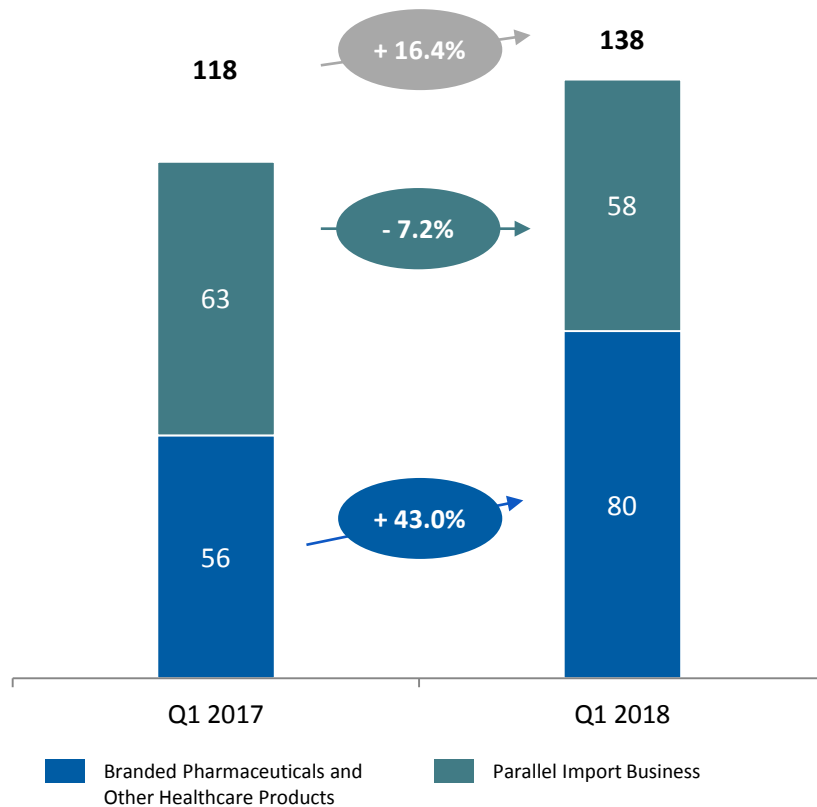
Financial figures Q1 2018

Section 2

Dermapharm Group Revenue – Driven by significant growth in Branded Pharmaceuticals segments

Dermapharm's revenue development

Q1 2017 vs Q1 2018 €m, YoY growth (%)



Dermapharm Group

- **Strong revenue growth** of 16.4% to € 137.5 million
- **Main growth drivers:**
 - Successful company acquisitions, and
 - expansion of the product portfolio through introduction of new, self-developed products in selected niche markets.

Branded Pharmaceuticals & Other Healthcare Products

- **Revenues significantly up by 43.0%** to € 79.5 million
- Increase mainly from **first consolidation of Strathmann and Trommsdorff** but also from **organic growth**

