INTERIM STATEMENT Q3

2018

Dermapharm Holding SE

DERMAPHARM AT A GLANCE

Group results at a glance

		9M/2018	9M/2017
Revenue	EUR million	429.0	349.7
Adjusted EBITDA*	EUR million	106.4	82.9
Adjusted EBITDA margin*	%	24.8	23.7
Unadjusted EBITDA	EUR million	102.6	82.9
Unadjusted EBITDA margin	%	23.9	23.7
Operating result	EUR million	82.2	70.4
EBT	EUR million	80.0	67.2
Consolidated net profit/loss for the period	EUR million	60.1	62.9
Earnings per share	EUR	1.13	1.26

		30 September 2018	31 December 2017
Total assets	EUR million	691.4	415.3
Equity	EUR million	243.6	73.7
Equity ratio	%	35.2	17.7
Cash and cash equivalents	EUR million	196.3	6.3
Net debt	EUR million	114.3	258.5

* 9M/2018 EBITDA adjusted for non-recurring costs in connection with the preparations for the IPO and the acquisitions of Strathmann and Trommsdorff amounting to EUR 3.8 million

Please note:
Trommsdorff GmbH & Co. KG was consolidated for the first time on 1 February 2018, the date on which Dermapharm obtained control of the company. Accordingly, the company's contributions to revenue and earnings were not included in the consolidated net profit until February 2018.

2018 Financial calendar

26/11/2018 – 27/11/2018	Attending "Deutsches Eigenkapitalforum 2018" in Frankfurt, Germany

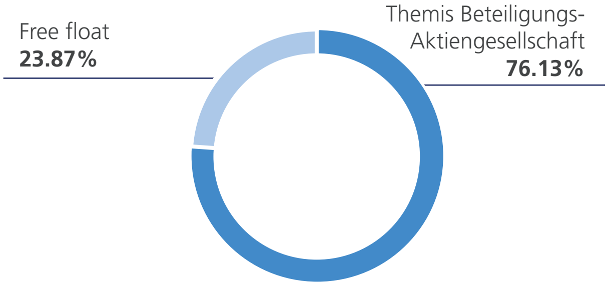
DERMAPHARM HOLDING SE SHARES

Share information

German Securities Code (WKN)	A2GS5D
ISIN	DE000A2GS5D8
Ticker symbol	DMP
Type of shares	No-par value ordinary bearer shares
Number of shares	53.84 million
Closing price (28/09/2018)	EUR 28.95
High/low*	EUR 29.68 / EUR 23.30
Share price performance (absolute)	+11.3 %
Share price performance (SDAX)	+2.3 %
Market capitalisation (30/09/2018)	EUR 1.56 billion

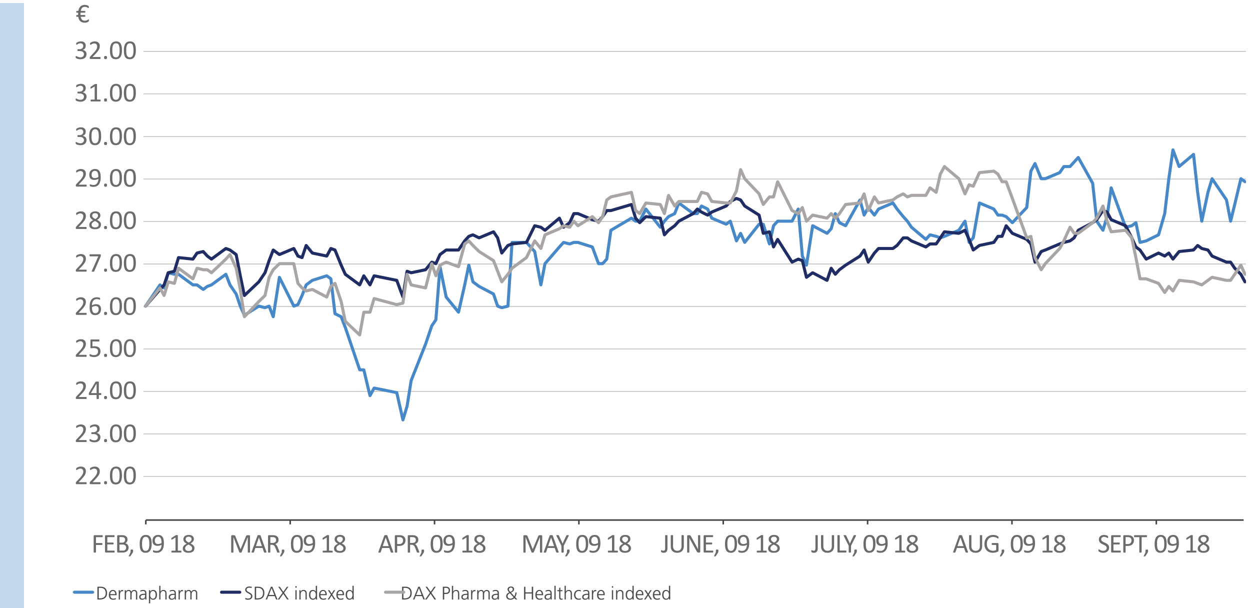
* Closing prices on XETRA trading system of Deutsche Börse AG

