



Dermapharm Holding SE continues to drive the company's growth in the third quarter of 2019

- » Group revenue increases by 20.7% to EUR 517.6 million
- » Adjusted Group EBITDA of EUR 133.1 million up 25.1% compared to the previous year; adjusted EBITDA margin increases to 25.7%
- » Successful integration of Fitvia and Euromed and new logistics centre in Brehna improve prerequisites for future growth
- » Management Board confirms full-year forecast for 2019

Grünwald, 20 November 2019 – Dermapharm Holding SE (“Dermapharm”), a leading producer of patent-free branded pharmaceuticals for selected therapeutic areas in Germany with a growing international presence, published its figures for the first nine months of 2019 today. The company increased its revenue by 20.7% to EUR 517.6 million in the reporting period (previous year: EUR 429.0 million). At the same time, earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted for non-recurring expenses and provisions totalling EUR 8.5 million rose by 25.1% to EUR 133.1 million (previous year: EUR 106.4 million). Accordingly, the adjusted EBITDA margin was 25.7% and thus 0.9 percentage points above the margin of the previous year. Unadjusted EBITDA amounted to EUR 124.6 million and the unadjusted EBITDA margin was 24.1%.

“The figures for the first nine months of 2019 show that our growth strategy is right. The successfully integrated Group companies Strathmann and Trommsdorff are adding attractive products to our portfolio and made significant contributions to our organic growth in the reporting period. One example is Strathmann’s muscle relaxant Myopridin[®], which we have been marketing via Trommsdorff under the brand name Myditin[®] since the beginning of the year. It has been meeting with excellent market acceptance. The integration of Euromed and the related expansion of the new segment ‘Herbal extracts’ is also proceeding according to plan,” said Dr. Hans-Georg Feldmeier, CEO of Dermapharm Holding SE.

To further improve the prerequisites for future growth, Dermapharm has also expanded its logistics capacities. “We are proud that our new logistics centre at our main production site in Brehna will go into operation on schedule in November. The newly built dispatch warehouse with approx. 12,000 sqm of space is a prerequisite for us to continue improving our customer proximity and our delivery performance in line with our ‘one-stop-shop’ approach. It will lay the foundation for cost-effective logistics and growth and reflects our commitment to Germany as a production location,” Dr. Feldmeier added.

Dermapharm managed to increase its revenues in the segment “Branded pharmaceuticals and other healthcare products” by 10.7% to EUR 276.2 million (previous year: EUR 249.5 million). EBITDA of the segment adjusted for non-recurring costs in connection with the acquisition of Euromed and Fitvia in the amount of EUR 3.1 million, consulting services in connection with further acquisition efforts in the amount of EUR 0.2 million as well as restructuring costs at Bio-Diät-Berlin and its subsidiary Kräuter Kühne in the amount of EUR 1.6 million increased by 11.5% to EUR 113.8 million (previous year: EUR 102.1 million). This increase was mainly due to the positive development of gross profit but also a reduction in the cost of materials ratio. The segment’s EBITDA margin adjusted for non-recurring expenses related to the acquisitions of Euromed and Fitvia, consulting services in connection with further acquisition efforts and restructuring costs for Bio-Diät-Berlin, was 41.2%, up from 40.9% the previous year.

In the “Parallel import business” segment, revenues increased by 3.1% to EUR 185.1 million in the reporting period (previous year: EUR 179.5 million). This increase was mainly the result of the generally stable demand for parallel imports of original preparations and Dermapharm’s intact ability to deliver these products. Due to an increasing number of discount tenders of the health insurance funds for high-revenue originator preparations that are about to expire, EBITDA in this segment declined by 7.7% to EUR 7.2 million (previous year: EUR 7.8 million). Accordingly, the EBITDA margin of the traditionally low-margin segment of 3.9% fell below the previous year’s figure of 4.4%.



The newly created "Herbal extracts" segment that was consolidated for the first time developed as expected. In this segment, Dermapharm managed to generate a sales contribution of EUR 56.3 million by acquiring Euromed. EBITDA for the segment adjusted for non-recurring expenses for inventory reductions in connection with the "step-up of the book value" of inventories existing at the time of purchase in the amount of EUR 3.6 million amounted to EUR 16.2 million. This equates to an EBITDA margin of 28.8%.

In view of the successful strategic orientation in the "Branded pharmaceuticals and other healthcare products" segment, the consistent implementation of a three-pillar strategy as well as the growth prospects in the new "Herbal extracts" segment, the Management Board confirms its forecast for fiscal year 2019. The Management Board therefore continues to expect further Group growth for 2019 compared to the previous year. Group sales are projected to be 14% to 19% and EBITDA 17% to 22% higher than in financial year 2018.

The complete Q3 release 2019 is accessible on the website ir.dermapharm.de as of today.

Key financial figures for the first nine months of 2019 year-on-year

in EUR millions	9M 2019	9M 2018	Change
Group sales	517.6	429.0	+20.7%
<i>Branded pharmaceuticals and other healthcare products</i>	276.2	249.5	+10.7%
<i>Parallel import business</i>	185.1	179.5	+3.1%
<i>Herbal extracts</i>	56.3	-	-
Adjusted¹ Group EBITDA	133.1	106.4	+25.1%
<i>Branded pharmaceuticals and other healthcare products</i>	113.8	102.1	+11.5%
<i>Parallel import business</i>	7.2	7.8	-7.7%
<i>Herbal extracts</i>	16.2	-	-
Adjusted¹ EBITDA margin (in %)	25.7	24.8	+0.9pp
<i>Branded pharmaceuticals and other healthcare products</i>	41.2	40.9	+0.3pp
<i>Parallel import business</i>	3.9	4.4	-0.5pp
<i>Herbal extracts</i>	28.8	-	-
Group EBITDA	124.6	102.6	+21.4%
EBITDA margin (in %)	24.1	23.9	+0.2pp

¹ 9M 2019 EBITDA adjusted for EUR 8.5 million in non-recurring expenses and provisions.
9M 2018 EBITDA adjusted for non-recurring expenses in the amount of EUR 3.8 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 has more than 900 marketing authorisations (Arzneimittelzulassungen) for approximately 250 active pharmaceutical ingredients, which are marketed as pharmaceuticals, dietary supplements or supplemental balanced diets. 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 five parallel import companies in Germany in 2018. In the “Herbal Extracts” segment, Dermapharm has access to the growth market for herbal pharmaceuticals through the Spanish company Euromed S.A., one of the leading manufacturers of herbal extracts and natural active ingredients.

With a consistent R&D strategy and numerous successful product and company acquisitions over the past 25 years, Dermapharm has continuously optimised its business and provided external growth impulses in addition to organic growth. Dermapharm intends to continue on this profitable growth course in the future. The company is focusing on a three-pillar strategy: in-house development of new products, increase of its international footprint and further acquisitions.

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