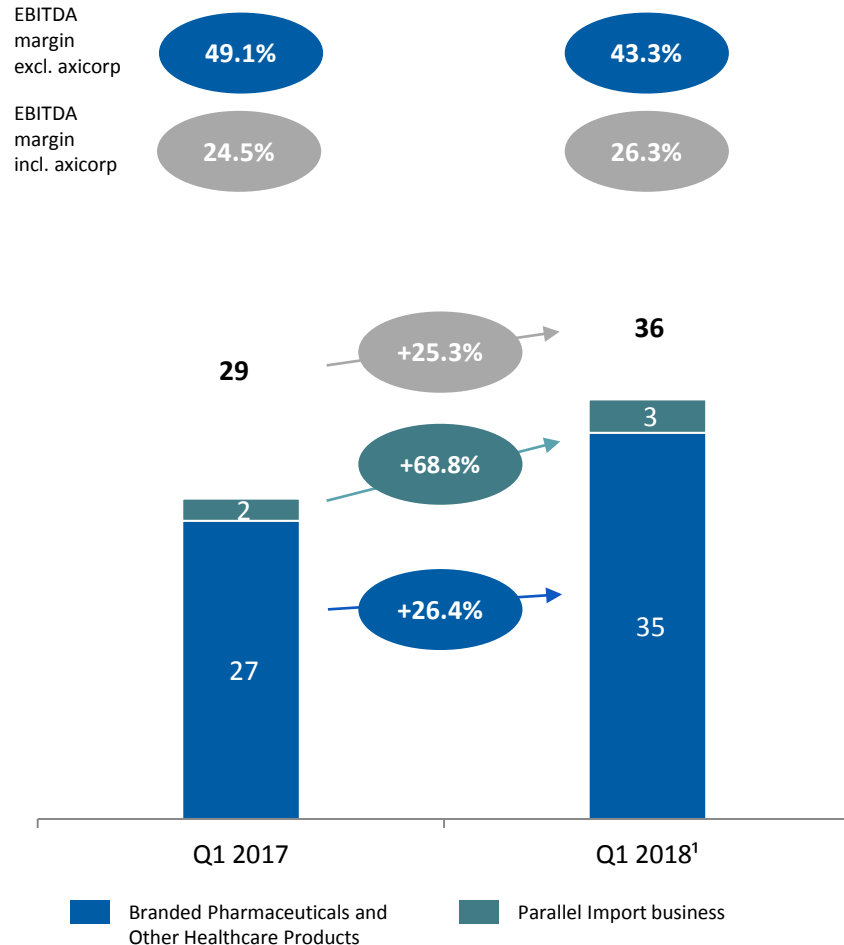
Parallel Import business

- Segment revenues **decreased by 7.2%** to € 58.0 million.
- Decline mainly due to **concentration on high-margin, but small-volume preparations**
- In Q2 2018 purchase of preparations **with better margins through new wholesalers and increasing business dynamics to be expected** for the following quarter

Dermapharm Group EBITDA – Disproportional EBITDA growth, with margin improvement

Dermapharm's EBITDA development

Q1 2017 vs Q1 2018 €m, YoY growth (%)



Dermapharm Group

- EBITDA growth driven by Branded Pharmaceuticals
- One-time costs of € 0.7 million for IPO preparations
- EBITDA up by 25.3% to € 36.2 million (adjusted) and 22.8% to € 35.5 million (unadjusted)
- Improved EBITDA margin of 26.3% (adjusted) and 25.8% (unadjusted)

Branded Pharmaceuticals & Other Healthcare Products

- EBITDA up by 26.4% to € 34.5 million (adjusted) and 23.8% to € 33.8 million (unadjusted)
- Increase mainly based on
 - positive development of gross profit while reducing expenses for SHI rebates and material costs, and
 - Strathmann and Trommsdorff included for the first time
- EBITDA margin of 43.3% (adjusted) and 42.4% (unadjusted) below 2017 due to consolidation Strathmann and Trommsdorff