Shareholder structure



Information based on voting rights notifications received pursuant to German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") as at 30 September 2018, with the exercised Greenshoe option having been factored in

Dermapharm AG shares (XETRA, in EUR)



MANAGEMENT'S LETTER TO THE SHAREHOLDERS

Dear shareholders,

The first nine months of 2018 were marked primarily by the successful IPO on the Frankfurt Stock Exchange's Regulated Market (Prime Standard), the complex integration of the companies acquired at the end of 2017 and in the beginning of 2018, the successful introduction of internally developed products and increases in volume throughout our existing product portfolio. We therefore have laid the foundation for further growth over the current financial year and for the years to come.

Despite these challenges, we can look back on a highly successful performance over the first nine months of 2018. We were able to further increase revenue as compared to the same period of the previous year by 22.7 % to EUR 429.0 million.

At the same time, adjusted EBITDA increased disproportionately by 28.3 % to EUR 106.4 million. Overall, we adjusted EBITDA to eliminate EUR 3.8 million in non-recurring expenses over the first two quarters of 2018. These consisted of EUR 1.4 million in non-recurring expenses incurred in connection with the preparations for the IPO and EUR 2.4 million in brokerage and consulting costs incurred in connection with the acquisitions of Trommsdorff and Strathmann.

Non-adjusted EBITDA for the first nine months of 2018 rose by 23.8 % to EUR 102.6 million.

The Company's two divisions – "Branded pharmaceuticals and other healthcare products", into which Strathmann and Trommsdorff were consolidated for the first time, and "Parallel import business" – both contributed to this positive earnings trend.

In addition, a large number of internally developed products were successfully launched during the period under review in selected therapy fields, including Summavit® materna and Verrucutan®.

Together with the additional products gained through acquisitions, such as Myopridin®, Keltican® and Tromcardin®, these proprietary developments will represent the ideal complement to our broad portfolio of products. At the same time, this further reduces our dependence on direct discount agreements with health insurers and increases our share of products sold to self-payers in our selected niche markets.

The acquisition of the clinically-tested bite away® and Herpotherm® medical devices, which are approved for the EU and many other markets, enables us to market patented products around the world to treat itching and swelling (bite away®) and herpes labialis (Herpotherm®). The marketing of these devices by Dermapharm's German and international subsidiaries has already got off to a very successful start. Moreover, preparations for the marketing and product launch have already begun in a large number of European markets. The products underscore our expertise in the field of dermatology and enable us to drive forward our internationalisation efforts.

We will continue to implement our three-pillar strategy – comprising in-house product development, internationalisation and successful M&A activities – in the last quarter of 2018 in order to further expand Dermapharm's excellent market position as a leading manufacturer of off-patent branded pharmaceuticals into selected markets.

