Dermapharm Holding SE publishes Q1 2018 report

- Revenues increased by 16.4% to EUR 137.5 million
- Adjusted EBITDA increased by 25.3% to EUR 36.2 million, EBITDA margin improved to 26.3%
- International presence continued to expand with sales subsidiary in Italy
- Integration of Strathmann and Trommsdorff on schedule

Grünwald, May 18, 2018 – Dermapharm Holding SE ("Dermapharm"), a leading producer of patent-free branded pharmaceuticals for select therapeutic areas in Germany with a growing international presence, published its report for the first three months of 2018 today, having increased its revenues by 16.4% to EUR 137.5 million (prior-year quarter: EUR 118.1 million). Earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for one-off costs of EUR 0.7 million in connection with IPO preparations, were EUR 36.2 million, 25.3% higher than in the same quarter last year (EUR 28.9 million). The adjusted EBITDA margin was 26.3%, 1.8 percentage points above the margin of the previous year. Unadjusted EBITDA amounted to EUR 35.5 million while the unadjusted EBITDA margin was 25.8%.

Dr. Hans-Georg Feldmeier, CEO of Dermapharm Holding SE, comments: "The first quarter of 2018 was characterized by our three-pillar strategy of in-house product development, internationalization and successful acquisitions. Together with the integration of Strathmann and Trommsdorff, we were able to expand our portfolio to include over-the-counter top sellers such as Keltican® forte, Tromcardin® complex and Ebenol® and at the same time acquire very promising prescription products for our core therapeutic areas. This has strengthened the share of branded therapeutics in our overall portfolio and reduced our dependence on direct health insurance discount contracts. Establishing mibe pharma Italia Srl in Bolzano in the first quarter was another important step in expanding our international presence and opening up the promising Italian market for our products."

Revenues in the segment "Branded Pharmaceuticals and Other Healthcare Products" increased by 43.0% to EUR 79.5 million (prior-year quarter: EUR 55.6 million). The adjustment for one-off costs in connection with the IPO preparation relates entirely to this segment. Therefore, adjusted EBITDA in this segment increased by 26.4% to EUR 34.5 million, the unadjusted EBITDA increased by 23.8% to EUR 33.8 million (prior-year quarter: EUR 27.3 million). The increase is due in large part to positive gross profit development along with reductions in expenditures for discounts from direct contracts with health insurance companies and in materials costs. The acquisitions of the Strathmann Group and the Trommsdorff Group were also included in the consolidation of this segment for the first time. As a result of this first-time consolidation, the segment's EBITDA margin of 43.3% (adjusted) resp. 42.4% (unadjusted) was down from the prior-year quarter (49.1%). The integration of the two companies is proceeding according to plan and the Management Board expects further synergy effects in the Group for the future, which will have a positive impact on the individual margins.

In the "Parallel Import Business" segment, revenues fell by 7.2% to EUR 58.0 million in the reporting period (prior-year quarter: EUR 62.5 million). This decline was mainly due to the concentration on high-margin yet small-volume preparations. The German parallel import market is dominated by three very large-volume products, which achieve only very low margins due to the current market concentration on a few wholesalers in a few countries. Dermapharm therefore only made small purchases of these preparations in the first quarter of 2018, but expects improved margins already in the course of the current second quarter of 2018 due to new wholesalers in more European countries, setting the stage an increasing revenue dynamic in the Parallel Import Business in the coming quarters. EBITDA for the Parallel Import Business increased significantly in the first quarter by 68.8% to EUR 2.7 million (prior-year quarter: EUR 1.6 million). Dermapharm achieved this by optimizing its product portfolio, increasing the gross profit margin through demand-oriented purchasing and constant cost optimization in all areas. The EBITDA margin in Parallel Imports increased accordingly from 2.6% in the prior-year quarter to 4.7%.

With the positive business development in the first quarter of 2018 and assuming unchanged conditions, the Management Board confirms its full-year forecast of revenue growth of 20 to 25% and an improvement in EBITDA of 22 to 27% over fiscal year 2017.

The complete quarterly report is available as of today online at ir.dermapharm.com.

Key financial figures for Q1 2018 year-on-year

in EUR millions	Q1/2018	Q1/2017	Change
Group sales	**137.5**	**118.1**	**+ 16.4%**
Branded Pharmaceuticals and Other Health Products	*79.5*	*55.6*	*+ 43.0%*
Parallel Import Business	*58.0*	*62.5*	*- 7.2%*
Reconciliation / Group holding	-	-	-
Adjusted[1] Group EBITDA	**36.2**	**28.9**	**+ 25.3%**
Adjusted[1] EBITDA margin (in %)	**26.3**	**24.5**	**+ 1.8pp**
Group EBITDA	**35.5**	**28.9**	**+ 22.8%**
Branded Pharmaceuticals and Other Health Products			
adjusted[1]	*34.5*	*27.3*	*+ 26.4%*
unadjusted	*33.8*	*27.3*	*+ 23.8%*
Parallel Import Business	*2.7*	*1.6*	*+ 68.8%*
Reconciliation / Group holding	*-1.0*	-	-
EBITDA margin (in %)	**25.8**	**24.5**	**+ 1.3pp**
Branded Pharmaceuticals and Other Health Products			
adjusted[1]	*43.3*	*49.1*	*- 5,8pp*
unadjusted	*42.4*	*49.1*	*- 6.7pp*
Parallel Import Business	*4.7*	*2.6*	*+ 2.1pp*

[1] 2018 adjusted for one-off costs in connection with the preparation of the stock exchange listing in the amount of EUR 0.7 million

Company profile:

Dermapharm – Pharmaceutical Excellence "Made in Germany"

Dermapharm is a leading manufacturer of patent-free branded pharmaceuticals for selected markets in Germany. Founded in 1991, the company is based in Grünwald near Munich and has its main manufacturing facility in Brehna near Leipzig. The company's integrated business model comprises in-house development, in-house production and distribution of pharmaceuticals and other healthcare products for specifically targeted markets by a medical and pharmaceutical sales force. Dermapharm holds approximately 900 marketing authorizations (*Arzneimittelzulassungen*) for more than 200 active pharmaceutical ingredients, which are reflected in a broad assortment of products. This assortment makes the company unique. In addition to Germany, the company's core markets also include Austria and Switzerland. The company plans to further expand its international presence. Dermapharm's business model also includes a parallel import business, which operates under the "axicorp" brand. Based on revenues, Dermapharm was among the top four parallel import companies in Germany in 2017.

With a consistent development strategy and numerous successful product and company acquisitions over the past 25 years, Dermapharm has continuously optimized its business and provided external growth impulses in addition to organic growth. Dermapharm intends to continue this profitable growth course in the future. The company is focusing on three strategic growth drivers: in-house development of new products, increase of its international footprint and further acquisitions. These include the acquisition of the pharmaceuticals manufacturer and distributor Trommsdorff in January 2018, whose portfolio includes the well-known brands Keltican® forte and Tromcardin® complex.

Contact

cometis AG
Claudius Krause
Phone: +49 (0)611 – 205855-28
Fax: +49 (0)611 – 205855-66
E-mail: ir@dermapharm.de