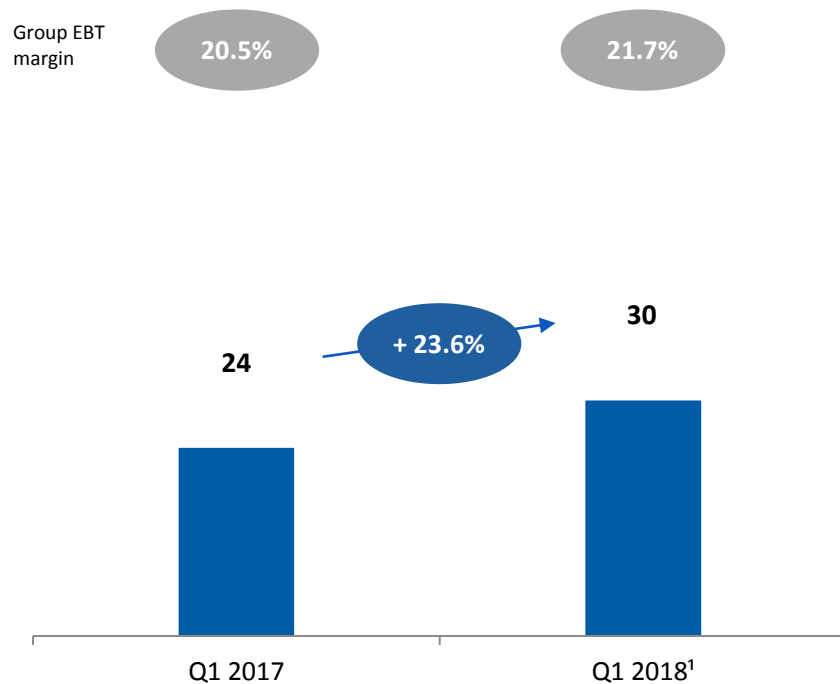
Parallel Import business

- Disproportional EBITDA growth of +68.8% to € 2.7 million; EBITDA margin up to 4.7%
- Growth largely based on optimization of the product portfolio and demand-driven sourcing
- Costs were further optimized

Earnings before tax (EBT) – Reflecting company’s high profitability, with margin improvement

Dermapharm’s EBT development

Q1 2017 vs Q1 2018 €m, YoY growth (%)



Comments

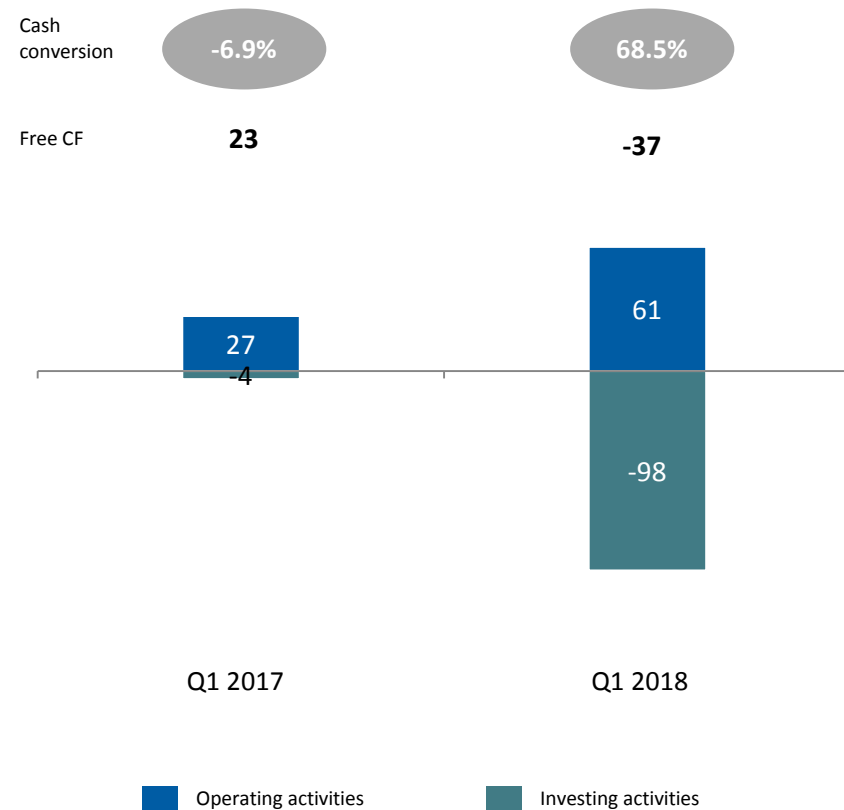
- EBT increased by **23.6%** to € 29.9 million (adjusted) resulting in a **margin of 21.7%**
- EBT of **€ 29.2 million (unadjusted)** resulting in a **margin of 21.2%**
- **Depreciations and amortization at € 4.7 million** and € 1.3 million above the previous year
- **Financial result of € -0.6 million** below previous year’s level of € -1,0 million