Grünwald, November 2018

The Management Board

Dr. Hans-Georg Feldmeier   Karin Samusch

Stefan Grieving   Stefan Hümer

BUSINESS PERFORMANCE

Dermapharm Holding SE performed as expected over the first nine months of 2018. This was accomplished thanks to the systematic expansion of the product portfolio by bringing new, internally developed products into select niche markets, as well as to our growing international presence due to the formation of new companies in the UK and in Italy, the international marketing of the bite away® and Herpotherm® hyperthermic medical devices and successful M&A activities.

Dermapharm increased revenue by 22.7 % to EUR 429.0 million compared to the same period of the previous year. At the same time, EBITDA – which was adjusted to eliminate non-recurring expenses of EUR 1.4 million in connection with the preparations for the IPO and non-recurring brokerage and consulting costs of EUR 2.4 million in connection with the acquisitions of Trommsdorff and Strathmann – increased by 28.3 % to EUR 106.4 million. Unadjusted EBITDA amounted to EUR 102.6 million, representing a 23.8 % increase.

The acquisitions of Trommsdorff and Strathmann by the "Branded pharmaceuticals and other healthcare products" division, which were completed at the beginning of the year, were included in the Dermapharm Group's basis of consolidation for the first time in the period under review.

Trommsdorff GmbH & Co. KG was consolidated for the first time on 1 February 2018, the date on which Dermapharm obtained control of the company. Accordingly, the company's contributions to revenue and earnings were not included in the consolidated net profit until February 2018. Strathmann GmbH & Co. KG was already initially consolidated as at 1 January 2018.

The overall performance in the first nine months of 2018 shows that the three-pillar strategy comprising in-house product development, internationalisation and targeted M&A activities is continuing to pay off.

Branded pharmaceuticals and other healthcare products

In the "Branded pharmaceuticals and other healthcare products" division, Dermapharm significantly increased revenue by 52.5 % to EUR 249.5 million (9M 2017: EUR 163.6 million). At the same time, EBITDA increased by 26.5 % to EUR 98.3 million (9M 2017: EUR 77.7 million). This increase is mainly based on the positive development of gross profit while expenses for discounts from direct agreements with health insurers and the cost of materials ratio were reduced. In addition, the Strathmann Group (1 January 2018) and Trommsdorff Group (1 February 2018) acquisitions were included in the scope of consolidation for this division for the first time. The adjustment to eliminate from EBITDA non-recurring expenses of EUR 1.4 million in connection with the preparations for the IPO and non-recurring brokerage and consulting costs of EUR 2.4 million in connection with the acquisitions of Trommsdorff and Strathmann was attributable in full to this division. This resulted in adjusted EBITDA of EUR 102.1 million.

The division's adjusted EBITDA margin amounted to 40.9 % (9M 2017: 47.5 %). The division's unadjusted EBITDA margin was 39.4 %, which was below prior-year period (9M 2017: 47.5 %), due to the first-time consolidation of the new companies. The work to integrate the two groups is proceeding to plan and the Management Board expects to reap further synergies going forward, which will result in a sustained increase in profitability in this division.

Parallel import business

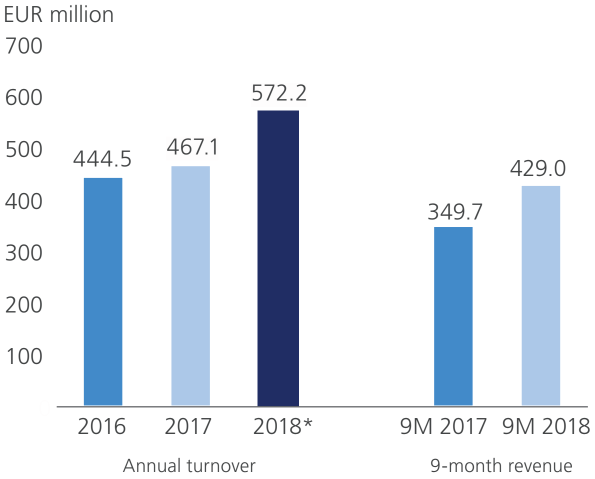
Revenue for the Parallel import business fell by 3.6 % to EUR 179.5 million (9M 2017: EUR 186.1 million). This decrease was caused primarily by the concentration on high-margin yet small-volume pharmaceuticals. Dermapharm intends to use this selective approach to generate an increase in the EBITDA margin, which the Company has already achieved in the first nine months of 2018.

