

Quarterly Statement February to April 2020

The first quarter at a glance

- Significant increase in total operating performance and revenue as a result of the coronavirus pandemic
- Profit after tax higher than in previous year
- Further reduction in net debt compared with the first quarter 2019/20
- Expansion of pharmacy network in Romania through acquisition of Ecofarmacia Network SRL

Key figures of PHOENIX Pharmahandel GmbH & Co KG		1st quarter 2019/20	1st quarter 2020/21
Total operating performance	in EUR m	8,319.4	9,225.0
Revenue	in EUR m	6,558.2	7,244.3
Total income	in EUR m	708.1	773.4
Adjusted EBITDA	in EUR m	144.2	172.6
EBITDA	in EUR m	141.5	169.5
EBIT	in EUR m	74.8	98.4
Profit before tax	in EUR m	59.1	81.3
Profit after tax	in EUR m	42.8	57.3

		30 April 2019	31 January 2020	30 April 2020
Equity	in EUR m	3,180.7	3,165.4	3,165.6
Equity ratio	in %	33.2	32.7	31.9
Net debt	in EUR m	2,444.6	2,153.2	2,293.8

Business development

PHOENIX continued its growth in the first quarter of 2020/21 (February to April 2020). The coronavirus pandemic led to an increased demand for medicines in March 2020. As a result, total operating performance, which comprises revenue and handled volume not recognised as revenue but instead charged as a service fee, rose by 10.9 per cent to €9.2 billion. Adjusted for foreign exchange rate effects, total operating performance grew by 12.0 per cent. The healthcare provider, which is active in 27 European countries, saw its revenue grow by €0.7 billion (10.5 per cent) to €7.2 billion. Adjusted for foreign exchange rate effects, revenue grew by 11.5 per cent. In April 2020, revenue declined compared with the corresponding comparative period.

Results

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 19.8 per cent, or €28.0 million, to €169.5 million compared with the same period of the previous year. An EBITDA figure adjusted for interest from customers, expenses related to ABS and factoring, and other non-recurring effects (adjusted EBITDA) came to €172.6 million (comparative period: €144.2 million) and is calculated as follows:

EUR k	1st quarter 2019/20	1st quarter 2020/21	Change	Change in %
EBITDA	141,505	169,522	28,017	19.8
Interest from customers	2,221	2,651	430	19.4
Factoring fees	380	420	40	10.5
Other non-recurring effects	102	0	-102	-100.0
Adjusted EBITDA	144,208	172,593	28,385	19.7

Profit for the period grew by 33.9 per cent, representing an increase of €14.5 million to €57.3 million.

Financial position

Equity rose by €0.2 million compared with 31 January 2020. The currency translation difference on total assets, which is presented within equity, amounted to €-132.9 million (31 January 2020: €-97.1 million). The equity ratio as of 30 April 2020 was 31.9 per cent (31 January 2020: 32.7 per cent).

Cash flow from operating activities came to €-44.4 million (comparative period: €-287.5 million). Besides the higher profit for the period, this number was largely affected by a lower increase of €209.2 million in working capital compared with the same period of the previous year. Cash flow from investing activities amounted to €-49.1 million and was €153.5 million in the comparative period. In the prior year, the partial repayment of a purchase price loan granted to PHOENIX Pharma SE of EUR 199.1 m had a positive effect.

According to the calculation below, net debt increased by €140.6 million compared with 31 January 2020 to €2,293.8 million:

EUR k	31 January 2020	30 April 2020	Change	Change in %
+ Financial liabilities (non-current)	1,070,520	1,050,852	19,668	1.8
- Derivative financial instruments (non-current)	-145	-125	-20	13.8
+ Financial liabilities (current)	915,250	1,036,869	-121,619	-13.3
- Derivative financial instruments (current)	-5,324	-1,535	-3,789	71.2
- Cash and cash equivalents	-245,986	-212,783	-33,203	13.5
+ Receivables sold in the course of factoring and ABS transactions	469,553	468,675	878	0.2
- Factoring receivables	-24,681	-24,361	-320	1.3
- Receivables from ABS programmes	-26,007	-23,805	-2,202	8.5
Net debt	2,153,180	2,293,787	-140,607	-6.5

Risks and opportunities

The opportunities and risks of significance to us are described extensively in our annual report for fiscal year 2019/20. The risks and opportunities presented in that report are still essentially relevant.

Forecast

For fiscal year 2020/21, the PHOENIX group expects to further expand its market position in Europe through organic growth and acquisitions and thereby increase revenue slightly above the level of growth on the European pharmaceutical markets.

For fiscal year 2020/21, we expect profit before tax to be above the level seen in 2019/20.

We also expect a slight increase in the equity ratio.

Mannheim, 9 June 2020

The Management Board of the unlimited partner

PHOENIX Verwaltungs GmbH

Financial information
for the first quarter
2020/21

CONSOLIDATED INCOME STATEMENT

for the first quarter 2020/21

EUR k	1st quarter 2019/20	1st quarter 2020/21
Revenue	6,558,153	7,244,339
Cost of purchased goods and services	-5,886,947	-6,477,750
Gross profit	671,206	766,589
Other operating income	36,871	6,773
Personnel expenses	-368,377	-392,635
Other operating expenses	-198,152	-211,418
Result from associates and joint ventures	-101	176
Result from other investments	58	37
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	141,505	169,522
Amortisation of intangible assets and depreciation of property, plant and equipment	-66,660	-71,107
Earnings before interest and taxes (EBIT)	74,845	98,415
Interest income	4,592	4,059
Interest expenses	-18,712	-16,977
Other financial result	-1,596	-4,166
Financial result	-15,716	-17,084
Profit before tax	59,129	81,331
Income taxes	-16,320	-23,993
Profit for the period	42,809	57,338
thereof attributable to non-controlling interests	8,323	8,568
thereof attributable to owners of the parent company	34,486	48,770