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

Cash flows

Q1 2017 vs. Q1 2018, €m

Cash conversion defined as CF from operating activities/EBITDA in %



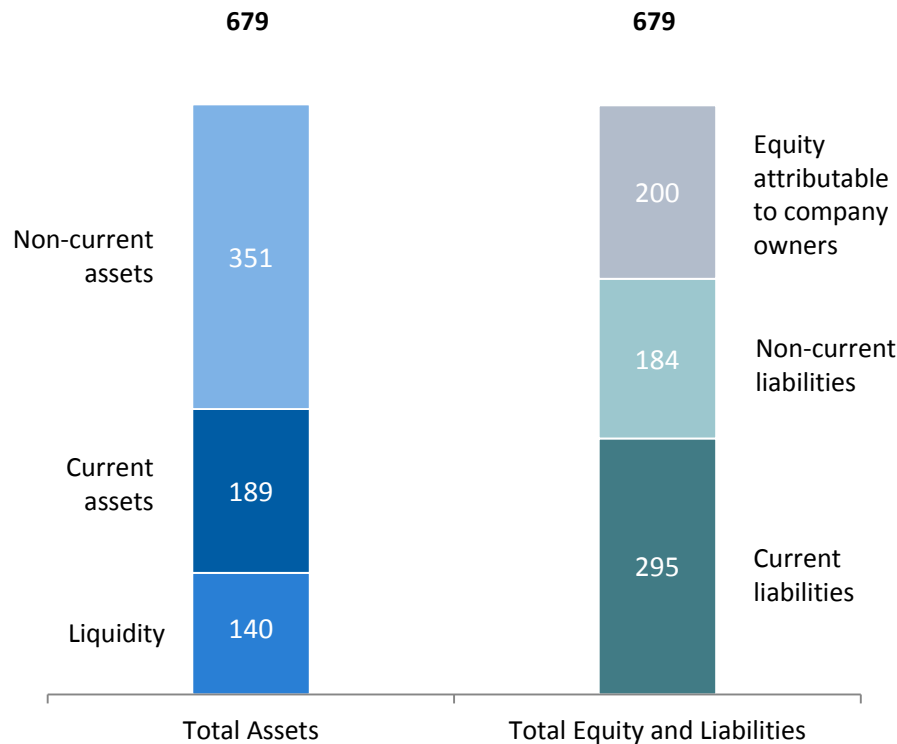
Comments

- **CF from operating activities up** due to positive business development
- **CF from investing activities** mainly reflecting M&A
 - Strathmann
 - Trommsdorff
- **Free cash flow: € -37.4 million** in Q1 2018
- **Cash conversion** increased in Q1 2018 to **68.5%**