EBITDA for this division increased disproportionately by 51.6 % to EUR 7.8 million (9M 2017: EUR 5.2 million). In addition to optimising the product portfolio and lifting the gross profit margin through needs-based procurement, systematic cost optimisation in all areas of the Company contributed to EBITDA growth. Dermapharm raised the division's EBITDA margin in the first nine months of 2018 to 4.4 % (9M 2017: 2.8 %).

REPORT ON ECONOMIC POSITION

Revenue trend

Annual and 9-month comparison of revenue trend

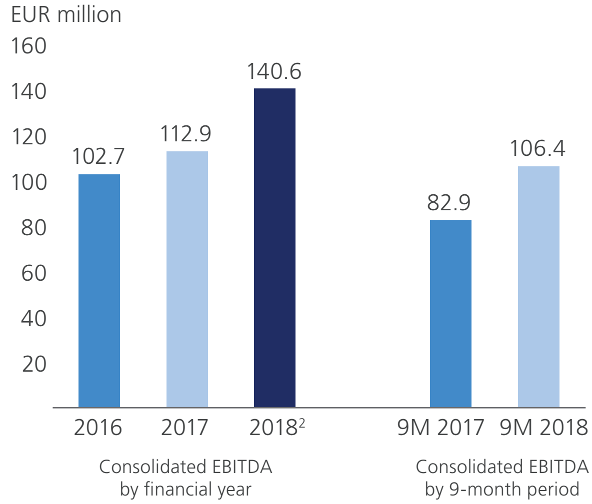


* Estimated annual revenue, with 20-25 % forecasted revenue growth

- Dermapharm reports a successful performance for the first nine months of 2018.
- In the first nine months 2018, revenue rose by 22.7 % to EUR 429.0 million, which was up significantly as compared to the same period of the previous year (9M 2017: EUR 349.7 million).
- The acquired Strathmann Group and Trommsdorff Group were included for the first time in the consolidated group of companies in the "Branded pharmaceuticals and other healthcare products" division, and will also contribute to positive business development in Q4 2018.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Annual and 9-month comparison of EBITDA growth[1]

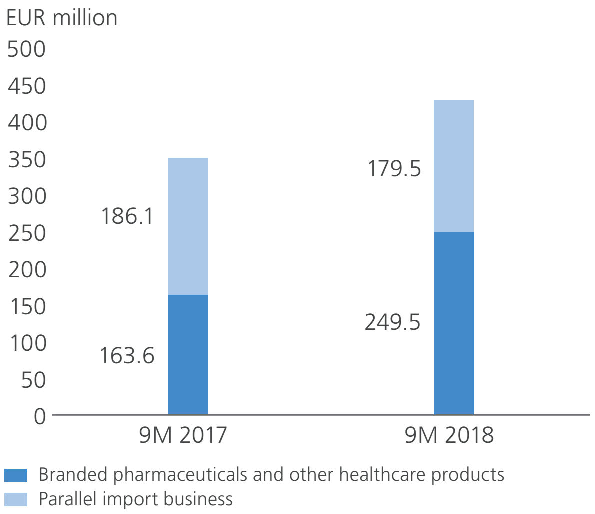


[1] Adjusted for IPO-related expenses.
[2] Estimated development, with 22-27 % forecasted EBITDA growth

