

Quarterly Statement February to October 2023

The first nine months at a glance

- Total operating performance and revenue increased again
- Significant contribution from former McKesson Europe companies
- Profit before tax above previous year

Key figures of the PHOENIX group in € m	1st nine months 2022/23*	1st nine months 2023/24
Total operating performance	31,735.8	42,597.4
Revenue	24,485.2	35,044.8
Total income	2,850.4	3,476.7
EBITDA before significant one-off effects	507.4	653.9
EBITDA	768.8	640.3
EBIT	246.1	332.7
Profit before tax before significant one-off effects	222.3	227.8
Profit before tax	175.7	214.2
Profit after tax	177.2	152.3

		31 October 2022*	31 January 2023*	31 October 2023
Equity	in € m	3,194.6	3,273.5	3,420.0
Equity ratio	in %	23.5	24.0	24.7
Net debt	in € m	3,030.1	2,949.3	3,389.1

* 31 January 2023 and 31 October 2022 were restated due to the finalisation of a preliminary purchase price

Business development

The PHOENIX group continued to grow in the first nine months of 2023/24 (February to October 2023). Compared with the first nine months of 2022/23, total operating performance rose by 34.2 per cent to €42.6 billion. This comprises revenue and handled volume. An amount of €9.1 billion relates to the former McKesson companies that were acquired on 31 October 2022. Adjusted for foreign exchange rate effects, total operating performance grew by 33.2 per cent. The PHOENIX group, which is active in 29 European countries, achieved a revenue growth of €10.6 billion (43.1 per cent) to €35.0 billion (€9.2 billion of which is attributable to the acquired McKesson companies). Adjusted for foreign exchange rate effects, revenue grew by 43.9 per cent.

Results

Total income increased by €626.3 million to €3,476.7 million and was lower than the increase in total expenses of €755.6 million in particular due to a gain on initial consolidation of €286.3 million recognised in the comparative period. Earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased from €768.8 million to €640.3 million and includes a loss of €13.6 million from the deconsolidation of the Swiss wholesale activities. In addition to the gain on initial consolidation of €286.3 million, the EBITDA of the comparative period included one-off expenses for other taxes in the amount of €24.9 million. Adjusted for these one-off effects, EBITDA increased by 28.9 per cent or €146.5 million to €653.9 million compared with the same period of the previous year.

In the comparative period, impairment charges of €302.8 million on goodwill, pharmacy licenses and right of use assets have been recognised.

Profit before tax increased from €175.7 million to €214.2 million. Profit before tax – adjusted for the aforementioned one-off effects, as well as related interest expenses of €5.2 million in the comparative period – increased slightly by 2.5 per cent, representing a rise of €5.5 million to €227.8 million.

Financial position

Equity rose by €146.5 million. The currency translation difference on total assets, which is recognised in equity, amounted to €-125.3 million (31 January 2023: €-106.9 million). The equity ratio as of 31 October 2023 came to 24.7 per cent (31 January 2023: 24.0 per cent).

Cash flow from operating activities came to €11.4 million (comparative period: €180.0 million), mainly due to a higher increase in working capital of €145.7 million. Cash flow from investing activities amounted to €-265.8 million, compared with €-546.7 in the comparative period, with the latter figure mainly including the payment of the preliminary purchase price for the acquired McKesson companies (less cash acquired) of €375.0 million.

Net debt increased by €439.8 million to €3,389.1 million compared with 31 January 2023.

Risks and opportunities

The risks and opportunities of significance to us are described extensively in our annual report for fiscal year 2022/23. The risks and opportunities presented in that report are still essentially relevant.

Forecast

For fiscal year 2023/24, the PHOENIX group expects to further expand its market position in Europe through organic growth, acquisitions, and efficiency improvements and thereby increase revenue slightly above the level of growth of the European pharmaceutical markets. We expect revenue to grow in nearly all markets in which we are present.