Balance sheet of Dermapharm Group

Balance Sheet 31 March 2018

in €m



Comments

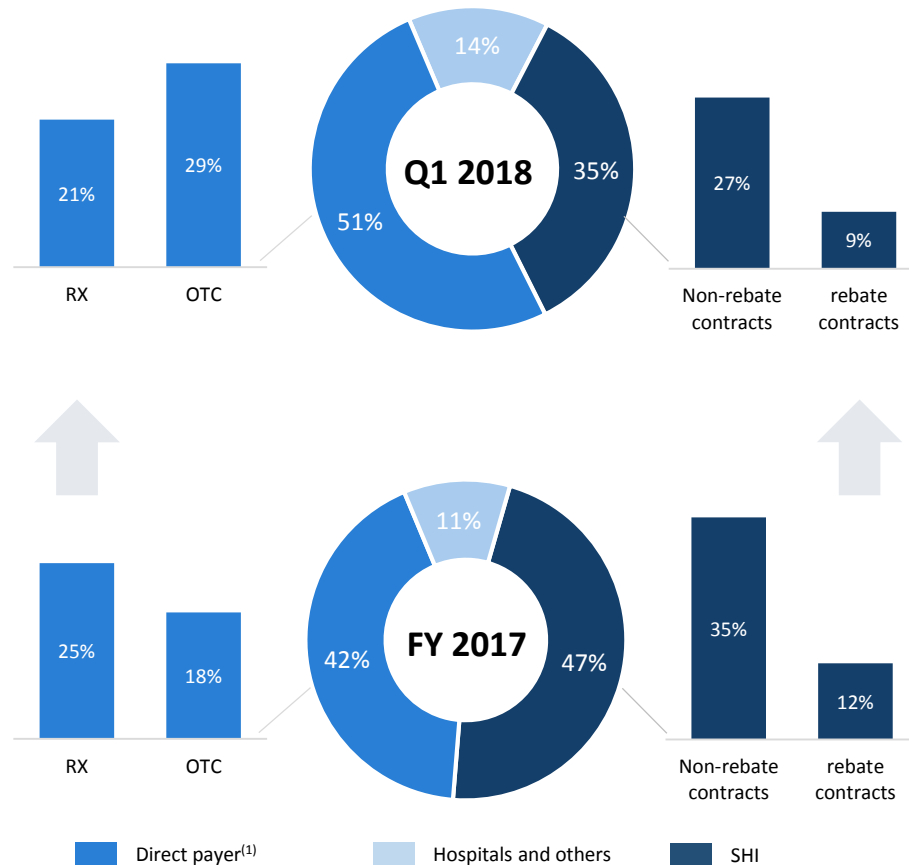
- **Total assets** increased to € 679 million
- **Non-current assets** increased mainly due to the increase of Goodwill and other intangible assets
- **Current assets** increased mainly due to higher inventories
- **Liquidity** significantly up due to IPO proceeds
- **Equity** increased to € 200.1 million
- **Current and non-current financial liabilities** amounted to € 100.2 million and € 221.2 million and mainly include
 - Bank loans, and
 - Promissory loans
- **Net debt / unadjusted EBITDA¹**: 1.6x

Outlook FY 2018

Section 3

Dermapharm follows a consequent portfolio strategy

Revenue by market access excl. axicorp⁽²⁾



Comments

- **Acquisitions** of Trommsdorff, Strathmann, Bio-Diät-Berlin and the hyperthermic devices further strengthen portfolio shift in Q1 2018
- **Portfolio shift overall leads to**
 - **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.

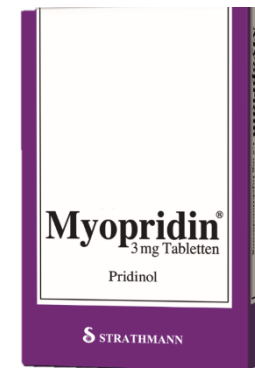
I Growth strategy – Update on in-house development

Events Q1 2018

- All ongoing development projects on track
- Several new products launched in different countries
 - Germany: Myopridin®, Summavit® materna, Silicea® Nagelaufbauserum, Dekristolvit® 1,000 drops
 - Austria: Metasol® 16 mg and 32 mg ampoules
 - Poland: Levonorgestrel® 100/20

Plans 2018

- Target: Overall **70 new marketing authorizations**, thereof **15 in Germany**
- **Pruritherm® development** and clinical studies
- **More than 40 ongoing development projects** with new products for all product areas
- Out of this product pipeline **28 products expected to be released** in the upcoming years in Germany