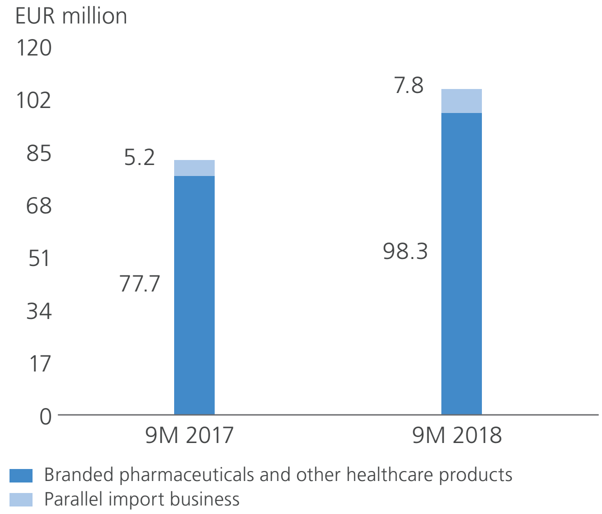
- EBITDA, adjusted for IPO-related expenses, increased by 28.3 % to EUR 106.4 million in the first nine months 2018 (9M 2017: EUR 82.9 million). This resulted in a 24.8 % adjusted EBITDA margin.
- At the same time, unadjusted EBITDA increased from EUR 82.9 million to EUR 102.6 million. This corresponds to a 23.9 % unadjusted EBITDA margin.
- This positive earnings trend is mainly based on the increase in gross profit while expenses for discounts from direct agreements with health insurers and the cost of materials ratio were reduced.

Performance of the divisions

Revenue by division as compared to prior year period



EBITDA by division as compared to prior year period



- In the "Branded pharmaceuticals and other healthcare products" division, Dermapharm increased revenue by 52.5 % to EUR 249.5 million (9M 2017: EUR 163.6 million).
- In the "Parallel import business" division, revenue fell during the period under review by 3.6 % to EUR 179.5 million (9M 2017: EUR 186.1 million), primarily as a result of concentration on high-margin albeit low-volume pharmaceuticals.
- At the same time, EBITDA in the "Branded pharmaceuticals and other healthcare products" division increased by 26.5 % to EUR 98.3 million (9M 2017: EUR 77.7 million). The division's EBITDA margin was 39.4 % (9M 2017: 47.5 %) and thus down slightly as compared to the same period of the previous year; this decrease was due to the first-time consolidation of the Strathmann (1 January 2018) and Trommsdorff (1 February 2018) Groups.
- Dermapharm lifted EBITDA in the "Parallel import business" division to EUR 7.8 million in the first nine months of 2018 (9M 2017: EUR 5.2 million) thanks to the improved gross profit and further cost optimisation. This represents significant growth of 51.6 %. Accordingly, Dermapharm lifted its EBITDA margin to 4.4 % (9M 2017: 2.8 %).

REPORT ON EXPECTED DEVELOPMENTS

In light of the strategic initiative in the "Branded pharmaceuticals and other healthcare products" division and the systematic implementation of our three-pillar strategy, as well as the stable legislative situation and continuous growth in the import pharmaceuticals market, the Management Board confirms the outlook presented in the Annual Report as at 31 December 2017 with respect to the continued development of the Company in 2018.

The Management Board therefore continues to expect the Group to experience further year-on-year growth in financial year 2018. The Management Board still expects revenue to increase by 20 % to 25 %, and EBIDTA to increase by 22 % to 27 % compared to the prior-year period. These growth rates are based on organic growth and growth from the new acquisitions included in the forecast.

EVENTS AFTER THE BALANCE SHEET DATE

Signing of contract for the acquisition of EUROMED S.A.