For fiscal year 2023/24, we forecast a moderate increase in profit before tax. The comparative year 2022/23 was impacted by non-recurring effects such as a gain on a first-time consolidation and impairment losses.

We expect a slight increase in the equity ratio.

Mannheim, 15 December 2023

The Executive Board of PHOENIX Pharma SE

FINANCIAL INFORMATION

FOR THE FIRST NINE MONTHS OF 2023/24

CONSOLIDATED INCOME STATEMENT

for the first nine months of 2023/24

EUR k	3rd quarter 2022/23*	3rd quarter 2023/24	1st nine months 2022/23*	1st nine months 2023/24
Revenue	8,306,564	11,835,709	24,485,153	35,044,832
Cost of purchased goods and services	-7,448,288	-10,686,706	-21,946,852	-31,618,879
Gross profit	858,276	1,149,003	2,538,301	3,425,953
Other operating income	296,260	20,929	312,075	50,738
Personnel expenses	-436,965	-596,558	-1,308,526	-1,787,909
Other operating expenses	-275,942	-343,775	-770,030	-1,046,207
Result from associates and joint ventures	-1,694	-1,385	-3,171	-2,881
Result from other investments	-1	533	141	614
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	439,934	228,747	768,790	640,308
Amortisation of intangible assets and depreciation of property, plant and equipment	-73,785	-106,262	-219,908	-309,229
Impairment of intangible assets and property, plant and equipment	-302,782	1,600	-302,782	1,600
Earnings before interest and taxes (EBIT)	63,367	124,085	246,100	332,679
Interest income	3,770	4,423	8,270	12,351
Interest expenses	-22,738	-41,607	-67,410	-118,519
Other financial result	-3,693	-3,538	-11,227	-12,265
Financial result	-22,661	-40,722	-70,367	-118,433
Profit before tax	40,706	83,363	175,733	214,246
Income taxes	37,960	-17,809	1,503	-61,917
Profit after tax	78,666	65,554	177,236	152,329
thereof attributable to non-controlling interests	6,454	2,986	23,196	11,619
thereof attributable to owners of the parent company	72,212	62,568	154,040	140,710

* Prior year was restated due to the finalisation of a preliminary purchase price allocation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 October 2023

ASSETS

EUR k	31 January 2023*	31 October 2023
Non-current assets		
Intangible assets	2,079,881	2,170,127
Property, plant and equipment	2,286,757	2,268,237
Investment property	3,989	4,036
Investments in associates and joint ventures	9,215	44,844
Trade receivables	4,824	9,113
Other financial assets	108,227	108,168
Deferred tax assets	150,972	132,675
Income tax receivables	2,500	10,190
	4,646,365	4,747,390
Current assets		
Inventories	3,574,811	3,778,480
Trade receivables	4,421,129	4,686,981
Income tax receivables	27,770	47,645
Other financial assets	92,618	101,157
Other assets	289,135	297,699
Cash and cash equivalents	430,402	159,553
	8,835,865	9,071,515
Non-current assets held for sale	145,982	507
Total assets	13,628,212	13,819,412

* Prior year was restated due to the finalisation of a preliminary purchase price allocation

EQUITY AND LIABILITIES

EUR k	31 January 2023*	31 October 2023
Equity		
Issued capital	2,786	2,786
Capital reserves	961,106	961,106
Revenue reserves	2,488,730	2,635,026
Accumulated other comprehensive income	-291,845	-289,034
Equity attributable to the shareholders of the parent company	3,160,777	3,309,884
Non-controlling interests	112,682	110,133
	3,273,459	3,420,017
Non-current liabilities		
Financial liabilities	1,913,269	1,926,824
Trade payables	633	1,156
Provisions for pensions and similar obligations	305,756	261,377
Other non-current provisions	17,787	18,577
Deferred tax liabilities	240,234	232,616
Income tax liabilities	5	5
Other non-current liabilities	887	1,259
	2,478,571	2,441,814
Current liabilities		
Financial liabilities	1,210,326	1,338,448
Trade payables	5,785,976	5,961,757
Other provisions	101,918	77,504
Income tax liabilities	72,341	48,696
Other liabilities	548,391	531,176
	7,718,952	7,957,581
Liabilities directly associated with assets held for sale	157,230	0
Total equity and liabilities	13,628,212	13,819,412