II Growth strategy – Update on internationalization

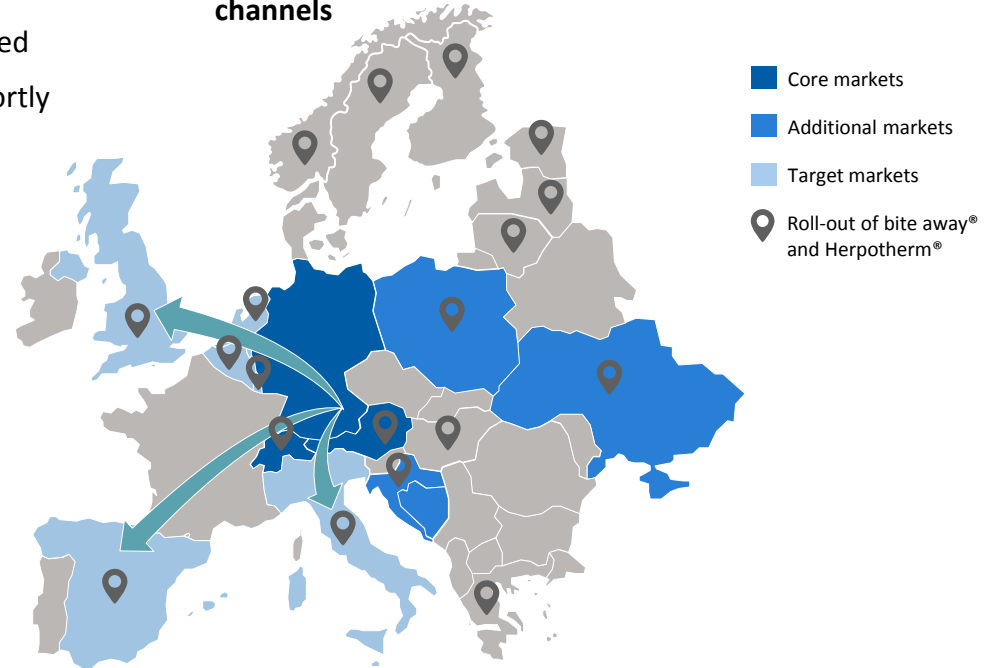
Events Q1 2018

- **Subsidiary established** in Italy (Feb 2018)
- **Further internationalization of DermaTec hyperthermic medical devices**
 - AT, CH, PL and HR: Marketing started through own sales subsidiaries
 - Scandinavia: Launch completed
 - BeNeLux, IT, UK: Launch in due course expected
 - Baltics, GR/CY and CN: Sales cooperations shortly before the start
 - Market entry planned in ES, FR and USA; exploring South America and Asia



Plans 2018

- Product roll-out in **Italy and the UK** and **subsidiary foundation in Spain**
- Obtain **marketing authorizations for several target markets**
- **International roll-out** of bite away® and Herpotherm® in **several counties and regions through different sales channels**



III Growth strategy – Update on M&A activities

Events Q1 2018

- 01/2018: **Acquisition of Strathmann and Trommsdorff**
- Due to purchase price adjustment clauses, **reduction of purchase price for Trommsdorff; reimbursement of € 7.1 million** in Q2 2018
- **Basis laid for the new key therapy area “Pain”** due to the acquisition of Keltican® (Trommsdorff), launch of Myopridin® (Strathmann) and existing Dermapharm products like Gabrilen® or Temagin®
- **Integration Strathmann on track:**
 - Product marketing through Dermapharm marketing department and sales support by its field force
 - Transfer of galenic products into in-house production
- **Integration Trommsdorff on track:**
 - Pipeline for new products successfully established
 - Preparation of Trommsdorff sales force to introduce new products from Dermapharm Group to market
 - Exchange of IT system and adaptation to the corporate group on track

Plans 2018

- **Integration of Bio-Diät-Berlin, Strathmann and Trommsdorff:**
 - Exchange of IT system and adaptation to the corporate group
 - Realization of synergies regarding i.e. overhead or sourcing
 - Cost reduction through site selection



Trommsdorff

HERPotherm®

bite away®
DER STICHHEILER.



Business update axicorp Group

Events Q1 2018

- Sale of bite away® via call center started
- Optimization of the portfolio towards high-margin products

Plans 2018

- Finalization of the falsification guideline project
- Sale of bite away® to 6,500 pharmacies via call center
- Ongoing portfolio optimization
- Launch of additional OTC products

Examples of parallel imported products:



Leveraging the call center for additional OTC products:



Growth strategy on track confirming guidance 2018

Revenues 2018
+20% to +25%
over the previous year (2017: € 467 million)

EBITDA 2018 (adjusted)
+22% to +27%
over the previous year (2017: € 113 million (adjusted))

Growth rates based on organic growth and the four acquisitions 2017/18,
which are included in the forecast

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Dermapharm Holding SE



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