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 30 April 2020

ASSETS

EUR k	31 January 2020	30 April 2020
Non-current assets		
Intangible assets	1,813,605	1,814,279
Property, plant and equipment	1,782,480	1,738,719
Investment property	11,744	11,451
Investments in associates and joint ventures	6,272	5,991
Trade receivables	589	359
Other financial assets	113,054	110,031
Deferred tax assets	77,371	90,883
	3,805,115	3,771,713
Current assets		
Inventories	2,561,829	2,796,465
Trade receivables	2,624,812	2,679,135
Income tax receivables	21,182	16,359
Other receivables and other financial assets	270,216	267,984
Other assets	139,886	154,430
Cash and cash equivalents	245,986	212,783
	5,863,911	6,127,156
Non-current assets held for sale	19,786	14,680
Total assets	9,688,812	9,913,549

EQUITY AND LIABILITIES

EUR k	31 January 2020	30 April 2020
Equity		
Unlimited and limited partners' capital	1,000,000	1,000,000
Reserves	2,126,012	2,173,962
Accumulated other comprehensive income	-243,429	-297,799
Equity attributable to the shareholders of the parent company	2,882,583	2,876,163
Non-controlling interests	282,836	289,430
	3,165,419	3,165,593
Non-current liabilities		
Financial liabilities	1,070,520	1,050,852
Trade payables	435	1,735
Provisions for pensions and similar obligations	216,265	229,687
Other non-current provisions	3,479	3,479
Deferred tax liabilities	125,400	128,365
Other non-current liabilities	1,142	1,338
	1,417,241	1,415,456
Current liabilities		
Financial liabilities	915,250	1,036,869
Trade payables	3,785,029	3,885,528
Other provisions	48,465	43,760
Income tax liabilities	35,338	39,098
Other liabilities	322,070	327,245
	5,106,152	5,332,500
Liabilities directly associated with assets held for sale	0	0
Total equity and liabilities	9,688,812	9,913,549

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first quarter 2020/21

EUR k	30 April 2019	30 April 2020
Profit after tax	42,809	57,338
Income taxes	16,320	23,993
Profit before income taxes	59,129	81,331
Adjustments for:		
Interest expenses and interest income	14,120	12,918
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	66,660	71,107
Result from associates and other investments	43	-213
Net result from the disposal of assets related to investing activities	100	741
Other non-cash expense and income	37,314	27,197
	177,366	193,081
Interest paid	-13,148	-12,070
Interest received	3,070	3,317
Income taxes paid	-29,649	-11,990
Dividends received	58	36
Result before change in assets and liabilities	137,697	172,374
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	-8,113	-8,859
Result before change in operating assets and liabilities	129,584	163,515
Change in inventories	-186,683	-267,328
Change in trade receivables	-14,891	-90,612
Change in trade payables	-161,206	156,509
	-362,780	-201,431
Change in other assets and liabilities not related to investing or financing activities	-54,326	-6,473
Change in operating assets and liabilities	-417,106	-207,904
Cash flow from operating activities	-287,522	-44,389
Acquisition of consolidated companies and business units, net of cash acquired	-17,527	-10,939
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-34,590	-42,046
Investment in other financial assets and non-current assets	-2,500	-308
Cash outflows for investments	-54,617	-53,293

EUR k	30 April 2019	30 April 2020
Cash received from the sale of consolidated companies and business units, net of cash disposed	5	555
Cash received from disposal of intangible assets, property, plant and equipment and investment property	5,904	3,037
Proceeds from other financial assets and non-current assets	202,190	636
Cash inflows from realised investments and divestments	208,099	4,228
Cash flow from investing activities	153,482	-49,065
Cash available for financing activities	-134,040	-93,454
Capital contribution from/capital repayment to non-controlling interests	642	0
Acquisition of additional shares in already consolidated subsidiaries	-1,252	0
Dividends paid to non-controlling interests	-3,305	-2,088
Proceeds from bond issuance and bank loans	96,587	429
Repayment of bonds and bank loans	-4,944	-30,940
Change in bank loans which have a maturity period of 3 months or less	66,521	117,252
Proceeds from the issue of loans from shareholders in the parent company	0	16,200
Repayment of loans from shareholders in the parent company	0	-500
Proceeds from the issue of loans from related parties	109,783	0
Repayment of loans to related parties	-100,000	0
Change in ABS/factoring liabilities	10,241	21,187
Change in finance lease liabilities	-35,691	-44,127
Change in other financial liabilities	-630	-15,698
Cash flow from financing activities	137,952	61,715
Changes in cash and cash equivalents	3,912	-31,739
Effect of exchange rate changes on cash and cash equivalents	322	-1,464
Cash and cash equivalents at the beginning of the period	152,845	245,986
Cash and cash equivalents at the end of the period	157,079	212,783
Cash and cash equivalents presented in the balance sheet at the end of the period	157,079	212,783

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Financial calendar

24 September 2020: Half-year Report February to July 2020

17 December 2020: Quarterly Statement February to October 2020

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

The PHOENIX group, headquartered in Mannheim, is a leading healthcare provider in Europe. Active in 27 countries, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with more than 39,000 employees. The PHOENIX group's vision is to be the best integrated healthcare provider – wherever it is active.