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first nine months of 2023/24

EUR k	31 October 2022*	31 October 2023
Profit after tax	177,236	152,329
Income taxes	-1,503	61,917
Profit before income taxes	175,733	214,246
Adjustments for:		
Interest expenses and interest income	59,140	106,168
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	522,690	307,629
Result from associates and other investments	3,030	2,267
Net result from the disposal of assets related to investing activities	-665	-143
Other non-cash expense and income	-135,481	183,928
	624,447	814,095
Interest paid	-52,735	-109,093
Interest received	7,079	12,013
Income taxes paid	-63,892	-106,344
Dividends received	3,776	779
Cash flow before change in assets and liabilities	518,675	611,450
Changes in assets and liabilities, net of effects of changes in the scope of consolidation and other non-cash transactions:		
Change in non-current provisions	-27,731	-29,539
Cash flow before change in operating assets and liabilities	490,944	581,911
Change in inventories	-72,165	-217,724
Change in trade receivables	-365,907	-345,243
Change in trade payables	282,373	261,615
	-155,699	-301,352
Change in other assets and liabilities not related to investing or financing activities	-155,265	-269,137
Change in operating assets and liabilities	-310,964	-570,489
Cash flow from operating activities	179,980	11,422
Acquisition of consolidated companies and business units, net of cash acquired	-422,652	-98,122
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-127,865	-158,587
Investment in other financial assets and non-current assets	-6,000	-36,700
Cash outflows for investments	-556,517	-293,409

* Prior year was restated due to the finalisation of a preliminary purchase price allocation

EUR k	31 October 2022*	31 October 2023
Cash received from the sale of consolidated companies and business units, net of cash disposed	241	177
Cash received from disposal of intangible assets, property, plant and equipment, and investment property	8,923	26,915
Proceeds from other financial assets and non-current assets	620	502
Cash inflows from realised investments and divestments	9,784	27,594
Cash flow from investing activities	-546,733	-265,815
Cash available for financing activities	-366,753	-254,393
Capital contribution from/repayment to non-controlling interests	-725	-262
Acquisition of additional shares in already consolidated subsidiaries	-198,789	-27
Proceeds from disposal of interests in subsidiaries without loss of control	95	2
Dividends paid to non-controlling interests	-16,958	-12,940
Proceeds from bond issuance and bank loans	463,297	381,836
Repayment of bonds and bank loans	-199,665	-173,077
Change in bank loans which have a maturity period of 3 months or less	110,834	210,015
Proceeds from the issue of loans from related parties	20,000	0
Repayment of loans from related parties	-45,000	-55,000
Change in ABS/Factoring	-15,581	-7,729
Change in finance lease	-104,628	-129,790
Change in other financial liabilities	2,653	-229,320
Cash flow from financing activities	15,533	-16,292
Changes in cash and cash equivalents	-351,220	-270,685
Effect of exchange rate changes on cash and cash equivalents	550	-164
Cash and cash equivalents at the beginning of the period	964,985	430,402
Cash and cash equivalents at the end of the period	614,315	159,553
Less cash and cash equivalents included in assets held for sale	-1,425	0
Cash and cash equivalents presented in the balance sheet at the end of the period	612,890	159,553

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Financial calendar

15 May 2024: Annual report 2023/24

26 June 2024: Quarterly statement February to April 2024

25 September 2024: Half-year report February to July 2024

19 December 2024: Quarterly statement February to October 2024

Further information about the PHOENIX group | www.phoenixgroup.eu

The PHOENIX group, headquartered in Mannheim, is the European leader in pharmaceutical wholesale, pharmacy retail, and services for the pharmaceutical industry. With a presence in 29 healthcare markets, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with more than 48,000 employees.