



Dermapharm Holding SE: First quarter of 2019 characterized by profitable growth

- » Group sales increased by 19.0% to EUR 163.6 million
- » Adjusted Group EBITDA rose by 20.7% to EUR 43.7 million; adjusted EBITDA margin improved to 26.7%
- » New Herbal Extracts segment and organic growth in the Branded Pharmaceuticals and Other Healthcare Products segment contributed to growth
- » Management Board confirms forecast for 2019 as a whole

Grünwald, May 21, 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 report for the first three months of 2019 today, having increased its revenues by 19.0% to EUR 163.6 million (prior-year quarter: EUR 137.5 million). Earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for one-off costs of EUR 2.9 million in connection with the acquisition of the Spanish company Euromed and one-off costs of EUR 0.1 million for consulting services in connection with further acquisition efforts, increased by 20.7% to EUR 43.7 million (prior-year quarter: EUR 36.2 million). The adjusted EBITDA margin was 26.7%, 0.4 percentage points above the margin of the previous year. Unadjusted EBITDA amounted to EUR 40.7 million while the unadjusted EBITDA margin was 24.9%.

“The first quarter of 2019 was characterized by our successful acquisitions. With the acquisition of the Spanish company Euromed, we forged ahead with the development of our new Herbal Extracts segment, which already made a profitable contribution to our business in the first three months. The successful acquisition of CFP Packaging GmbH, whose business operations will be relocated to Dermapharm’s nearby main production site in Brehna near Leipzig during the course of the year, gives us access to machines and employee know-how in the area of special packaging for powder and liquid sticks, which are enjoying great popularity. This has enabled us to further expand our market position as a leading manufacturer of patent-free branded pharmaceuticals and create the conditions for further growth,” commented Dr. Hans-Georg Feldmeier, CEO of Dermapharm Holding SE. In addition, Dermapharm secured access to the medical cannabis market through a 20% equity investment by its subsidiary Dermapharm AG in FYTA, a Dutch cannabis producer for pharmaceutical applications. Dermapharm made further growth investments in the first quarter of 2019 with the construction of a new logistics center at Dermapharm’s main production site in Brehna near Leipzig and the construction of a new production building for Melasan in Austria.

Dermapharm increased its sales in the segment “Branded Pharmaceuticals and Other Healthcare Products” by 6.2% to EUR 84.4 million (prior-year period: EUR 79.5 million). Thus, the segment’s reported adjusted EBITDA increased by 8.1% to EUR 37.3 million (prior-year period: EUR 34.5 million). This increase was mainly due to the positive development of gross profit while at the same time reducing the cost of materials ratio. At 44.2%, the segment’s EBITDA margin adjusted for one-off costs in connection with the acquisition of Euromed and consulting services as part of further acquisition efforts was higher than the corresponding prior-year figure of 43.4%.

In the “Parallel Import Business” segment, revenues increased by 0.9% to EUR 58.5 million in the reporting period (prior-year period: EUR 58.0 million). This increase was mainly the result of fundamentally stable demand for parallel imports of original preparations and sound supply availability at Dermapharm. 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 fell by 22.2% to EUR 2.1 million (prior-year period: EUR 2.7 million). The EBITDA margin of the traditionally low-margin segment stabilized at a solid 3.6% in the first three months of the current fiscal year after an above-average 4.7% in the same period of the previous year.

The newly created Herbal Extracts segment that was consolidated for the first time developed in line with expectations and generated a sales contribution of EUR 20.6 million. Segment EBITDA amounted to EUR 4.5 million, which corresponds to an EBITDA margin of 21.8%. The integration of Euromed into



Dermapharm Group is proceeding according to plan and the Management Board expects further stable business development in the future.

In view of the strategic orientation in the Branded Pharmaceuticals and Other Healthcare Products segment, the consistent implementation of the three-pillar strategy as well as the good development of 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. It continues to expect Group sales to be 14% to 19% and EBITDA 17% to 22% higher than in fiscal year 2018.

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

Key financial figures for Q1 2019 year-on-year

| in EUR millions | Q1 2019 | Q1 2018 | Change |
|--|--------------|--------------|---------------|
| Group sales | 163.6 | 137.5 | +19.0% |
| <i>Branded Pharmaceuticals and Other Healthcare Products</i> | 84.4 | 79.5 | +6.2% |
| <i>Parallel Import Business</i> | 58.5 | 58.0 | +0.9% |
| <i>Herbal Extracts</i> | 20.6 | - | - |
| Adjusted¹ Group EBITDA | 43.7 | 36.2 | +20.7% |
| <i>Branded Pharmaceuticals and Other Healthcare Products</i> | 37.3 | 34.5 | +8.1% |
| <i>Parallel Import Business</i> | 2.1 | 2.7 | -22.2% |
| <i>Herbal Extracts</i> | 4.5 | - | - |
| Adjusted¹ EBITDA margin (in %) | 26.7 | 26.3 | +0.4pp |
| <i>Branded Pharmaceuticals and Other Healthcare Products</i> | 44.2 | 43.4 | -0.8pp |
| <i>Parallel Import Business</i> | 3.6 | 4.7 | -1.1pp |
| <i>Herbal Extracts</i> | 21.8 | - | - |
| Group EBITDA | 40.7 | 35.5 | +14.6% |
| EBITDA margin (in %) | 24.9 | 25.8 | -0.9pp |

¹ Q1 2019 EBITDA adjusted for EUR 2.9 million in one-off costs related to the acquisition of Euromed and EUR 0.1 million in one-off costs for consulting services related to further acquisition efforts.

Q1 2018 adjusted for one-off costs in the amount of EUR 0.7 million in connection with the preparation of the stock exchange listing.



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 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 plant pharmaceuticals through the Spanish company Euromed S.A., one of the leading manufacturers of plant extracts and plant-based active ingredients.

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 a three-pillar strategy: in-house development of new products, increase of its international footprint and further acquisitions.

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