On 18 November 2018, Dermapharm Holding signed an agreement to acquire the Spanish company EUROMED S.A. The purchase agreement is still subject to the approval of the antitrust authorities. Dermapharm's Management Board expects the transaction to be completed at the beginning of 2019. Founded in 1971, EUROMED S.A. is a leading manufacturer of standardised herbal extracts and natural active ingredients for the pharmaceutical, nutraceutical and cosmetic industries. The production plants in Mollet del Vallès (Barcelona) and Molina de Segura (Murcia), Spain, produce more than 5,000 tons of biomass annually. With the acquisition of EUROMED, Dermapharm expands its own value chain and strengthens its expertise in the growth market for herbal medicinal products. Dermapharm plans to continue selling the EUROMED products to EUROMED's international customer base and to use them in the future to manufacture its own existing and new products, such as the subsidiaries Hübner, MELASAN or Bio-Diät-Berlin. With the takeover, Dermapharm is also taking a further step in expanding its international presence and will in future be present in Spain with its own company. The local industry know-how of EUROMED will also be used in the future to support the introduction of own products on the Spanish market. In 2019, EUROMED S.A. is expected to generate revenues of EUR 70 million and earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 20 million. The parties have agreed not to disclose the purchase price.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets EUR thousand	30 September 2018	31 December 2017
Non-current assets		
Intangible assets	195,754	133,404
Goodwill	54,429	24,583
Property, plant and equipment	78,685	56,036
Investments measured at equity	4,673	3,513
Investments	389	188
Other non-current financial assets	3,915	4,419
Deferred tax assets	-	290
Total non-current assets	**337,845**	**222,433**
Current assets		
Inventories	108,076	81,685
Trade receivable	41,466	24,677
Other financial assets	1,861	78,318
Other assets	5,505	1,575
Income tax receivables	285	329
Cash and cash equivalents	196,318	6,286
Total current assets	**353,511**	**192,870**
Total assets	**691,356**	**415,303**

Equity and liabilities EUR thousand	30 September 2018	31 December 2017
Equity		
Issued capital	53,840	120
Capital reserves	101,551	250
Retained earnings	85,971	25,669
Other reserves	(1,309)	(2,234)
Contribution in kind not yet registered	-	49,880
Equity attributable to owners of the company	**240,053**	**73,685**
Non-controlling interests	3,566	-
Total equity	**243,619**	**73,685**
Non-current liabilities		
Defined benefit obligations and other accrued employee benefits	48,751	13,033
Financial liabilities	277,942	222,483
Other financial liabilities	3,553	4,476
Other liabilities	9,367	10,024
Deferred tax liabilities	2,885	11,026
Total non-current liabilities	**342,498**	**261,042**
Current liabilities		
Other provisions	10,803	7,017
Financial liabilities	29,038	32,264
Trade payable	26,755	23,367
Other financial liabilities	90	5,592
Other liabilities	19,028	9,025
Income tax liabilities	19,525	3,311
Total current liabilities	**105,239**	**80,576**
Total equity and liabilities	**691,356**	**415,303**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	9 months ended at	
	30 September 2018	30 September 2017
Revenue	428,959	349,690
Increase/decrease in finished goods and work-in-process	603	418
Own work capitalised	7,482	7,999
Other operating income	3,851	4,141
Cost of material	(217,052)	(195,968)
Personnel expenses	(65,100)	(46,535)
Depreciation and amortisation	(19,151)	(11,175)
Other operating expenses	(57,352)	(38,127)
Operating income	**82,240**	**70,443**
Result from investments measured at equity, net of tax	1,159	1,245
Financial income	2,723	3,277
Financial expenses	(6,169)	(7,812)
Financial result	**(2,287)**	**(3,290)**
Earnings before taxes	**79,953**	**67,153**
Income taxes	(19,817)	(4,300)
Profit for the period	**60,136**	**62,853**
Profit and loss transfers due to profit and loss transfer agreements	-	(46,422)
Profit for the period, after profit and loss transfer	**60,136**	**16,431**
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gains/losses from remeasurement of defined benefit pension plans	828	-
Deferred taxes effect relating to items that will not be reclassified	(273)	-
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	370	(1,190)
Other comprehensive income/(loss) for the period, net of tax	**925**	**(1,190)**
Total comprehensive income for the period, after profit distribution	**61,061**	**15,241**

Profit for the period attributable to:		
Owners of the company	60,302	62,853
Non-controlling interests	(166)	-
	60,136	**62,853**
Total comprehensive income for the period, after profit and loss transfer, attributable to:		
Owners of the company	61,227	15,241
Non-controlling interests	(166)	-
	61,061	**15,241**
Earnings per Share		
Earnings per share (in EUR)	**1.13**	**1.26**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	9 months ended at	
	30 September 2018	30 September 2017
Profit for the period, before profit distribution	60,136	62,853
Amortisation of intangible assets	12,246	7,166
Amortisation of intangible assets - impairment	1,278	-
Depreciation of property, plant and equipment	5,574	3,709
Increase /(decrease) in other accrued employee benefits	(162)	1
Increase /(decrease) in other current provisions	2,156	(950)
Other non-cash expenses /(income) items	(79)	70
(Increase) /decrease in inventories	(6,577)	2,830
(Increase) /decrease in trade receivables	(13,025)	(8,353)
(Increase) /decrease in other assets	68,106	(6,913)
Increase /(decrease) in trade payables	54	(5,209)
Increase /(decrease) in other liabilities	(1,684)	(5,292)
Share of profit of equity-accounted investees, net of tax	(1,159)	(1,245)
Net (gain) /loss on disposal of intangible assets	(47)	341
Net (gain) /loss on disposal of property, plant and equipment	-	15
Interest expenses /(income)	3,853	3,240
Increase /(decrease) in income tax payables and deferred tax liabilities	17,883	3,338
Income tax (paid) /received	(15,720)	(1,201)
Net cash flows from operating activities	**132,833**	**54,400**
Proceeds from sale of intangible assets	48	194
Proceeds from sale of property, plant and equipment	183	157
Proceeds from sale of investments	-	-
Acquisition of subsidiary, net of cash acquired	(92,295)	-
Proceeds from overpayments for acquisitions of subsidiaries	7,194	-
(Purchase) of intangible assets	(8,864)	(67,358)
(Purchase) of property, plant and equipment	(9,308)	(3,378)
Payments for investment in financial assets	(225)	(14,510)
Dividends from equity-accounted investees	-	-
Interest received	-	7
Net cash flows used in investing activities	**(103,267)**	**(84,888)**

Payments from the issue of shares	107,520	-
Transaction costs related to the issue of new shares	(3,083)	-
Payment of profit transfers due to profit transfer agreements	-	(66,854)
Acquisition of non-controlling interests	-	(6,559)
Proceeds from financial liabilities	155,000	151,824
(Repayment) of financial liabilities	(95,530)	(52,756)
Payment of finance lease liabilities	(89)	(107)
Proceeds from reimbursement of interest paid	7,613	-
Interest (paid)	(3,853)	(3,247)
Net cash flows used in financing activities	**167,578**	**22,301**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	**197,144**	**(8,187)**
Cash, cash equivalents and bank overdrafts at 1 January	(7,204)	(1,051)
Change in cash, cash equivalents and bank overdrafts due to foreign exchange differences	23	(84)
Cash, cash equivalents and bank overdrafts at 30 September	**189,963**	**(9,322)**
Bank overdrafts at 1 January	(13,490)	(4,867)
Bank overdrafts at 30 September	(6,355)	(21,900)
Cash and cash equivalents at 30 September	**196,318**	**12,578**

SEGMENT REPORTING

9 months ended at 30 September 2018 EUR thousand	Branded pharma-ceuticals and other healthcare products	Parallel import business	Reconciliation / Group Holding	Group
Revenue	250,320	179,475	-	429,795
thereof intersegment revenue	*838*	-	-	*838*
Revenue with external customers	249,482	179,475	-	428,959
Revenue growth	52.5%	-3.6%	-	22.7%
EBITDA	98,293	7,849	(3,592)	102,550
thereof result from investments measured at equity	*1,159*	-	-	*1,159*
EBITDA Margin	39.4%	4.4%	-	23.9%

9 months ended at 30 September 2017 EUR thousand	Branded pharma-ceuticals and other healthcare products	Parallel import business	Reconciliation / Group Holding	Group
Revenue	164,653	186,139	-	350,792
thereof intersegment revenue	*1,101*	-	-	*1,101*
Revenue with external customers	163,551	186,139	-	349,690
Revenue growth	n/a	n/a	-	n/a
EBITDA	77,686	5,177	-	82,863
thereof result from investments measured at equity	*1,245*	-	-	*1,245*
EBITDA Margin	47.5%	2.8%	-	23.7%

IMPRINT

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